TECHNOLOGY AND CRYPTOCURRENCY VALUATION: EVIDENCE FROM MACHINE LEARNING

ABSTRACT:

This paper studies the role of technological sophistication in Initial Coin Offering (ICO) successes and valuations. Using various machine learning methods, we construct technology indexes from ICO whitepapers to capture technological sophistication for all cryptocurrencies. We find that the cryptocurrencies with high technology indexes are more likely to succeed and less likely to be delisted subsequently. Moreover, the technology indexes strongly and positively predict the long-run performances of the ICOs. Overall, the results suggest that technological sophistication is an important determinant of cryptocurrency valuations.


BIO: Dr. Jinfei Sheng is an Assistant Professor of Finance at University of California Irvine, Merage School of Business. He received his PhD in finance from Sauder School of Business at University of British Columbia in Canada. He graduated from TAMU with a master’s degree of science in Statistics in 2011 under the leadership of Jianhua Huang. His primary research fields are Empirical Asset Pricing and FinTech, with a focus on big data, textual analysis, and machine learning. A central theme of his research is to understand the roles of information in financial markets. He is interested in various types of information, including macroeconomic news, earning announcements, news articles, online reviews, crypto whitepapers, and mutual fund prospectuses. He also examines research topics in labor finance and financial intermediation.

Professor Sheng’s research has been published in leading finance journals, including Journal of Financial Economics and Review of Financial Studies. He is also a reviewer for many top finance journals and conferences. As an award-winning teacher, he created a new course on FinTech for undergraduate and graduate students and serves as the founding faculty advisor for the Anteater Crypto Association at UCI.