

Explorative User Research

tBTC v2 - Bridged/Wrapped BTC
asset User Study
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Agenda

- How we do research
- Bridged/Wrapped BTC Asset User Study Approach
- Deep Learnings
- Next steps
- Appendix
 - Interview Script

Design Research

Design Research helps teams build the right thing, the right way.

Explorative Design

helps building the *right thing*.

Iterative Design

helps building the *thing right*.

Design Research

Design Research helps teams build the right thing, the right way.

Explorative Research

Deep interviews or observations to understand user needs and behaviours

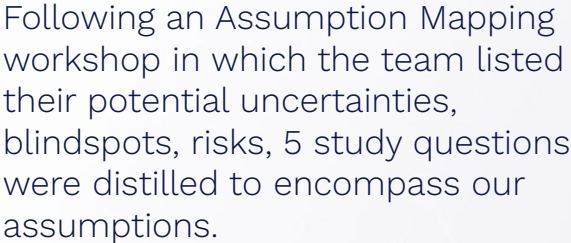
Iterative Research

User testing to determine whether what we've built meets user needs, is understood, and is easy to use

Research Benefits

- Enables better decision-making during production
- Ensures we build something usable and useful
- Reduces onboarding friction for roll-out
- Reduces risk and cost

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Following an Assumption Mapping workshop in which the team listed their potential uncertainties, blindspots, risks, 5 study questions were distilled to encompass our assumptions.

Study Questions

- What is the usual behavior of a BTC holder(not maxis) that entered DeFi?
- What is needed from a Bitcoin Bridge in order for users to get the most value and/or use it?
- What is the usual behavior of a Bitcoin Bridge user? What is the use case of a Bitcoin Bridge?
- What user context is important for shaping our products?

Study Goals

- are BTC users actually interested in bridging their assets?
- find out (renBTC, WBTC, or any other bridge) bridge user behaviours - do these users ever unmint their tokens?
- get a sense of the bridged assets BTC owners views on taxes.
- are taxable events important for them?
- is really permissionless non-custodial fully decentralized bridge a priority among the users who are bridging BTC assets?
- are really BTC owners against KYC? Or would they prefer to use a product with zero KYC over one with KYC?
- are incentives/rewards good enough to overcome the potential risks for tBTC stakers? - **separate study**
- are users preferring instant minting over decentralization?
- will users find the 8h sweeping time too long?

Research Methods and Users

WHAT WE DID

- We interviewed **12 users**
- Qualified users were individuals who **used BTC to ETH bridges or who owned WBTC, tBTC, renBTC but chose to swap**
- **60 minutes** video calls
- Detailed raw notes can be found in miro

Research Methods and Users

TOPICS COVERED IN THE INTERVIEW

Demographics

- only the places our participants lived were important in order to find the link between geographical area and the importance of taxable events

Crypto and blockchain experience

- their crypto discovery, experience with crypto and blockchain, opinion on Bitcoin and DeFi

Wrapped/Bridged BTC Assets

- the decision making process behind why they choose some wrapped/bridged assets over the others

Bridge Experience

- We wanted to find out how is the experience with a bridge perceived and what are the recurring pain points and fears when interacting with a bridge

