Mezo User Research Insights

01.07.25

Overview

Goals, Research Goals and Methods

Research Overview

Research Goals

1. Identify the ideal target audience and factors influencing Bitcoin holders' use of Borrow.
2. Understand users' financial needs, motivations, and alternative liquidity strategies.
3. Evaluate the Borrow experience, identifying friction points and user confidence.
4. Explore MUSD utility and adoption barriers.

Methods

1. **User Interviews**

   Semi-structured remote interviews and usability testing.

2. **8 participants**

   Tech-savvy, aged 25-45 from the EU and North America, earning €50K+ annually, with moderate to advanced DeFi knowledge, who have been holding BTC for over a year.

Mezo Borrow

Interview Insights

Managing BTC liquidity

HODLing majority of BTC stack is a dominant behaviour.

- Default action is cold-storage.
- Bitcoin is framed as hedge/retirement vault with a long term view. This is distinct from other assets like ETH, SOL, or stables.
- Conservative ethos: slow protocol, hardest money, highest perceived upside → don't touch it or expose it to risk.

Quote 1

"It sits there and gathers digital dust in a hardware wallet where it is safe and sound."

Quote 2

"My Bitcoin's the one thing I never touch. It's strictly a long-term, digital-gold stash."

Selling Bitcoin is need-based and often regretted.

- Trigger events:
  - Tax bills, financial need, medical costs, larger purchases, once-in-a-lifetime buys, high BTC price.
- Participants experienced reluctance when selling and subsequent regret.
- Some users say they would rather borrow or liquidate other tokens first in such situations if they had the option.

Quote 1

"I sold some Bitcoin once—paid for a king-size bed—and I still kick myself for doing it so early."

Quote 2

"Unfortunately, yes, I have done that far too early."

Spending Bitcoin is appealing to some.

- Several participants described actively spending their BTC:
  - Travel, gift cards, VPN, BTC merch. They use Lightning Network for payments or Bitrefill.

- Other participants were more opposed to the idea of spending their Bitcoin. They view every sat spent as future upside lost.

Quote 1

"Sometimes I buy gift cards on Bitrefill if I want to book a hotel with Bitcoin… I also pay for my VPN in Bitcoin."

Quote 2

"Whenever I'm at a conference or in a new city, I open BTC Maps, find places that take Bitcoin, and spend it there."

Some participants had borrowed against their BTC in the past.

- One participant took a short term loan via a CEX (large loan, repaid in 1-2 months).
- One participant used wBTC to borrow on Aave. They borrowed ETH for staking yield and stables for a leveraged trade.
- One participant made a $100 test loan on Lava.xyz purely to judge the UX.

Loan proceeds were used for: funding expenses / bills, to earn yield, and for speculative trading.

Quote 1

"I actually did take a loan with Bitcoin once... it was a very large amount of cash I needed and I unwound that position within a month."

Quote 2

"I've used Lava as a test for just like $100, just to see the UX of it and how it works."

Borrowing against BTC

How Users Feel About Borrowing Against Bitcoin.

- Liquidity without selling: securing funds for a house, car, tax bill, or a short-term cash bridge is an appealing prospect for many.
- Keeping upside & optionality is also appealing. Some see borrowing as a way to earn yield or trade elsewhere while maintaining their BTC exposure.

Quote

"I could see utilizing a percentage of the account to borrow against the Bitcoin to accumulate more Bitcoin"

Some participants might still hesitate with borrowing.

- Counter-party scars: Celsius & BlockFi failures are still present in people's minds.
- Perceived smart-contract risk.
- Reluctance to give up custody of their BTC.
- Digital-gold mentality.
- Liquidation anxiety / lack of confidence in ability to borrow safely.
- Lack of familiarity with options outside of Ethereum and Solana, where they are used to wrapped BTC assets.

Quote

"I would be concerned about what happened with Celsius and block fi. There's a ton of counterparty risk."

What could unlock adoption.

- Decentralised borrowing options.
- Proof-of-reserves + third-party audits.
- Attractive APR and clear, transparent terms.
- Loan proceeds in highly liquid, widely accepted stables that can be easily off-ramped.
- Yield/incentives/rewards.
- Social proof: battle-tested track record over time, trusted backers, healthy TVL.

Quote 1

“Let me see the reserves and how those reserves are calculated. Proof of reserves is a big topic”

Quote 2

“Who’s behind this, what’s the track record?”

Stablecoins & mUSD

Stablecoin Preferences.

- Established stablecoins dominate: USDC, USDT and some mentions of DAI.
- Selection logic is based on needs and trust. Users ask:
  - Can I easily off-ramp?
  - Is liquidity deep on the chains, DEXs and CEXs I already use?
  - Does the issuer have a strong reputation over time?
  - What is the peg mechanism?
- New or niche stables face an uphill battle. Extra research and trust needed.

Quote 1

"Probably the
most used ones, like USDT, USDC."

Quote 2

"I think USDT or USDC are the ones that I've dealt with the most."

First Reactions to a Bitcoin-backed Stablecoin:
intrigued but cautious.

- Several users think that a stablecoin backed by BTC makes sense and they find the idea appealing.
- They however still remember stablecoin failures of the past, which makes them cautious with new ones.
- Users immediately want to understand the peg mechanism and how the stablecoin is backed/issued.

Quote 1

“If it was like one to one backed by Bitcoin then I would be happy to see that.”

Quote 2

“What's the mechanism? How does it keep its peg?"

Adoption conditions.

- One-to-one BTC backing, audits, and public reserve proofs.
- Deep liquidity on DEXs and CEXs.
- Availability across chains and CEXs.
- UX parity with USDC/USDT for swaps and off-ramps.
- DeFi/yield opportunities.
- Stable peg history and trust built over time.

Quote

"Amount of TVL, the amount of security audits [would be important to me]."

Barriers holding users back.

