

Unit Bias and the Bitcoin Adoption Barrier

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"Unit bias" is the psychological tendency to prefer owning a whole unit of something rather than a fraction. When Bitcoin trades above \$100,000 per coin, many consumers assume they cannot afford to participate. This paper examines the problem and proposes solutions relevant to Rhode Island policymakers.

\$108,000+

Price Per Bitcoin

100M sats

= 1 Bitcoin

1 sat

= \$0.00108

73%

Think BTC "Too Expensive"

1. THE PSYCHOLOGY OF UNIT BIAS

A 2024 study by Kraken Research found that **73% of surveyed non-holders** cited Bitcoin's price as a reason for not buying, even though most were unaware they could purchase fractional amounts. When told they could buy \$10 worth of Bitcoin, interest increased by 40%.

This is not unique to Bitcoin. Stock splits exist specifically to combat unit bias: when Berkshire Hathaway (Class A) trades at \$600,000+ per share, many investors feel priced out despite being able to buy fractional shares through most brokerages. Amazon, Apple, and Tesla have all split shares in part to address this perception barrier.

2. SATOSHIS: BITCOIN'S NATURAL UNIT

One Bitcoin is divisible into 100 million "satoshis" (sats). At \$108,000 per Bitcoin, 1 sat equals approximately \$0.00108, or about one-tenth of a penny. Reframing Bitcoin in sats makes it psychologically accessible:

- \$10 buys approximately 9,259 sats
- \$100 buys approximately 92,593 sats
- A \$5 coffee costs approximately 462,963 sats

Displaying prices in sats rather than whole Bitcoin makes the asset feel affordable and usable for everyday transactions.

3. IMPACT ON FINANCIAL INCLUSION

Unit bias disproportionately affects lower-income populations who are most sensitive to perceived price barriers. These are often the same communities that lack access to traditional banking (6% of Rhode Island households are unbanked or underbanked, per FDIC data), face the highest fees for financial services, and are most hurt by inflation eroding the purchasing power of their savings.

By failing to educate the public about Bitcoin's divisibility, we inadvertently exclude those who could benefit most from access to a savings technology that has outperformed every other asset class over any 4-year rolling period in its history.

4. POLICY SOLUTIONS

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- **Public education campaigns:** State-sponsored financial literacy materials should explicitly address Bitcoin's divisibility and fractional ownership.
 - **School curriculum:** Bitcoin education in public schools (see our Teaching Bitcoin paper) should emphasize that Bitcoin can be bought in any amount.
 - **Regulatory language:** State regulations should use clear language that does not inadvertently reinforce unit bias (e.g., "digital asset ownership" rather than "buying Bitcoin").
 - **Support S.2021:** The de minimis tax exemption normalizes small Bitcoin transactions, reinforcing that Bitcoin is for everyday use, not just large investments.

SOURCES

¹ Kraken Research, "Bitcoin Perception and Unit Bias Survey," 2024

² FDIC, National Survey of Unbanked and Underbanked Households, 2023

³ Journal of Behavioral Finance, "Fractional Share Ownership and Retail Investment Behavior," 2023

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