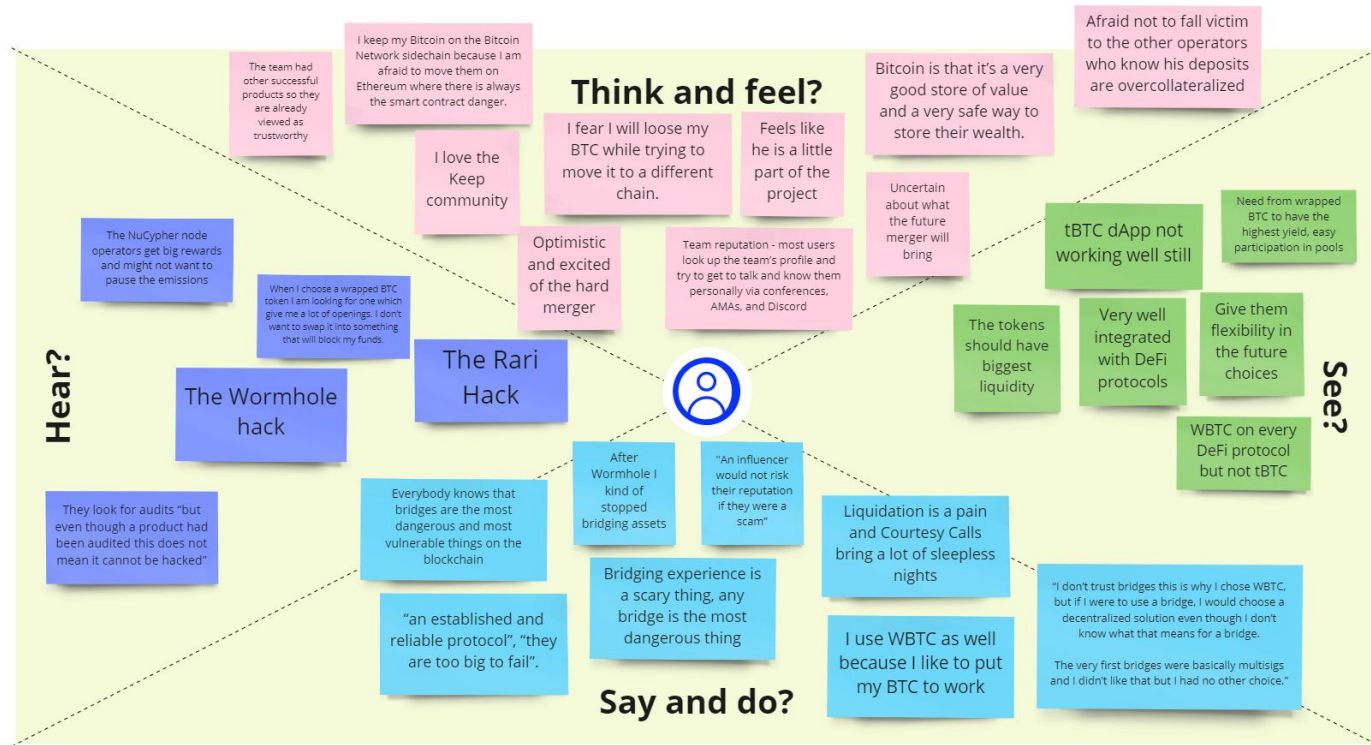
KYC/Taxes/Taxable events

- opinion on KYC, how do they behave relative to taxable events when deciding to do different on chain actions

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Empathy Map BTC to ETH Bridge Users

tBTC Empathy Map Report Fig 2



Deep Learnings



Deep Learnings

“Everybody knows that bridges are the most dangerous and most vulnerable things on the blockchain”

Participant 6

“Bridging experience is a scary thing, any bridge is the most dangerous thing”

Participant 12

Deep Learnings

“I don’t trust bridges this is why I chose WBTC, but if I were to use a bridge, I would choose a decentralized solution even though I don’t know what that means for a bridge.”

The very first bridges were basically multisigs and I didn’t like that but I had no other choice.”

Participant 9

Deep Learnings

BRIDGE USER PROFILE

The Bitcoin token holders we talked to range from very sophisticated users to upper-intermediate users in terms of their self-assessed blockchain knowledge.

The people we talked to are Ethereum first users except a single one of them who describes himself as a “Bitcoin maxi without the toxic part”

The general user opinion about Bitcoin is that it's a very good store of value and a very safe way to store their wealth.

Many of them bridged their assets 2 years ago and never bridged them back since. Apart from the bridge operators (tBTC) the general behaviour is to bridge ones and leave the bridged assets in a pool (most mentioned pool was Curve)

Deep Learnings

BRIDGE USER PROFILE

Most of them got their BTC via a centralized exchange except from two of them who did BTC mining.

Reasons behind acquiring Bitcoin assets:

- a safe way to store their wealth
- To experiment and learn
- To invest in different projects
- To diversify their portfolios
- They consider it extremely safe - lack of hacks on the Bitcoin Network

Deep Learnings

DEFI AND BITCOIN

Most of the users apart from the BTC Maxi, say that Bitcoin is a good network but nothing can be built on top of it. Bitcoin needs to enable more use cases apart from the safe storage of value.

There is a need for a greater ecosystem like Ethereum to participate in lending protocols, get interest and rewards for their BTC tokens, and a way to put their funds to use.

“I like to put my Bitcoin to work.”