- Shallow liquidity or few CEX / DEX listings.
- Extra swap steps/bridging leading to more gas and slippage.
- Skepticism on 1-for-1 BTC backing and proof-of-reserves.
- Terra-Luna PTSD, fear of de-peg.

Several participants looked up mUSD on Google/CoinGecko/CMC.

- All participants who did this found their way to a different asset which is also called mUSD. They were immediately put off by the lack of liquidity and lack of cross-chain availability.

Quote 1

"Making sure there was liquidity, for example, to sell it, you know, to off ramp it on the exchanges that I use."

How users want to use MUSD

- Easy off-ramp to fiat.
- Pay merchants directly.
- Swap to other more popular stablecoins.
- Use in DeFi strategies to earn yield.
- Bridge cross-chain (EVM, Solana).

Quote

“I don't know what I can use it for. I don't know what the liquidity is like.”

User types & borrowing

Digital Gold Maxi.

- Bitcoin = untouchable long-term vault.
- Behaviour: cold-storage, no yield chasing, sells mainly in emergencies or if price is high.
- Borrow fit: May only consider borrowing in an emergency situation where they have to liquidate some of their holdings.

Quote 1

"Taking a big loan out of it, if I would need it mainly in an emergency, so I wouldn't have to sell it."

Pragmatic Borrower

- Prefers to keep stacking but open to accessing their BTC stack for big life costs.
- Typical triggers: Tax bill, house down-payment, other major purchases, high BTC price, on or off-chain investment opportunities.
- Borrow fit: Likely to consider borrowing to fund major purchases.

Quote 1

"Let's borrow some stable coins and, like, buy something with that. "

Yield Maximiser

- Already leverage ETH/SOL and see BTC as dormant capital
- Current workaround: wrapped BTC → Aave
  to borrow stables or ETH (or equivalent on other chains/dApps)
- Borrow fit: Likely to borrow if Mezo offers composable on-chain use of MUSD or easy swap/bridge.

Quote

“ I've researched that,
where you can also
use your Bitcoin on Solana
to use in Solana DeFi.”

Spenders

- Spends BTC frequently, wants to push adoption.
- Borrow fit: Likely to consider borrowing if it can allow them to quickly and easily access BTC liquidity and spend in real life.

Quote 1

“I've always been bullish on lightning, like, the concept of it.”

Quote 2

“If it was easy [to spend by BTC] I would do it for sure.”

Financial goals for borrowing

Financial Goals for Borrowing

- Pay large real-life bills: house deposit, car, medical, taxes
- Short-term cash bridge: 1-3 months liquidity for income gaps
- Stack-more strategy: borrow stables, farm yield/buy alts, re-buy BTC
- Diversify into other promising assets: land, business, equities
- Emergency line of credit: cash access without selling sats
- Everyday spend: travel, gift cards, small purchases

Quote 1

"I use a lot of lines of credit in my life to, like, temporarily, like, cover things"

Quote 2

"Put a deposit on, like a large purchase, like a car or related to a wedding or an event."

Interview Insights

Borrow Observations

Context

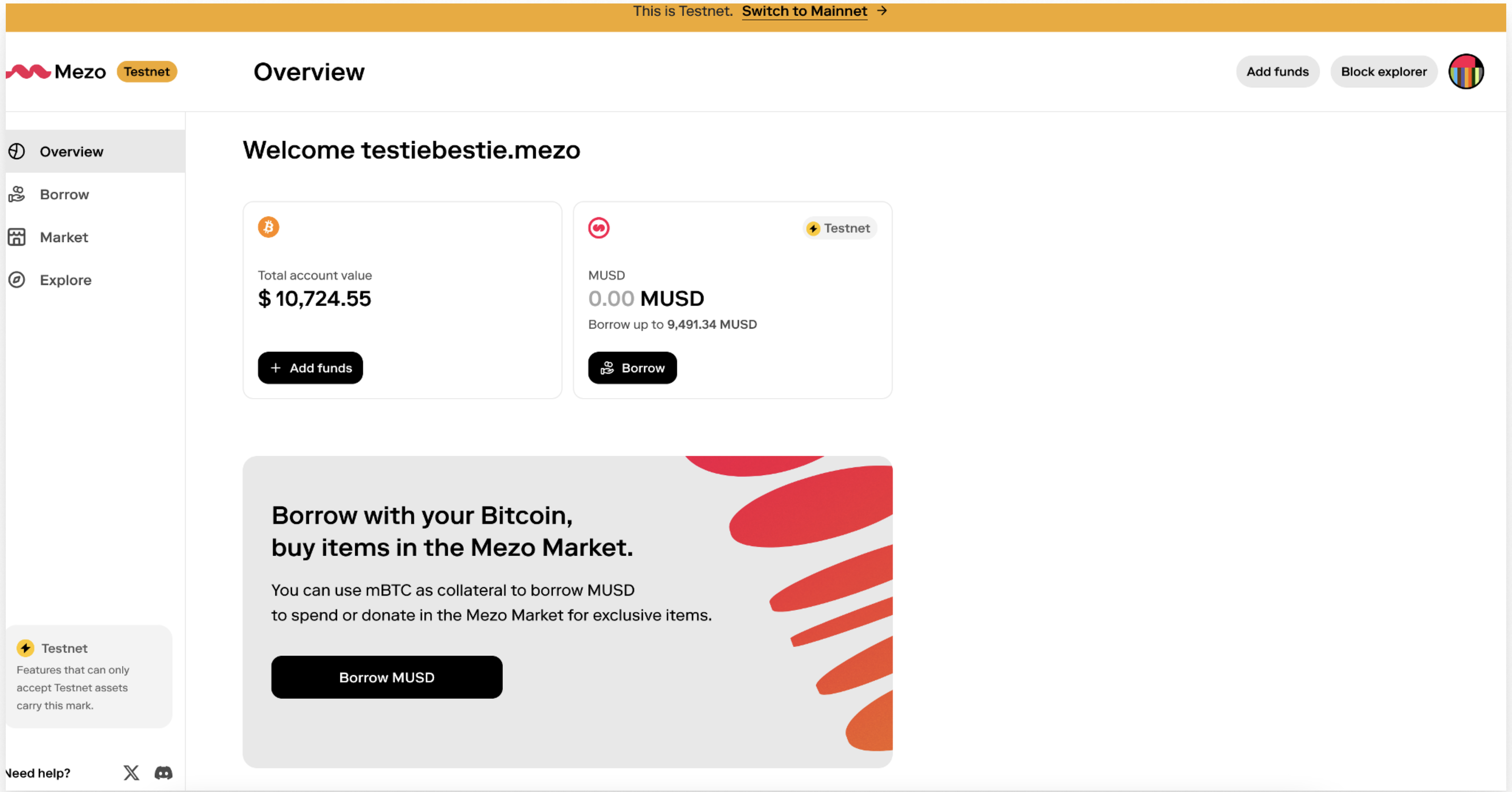
We asked participants to first explore Mezo's website to familiarise themselves with the product and gain some context.

