

AFFECTIVE PROCESSES IN CRYPTOCURRENCY MARKETS

An Exploration with Crowd Theory



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Introduction

Cryptocurrencies are renowned for their dramatic price movements. Yet, there is still much to learn about the social forces driving this volatility beyond the commonly invoked dichotomy of fear and greed, which ebbs and flows with the ‘sentiment of the masses’. There is a long tradition of attempting to understand and predict public sentiment from an economic perspective, through content analysis and theories of ‘herding behaviour’ (Ahmad 2011: 89). The latter can be defined as ‘the tendency of investors to suppress their own beliefs and their private information in favour of the market consensus when trading individual assets’ (Philippas et al. 2020: 2). Herding behaviour has been associated with conditions of high volatility (Blasco et al. 2012; Tan et al. 2008), making cryptocurrency markets a prime setting for it to occur.

Economists have demonstrated herding behaviour to influence cryptocurrency prices (Poyser 2018), with social imitation increasing as a sense of ‘uncertainty’ rises (Bouri

et al. 2019). Analysis of price dynamics reveals heterogeneous crowding dynamics, indicating both trend-chasing and contrarian behaviours (King and Koutmos 2021). Researchers have also pointed to the role of social media in shaping today's financial markets (Ajjoub et al. 2021). This may be particularly pronounced in the case of digitally native cryptocurrency, which lacks the offline establishments of traditional finance, prompting users to seek information about their financial choices in the porous, networked environments of the internet. Recent research examining this relationship has identified significant increases in trading volumes for Bitcoin and *memecoin* Dogecoin following Twitter posts by key influencer Elon Musk (Ante 2021).

Together these findings point to affectively charged groups in the cryptocurrency scene, with multiple approaches, agendas and leaders. *Affect* refers to the power to affect and to be affected by the world around us. The literature on affect brings our attention to the complex correspondence of the mind, body, thought and emotion, and their relationships with other bodies, matter and technology (Clough 2008). Researchers in digital media studies have recently highlighted affect as a key consideration for online interaction (Coleman 2018; Ringrose and Mendes 2018) and have called for studies that pay attention to how affect is experienced and transmitted online (Sampson et al. 2018; Stage 2013). This chapter explores the presence of affective processes in cryptocurrency markets and its social 'scenes' by applying revised crowd theory. It considers what a perspective on crowds may reveal about the social factors mediating people's behaviour in these contemporary settings, while contributing to the limited ethnographic perspectives on how these markets are experienced 'on the ground' by cryptocurrency users.

Cryptocurrency as a ‘Trustless’, Accessible Peer-to-Peer System

Bitcoin, the first widely adopted virtual currency using blockchain, promised a ‘trustless’ way to exchange value. The white paper written by the mysterious ‘Satoshi Nakamoto’ describes a ‘fully peer-to-peer’ system that renounces the need for third parties like banks to oversee transactions (Nakamoto 2008). Bitcoin achieves this by solving the ‘double spending problem’ of digital cash, through decentralized, proof-of-work cryptography. Pseudonymous addresses and their transactions appear publicly on the blockchain, making privacy and security a matter of personal responsibility for individuals holding private keys to an address. Trust previously placed in the legitimacy of institutions and governments is understood by its enthusiasts to have become embedded in the code itself (Maurer et al. 2013: 263). As new monies ‘of the people’, cryptocurrencies invoke a flattening of hierarchies through their peer-to-peer narrative (Nelms et al. 2018). Having enabled access to a diverse range of financial products, an estimated 10% of global internet users between sixteen and sixty-four years old now hold cryptocurrency (GWI 2022).