Participant 6

Findings & Insights



Findings and Insights

FINDING

"When I choose a wrapped BTC token I am looking for one which give me a lot of openings. I don't want to swap it into something that will block my funds."

Participant 1

Findings and Insights

FINDING

When asked if he considered other wrapped options apart from WBTC

"Not seriously, I'm not aware of anything that fulfills the need of both bridging larger quantities of BTC safely, allowing the transfer back and forth to BTC and having access to lending (e.g depositing WBTC on aave, compound etc.)"

Participant 1

Findings and Insights

FINDING - CHOOSING A TOKEN

Wrapped/bridged BTC assets that the users hold

Most of the users hold - in order of popularity:

1. WBTC
2. renBTC
3. tBTC

When deciding on a wrapped/bridged BTC assets

Throughout the study there was unearthed a very clear pattern when it comes to choosing the bridged/wrapped BTC asset on Ethereum. Even though sometimes the users felt like some of the assets weren't fully decentralized and they did not feel extremely safe to transform their BTC into WBTC for instance, it seemed like they were ready to turn a blind eye if the following list of characteristics of the wrapped assets was checked.

Findings and Insights

FINDING - CHOOSING A TOKEN

When deciding on a wrapped/bridged BTC assets

Almost all of the users mentioned as important token traits:

- The tokens should have biggest liquidity
- Very well integrated with DeFi protocols
- Which DeFi protocols integrated with them
- Services that are using them
- Give them flexibility in the future choices
- Have the highest yield, easy participation in pools

Findings and Insights

INSIGHT - CHOOSING A TOKEN

Many of the users talk about the importance of decentralization, trustlessness and censorship resistance but all of them end up using WBTC because they feel like it's a good trade off to mint WBTC and have access to a various array of options which will bring them a lot of interest and rewards, rather than sticking to an extremely safe asset that blocks their funds.

Some of them even trade DAI or Ether in order to get the WBTC. Not all the users swap or bridge BTC to get wrapped BTC.

Findings and Insights

INSIGHT - CHOOSING A TOKEN

Normalcy Bias and Familiarity Bias

Most of the users call WBTC and BitGo a centralized solution, a multisig, and sometimes worry about their assets but this doesn't actually keep them up at night.

The fact that they've been on the market for a lot of time, they haven't suffered any hack, their reputation is proven by all of the DeFi integrations, they have the most liquidity they are now seen as “an established and reliable protocol”, “they are too big to fail”.

Findings and Insights

INSIGHT - CHOOSING A TOKEN

Shortcut noticed - Duration

Some users stated that they were sometimes swapping WBTC for tBTC when they needed the tBTC tokens very quick.

This was their workaround to avoid the hours they had to spend in order to mint tBTC tokens.

Findings and Insights

FINDING - CHOOSING A PRODUCT

Social proofing as a decision making factor

Most of the users are choosing the products they are interested in using by doing the following actions:

- The products were suggested by their friends who are already using it
- They have a person who they trust and consider an expert in the field
- The product has a spokesperson or a product face who is an influencer in the space and who in the users' eye “would not risk their reputation if they were a scam” - twitter, reddit, youtube, conferences, AMAs (this seem to work even if the team is anonymous.
- They look for audits “but even though a product had been audited this does not mean it cannot be hacked”
- Team reputation - most users look up the team's profile and try to get to talk and know them personally via conferences, AMAs, and Discord.
- The team had other successful products so they are already viewed as trustworthy
- Team members are friends with them - they have blind trust in this case

Findings and Insights

FINDING - CHOOSING A PRODUCT

Behaviour noticed

Many of the users said that when they decide to use a product they start small - they put a small sum they feel comfortable with losing and then they wait to see what is happening.

Some of them even wait up for an year to pass in order to put more money. In all this time they keep an eye on the team, on the audits, the way the team behave and they run even background check on the team.

Findings and Insights

FINDING - BRIDGE EXPERIENCE

Most of the users feel unsafe when using a bridge.

Many of the participants stated they don't feel comfortable using a bridge because they consider bridges unsafe, unsecure, vulnerable and exploitable.

Sending their funds to an address

There is a recurring statement of the fact that users feel at risk when facing a Bitcoin address they need to send their funds to. They are afraid that the interface/front-end could be hacked and they could end up sending their BTC to the hacker's address.

