

# The Crypto Borrowing Gap



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Inside the crypto collateral gap between  
borrowing demand and borrower confidence

April 2026

# Executive Summary

**Crypto-backed lending has strong underlying demand, but adoption remains far behind stated openness.**

Cryptocurrency has become a major global asset class, held by millions of people and increasingly integrated into the portfolios of retail investors, institutions, and public companies<sup>12</sup>. Yet borrowing against crypto remains comparatively underdeveloped.

New research from Ledn, conducted by Protocol Theory, finds that 88% of crypto holders would consider using a loan or credit product to fund at least one planned purchase or investment, while only 14% currently use a crypto-backed loan.

That represents a 6-to-1 consideration-to-adoption gap, providing one of the clearest quantified views to date of the distance between openness to borrowing and actual crypto-backed loan usage.

The research suggests this gap is not driven by a lack of underlying demand, but by the confidence barriers that prevent crypto holders from acting on it.

Among non-borrowers, the most commonly cited barriers were:

1. **Interest rate transparency**
2. **Liquidation risk**
3. **Regulatory uncertainty**

This points to a market that is still maturing. Many crypto holders already understand the value of borrowing against their digital assets, especially if it allows them to access capital without selling. What they need now is greater confidence in how these products work, how risks are managed, and how platforms protect their assets.

#### **Core implication**

Crypto-backed lending has the potential to bring a familiar financial behaviour into the digital asset market: borrowing against a long-term holding instead of selling it.

But for that potential to be realised, the category needs to close the confidence gap.

## Most crypto holders are open to borrowing, but few currently use a crypto-backed loan

Among crypto holders surveyed in the US and Australia:

**88%**

Would consider using a loan or credit product to fund at least one planned purchase or investment

**14%**

Currently use a crypto-backed loan

Source: Protocol Theory research commissioned by Ledn. Survey of 1,244 cryptocurrency holders aged 18+ across the United States and Australia, February 19 to 24, 2026.

<sup>1</sup> Protocol Theory and CoinDesk. (2025). *APAC Digital Asset Adoption 2025: Stablecoins, Tokenization & Integration*. Available at: <https://www.protocoltheory.com/articles/apac-digital-asset-adoption-2025>

<sup>2</sup> AIMA and PwC. (2025). *Annual Global Crypto Hedge Fund Report 2025*. Available at: <https://www.aima.org/compass/insights/digital-assets/7th-annual-global-crypto-hedge-fund-report.html>

# The Collateral Gap

Crypto holders are open to borrowing, but crypto-backed lending has not yet scaled with the asset class.

In traditional finance, borrowing against long-term assets is a well-established way for investors to access liquidity without selling what they hold.

Homeowners borrow against property. Investors borrow against securities. Businesses use assets, cash flows, and receivables to access capital without necessarily selling what they hold.

Crypto has not yet developed in the same way.

This creates what Ledn and Protocol Theory describe as the '**crypto collateral gap**': the difference between the scale of crypto ownership and the much smaller adoption of collateralized borrowing against digital assets.

The research shows that crypto holders are not closed to the idea of borrowing. Most are open to using credit or lending products to fund at least one planned purchase or investment. The issue is that this openness has not yet converted into widespread crypto-backed loan usage.