Some social scientists have challenged claims of cryptocurrency’s ‘trustlessness’, arguing that trust remains a key factor in the survival and function of cryptocurrencies, despite narratives of blockchain as an apolitical technology capable of separating money from social life (Dodd 2018). Researchers emphasized the shared ideologies and narratives that sustain cryptocurrencies (Faria 2022) and highlighted their engagement with broader debates around money (Dodd 2018; Maurer et al. 2013), as exemplified in Nakamoto’s reference to the Global Financial Crisis in Bitcoin’s ‘genesis block’ (see Tardi 2021). The appeal

of cryptocurrency is multifaceted; as Nigel Dodd writes, ‘there is not one Bitcoin, but several’, recognizing its many meanings, and the range of political and ideological opinions found within the loosely defined movement (Dodd 2018: 36). This alludes to the way in which motivations behind the phenomenon are more than economic, as seen in attempts to achieve different types of value on both individual and collective scales.

Following online ethnography in the South Korean Bitcoin frenzy of 2017–18, Seung Cheol Lee (2020) suggests that cryptocurrency adoption can be understood as a cultural phenomenon rather than a collection of individuals’ rational economic choices. Lee (2020) argues there is no clear line between a ‘rational’ investor and a ‘superstitious’ gambler, proposing that the latter subjectivities are a response to the irrational and ‘magical’ qualities of the market itself, determined in self-referential and self-fulfilling ways. Lay Bitcoin users were found to express scepticism about the rationality and predictability of the market itself, perceiving even formalized tools of analysis to be inadequate to guide speculation. As Lee (2020), following Orléan (2014), points out, the prices of cryptocurrencies are in part determined not by what someone *believes* about their value, but by what they think the *majority of other people* believe. This emphasizes the social contexts of decisions, by which individuals exist in some degree of bondage to one another’s sentiments (Huh et al. 2014). Considering insights from the social sciences and economists’ reports of herding behaviour, exploring a link to crowd theory appears a compelling pursuit.

Crowd Theory: Classical to Contemporary

Crowd theory was popularized towards the end of the nineteenth century among social theorists in Europe and

America seeking to understand large groups of people. Industrialization had shifted the social landscape, with the birth of cities producing new masses of people living and working in close proximity. The ruling class sought ways to control these populations as traditional structures like the church, the family and the army lost significance (Reicher 2004). Theorists including Gabrielle Tarde, Gustave Le Bon and Georg Simmel became fascinated with crowds, considering them as a central human phenomenon with which we can understand society (Borch 2012).

In 1895, Le Bon published *The Crowd: A Study of the Popular Mind*. He wrote in the heyday of sociology's preoccupation with crowds when French academics saw crowds as a threat to bourgeois society (Borch and Knudsen 2013). For Le Bon, this represented 'the era of crowds': a time when the 'divine right' of the masses would replace that of kings and traditional rulers, potentially marking the end of Western civilization and a return to anarchy (Le Bon 2001 [1896]: 9). Le Bon saw crowds as groups of people that take on a 'collective mind' through shared ideas and sentiments. He theorized that this caused a temporary loss of individuals' personalities and self-consciousness, with crowds becoming more than the sum of their parts. Group sentiment was thought to overpower individual sentiments and moralities, making crowds as easily 'heroic' as 'criminal' (ibid.: 11). While other crowd theorists considered emotional affect to spread through bodily closeness (see Tarde 2010 [1969]), Le Bon also spoke of isolated individuals sharing sentiment, creating a 'psychological crowd':

At certain moments half a dozen men might constitute a psychological crowd, which may not happen in the case of hundreds of men gathered together by accident. On the other hand, an entire nation, though there may be no vis-

ible agglomeration, may become a crowd under the action of certain influences. (Le Bon [1896] 2001: 14)

For Le Bon, the crowd was not defined by the number of participants or their physical co-presence, but, instead, by three defining characteristics: anonymity, contagion and suggestion (Le Bon 2001 [1896]: 17–18). Anonymity was thought to lead to a loss of social responsibility. Contagion was said to act as a ‘hypnotic-like’ order spreading sentiment among participants and causing a sacrifice of personal interests in favour of collective interest (*ibid.*: 12). Suggestibility described how individuals became ‘unconscious’ of their actions and open to external suggestions (*ibid.*). These suggestions, Le Bon proposed, may come from a ‘crowd leader’, themselves seduced by crowd sentiment and feeling its calling so deep it may lead to martyrdom (*ibid.*: 21). Overall, Le Bon’s crowd conjures a picture of an unconscious and hypnotic mass, with no sense of individual agency: ‘An individual in a crowd is a grain of sand amid other grains of sand, which the wind stirs up at will’ (*ibid.*: 19).