Tasks

After an initial browse of the site, we asked participants to borrow 5000 MUSD, with a total available collateral of 0.1 BTC.

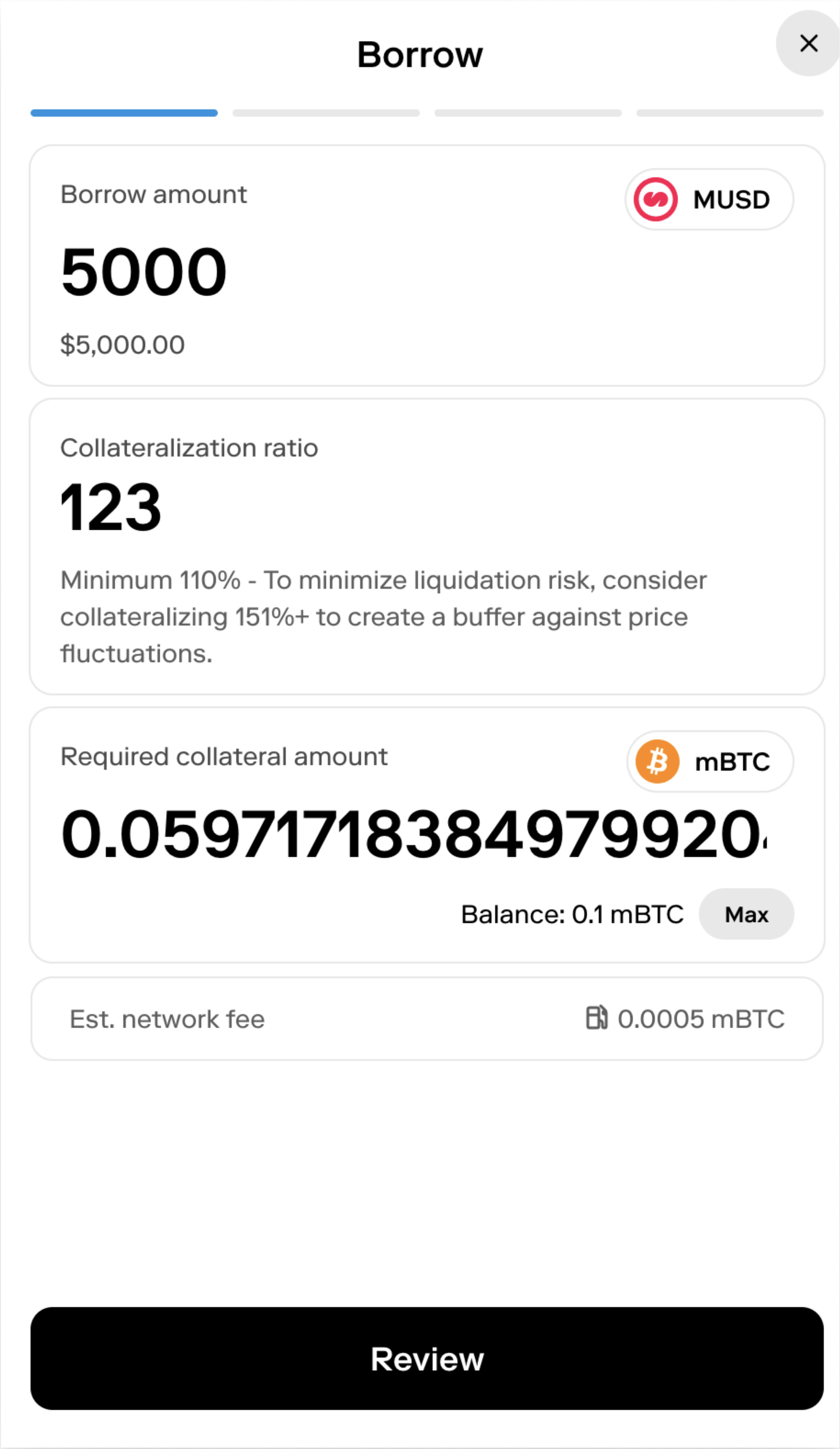
Borrowing 5000 MUSD

All users were able to intuitively start the borrowing flow.



