



# ASSOCIATION FOR CONSUMER RESEARCH

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Association for Consumer Research, University of Minnesota Duluth, 115 Chester Park, 31 West College Street Duluth, MN 55812

## **Trust No One. Verify Everything: Bitcoin**

Mariam Humayun, York University, Canada

Russell W. Belk, York University, Canada

In this paper we analyze the notions of trust and dis-trust through a socio-cultural lens. Based on consumer narratives drawn from an ethnographic and netnographic study of the Bitcoin community, we analyze how consumers negotiate meanings of distrust in traditional institutions and search for trust in a seemingly trustless system.

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# Trust No One. Verify Everything: Bitcoin

Mariam Humayun, York University, Canada

Russell Belk, York University, Canada

## EXTENDED ABSTRACT

*“We have proposed a system for electronic transactions without relying on trust.” (Nakamoto 2008, 8)*

Alongside money, trust is inevitably an important part of society's existence. The system works because we *trust* it to work. And yet, so much our lives are lived in constant *dis-trust* such as fear of others at airports, the lack of trust that leads to police brutality, or the existence of borders that solidify fear. To state that consumer trust has been shaken in recent years would be an understatement. From the financial crisis of 2008, the Edward Snowden NSA leaks of 2013, the 2016 US elections, the Panama Papers, to the branding scandals of Volkswagen, Equifax, and Theranos, and most recently the data leaks at Facebook: *distrust* is the order of the day. We now even accept the oxymoron “fake news”. Trust is increasingly negated by *dis-trust*.

While a healthy skepticism of large corporations has been a continuous narrative (Holt 2002, Klein 2010, Kozinets and Handelman 2004, Darke and Ritchie 2007), social media and technology have fundamentally changed the way we now trust others. Technology has fuelled the growth of collaborative consumption with the rise of sharing and pseudo-sharing online which are based on trusting previously unknown others (Belk 2010, 2014, Scaraboto 2015, Bardhi and Eckhardt 2012, John 2017) including living in strangers' Airbnb homes or riding in strangers' Uber cars (Botsman 2017). We know that brands often go to great lengths to inspire trust and legitimacy through their hard-earned reputations (Humphreys and Thompson 2014, Lowry et al. 2008, Giesler 2012). However, we know a lot less about how consumers trust an entity that makes no attempt at being trustworthy. What if the need for trust was eradicated from the picture altogether?

In this paper, we analyze the notions of trust and deeper *dis-trust* that have fueled the Bitcoin/Blockchain ecosystem. The peer-to-peer cryptocurrency, Bitcoin, came into being in 2008 as a white paper posted on an inconspicuous mailing list. Despite its “In God We Trust” slogan, the US Dollar demands trust in the US government to warrant its promises. But, Bitcoin demands trust in algorithms and the purity of code which are linked to the Cypherpunk Manifesto: “In Code We Trust”. Bitcoin's existence involves major trust issues. By all standards, it should not exist the way it does today. In the early years, many dismissed it as a folly, yet after almost 10 years, it has surprised and baffled many. Bitcoin's creator still remains anonymous, although there have been various false prophets claiming to be Satoshi (Humayun and Belk 2018). Mainstream media largely ignored Bitcoin until 2011 and the lack of information about Bitcoin in the early days led to the creation of an independent media ecosystem. While it was eponymously declared ‘a fraud’ by JP Morgan's CEO Jamie Dimon in September 2017, in December 2017, Bitcoin's price came just shy of \$20,000, an unthinkable feat in 2009 when two computers were mining away creating the first Bitcoins on the blockchain. Since then Bitcoin has appeared on mainstream magazine covers and spun off thousands of cryptocurrencies and competing crypto-brands in which the trust issue becomes even more crucial.

This paper is based on a longitudinal ethnographic and netnographic study of Bitcoin since 2014. The narratives are drawn from thirty-three in-depth interviews and more than 200 informal interviews with individuals involved in the Bitcoin/Blockchain/Crypto

community. Participant observation was conducted in Toronto, Amsterdam, Berlin, Miami, New York, Prague, San Francisco, Cancun and Boston. The netnography is primarily focused on Twitter, Bitcoin subReddits, Bitcointalk, alongside archival data from newspapers and various blogs and news websites. The findings were analyzed using a hermeneutic process (Thompson, Pollio, and Locander 1994). Bitcoin's awareness and adoption have been spurred by breaches of trust in traditional institutions, particularly banks, governments and corporations, and by the increasing fragility of our connected lives online.

Our analysis adds a socio-cultural understanding of how trust is shaped online in decentralized ecosystems and how erosion of trust in traditional institutions lays the groundwork for such disruptive changes. Many people who enter the Bitcoin ecosystem trust others who trust Bitcoin. This creates a fragility and the potential for online manipulation. Some prominent actors in the community have verified Twitter or Facebook accounts, which are means of establishing a different kind of legitimacy as influencers. Our findings show how the Bitcoin brand was kept afloat in its early days when trust was more blind. Our results have implications for studies of reputation and legitimacy conferred online, particularly the powerful role that social media giants play in endorsing some voices over others, and the challenges of finding trust in decentralized systems where the entire point is to ‘trust no one’ and ‘verify everything’.

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