This perspective dismisses people’s motivations, experiences and agency, obscuring the origins of crowd sentiment. On the whole, Le Bon’s work is highly critical of crowds, contrasting with more positive conceptions of crowds as offering freedom from oneself, and allowing for personal and collective transformations (Canetti 1962; Durkheim 1995 [1912]). Le Bon’s work has faced a variety of criticisms, including for its racist, sexist, classicist and undemocratic features, and its overemphasis on crowds as irrational, criminal and destructive (Baker 2012; Sampson 2012; Tutenges 2015). Recognizing these issues, theorists have sought to salvage and revise some of Le Bon’s ideas to explore collective behaviour.

Christian Borch calls for a revival of crowd theory to explain speculative economic activity. According to Borch, *suggestion* is the defining quality of a crowd for major theorists Le Bon and Tarde (2007: 553). Borch revisits the concept, proposing that it be understood as a *semiconscious* activity that combines aspects of ‘rational’ thinking with affect, desire and passion (ibid.: 550). Borch hopes to move beyond the dichotomy of rational and irrational, to arrive at a theory of behaviour that sees the integration of the two. This revised view of suggestion resolves the issue of ‘unconscious’ crowds, creating space for individual agency and influence. Further, Borch and Knudsen (2013) advocate a rethinking of crowd theory in light of digital media, to update classical notions of physically congregating crowds to crowding in virtual spaces. The authors highlight how digital media still involves transmissions between bodies, often in new ways to those afforded by social hierarchies established offline. This perspective then raises the question of how participants in online crowds transmit and experience sentiment without bodily presence.

While contemporary life has readily adopted casual notions of *virality* – seen in large-scale social media events, trends, memes, hashtag activism and the rise of ‘influencers’ over the past decade, few studies have engaged with crowd theory to examine social media. Yet in light of seemingly pervasive contemporary social media, Hayden (2021) suggests we are seeing a resurgent concern with crowding, similar to that which inspired classical crowd theory. Literature on mass social media behaviour has generally taken interest in collective action, particularly political movements (Borge-Holthoefer et al. 2014; Schroeder et al. 2014; Syndicus 2018). Among the engagement with crowd theory by Le Bon, Tarde and others, Stephanie Baker (2011, 2012) has discussed social media use in the 2011 English riots. Her work expands classical crowd theory beyond

the Tardean idea of emotional contagion through physical proximity, proposing the concept of a ‘mediated crowd’ to account for social media use in contemporary crowds. Baker’s term is helpful when looking at crowds as ‘collective communities’ that operate online and offline (Baker 2012). The concept of the ‘mediated crowd’ fits contemporary protests like the Arab Spring, though it inadequately accounts for crowding online that is not organized around offline collective action.

Carsten Stage (2013) uses crowd theory to explore affective blogging in the case study of the *65 Red Roses* blog: a life journal of Eva Markvoort, a young woman with cystic fibrosis. Stage builds on work by Baker (2011) and Blackman (2012), theorizing three kinds of crowds: the body-to-body crowd, the mediated crowd and the *online* crowd – the latter addition describing crowding in virtual settings. Stage follows Tarde (2010 [1969]) by distinguishing between ‘publics’ and ‘crowds’. He draws on Warner’s (2002) work, which outlines three publics: (1) a social totality of the field in question (e.g. a nation); (2) a gathering of people at a common event or space (e.g. a concert); or (3) a grouping of people related to each other through texts. Stage theorizes that online spaces operate as publics most of the time and transition to crowds temporarily through shared affective processes. While publics and crowds are traditionally dichotomized, Stage sees them as mutually inclusive. This view of crowding dynamics appears to better reflect contemporary internet crowds, known for their transient and ad hoc character (Kamath and Caverlee 2011).