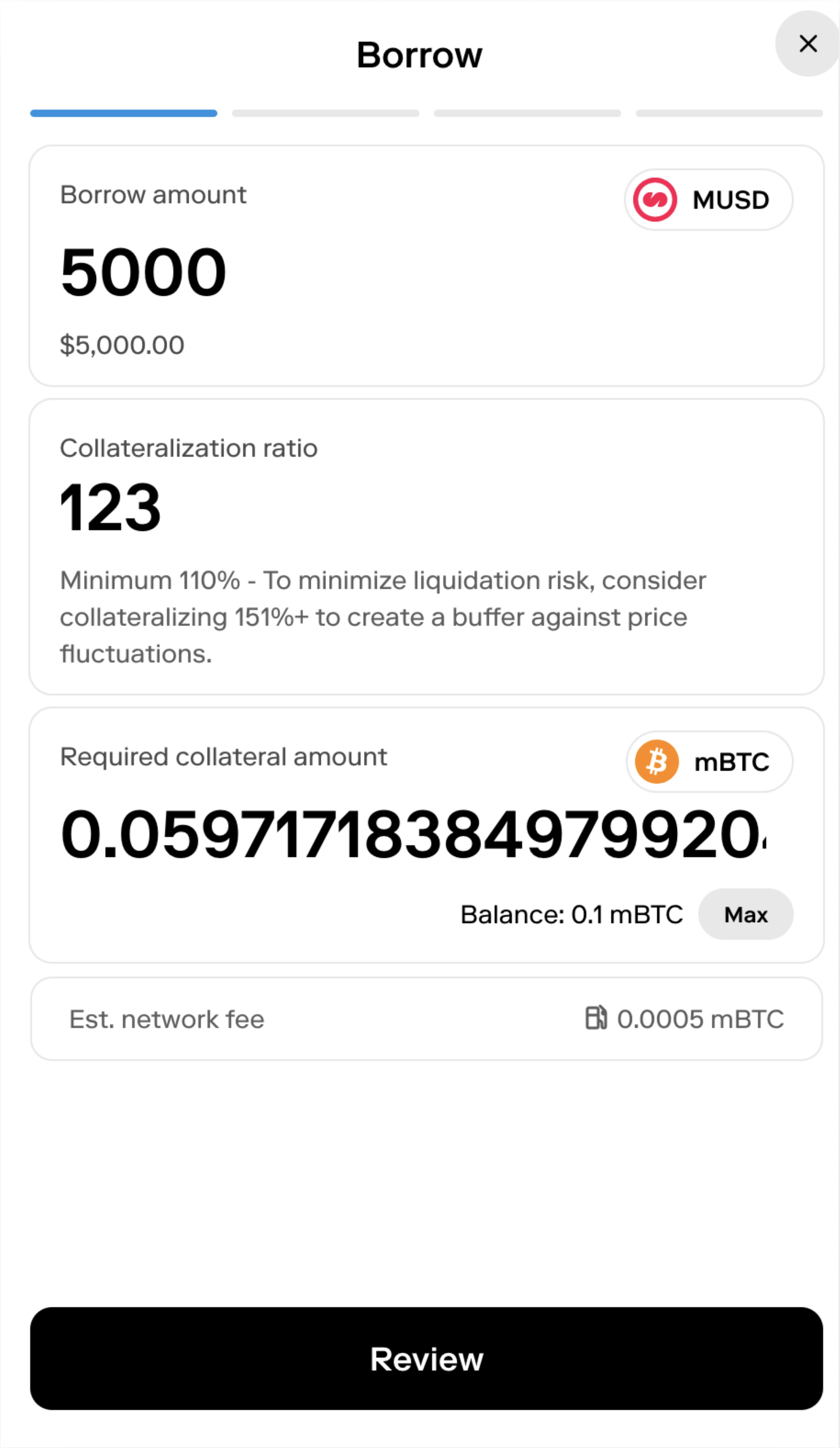
Some users struggle to understand, set and trust the collateral-ratio field.

It is the point of highest cognitive load and error.



Users' auto-fill expectations were not met: entering one field did not populate the other. This created some initial confusion, but users were quick to move on to figuring out what they need to do next.

Clicking the "Max" button rewrote other unexpected fields which left users frustrated.



Quote 1

"I thought it was actually funny, because I put here 5000 and if I click Max, [the borrow amount] changes too.

Quote 2

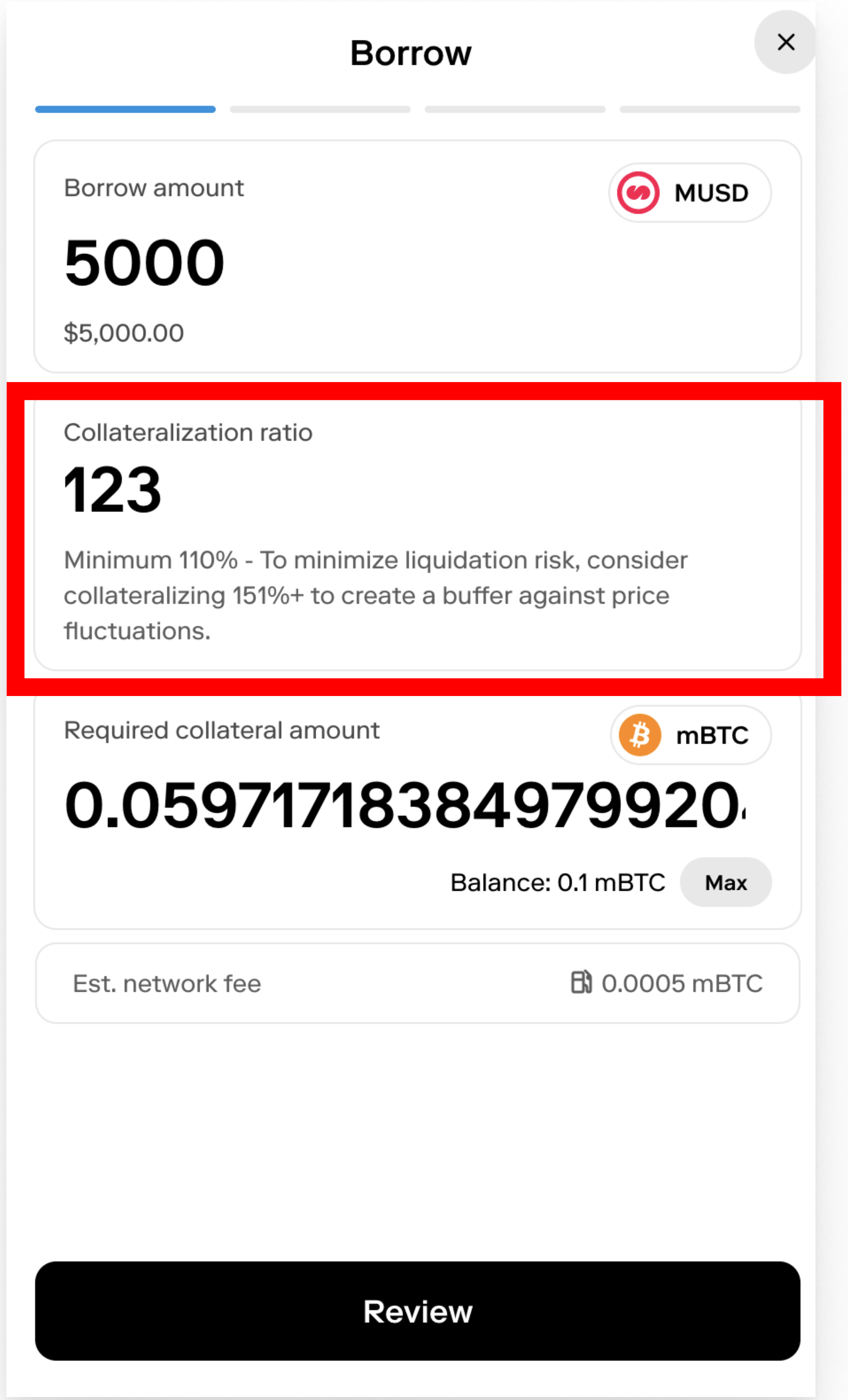
“I feel just like any other dAPP these days, you would put in $5,000 and this would be, like, pre filled."”