“Sending your Bitcoin to an unknown address is a really scary thing, it's like a leap of faith”

Participant 3

Findings and Insights

FINDING - BRIDGE EXPERIENCE

Bridging Duration

Many of them complain about the long time they need to spend while bridging their assets. The issue with the time is not always the rapid need of the tokens due to a new DeFi opportunity but also because they fear that if it takes long this means something happened to the bridge.

The more time they need to spend the longer the time they have to live with anxiety and fear that something could have happened to their funds.

There is also another hurdle about the duration, if the bridge needs active participation (e.g. a long chain of transactions that need to be signed) the users will end up spending 6 hours next to their computer and will feel like being stuck and trapped and not able to carry on with their lives.

Findings and Insights

FINDING

"So you were forced to wait for sometimes hours for confirmations before you could leave. Therefore you have to put aside an entire afternoon to make some deposits or redemptions."

Participant 7

Findings and Insights

FINDING - BRIDGE EXPERIENCE

Users' Needs for a bridge

When they are forced to use a bridge most of the users say that there are some things the bridge should check:

- No KYC
- Decentralized
- Trustless
- Secure
- Easy to use - everything well explained
- Not too expensive - it's not only the bridge fee but also the gas optimization done so the Ethereum fees do not end up extremely high
- Convenient - quite fast, no active interaction and well integrated with other protocols
- A recovery method of the funds

Findings and Insights

FINDING - BRIDGE EXPERIENCE

User Needs for a bridge

Some other things worth mentioning:

- The bridge should give the user feedback
- Explain every step they take
- Have a seamless experience - which for most of the users mean a one-click mint flow
- Can bridge a large amount and don't need to divide their actions into 4-5 different bridging efforts (results in more money spent on gas and a lot more time spent)

Findings and Insights

FINDING - BRIDGE EXPERIENCE - SAFETY REINFORCEMENTS

When asked what would make them feel safer, considering the fact that using a bridge is from the start seen as an uncomfortable, risky and stressful experience, the users stated that:

- The BTC deposit address should have a link towards a BTC explorer
- An article that gives code snippets of the smart contract about how the deposit address is generated
- dApp should give constant feedback and give information every step of the way to help the user understand what's happening. Cease being a black box without explaining what and why is happening.
- A method of recovery if anything happens with the bridged funds
- Some sort of an insurance like Nexus Mutual
- A short minting time makes them feel safer. The less it takes the better and comfortable they feel.
- Better explained troubleshooting if the transfer fails
- And ofc audits and the team's historical behaviour

Findings and Insights

FINDING - REN BRIDGE

Ren Bridge is perceived by most of the users (apart from the ones that are part of our community and whom I consider primed) as a decentralized bridge.

Not only is seen as decentralized but it's also quite popular and a top of mind when users are thinking of a Bitcoin to Ethereum bridge.

Ren Protocol has a really good public presence and a very good marketing, so good that even BTC so-called maxis give me Ren Bridge as an example.

Findings and Insights

FINDING - REN BRIDGE

Users liked about Ren:

- The decentralization feature
- No KYC required
- Ease to use
- The token integrations with many DeFi protocols
- Pretty fast ~ 1h
- Not as expensive as tBTC
- renBTC has high liquidity

Findings and Insights

FINDING - tBTC BRIDGE

Most of the participants who used the tBTC bridge, stopped using it for several reasons like:

- A lot of unexplained errors - users ran into different errors that weren't explained
- They had no means to recover their funds apart from “being at the signers’ mercy”
- Because there were too few signers the operation would sometimes time out resulting in funds loss
- “Very buggy and annoying sometimes”
- The dApp was not providing enough information and feedback during the bridging process
- Fees were too expensive due to capacity load
- Users could not bridge the amount they wanted, they had to use predefined amounts
- The minting duration - sometimes 6 h was real burden

Findings and Insights

FINDING - tBTC BRIDGE

Most of the participants who have used the tBTC bridge consider it decentralized apart from one who mentioned:

"I was looking for a decentralized bridge and this is how I stumbled upon tBTC. From all of the BTC to ETH bridges this one is the most decentralized but not completely decentralized because when I looked it up it had too few signers."

Participant 6

Findings and Insights

FINDING - tBTC BRIDGE

Most of the tBTC users were also Node Operators. When talking about the tBTC Bridge they are sometimes turning a blind eye or try to refrain from criticizing the bridge in complete honesty because some of them see v1 as an MVP, even though one of them lost a tremendous amount of funds in the bridge.