Applying Crowd Theory to the Cryptoscene with Ethnography

The analyses presented in this chapter are based on seven months of ethnographic research conducted online and in

person in Helsinki in the first half of 2022.¹ Fieldwork consisted of participant observation among three cryptocurrency social groups. The first of these was a small online group of crypto enthusiasts who met weekly via Zoom to discuss cryptocurrency news, investing, trading and related topics. The second was a local Bitcoin community in Helsinki, which met monthly in bars to discuss Bitcoin and socialize. I sought approval from community leaders to include the groups in my study and introduced my research to members. Third, the study involved netnography (Kozinets 2010, 2015) on Reddit, particularly among the largest cryptocurrency group with 6.4 million members: r/CryptoCurrency (r/CC), entitled 'Cryptocurrency News and Discussion'. The group is open to the public, with users engaging in activities on the page pseudonymously. In addition to online and offline participant observation, I conducted thirty-three semi-structured interviews with fifteen users, with whom I obtained written informed consent. This chapter draws especially on the online fieldwork and interviews with users, mainly located in Finland and Western Europe.

Cryptocurrency is born from digital technologies and the internet. Given the amount of activity happening online around cryptocurrency, it made sense to use digital ethnography. This research method was conceived in response to the increasing prevalence of 'the digital' in everyday life. In contemporary times there is an increasing 'leakiness' between 'online' and 'offline' life, such that today many of us live in contexts that are materially, socially and sensorially entangled with digital technology (Pink et al. 2016). Nowadays online worlds have become a highly relevant area for anthropological inquiry. Digital ethnography maintains the approach of studying people in their qualitative contextual depth, adapting traditional ethnographic methods and ethical principles to online terrains (Morais et al. 2020).

Over 23,000 cryptocurrencies have been traded on the market (CoinMarketCap 2023), with users often holding multiple at a time, each with unique qualities and social followings. Most anthropological literature has focused on Bitcoin, which continues to hold market dominance. To broaden this focus to include sociality around other cryptocurrencies, I used a multisited approach (Marcus 1995), engaging with three 'sites' among the cryptoscene. This allowed for data triangulation that helped to establish contexts and verify interpretations when working with online data, which can lack social and linguistic metadata (Snodgrass 2014). A multisited approach echoes the process many cryptocurrency users themselves go through, moving between multiple settings in efforts to synthesize information. For Falzon (2009: 9), multisited ethnography can offer researchers a sense of how their interlocutors navigate their worlds in dispersed or unsettled ways. Recognizing field sites are not 'pure', 'bounded' or 'whole', these sites offered three windows into crypto sociality. Fieldsites can be described as constructed 'networks' of spaces, people and objects that get included in the study (Burrell 2009). Considering this, I wish to emphasize the vastness and diversity of the cryptoscene, into which this chapter offers merely a glimpse.

Engaging with the recent renewal of crowd theory, this chapter explores social processes that may give rise to measurable market impacts known to economists as 'herding', from an ethnographic perspective. To the author's knowledge, crowd theory has not been applied to cryptocurrency before the chapters presented by authors in this volume. My chapter aims to contribute to a preliminary base to encourage future research in this direction. Building on Stage's (2013) work, I apply crowd theory to digital media surrounding cryptocurrencies. Given the lack of physical congregation surrounding cryptocurrencies, I focus on the role of affect on social media in producing

virtual crowds. In Stage's (2013) study of the *65 red roses* blog site, he traced linguistic material for representations of bodily reactions, distorted comment form and temporally simultaneous gathering around posts. Unlike Stage's blog site, affective processes in crypto communities are likely spread through a wide range of channels, making it difficult to pin down points of influence. Considering this and the multisited nature of the study, I adopted a broader approach, considering affective behaviour in relation to social processes in the scene, as observed in online forums and live sessions, and as conveyed by users in interviews.