Some users struggled to translate “151 %” into real-world risk: “What % can BTC fall? When am I liquidated?”

Lack of on-screen liquidation price forces mental math or external tools.

Mis-calculations or uncertainty were common until the next screen showed liquidation price.

Some users also expressed a need for more guidance on setting a safe ratio. Preset safety tiers or a slider were often mentioned.



Quote 1

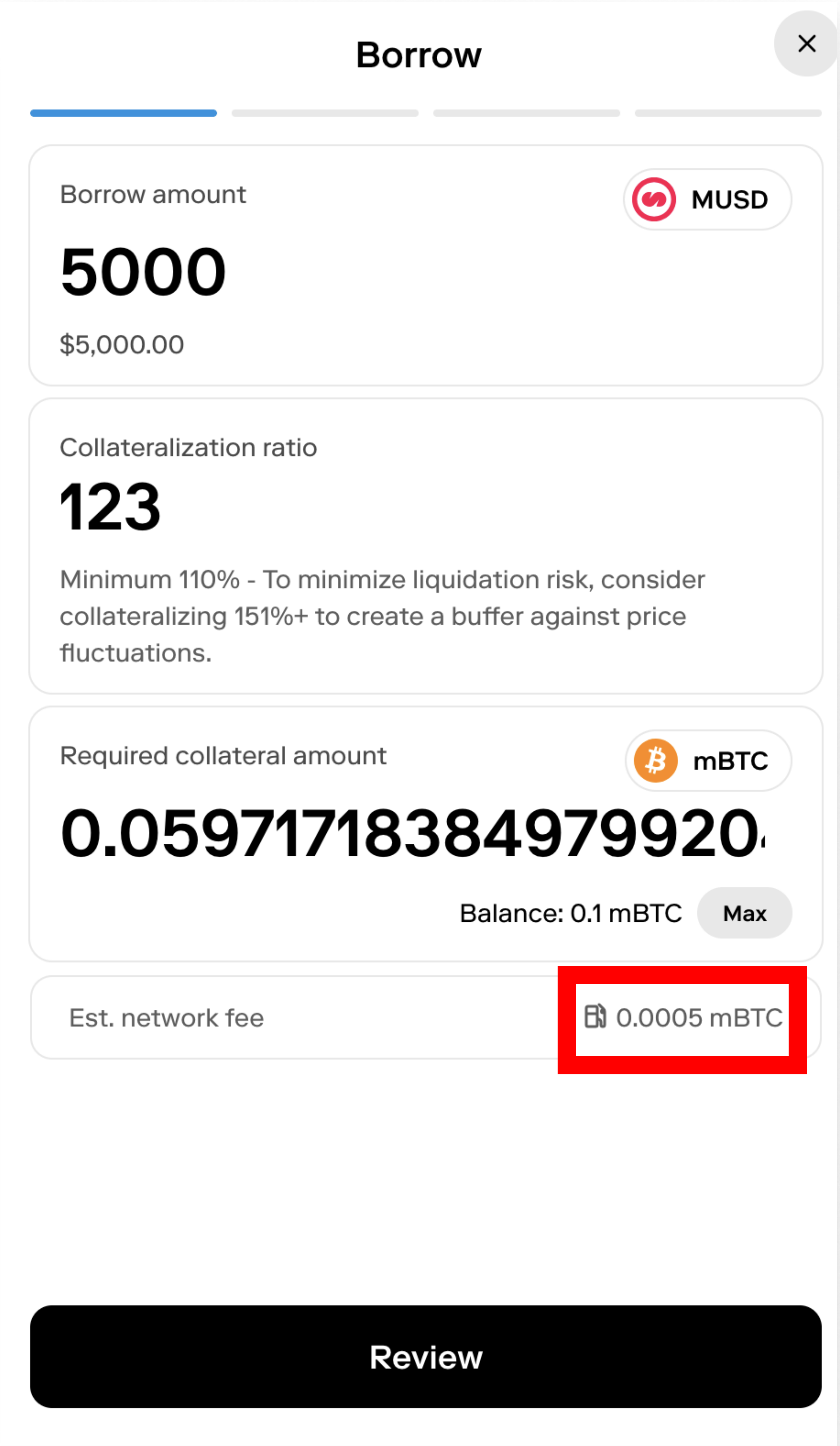
"I probably will open like something like trading view and then see like, hey, to what level Bitcoin has to drop for me to just get liquidated here."

