

THE PHENOMENON OF CRYPTOCURRENCY FROM DIVERSE PERSPECTIVES

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Abstract. The growth of crypto industry develops vigorous, especially in recent years, moving from a universally controlled electronic cash system society to complete financial freedom. Given all the failures, the phenomenon, though treated controversially by politicians and financial authorities all around the world, slowly moves towards standardization. The global law-making chaos is temporary. People, private individuals or corporations, on the contrary, have firm confidence in a chance to handle personal money without all-seeing intermediators who track their total spending. People are ready to battle for the currency, which does not require the owner's identity or a central server and overt control of banks and governments over the monetary transactions. The crypto industry matured at an incredible pace offers this possibility and firmly takes roots in a global society. The phenomenon of cryptocurrency affects social aspects, starting various debates about the phenomenon itself, cultural changes caused by it, political-economic decisions, bans, or even revolutions all over the world. Money reveals what kind of society we are giving us power and confidence and then society gives different meanings to faceless money. The fashion for crypto entered the artistic layers. Crypto money evokes the phenomenon of social exchange, which leads to the effect of social subjects' interaction, and the allocation of power inside a social structure. The aim of the study is to discuss these aspects. The analysis of articles, news portals, and social media posts related to cryptocurrency and blockchain technologies proves the manifestation of the stated aspects. All the aspects of the phenomenon that take an active part in our lives today will undoubtedly leave a significant trace in history. The particular observable behaviour, such as successful moneymaking, encourage novices to started imitating experts because the interaction between the individual and the situation determines the outcome.

Keywords: Cryptocurrency, Cultural, Social, Psychological, Political.

Introduction

The crypto industry is vigorously expanding from a dubious niche to a historical movement. The crypto development manages to assemble a variety of aspects, such as social, cultural, artistic, economical movements all in one. Analysing the overall impact of the crypto industry as a phenomenon on different spheres of our life, several aspects will be considered.

The aim of the study is to reveal the cultural, socio-psychological, political and artistic impact of the phenomenon of cryptocurrencies into modern-day life that have already brought visible and tangible changes and will definitely leave a significant trace in history.

To investigate social, psychological, political aspects of cryptocurrency, a database of media articles and posts in social networks was compiled. The data were sorted out according to the investigation aspects. The scientific literature, dictionaries, and encyclopaedias were selected to explain the concepts. The method of social network and content analysis was applied to examine and understand the motifs and aspects of people behaviour under certain circumstances. Critical reading of scholarly literature helped to define main concepts and terms and to delineate the aspects of the cryptocurrency. The aspects of a phenomenon that have come into our lives take an active part in our lives and will certainly leave a significant trace in history.

In recent years, the crypto industry has developed incredibly. What began as an innovation, later

evolved a community starting from ordinary individuals to giant corporations, financial institutions and businesses who apparently is willing to fight for their right to crypto. As almost everything turns around money, the creation of cryptocurrency bestowed a chance to a dumb idea of the freedom to have your own money.

The dictionary of Oxford Living English defines cryptocurrency as “a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank” (Oxford Living English). The most attractive and fundamental element of any digital currency is the encryption i.e. the process of converting data into a code preventing unauthorized access.

To elaborate on this definition further, it could be added that most cryptocurrencies have a similar set of properties, such as permissionless – nobody has to ask for a permission to install it an use, irreversible – once confirmed, it cannot be reversed by anybody, and pseudonymous – no names, only chains of some 30 characters. This means of payment is an overt disengagement of the control of banks and governments over the monetary transactions of citizens. Blockchain technology serves as a public financial transaction database and provides the decentralized control of cryptocurrencies (Extance, 2015). What started with Bitcoins so-called “digital gold”, inspired the creation of some 3000 other cryptocurrencies (Olivier, 2015).

What is the meaning of the word cryptocurrency? It consists of two etymological roots. Robledo

(2016) states that the crypto refers to the Bitcoin's cryptographic protocol to eliminate the "double spending" paradox. Thus, bitcoin is the unofficial money of the Bitcoin global community.