Conceptualizing the 'Community' and the 'Crowd' in the Cryptoscene

People engage with cryptocurrencies in many different ways: mining it, trading it, developing it, investing in it, transacting with it and working in the broader industry that has formed around it. The topic of cryptocurrency has many subtopics and has given rise to many self-described communities. The concept of 'community' has been questioned by anthropologists since the 1980s for its lack of preciseness in accounting for ethnographic subjects, which now move fluidly through the physical world and online spaces, unattached to particular social locations (Kozinets 2010). As a result, terms like 'community' and 'culture' are destabilized in contemporary times (ibid.). I use the *emic* – or participants' own – casual designation of 'communities' while recognizing, as many of my participants do, that the traditional use of 'community' evokes shared values, meanings, norms and symbols that are not necessarily reflected in practice. Further, I consider Vered Amit's argument that ambiguities in the term make it 'good to think with', having the potential to reveal different concepts of sociality through the eyes of its users (Amit 2010).

Like other contemporary communities, groups in the cryptoscene emerge around shared interests, values, experiences or motivations, and support the transfer of knowledge and resources between members. Virtual communities need not have well-established societal rules and instead are held together by shared emotions, lifestyles, beliefs, experiences and practices (Cova 1997). Often blurring the lines between ‘consumer’ and ‘participatory’ cultures, the communities I joined shared, discussed and synthesized information, helping users navigate a space colloquially referred to as ‘The Wild West’. Following Stage’s (2013) work, I consider online communities like the Reddit page (r/CC) to be one of Warner’s (2002) publics, which can produce crowd behaviour when sharing affect. While publics traditionally involved hierarchies of established institutions (e.g. media), online publics flattened this hierarchy, making the transmission of information, and therefore the creation of publics themselves, more accessible (Lünenborg 2020).

There are multiple lenses through which to identify crowds among the cryptoscene, as shown by the authors in this volume. Financial markets are widely understood to be affected by a ‘crowd syndrome’ (Borch 2007). Building on research that considers a relationship between online sociality and market volatility, this study has sought to better understand the formation of crowds in online communities surrounding cryptocurrencies. From the perspective of market data, human and nonhuman actors like bots and corporations form virtual crowds that move between positions of buying, selling and holding. These actors are seen to congregate and disintegrate around certain price points seen, for instance, on the live ‘candlestick’ charts to which many cryptocurrency users refer. However, other kinds of crowding also take place on social media and online communities adjacent to cryptocurrency markets. Being relatively new

and alternative, most educational material and updates surrounding cryptocurrencies are accessed on the internet, often via online communities that provide users with an overview of current events and sentiments. Taking *suggestion* – the key premise of crowd theory according to Borch (2007) – I look at the development of crowds through the lens of affective processes happening in these communities.

Language as an Indication of Affect in the Cryptoscene

If you hear ‘To the moon!’ and ‘Hold the line!’ regarding your coin: Sell. Run. Call your mom. Do ANYTHING except FOMO in. (Reddit user, 2021)

To begin, I would like to introduce the emic language used by market participants as an indication of affective processes with the potential to create crowds that swing markets. The cryptocurrency scene is deeply infused with internet slang and meme culture. It does not take long traversing online forums to learn terms like ‘FUD’ (Fear, Uncertainty and Doubt), ‘FOMO’ (Fear Of Missing Out), ‘WAGMI’ (We’re All Going to Make It), ‘aping in’ (buying recklessly) and ‘shilling’ (promoting). Such terms, as demonstrated in the expression above, refer to sentiments moving about in the market, and their power to affect people’s choices. Without proposing that the terms themselves cause affect, though words can do this (Röggla 2019), I focus on them as a signal for the prevalence of affective processes in these spaces.