## Why this matters

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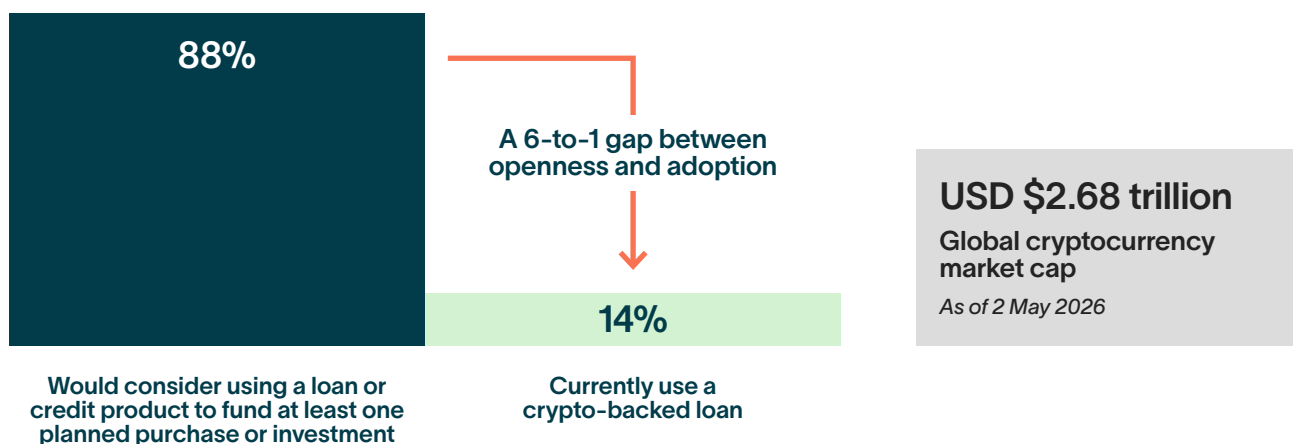
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## The crypto collateral gap shows how far crypto-backed lending still has to scale

Among crypto holders surveyed in the US and Australia:



Source: Protocol Theory research commissioned by Ledn. Survey of 1,244 cryptocurrency holders aged 18+ across the United States and Australia, February 19 to 24, 2026; CoinGecko, Global Cryptocurrency Market Cap Charts, accessed 2 May 2026.

# The Confidence Barrier

The leading barriers are trust and confidence-related, rather than comprehension or eligibility.

The research suggests that the main barriers to adoption among non-borrowers are not primarily about whether people understand the concept of crypto-backed lending or have enough crypto to borrow against.

The leading barriers are more practical and confidence-based.

Among the three most commonly cited barriers were:

1. **Concerns about managing crypto price volatility**
2. **Concerns about managing liquidation risk**
3. **Regulatory uncertainty around crypto-backed loans**

Together, these barriers suggest that crypto holders understand the value proposition, but still need crypto-backed lending to feel clearer, safer, and more predictable before they use it.

This is especially important because crypto-backed lending asks users to make a high-trust decision. Borrowers are not only taking on credit. They are also placing a valuable digital asset into a structure where pricing, custody, liquidation rules, and platform risk all matter.

## What confidence means in crypto-backed lending

For prospective borrowers, confidence is likely to mean several things:

- Clear and transparent borrowing costs
- Simple explanations of loan terms and risks
- Strong visibility into liquidation mechanics
- Confidence that collateral is held safely
- Trust in the platform's track record and risk controls
- Greater regulatory and operational clarity

These factors matter because crypto-backed lending combines a financial decision with a high-trust decision.

As the category matures, growth is likely to depend less on persuading holders that borrowing against crypto is conceptually useful, and more on giving them the proof points, protections, and transparency required to make borrowing feel practical.

## Crypto holders are open to borrowing, but confidence barriers still prevent many from acting

Among crypto holders in the US and Australia who do not currently use a crypto-backed loan (n=1,069):

Concerns about managing crypto price volatility



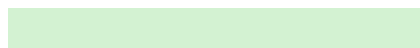
Concerns about managing liquidation risk



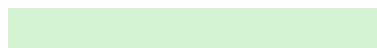
Regulatory uncertainty around crypto-backed loans



Concerns about tax implications



Limited understanding of how crypto-backed loans work



Source: Protocol Theory research commissioned by Ledn. Survey of 1,244 cryptocurrency holders aged 18+ across the United States and Australia, February 19 to 24, 2026.  
Note: Bars show relative ranking among selected barriers; percentages are not shown.

# Borrowing Without Selling

Crypto-backed loans are already seen as a way to access liquidity while preserving long-term exposure.

The research also found that 72% of crypto holders agree crypto-backed loans provide convenient access to funds without the need to sell crypto.

This finding matters because it shows that crypto-backed lending is built around a financial behaviour people already understand: borrowing against an asset they want to keep.

In traditional finance, investors often borrow against long-term holdings rather than sell them. The logic is simple: preserve exposure to an asset while accessing liquidity for another purpose.

Crypto-backed lending applies the same principle to digital assets.