Legally forbidden or restricted by many governments, banned to advertise on social networks such as Facebook, Google, Twitter, Bing, Snapchat, LinkedIn, MailChimp and internet platforms, such as Baidu and Yandex, the phenomenon of cryptocurrencies served the right to be investigated academically. Thus, the first peer-reviewed academic journal *Ledger* (Wilmer, 2015) serves this purpose and proves the phenomenon universally accepted.

Hence, the crypto movement comprehensively has affected modern society by different aspects and still amply contributing to the development of it.

Cultural-artistic changes

Culture is one of the most impotent aspects of development. The concept of culture is complex and involves various characteristics common to the members of a particular group or society. This includes such things as beliefs, behaviour, objects, or shared aspects, for instance, language, customs, values, norms, rules, technologies, products, companies, organizations, and others.

The concept of culture is treated differently from the point of view of anthropology and economy. Olivier (2015) states that social sciences generally follow the principle the culture and individual preference may evolve and can be influenced by their environments. However, economic science treats cultural identity and personal preferences as external.

According to Geertz (1973), cultural analysis is guessing at meanings, then assessing the guesses, and drawing conclusions from those guesses.

A novelty of the phenomenon of cryptocurrency, its evaluation of contradictory but intriguing character, was quickly caught by smart proprietors and included guessing, assessing and concluding stages. Thus, for instance, not long ago, the Kodak group demonstrated impressive progress in value rise when announced that it would soon launch its cryptocurrency called KodakCoin. The market value on Wall Street of Kodak then rose immediately, nearly four times in only a few hours.

Another company specializing in the sale of iced tea had distinguished the potential of cryptocurrencies, and as a sales strategy used the word "blockchain" in its name. The instant result was that the stock price has exploded.

Anticipating the change in their perspective a fruit juice selling company has changed its name to Future FinTech Group thus getting closer to the blockchain, cryptocurrencies, etc., or, for an instant,

a company, which sells sports bra has changed into The Crypto Company.

The obsession for crypto penetrated the artistic layers as well. In Japan, it was so great that a pop music band of eight girls called their band *Kasotsuka Shojo*, which means "The virtual currency girls". They opened the concert with the song "*The Moon, Virtual Coins and Me*", which warned fans against knavish cryptocurrencies and warned to be watchful and protect their virtual purse.

During the glorious rise of cryptocurrency, trading songs were created and sung online. The advertising campaign of crypto involved such celebrities as Paris Hilton and Katy Perry.

The facts witness that the spectacular evolution of blockchain technology provided a great success and a rise in value even for those that add word "crypto" to the company's name or at least associate it with the concept. These companies, in turn, affect both the inside investors and the general public as well. This might be somewhat dangerous, though, no matter what, the total value of the currency, which is more than a hundred of billion US dollars and blockchains that can make more (let us say another 3000) types of digital value are the objects of attraction.

Social-psychological changes

Social interactions that involve money can disclose various relationships existing in our lives. Money shows what kind of society we are, gives us power and confidence, and creates classes in it.

An anthropologist A. H. Quiggin (1949) elaborating about the money evolution proposes the idea that barter was not the main factor in the evolution of money. The scholar states, "the objects that are the nearest approach to money substitutes may be seen to have acquired their functions by their use, not in barter but in social ceremony". That means money played particular roles in social interaction and had no direct links to economic trade or profits.

Viviana Zelizer (1995) in her book *The Social Meaning of Money* analyses some connections of money and personal relationships. She concluded that not all money is treated the same and different types of money have different values as if the money saved in different jars for different purposes. That means society gives different meanings to faceless money.

The adjective "psychological" goes together with "social". Dictionary.com defines "psychological" as pertaining to, dealing with, or affecting the mind, especially as a function of awareness, feeling, or motivation.

A psychological aspect means a mental or emotional aspect rather than a physical one. A mental information processing involves cognitive, motivational and emotional aspects. That means a

person constantly evaluates demands, which s/he has to cope with and, therefore, is forced to self-regulate the effort for processing (Encyclopaedia of Occupational Health & Safety, 2011).