Fear, uncertainty and doubt are common experiences among people attempting to ride the waves of volatility in the cryptocurrency market. The concept of ‘FUD’, adopted from the marketing industry, now appears in online discussions to acknowledge the potential for information to

elicit fear, uncertainty and doubt in its audience, especially holders of particular cryptocurrencies. The spread of ‘FUD’ or ‘*fud*’ can trigger sell-offs, discourage buying and cause prices to fall, further compounding the effect. This happens daily across the thousands of projects traded, sometimes affecting the whole market, appearing, for instance, as ‘China Fud’ or ‘Fed Fud’.² The terms provide users with a shorthand way to acknowledge the collective emotions moving prices. Further, they express users’ recognition that *words themselves* can harm markets (Lee 2020). As a Reddit user described, these emotions could spread through forums or ‘subs’ in viral ways: ‘I avoid this sub like the plague when markets take a nosedive’, the ‘panic is all too contagious’. Such conditions pose a threat to the market in general, but especially to cryptocurrencies with a smaller market capitalization.

In recognizing the affective power of FUD, some communities create *anti-FUD* environments. In these settings, the act of labelling information as ‘FUD’ may itself direct collective sentiment. Replies like ‘FUD!’ and ‘Fudster’ can mark information as an attempt to manipulate others, advising its dismissal. At times, valid critical analysis gets dismissed too, causing users to pre-empt with ‘not fud, but . . .’ to protect their posts. In extreme cases, anti-FUD behaviour becomes censorship when page moderators delete unfavourable information, acting as silent ‘crowd leaders’ directing sentiment. This behaviour is commonly associated with dubious, volatile tokens known colloquially as ‘sh*tcoins’. In their worst forms, these appear as scams; including ‘rug pulls’, Ponzi, and ‘pump and dump’ schemes – the latter of which may appear to have highly committed ‘communities’ whose members promote or ‘shill’ the token, urging others to ‘load their bags’ and ‘buy the dip’, only to exit through the liquidity newcomers provide, causing the price to plummet.

These groups are often described in forums like r/CC as ‘cult-like’ in their mission to defend their project against FUD by forming an echo chamber to protect their beliefs and interests. The term ‘FUD’ itself describes emotions rather than the information *causing* those emotions, allowing easy dismissal in a space that privileges notions of ‘rationality’ above emotions. This enables terms like ‘FUD’ to become tools in mediating the interpretation of, or access to, information. As a user explained, the term ‘FUD’ could be used to ‘discredit any and all negative comments regarding [one’s] favourite project/scam’. One of my interlocutors described being subjected to condemnation when playing the devil’s advocate: ‘I just say “hey but what if this happens?” and then straight away, there’s like ten of them on you like hyenas trying to take a piece of you.’ These experiences are reminiscent of Le Bon’s depiction of crowds:

The masses have never thirsted after truth. They turn aside from evidence that is not to their taste, preferring to deify error, if error seduce them. Whoever can supply them with illusions is easily their master; whoever attempts to destroy their illusions is always their victim. (Le Bon 2001 [1896]: 64)

While not all crowds behave this way, Le Bon’s words resonate with some behaviour seen in the cryptoscene. Digital media affords anonymity, which may lessen a sense of social responsibility (Keipi and Oksanen 2012), while also allowing affect to reach audiences in relatively synchronized ways (Stage 2013). In the case of cryptocurrency, users are simultaneously impacted by price movements, creating mass shared experiences. These conditions hold the potential for personal interests to converge into collective ones where there are shared goals and desires,

like achieving specific price points. Action towards such goals is advocated in phrases like ‘buy the dip’, which encourages users to buy during a market downturn, or ‘diamond hands’ which idealizes holding. This rhetoric can pulse through cryptocurrency forums, encouraging buys and discouraging sells through notions of togetherness, carried in terms like ‘WAGMI’ (‘We’re All Going to Make It’). These examples of affective language align with the influential role social media is recognized to play in mediating mass sentiment. This situation exhibits features of Le Bon’s (1896) *psychological crowd*, conceived more than a hundred years ago. Unlike Le Bon’s ‘unconscious’ crowds, crowds in the cryptoscene exhibit a merging of individual and collective desires, blurring the lines of ‘intentional’ and ‘unintentional’ action. Appearing to engage in relatively synchronized affective processes, these groups fit Stage’s (2013) description of the online crowd.