For many holders, the appeal is not simply access to credit. It is the ability to access capital while maintaining exposure to an asset they may prefer to keep.

## A familiar financial behaviour applied to a newer asset class

This framing matters because it moves crypto-backed lending away from being understood only as a niche crypto product.

At a behavioral level, the underlying need is familiar:

- A holder has an asset they do not want to sell
- They need or want access to liquidity
- They prefer to preserve exposure while using the asset as collateral
- They need confidence that the borrowing process is safe and transparent

This pattern already exists across other asset classes. For crypto-backed lending, the key question is whether the category can build enough trust infrastructure to make the same behaviour feel normal, safe, and accessible for digital asset holders.

## Crypto holders see borrowing as a way to access capital without selling their assets

Among crypto holders surveyed in the US and Australia:

**Hold long-term digital assets**

Maintain ownership of crypto holdings



**Access liquidity through a crypto-backed loan**

Borrow against holdings instead of selling them



**Maintain exposure without selling**

Keep long-term market exposure while accessing capital

# 72%

of crypto holders agree crypto-backed loans provide convenient access to funds without needing to sell crypto.

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# Regional Signals and Category Maturity

**Australia shows stronger signs of proactive borrowing behaviour, while both markets point to the same confidence challenge.**

The research also found directional differences between Australia and the United States.

Australian crypto holders were significantly more likely than American crypto holders to borrow proactively as part of financial planning. They were also more likely to compare lenders across platforms before choosing.

This suggests that Australia may be a more active shopping environment for crypto-backed lending, while the US remains shaped by a larger and more mature financial services context.

However, the broader story is consistent across both markets.

Crypto holders are open to borrowing, but adoption depends on whether the product and platform experience can reduce uncertainty. The category needs to make borrowing feel more transparent, more controlled, and easier to trust.

## What this means for the future of crypto-backed lending

The research points to a category at an important stage of development.

Crypto holders are open to borrowing. They understand the use case. The financial logic is clear. But to grow further, the category still needs stronger trust infrastructure: clearer product terms, better risk transparency, stronger custody reassurance, and more visible platform safeguards.

If these elements continue to mature, the gap between borrowing openness and crypto-backed loan adoption may narrow meaningfully.

The next phase of crypto-backed lending is therefore likely to be shaped by confidence, not just demand.

**Australia and the United States differ in borrowing behaviour, but both markets still face a confidence challenge.**



## Australia

- More likely to borrow proactively as part of financial planning
- More likely to compare lenders across platforms
- Points to a more active provider-shopping environment



## United States

- Shows a more measured borrowing posture than Australia
- Shows a less active provider-comparison dynamic
- Points to a market where trust-building and confidence may be more important to conversion

# Methodology

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## About the research

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This report is based on research conducted by Protocol Theory on behalf of Ledn.

The study surveyed 1,244 cryptocurrency holders aged 18+ across the United States and Australia between February 19 and February 24, 2026, including 621 respondents in the United States and 623 respondents in Australia.

Respondents completed a device-agnostic online survey designed and analysed by Protocol Theory in line with research best practice. The research examined attitudes toward crypto-backed lending, borrowing behaviour, barriers to adoption, platform selection criteria, and regional differences across the US and Australian markets.

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## About the authors

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### Ledn

Ledn is the leading platform for Bitcoin-backed loans globally, offering a secure and transparent way to unlock liquidity without selling your bitcoin. Founded in 2018, the company has serviced over \$10 billion in loans and offers its products in more than 100 countries. Operating a simplified Bitcoin-only, fully custodied, no-rehypothecation model with recurring transparency reporting, Ledn has established itself as the most trusted name in Bitcoin lending.

Learn more at: [www.ledn.io](http://www.ledn.io)



### Protocol Theory

Protocol Theory is a global consumer research and strategic insight company focused on the future of money, technology, and digital markets. Through its proprietary Growth Science™ discipline, it equips organizations with the evidence needed to understand adoption, anticipate what's next, and make confident decisions across brand, product, experience, and strategy.

Learn more at: [www.protocoltheory.com](http://www.protocoltheory.com)

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### How to Cite This Report

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