Quote 2

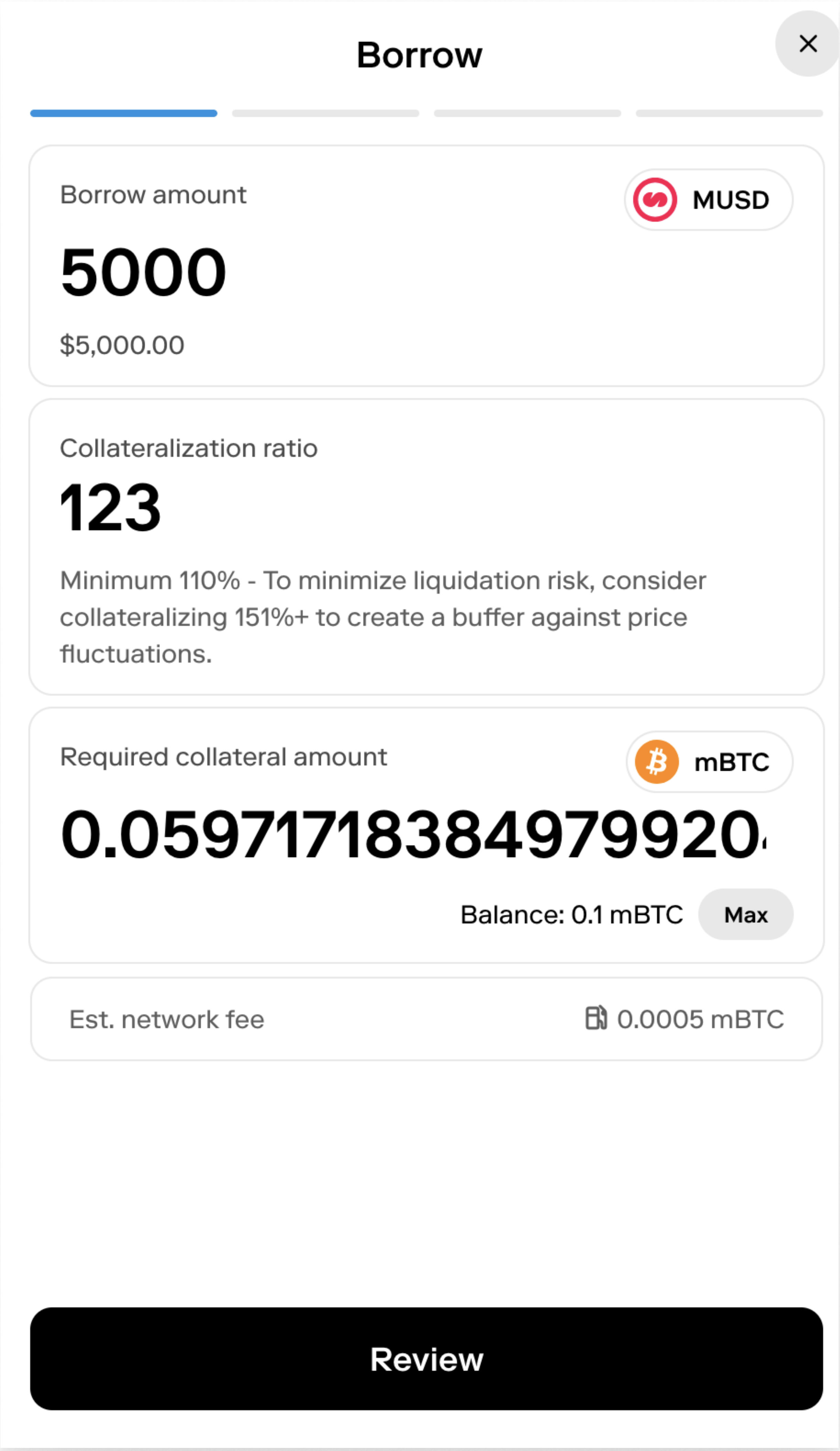
"I mean, I literally have no clue, like, what the implications of the collateralisation ratio are. Yeah, I don't really know what's going on here."

BTC-denominated numbers left users doing manual conversions.

Most common pain point was the network fee shown only in BTC. Participants often opened a calculator or multiplied in their head to see the USD cost.



Several users were already thinking about setting Bitcoin price alerts or using other external tools to help them avoid liquidation.



Quote 1

“I would also just calculate this, like, Bitcoin, is 100,000 what's my fee I'm paying? Like a $50 network fee."