Seeing and Resisting: The Pursuit of ‘Rationality’ and the Creation of an Anti-crowd

The previous section explored language as an indication of affective processes in cryptocurrency markets. This section explores how market participants relate to crowds, including by aiming to separate themselves from them. This aim is reflected in the anti-conformist ethos of cryptocurrency’s roots, influenced by cypherpunks, anarchists and libertarians. Emerging amid the 2007–8 financial crisis, Bitcoin’s white paper presented a new vision for ‘trustless’ money that allowed freedom from traditional finance, governments and corporate surveillance. In this way, the original ‘crowd’ of cryptocurrency could be seen as a protest. From these origins, a high value was placed on individualism, freedom, experimentation and innovation, which largely oppose the idea of being among ‘the masses’. Such

views are furthered by the popularization of contrarian trading strategies. As Borch (2007) highlights, these strategies draw from Le Bon's crowd theory by considering crowd sentiment as 'irrational', and therefore informing a possible 'rational' action. Together, contrarian strategies and the ideological rhetoric of individualism create a tension with the idea of crowds. Market participants not only move with crowds but also resist them.

Among people in the cryptoscene, resistance to herding is widely recognized as a foundational component of being a rational and therefore *legitimate* investor or trader (de Goede 2005). Retail investors attempt to protect themselves against manipulation by powerful actors with large holdings, colloquially referred to as 'whales', by identifying crowds and their influencers. In a live Zoom meeting with the trading and investing group, the host reading the Bitcoin chart remarked that 'the big boys are having a field day'. Another added that 'they want us to capitulate' – to succumb to fear in a falling market and sell. To avoid being caught up in these market crowds, people were encouraged to be aware of whales, avoid exposing themselves to influencers, be wary of social media and understand the forces behind price action. In forums, this sometimes took the form of 'whale watching', a practice by which members track large wallets and their transactions on the blockchain, often voluntarily producing complex reports analysing these moves.

Communities in which I participated took purposeful action to avoid crowding and unchecked influence. Herding behaviour was discouraged through formal rules created by administrators and culturally produced standards, practices, beliefs and values. Education, research and rational decision making were encouraged. These ideals are echoed in the scene's adage, 'DYOR', short for 'do your own research'. Being part of 'the masses' was often looked

down upon, with ‘smart money’ being spoken of as early, contrarian or manipulative. The view of crowding in the cryptoscene often echoed traditional views on crowds popularized by classical crowd theory as dumb, irrational and unsuccessful (Borch 2007). Many of my participants emphasized the importance of rationality and strove to achieve it through self-education, self-discipline and self-awareness. This kind of self-development was considered fundamental in managing one’s emotions in the high-risk, high-reward environment of the market that one of my interlocutors, Jason,³ a cryptocurrency trader, described in an interview:

I can speak from experience as somebody with tens of thousands in the game. Watching your portfolio drop 50% when you’re in five figures or more is absolutely gut-wrenching. We are on a rollercoaster. You gotta have some steel to actually trade your way through that or hold through that even, without getting seriously emotional.

Perhaps the most significant way of practising more ‘rational’ engagement with the cryptocurrency market was through Technical Analysis (TA). The well-founded practice, originating in the nineteenth century, is grounded in the idea that human behaviour drives prices in a trend-like manner that repeats over time (Murphy 1999). These trends are revealed in patterns on charts, which can help people understand the market and make more profitable decisions. The method remains inherently subjective as the viewer identifies patterns from the data and interprets their meanings. An interlocutor of mine once described reading charts as ‘looking at people’s emotions’. One of the skills of a chart reader is the ability to draw insights from mass sentiment appearing in real-time while resisting the ‘seductive pull’ of the market (Hassoun 2005, cited in Borch 2007). As captured by Stäheli (2006) and echoed by

Borch (2007), this results in a paradox in which the rationality of the reader rests on relating to the irrationality of the crowd. If *suggestion* is a semi-conscious process, TA can be understood to involve a type of emotional-mental work to make the unconscious conscious through an exercise of self-awareness:

