

POWER DISTANCE BELIEFS PREDICT CRYPTOCURRENCY USE: THE ROLE OF POWER-ENHANCEMENT GOALS

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ABSTRACT

Existing research on the psychological factors that predict cryptocurrency use has primarily focused on personality and demographic characteristics. In this research, we explore how cryptocurrency use is influenced by Power Distance Beliefs (PDB), which is a variable at both cultural and individual levels referring to the acceptance of power inequality in society. We predict that higher PDB increase cryptocurrency use. This is because (a) higher PDB increase power-enhancement goals, which prompt consumption of status products, and (b) cryptocurrencies are status products due to their limited supply. In seven studies, we find that cryptocurrency use is higher in countries (Study 1) and for consumers higher on PDB due to power-enhancement goals (Studies 2-4). The hypothesized effect arises when cryptocurrencies including Non-Fungible Tokens (NFTs), are high on status (Studies 5, 6) while the effect dissipates when cryptocurrency's supply is unlimited (Study 7). We discuss managerial and policy implications for cryptocurrency regulation.

Keywords: Power Distance Beliefs; cryptocurrency; power-enhancement; power; status