

Trading cryptocurrency is problematic for regular gamblers, study says

March 8 2019



Credit: CC0 Public Domain

Researchers at the Center for Gambling Studies at Rutgers University-New Brunswick's School of Social Work have found a link between frequently trading cryptocurrency—a digital and virtual currency—and

problem gambling.

The study, the first to explore cryptocurrency trading among regular gamblers, suggests crypto trading appeals to people struggling to manage their [gambling](#) participation. The research appears in the journal *Addictive Behaviors*.

Cryptocurrency is a digital currency designed to work as a medium of exchange. It uses cryptography to secure and verify transactions. Bitcoin, the first and most well-known cryptocurrency, or crypto, exploded into the mainstream in 2017, and was trading as high as \$20,000 at its peak later that year.

For regular gamblers, crypto trading is seen as a new risk-taking activity with a rush similar to other types of gambling, such as sports betting, daily fantasy sports, scratch-offs and high-risk stock trading. More than 50 percent of regular gamblers (i.e., those gambling at least monthly) have traded cryptos in the past year, based on data from the study.

The study's goal was to investigate how often gamblers use cryptocurrency as a payment method and whether cryptos are associated with higher levels of gambling problems. Devin Mills, lead author said: "For some people, trading cryptocurrency is seen as an investment opportunity. But there is an alarming proportion of people who are 'gambling' on these cryptocurrency markets as they would gamble on horses or sports or slots. And it has the potential to get them into significant trouble."

Cryptocurrency trading is similar to gambling but anonymous, unregulated and available 24/7, said Mills. As found in the study, problem gamblers are at an elevated risk to trade cryptos more frequently, likely due to their impulsivity and belief that they can "beat the market". Not surprisingly, crypto trading could be conceived as an

extension to high-risk day trading activity. More than 75 percent of high-risk stock traders also trade cryptos. Gamblers trading both cryptos and high-risk stocks reported higher [problem gambling](#) and greater depression and anxiety symptoms than gamblers trading either only cryptos or only high-risk stocks. Therefore, the two share similar demographics and gambling preferences, but also present additive consequences that will require further attention among gambling researchers and [mental health professionals](#).

"People who trade cryptos look very much like those who trade high risk stocks such as margins and options," said Lia Nower, director of the Center for Gambling Studies who co-authored the study. "Therefore, those who like risky stocks are also more likely to jump into the [cryptocurrency trading](#) market compared to those who, for example, invest in stocks over the [long term](#)."

The study included 876 adults who had gambled at least monthly in the past year. The data was collected through a cross-sectional online survey.

More information: Devin J. Mills et al, Preliminary findings on cryptocurrency trading among regular gamblers: A new risk for problem gambling?, *Addictive Behaviors* (2019). DOI: [10.1016/j.addbeh.2019.01.005](https://doi.org/10.1016/j.addbeh.2019.01.005)

Provided by Rutgers University

Citation: Trading cryptocurrency is problematic for regular gamblers, study says (2019, March 8) retrieved 10 May 2024 from <https://medicalxpress.com/news/2019-03-cryptocurrency-problematic-regular-gamblers.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.