Social psychology, as a science, goes into the question how thoughts, feelings, and behaviours of an individual in society are under the sway of the real or implied presence of other individuals. It studies the behaviour of individuals in their social and cultural setting (Michael, 2019).

Hence, cryptocurrency, as money, employs the social exchange phenomenon of social psychology. The social exchange deals with the effects of social subjects' interaction, and the allocation of power inside a social structure. Any single action here is guided by socially determined values.

Large groups of people debating on the phenomenon of crypto, disclose the social aspect. The most attractive, swift and up-to-date mode to increase popularity in anything is social networks.

The cryptocurrency was not an exception. Its popularity was also cultured via Reddit, Facebook or Twitter. Some celebrities, the instances to follow for the populace, started recommending their admirers to invest in Bitcoin: sometimes informing about something remarkable that just begins to develop, sometimes advising to spend some time and to investigate the phenomenon, and sometimes just telling how it can earn money without investing. There are millions of such elaborations.

A couple of glorious years, starting from 2011 when the cryptocurrency had reached a peak, fundamentally altered the culture of Bitcoin and cryptocurrency. This boost was due to the thrusting development in technologies and widely spreading encouraging information by word of mouth about the implausible success. The Mt.Gox exchange contribution was also significant in the endeavour to advertise the technology like a tradable currency. This attracted various insightful people who continued the construction of the cryptocurrency culture. People with expertise in IT technologies and trading joined Bitcoin. This currency was option for the dissatisfactory system of traditional banking, which added a rebellious aspect to the social and psychological ones. The crypto was promising big money, answered the hope to be a part of something great, prosperous, a peculiar and like-minded society.

Cherry (2018) states that the way people conceive ourselves in relation to the rest individuals around us plays a significant role in their choices and behaviour. The opinion of others correspondingly affects our behaviour and the way we view ourselves in that light. The failure, negative opinion, vexation and ruined expectations leads into the community destruction.

Thus, a dramatic plunge in value around 85% during the next couple of years activated the people in suits gloating and looking down upon Bitcoin investor telling them "I told you so". With the price bottom of a couple of hundred dollars per unit all seemed irreversible forever. A large group of people who invested in the boom had left at the bottom and their hopes were lost and buried with bitcoin. This was a culture of splitting. A split of both a bitcoin and society.

In the middle of 2017 one spall of crypto, Bcash fork (bitcoin cash) (Roger Ver, the creator of Bcash fork) again attracted technical analysts with years of expertise and invited to join the space sharing their insight on price. The behaviour of others, i.e. successful moneymaking and the social comparison with others invites novices to started imitating experts because the interaction between the individual and the situation determines the outcome.

Hence, a social situation created social influence. The first instance of the cryptocurrency usage in the UK market of residential homes was recorded, when the London property developer allowed its tenants to pay deposits in bitcoins. As dr. Stangor (2014) states, social influence creates social norms; people adopt the beliefs of the people around us even without really being aware that we are doing so.

Some individual, but official voices that admit the inevitable existence of crypto is heard in public and so help to establish social norms, beliefs, and behaviour in the ever-changing crypto situation. Thus, Yann Quelenn, an analyst at the online bank Swissquote, stated that "cryptocurrencies are a new asset class, one at war with fiat [paper] money, and that war will be fought on regulatory issues. Central banks are keen to preserve their monopoly on money, something they will not let go of without a fight" (The Guardian, 2017).

Turkat (2003) describes the physiological aspect of undue influence. He states that such influence refers to a person's free, which was usurped by the will of another. The undue influence is demonstrated by governments that ban and condemn the cryptocurrency reasonably or not.

Political changes

Many digital coin users are quite hostile to politics. Regardless of that, the future of cryptocurrency depends on governmental regulations as well as cryptocurrency plays a considerable role in the establishment of laws. It is also true that governments do not have coherent policies on digital currency and naturally, appropriate legislation.

