

Concerns grow over energy consumption levels spurred by cryptocurrencies – New Index reveals

Submitted by: BlueSky Education

Wednesday, 30 June 2021

Concerns around increasing energy usage, driven by growth in cryptocurrency markets, continue to spread, according to a new Index created by academics from Trinity Business School.

The Index of Cryptocurrency Environmental Attention (ICEA), developed using 778.2 million news stories from the Lexis Nexis database, captures media attention given to discussing the environmental impact of cryptocurrencies.

The academics behind the Index – Professors Brian Lucey, Samuel Vigne and Yizhe Wang, all of Trinity Business School, and Larisa Yarovaya from the University of Southampton – found that, between January 2014 – May 2021, attention given to the environmental impact of cryptocurrencies increased significantly across traditional and social media channels.

According to the academics, this reflects a growing public concern around energy consumption levels, spurred on by cryptocurrency market growth.

In undertaking the study, the researchers also show that the ICEA index, similar to the cryptocurrency price and policy uncertainty index, reacts to major events in the cryptocurrency space.

Lucey, Vigne, Wang and Yarovaya also analysed the driving factors behind increasing awareness levels of the environmental impact of cryptocurrencies.

According to the findings of the research, while attention to the environmental impacts of cryptocurrency growth continues to rise, initial concerns originated in the policy and regulation domain, and up until recently, were not the main concerns of cryptocurrency investors who have been attracted to this asset class due to the rapid growth of cryptocurrency prices.

Going forward, the researchers insist that this index can and should be used to support the development of environmental policies.

Professor Brian Lucey, Chair of International Finance and Commodities at Trinity Business School, says:

“The lack of a reliable, well constructed index of how much attention is being given to the energy footprint of cryptos has hampered research on how to mitigate that footprint. If we cannot know what attention is being given we cannot influence that attention. This index, we believe, fills that gap.”

END/

You can access the paper and data here:

<https://sites.google.com/view/cryptocurrency-indices/the-indices/environemntal-attention>

For more information, or to speak to the researchers, contact Jonny Stone at jonny@bluesky-pr.com or call

01582 790704.