# As cryptocurrency prices soar, over 60% of investors borrow money to fund investments

Submitted by: Key Loans & Mortgages Limited t/a KIS Finance
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In a recent study by KIS Finance (https://www.kisbridgingloans.co.uk/finance-news/cryptocurrency-consumer-research-and-data-autumn-2021/), it was revealed that over two thirds of cryptocurrency investors borrowed money to make their purchase, rather than using income and/or savings.

Overall, more than two thirds (64%) of those who have invested in cryptos, used one or more credit facilities to do so.

Percentage of crypto investors who used one or more credit facilities to fund purchase, by age

18 - 24: 70%
25 - 34: 64%
35 - 44: 68.9%
45 - 54: 62.5%
55 - 64: 45%
65+: 25%

As the data shows, those aged between 18 and 24 were the age group most likely to use borrowed funds to make their investment, with a significant drop of borrowers in the two highest age groups.

What type of credit facilities have people used to fund cryptocurrency investments?

When we break down what kinds of credit facilities people have used to purchase cryptocurrencies, over a third (35.5%) made their investment using a credit card. Almost a fifth (19.3%) funded the purchase out of their overdraft.

Credit card: 35.5%
Overdraft: 19.3%
Personal loan: 14.6%
Secured loan: 9%
Payday loan: 7.6%
Re-mortgage: 3.3%

Holly Andrews, Managing Director at KIS Finance (https://www.kisbridgingloans.co.uk/), comments on the findings.

“In recent years, cryptocurrencies have become far more mainstream with massive companies like PayPal now introducing cryptocurrency trading.

Although cryptos, and specifically Bitcoin, have seen people make thousands or even millions in profit; they are incredibly volatile and can see investors losing massive percentages of what they put in very quickly.

It’s concerning that so many people have turned to borrowed funds to purchase cryptocurrencies as they are incredibly volatile and offer no guarantees that the money invested will be returned. So, if people are spending money that they don’t have, and losing it, this could cause some serious financial challenges later down the line.

The biggest concern is whether people will have the ability to pay the money back. With a very strong possibility of losing the money for good, people may be left severely out of pocket and racking up interest on their credit cards and overdrafts. Also, some credit card providers will view this type of transaction as a cash advance, meaning a cash advance fee and higher interest rate will be applied.

So, if you are thinking of making an investment into cryptocurrencies, you should only invest an amount of money that you can afford to lose and it should be funded through income and/or savings rather than a credit facility.

Borrowing money to invest in cryptos can become a very vicious cycle that’s difficult to break. Once you start losing money, it can be very tempting to invest more to make the money back; especially if you don’t have other means of paying the money back.

Great care should be taken when you invest money anywhere, but especially when it’s something as volatile as cryptocurrencies. If you can, seek some professional financial advice first and never invest more than you can afford. Buying cryptocurrencies should also not be your only form of investment or savings as there is very little stability – spread your investments out and treat cryptocurrencies as a smaller, fun investment.”

[ENDS]

Notes to journalists/editors:

All figures, unless otherwise stated, are from a survey conducted by The Leadership Factor for KIS

Finance. The total sample size was 2,000. Fieldwork was undertaken between 9th September 2021 and 15th September 2021. The survey was carried out online.

Further data breakdowns (by age, gender, region, and city) are available on request.

Full data report:
https://www.kisbridgingloans.co.uk/finance-news/cryptocurrency-consumer-research-and-data-autumn-2021/

About KIS Finance:
KIS Finance are an independent finance broker specialising in bridging finance, development finance, commercial mortgages, equity release, and secured loans. Their team of advisors have considerable experience across multiple different areas of the finance sector, as well as insurance and compliance.

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