Meanwhile, bitcoin is used completely privately. As Robledo (2016) states, in modern capitalistic economies, central banks or private banks issue

money, with monopoly power over its creation and policies, and authority to legally punish anyone attempting to issue private money.

Banks and governments are the third party intermediates in a market society controlling each electronic money transaction. Technically, any independence of people over their money can be momentarily extinguished (Robledo, 2016). Nevertheless, Bitcoin or any cryptocurrency is a powerful tool. Bitcoin is a tool “against monopolistic control of the means of production, the division of labour, and the imposition of artificial scarcity from chimerical for-profit corporate banks' and government-chartered (though private) central banks' issued money” (Robledo, 2016).

Naturally, the politicians sharply reacted to a new phenomenon and sought to ban it or to search for various regulations. The illegality has caused many debates to the legal institutions in the US and other countries around the world.

Authorities of France, China, and South Korea financial markets scared people that investment in Bitcoin is a risky business and investors most likely will lose money.

The chairman of the Autorité des Marchés Financiers, Robert Ophéle, during the interview for Bloomberg in 2017 stated his position against the notorious cryptocurrency and said that “It's a way to purchase illicit goods, it's a way to launder illicit income, it's a way to develop and pay for cybercrimes and it's a pure empty commodity. If it were a currency, it would be a very bad one” (Desk, 2017). The condemnatory verdict is not unanimous, and solitary voices of approval are heard. F. Santos (2018) described (ICOs) as a way in the cryptocurrency space for the funding of development and an innovative financial investment vehicle where the tokens being sold.

China was banning Bitcoin nearly every week starting from 2014, and the Initial Coin Offerings (ICOs) was also outlawed. However, the Daily times cites Li Lihui, the senior official at the National Internet Finance Association of China and former president of the Bank of China, who during the conference in Shanghai affirmed that global regulators should work together to supervise cryptocurrencies (The Star Online, 2017). The conscious or subconscious change of lexis from “ban” to “supervise” might be treated as very promising. It might mean a step further, a sign of development and a turn into a more mature market.

Forty jurisdictions of the USA are carefully investigating Bitcoin and ICOs; meanwhile, the lack of regulation makes the situation ideal for criminals and hard for banks and financial experts. Jamie Dimon, the boss of America's biggest bank JP Morgan, said the digital currency could be suitable

only for drug dealers, criminals and individuals living in such places as North Korea. However, soon, the banker revealed that his own daughter had acquired bitcoins (Monaghan, 2017).

The government of South Korea still decides to legalize cryptocurrency operations or allow only the legitimate ones. The indecision of the officials rose the tensions and finally, people have started a petition urging to make a decision.

And finally, the blockchain technology brought a breakthrough and security in e-voting offering the system, which allows creating records that are extremely difficult to fiddle and can protect the process of any interfering from outside. The technology provides an opportunity to vote using even smartphone apps. In 2018, the idea experienced severe criticism from poll security experts (Orcutt, 2018).

At the same time, Switzerland was in the active process of developing e-voting technology. They even invited hackers to try to break into the system for a monetary reward and thus to proof its reliability. Although history shows this strategy might not give results, it is worth a try. In the same 2018, when West Virginian security experts condemned the technology as faulty, the city of Zug in Switzerland announced that the Alpine nation's first local blockchain-based test vote had been successfully completed. The blockchain technology has entered the election system irreversibly and keep changing the voting mode rapidly.

Today there is still no international political consensus achieved, but the global law-making chaos is temporary. It is evident that the further progress of cryptocurrency inevitably depends on worldwide decisions of governments. Naturally, it takes some time to realize the real purpose of cryptocurrencies, which is beyond the control of state authorities, banking, and financial sectors and a forerunner of a new society beyond. This is the currency, the purpose of which is to create a new form of personal economic power.

In conclusion, looking retrospectively at different aspects of cryptocurrency, it is possible to sum up the changes and impact to different spheres of our life.