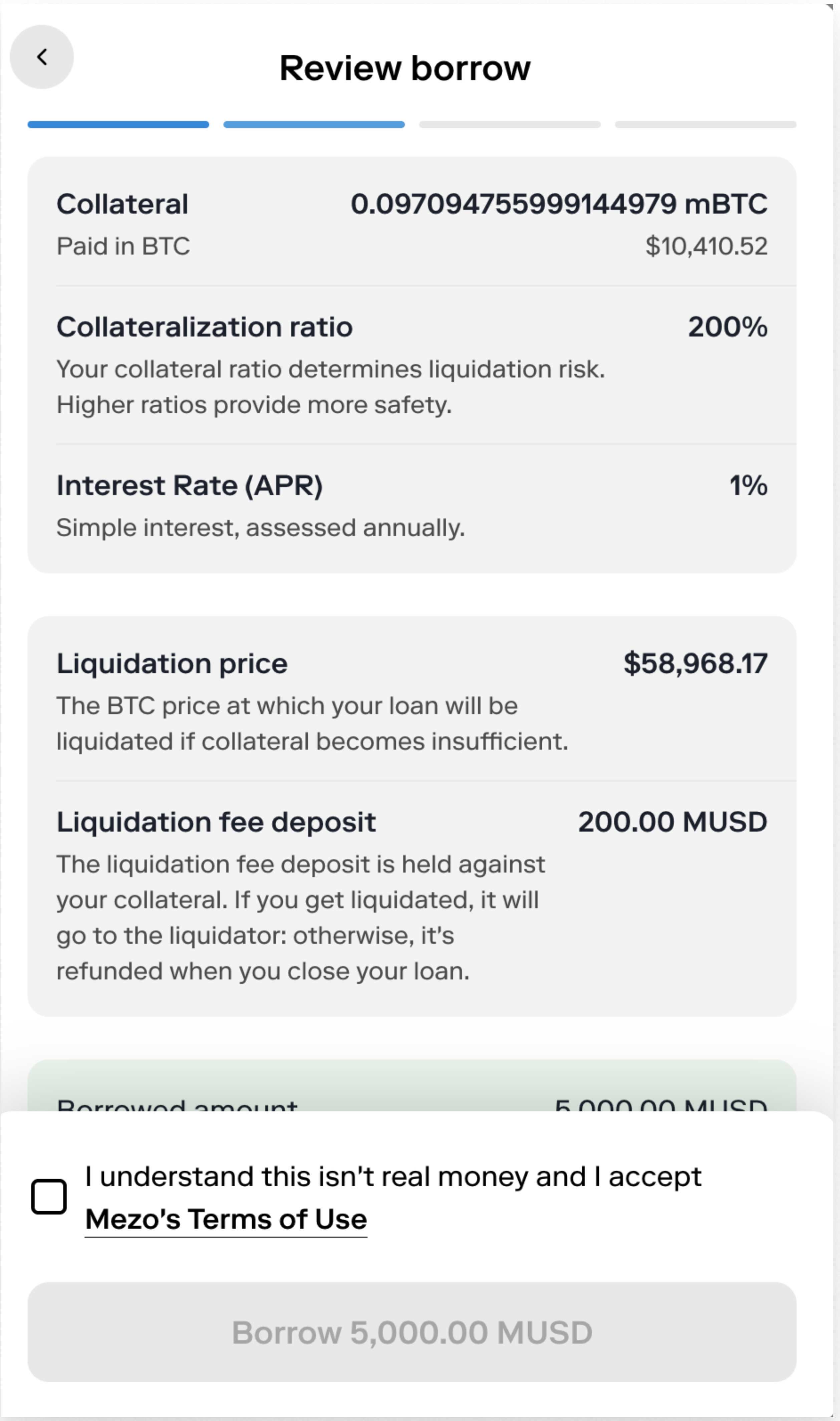
Quote 2

“I’d put something in my chart where it says, your loan is getting liquidated. Or use a trading alert for that.”

The modal design felt cramped for several users.

Users were often scrolling up and down which was a frustrating experience for some.

Some expressed a need to see the information without having to scroll this much, noting that there may be several different variables they're trying to keep in mind at once.



Quote 1

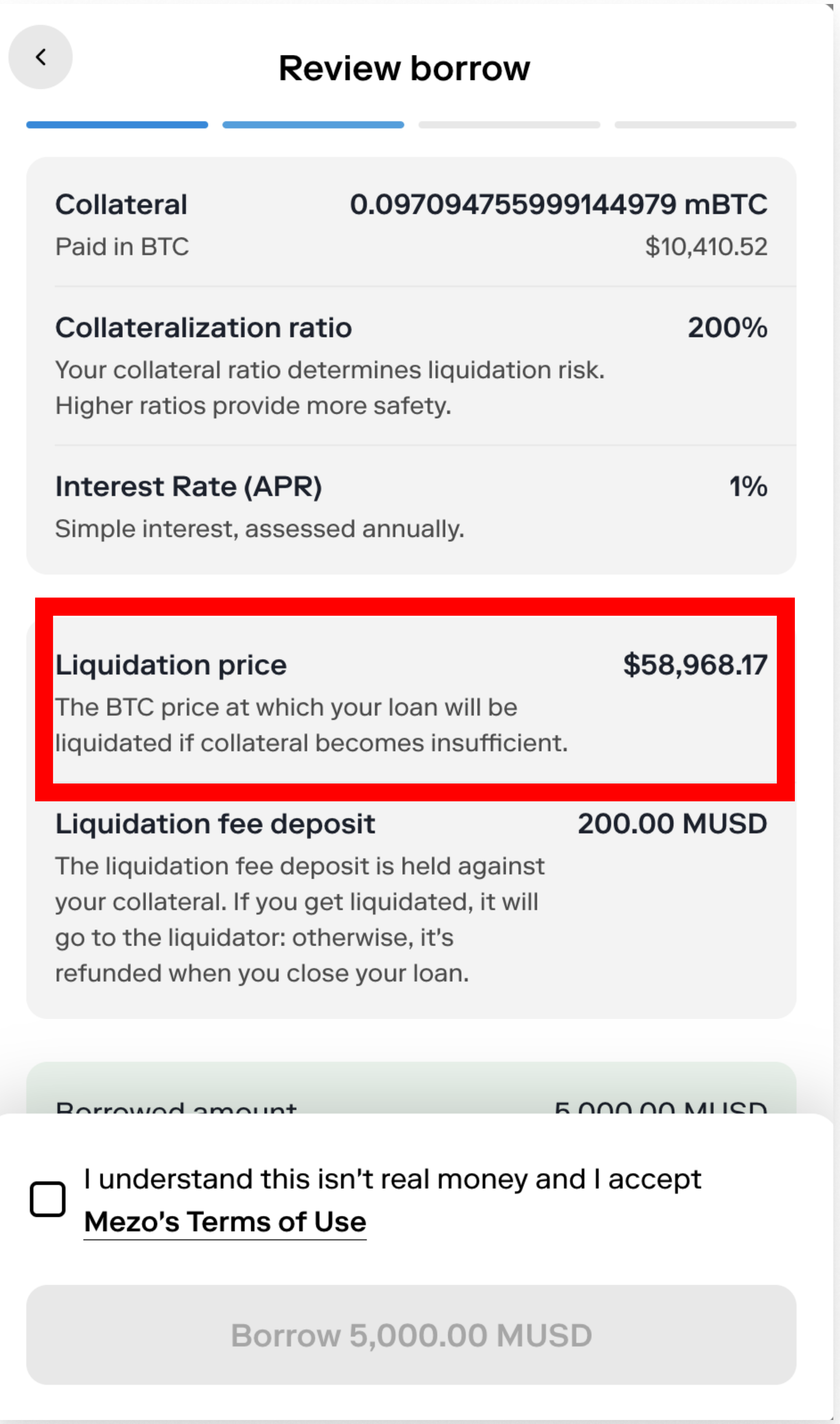
"It's a lot of information. For a modal. Like, if you have to be scrolling on a modal, is a modal really the best decision here?"