The fact that they tend to be a bit protective with the V1 is because their expectations of the v2 are really high. They talk about the v2 like it is a version that will solve all of their previous problems and they have high hopes about it.

Findings and Insights

FINDING - UNMINTING

Throughout the study an interesting behaviour was noticed - most of the users bridged their assets around two years ago, and some of them never bridged their assets back.

Users who are doing constant minting and unminting on a bridge are Node Operators.

Interesting behaviour observed

Some of the users (3/11) choose to bridge back their tokens when they are not using them in liquidity pools because they either do not trust renBTC token or just feel safer to have their BTC in the BTC network rather than on Ethereum.

Some of them choose to swap their WBTC in a stablecoin when the price begins to drop.

Findings and Insights

FINDING - TAXABLE EVENTS

When questioned about taxable events, this particular aspect doesn't seem to be part of user's decision making process. Most of them think of it in hindsight even if they live in an area where crypto taxes are quite hard to do and the state is extremely strict. Areas with strict laws on crypto taxes:

- France
- USA
- UK

Areas in which users are completely unconcerned about taxes and taxable events are:

- Brazil
- Argentina
- Australia
- Poland

Findings and Insights

FINDING - TAXABLE EVENTS

All of the users complain about a lack of clarity when it comes to doing their crypto taxes and what is considered and what is not considered a taxable event.

Many of them work together with their accountants to find a better way to pay their taxes from crypto profits.

An interesting work around noted was:

Some users are using their bridged/wrapped BTC tokens as collateral to borrow against them and to avoid capital gains taxes.

Findings and Insights

FINDING - KYC

The majority of the users would prefer not to do KYC but they accept it as a necessary evil, especially when it comes to centralized exchanges.

Most of them are concerned about providing their private data because they are afraid of whom might access their data and how their data could be exploited.

Many of them would feel much more safer if the KYC process would have some sort of encryption method for their data.

“ I don't know if someone from Coinbase sees my portfolio and my address, and next6 thing I know he comes to the same super market and then, sees my wife and my children, and threatens me to give him my private keys. You never know who's looking over your data, and who are the people working there.”

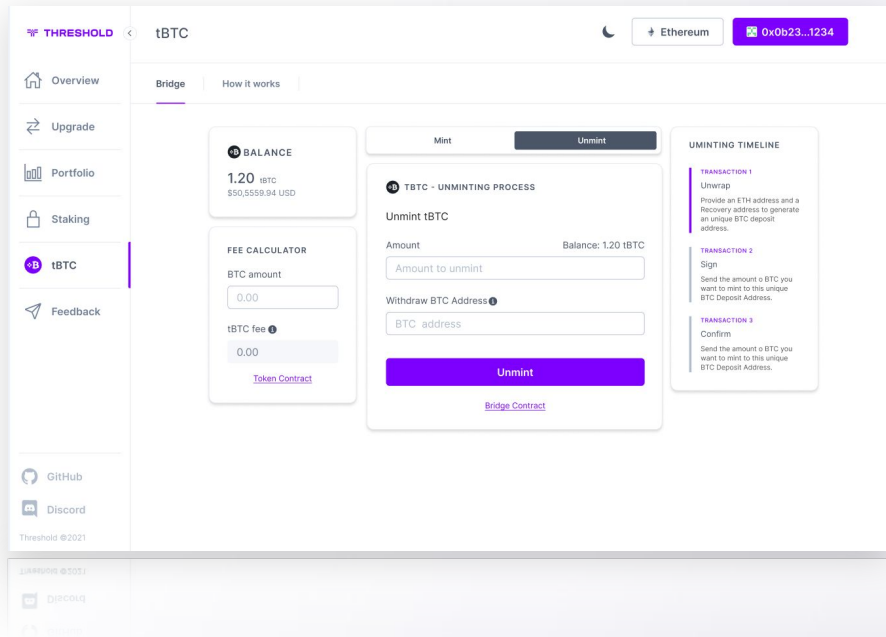
Participant 5

What's Next

NEXT STEPS

Following this generative user study we'll run a study focused on usability:

- Include some of the findings in the tBTC dApp clickable prototype
- Run Usability Tests with at least 5 people
- Decide which routes might be useful for future marketing efforts



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users!**