When I wake up some mornings and the Asia sessions have been going on a rampage and there's green candles everywhere, I just sit on my hands, I literally sometimes sit on my hands – saying 'don't do it' – feeling the greed and the fear taking control over your common sense . . . next thing you're thinking crazy stuff . . . you're thinking 'I'll get in here, I'll put the stop loss here, I'll use a bit of leverage' . . . You've got to stop it. Shut the laptop, go off and do something else productive with your day. (Jason, cited in Vennonen 2023)

The trader's response to the chart is both *affective* – feeling greed and fear 'take over their common sense' – and *intentional* – sitting on their hands to physically block an affective response, saying 'don't do it' and disengaging from the activity altogether. As the trader describes, the affective nature of the chart can also prompt the rationalization of possible actions, such that emotion and cognition are integrated in ways that escape the false binary of 'rational' and 'irrational'. Alongside the use of multiple 'logics', people also act in response to their affective experiences of the world in ways that go beyond individual rational economizing. Borch's (2007: 550) emphasis on *suggestion* as involving a blend of 'rationality, affect, desire and passion' – also understood in terms of intentional and affective action – better accounts for the experience of relating to the crowd. Compared to classical notions of 'unconscious' crowds, this view of suggestion captures

the experience of affect *and* the resistance to it. Cryptocurrency markets and financial markets more generally provide a valuable angle to study crowd dynamics, precisely because of this resistance, which is less pronounced in other crowding situations like a supportive blog site, a concert or a protest. Exploring crowding in financial contexts highlights the differing levels of intentionality and self-consciousness around crowds. This is especially important online, where being in a crowd is far less tangible. Attention to these factors is particularly relevant in the case of cryptocurrency, where many users glean information from socially rich online environments, whether intentionally or not.

As highlighted by Shapiro in the Introduction, crowds have been described as seeking expansion or stability (Cannetti 1962). Comparable dynamics can be seen in the online communities and media surrounding cryptocurrencies. Common phrases like ‘to the moon’, which imply a cryptocurrency will dramatically rise in value, support the fast growth of the crowd by attracting speculative actors. Likewise, spreading ‘FUD’ may prompt mass-selling events. As sentiments can rapidly dissipate or change direction, these crowds lack the sustainability of long-term communities to assure value, thus contributing to volatility. Ideals like rationality, discipline and holding are constructed over longer periods of time in cryptocurrency communities, cultivating stability and even helping to produce subjects that resist crowds. These ideals, together with collective understandings of value and trust, contribute to a sustained community of belief in cryptocurrencies (Vennoen 2023). Reflecting on the original curiosity that inspired these works – the simultaneous emergence of crowds that seek expansion and communities that seek stability – it seems both have played essential roles in producing the global, decade-long phenomenon we know today.

Conclusion

This chapter has explored the application of crowd theory to the social worlds surrounding cryptocurrency. In examining language from the scene, the work highlights the prevalence of affect flowing through online channels like forums, creating fertile conditions for crowds to emerge, particularly in moments of volatility and uncertainty when many people interpret and act in synchronized ways. The chapter suggests that affectively charged communications and the linguistic signals describing them influence mass sentiments. These situations are reminiscent of Le Bon's *psychological crowd* and can be interpreted through Stage's (2013) concept of the *online crowd*. The chapter has also explored the other side of the coin – how cryptocurrency users pursuing rational ideals attempt to identify and resist crowding by developing their awareness of affect. These instances of resistance are not well accounted for in classical crowd theory. Engaging with contemporary crowd theory, this chapter supports the consideration of *suggestion* as a semi-conscious process, as Borch (2007) proposes, to account for intentional and affective action exhibited by people encountering crowds.

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Anna Vennonen recently graduated from an international master's program in contemporary societies at the University of Helsinki. Her research interests include the societal impact of emerging technologies and contemporary finan-

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Notes

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2. ‘China Fud’ has generally referred to fear, uncertainty and doubt surrounding developments in Chinese cryptocurrency regulation. Similarly, ‘Fed Fud’ has referred to public concern around the actions of the United States Federal Reserve (also known as ‘the Fed’).
3. A pseudonym.

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