The phenomenon played an important role in social interaction. The social aspect of crypto was revealed in various discussions of large groups of people via social networks where celebrities take an active part in promotion and advertising different aspects of the phenomenon of cryptocurrency. Social influence has created appropriate social norms, people adopted beliefs of the people around about the new phenomenon, or took the position for and against insensibly.

Due to the evolution of blockchain technology, those who have not created money, found an opportunity to

promote business and raise its value merely associating it with the concept of this modern technology.

Moreover, the promoted behaviour, such as successful moneymaking, and the social comparison with others, encourage novices to imitate experts as the interaction between the individual and the situation determines the outcome. Societies ascribe different meanings to former faceless currency and social situation creates social influence. The ups and downs in the evolution of crypto caused the split of society proving the phenomenon worth further elaboration.

The phenomenon of cryptocurrency provided a unique chance of freedom to general society to have their own money. Its properties, such as

permissionless or decentralized control have change the mind of modern society. These changes cannot be ignored not only by governments but also by the scientific community. Governments of progressive countries cannot just ban the desire of freedom and are forced to consider a legal co-existence of crypto next to dissatisfactory system of traditional banking to avoid tensions. The phenomenon of crypto made a breakthrough in the election system.

Due to those small changes, the international political consensus concerning the cryptocurrency eventually will be reached as soon as the phenomenon will be taken in as a present reality and realized as a new form of personal economic power.

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KRYPTOVALIUTOS REIŠKINYS ŽVELGIANT IŠ ĮVAIRIŲ PERSPEKTYVŲ

Anotacija

Kripto industrijos plėtra sparčiai vystosi, ypač pastaraisiais metais, pereinant iš visuotinai kontroliuojamos elektroninių grynųjų pinigų sistemos į visišką finansinę laisvę. Atsižvelgiant į visas nesėkmes, nors viso pasaulio politikai ir finansinės institucijos vertina prieštaringai, draudžia, riboja ar stebi, šis reiškinys pamažu juda link standartizacijos. Žmonės, privatus asmenys ar korporacijos, atvirkščiai, tvirtai tiki galimybe tvarkyti asmeninius pinigus be tarpininkų, stebinti visus jų išlaidas. Žmonės yra pasirengę kovoti už valiutą, kuriai naudoti nereikia nurodyti savininko tapatybės ar centrinio serverio bei atviros bankų ir vyriausybės kontrolės piniginių operacijoms atlikti. Neįtikėtiniu greičiu bręstanti kriptovaliutų industrija siūlo tokią galimybę ir tvirtai įsišaknija globalioje visuomenėje. Naujas, patrauklus ir viską keičiantis kriptovaliutos reiškinys daro įtaką socialiniams aspektams, įskaitant įvairiausias diskusijas ir vertinimus apie patį reiškinį, jo sukeltus kultūrinius pokyčius, politinius-ekonominius sprendimus, draudimus ar net revoliucijas visame pasaulyje. Pinigai parodo, kokia visuomenė mes esame, suteikia mums galią ir pasitikėjimą savimi, o savo ruožtu visuomenė suteikia įvairias reikšmes beveidžiams pinigams. Kriptovaliutos mados pateko į meninius sluoksnius. Kripto pinigai iššaukia socialinių mainų reiškinį, kuris sukelia socialinių subjektų sąveikos efektą ir galios pasiskirstymą pačiame socialinės struktūros viduje. Tyrimo tikslas – aptarti šiuos aspektus. Straipsnių, naujienų portalų ir socialinės žiniasklaidos įrašų, susijusių su kriptovaliutomis ir „blockchain“ technologijomis, analizė demonstruoja platų ir visuotiną šių perspektyvų raišką. Visi kriptovaliutos reiškinio aspektai, kurie šiandien aktyviai reiškiasi globalios visuomenės gyvenime, keičią ją ir paliks reikšmingų pėdsakų istorijoje. Stebimas elgesys, pavyzdžiui, sėkmingas pinigų uždirbimas, skatina naujokus kartoti ir imituoti ekspertų veiksmus, nes asmens ir situacijos sąveika lemia rezultatą.

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