Quote 2

"This entire thing is, like, a really key flow, like this is really important, and it's in a modal, and the button is, like, you have to scroll to it. This is not ideal for viewing a lot of information."

Liquidation price finally made the liquidation risk more tangible, but users wished this value appeared on the previous step.

Users often went back to the previous screen to adjust the ratio.



Quote 1

“I'm glad to get the liquidation price. It would have been nice to see that on the other screen so I wouldn't have to go back and forth.”

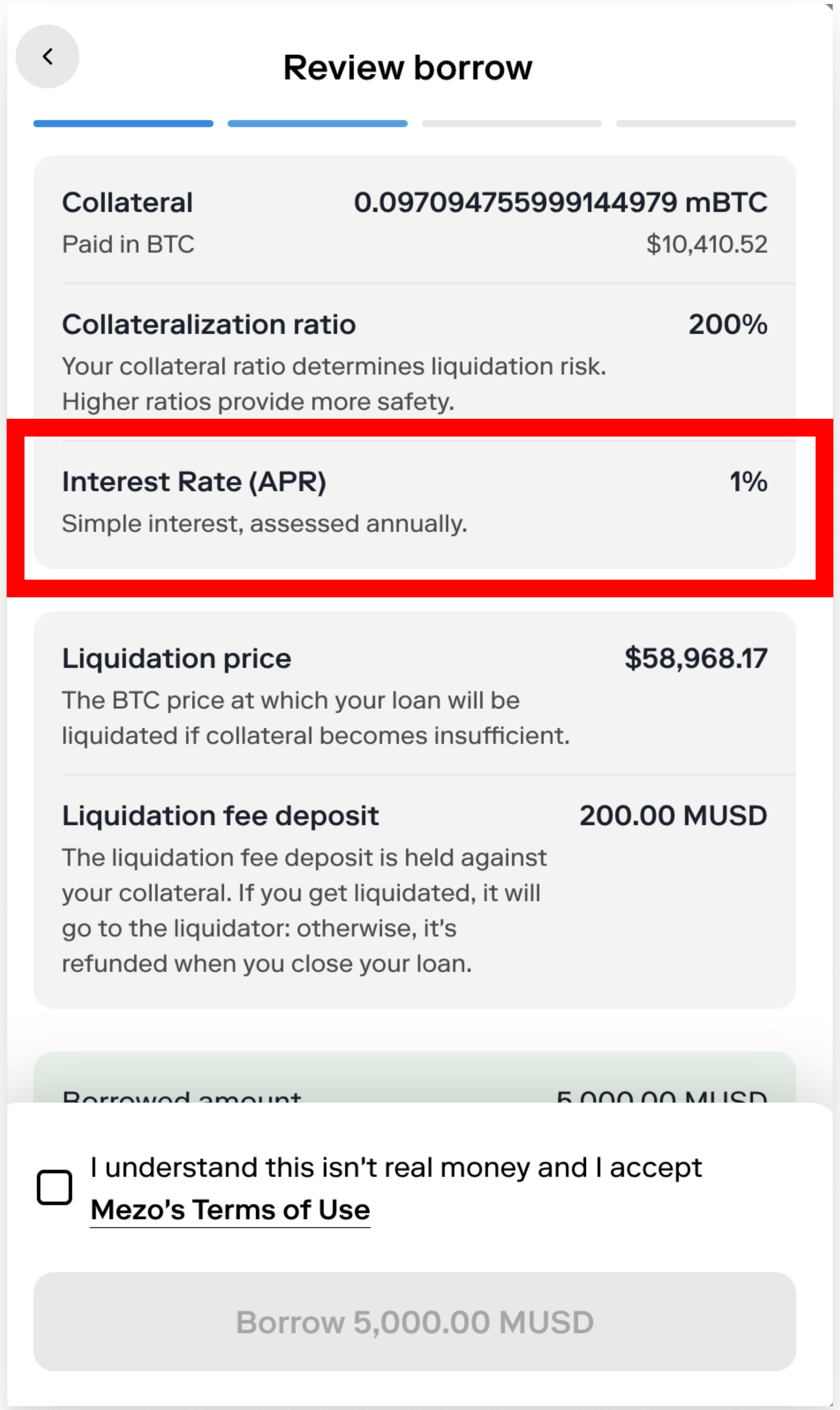
Quote 2

“I would expect this when setting it, because now I have to, like, keep switching screens, because this stuff, actually informs me on this stuff.”

Website Observations

The interest shown only as “1 % APR” left users with some unmet needs.

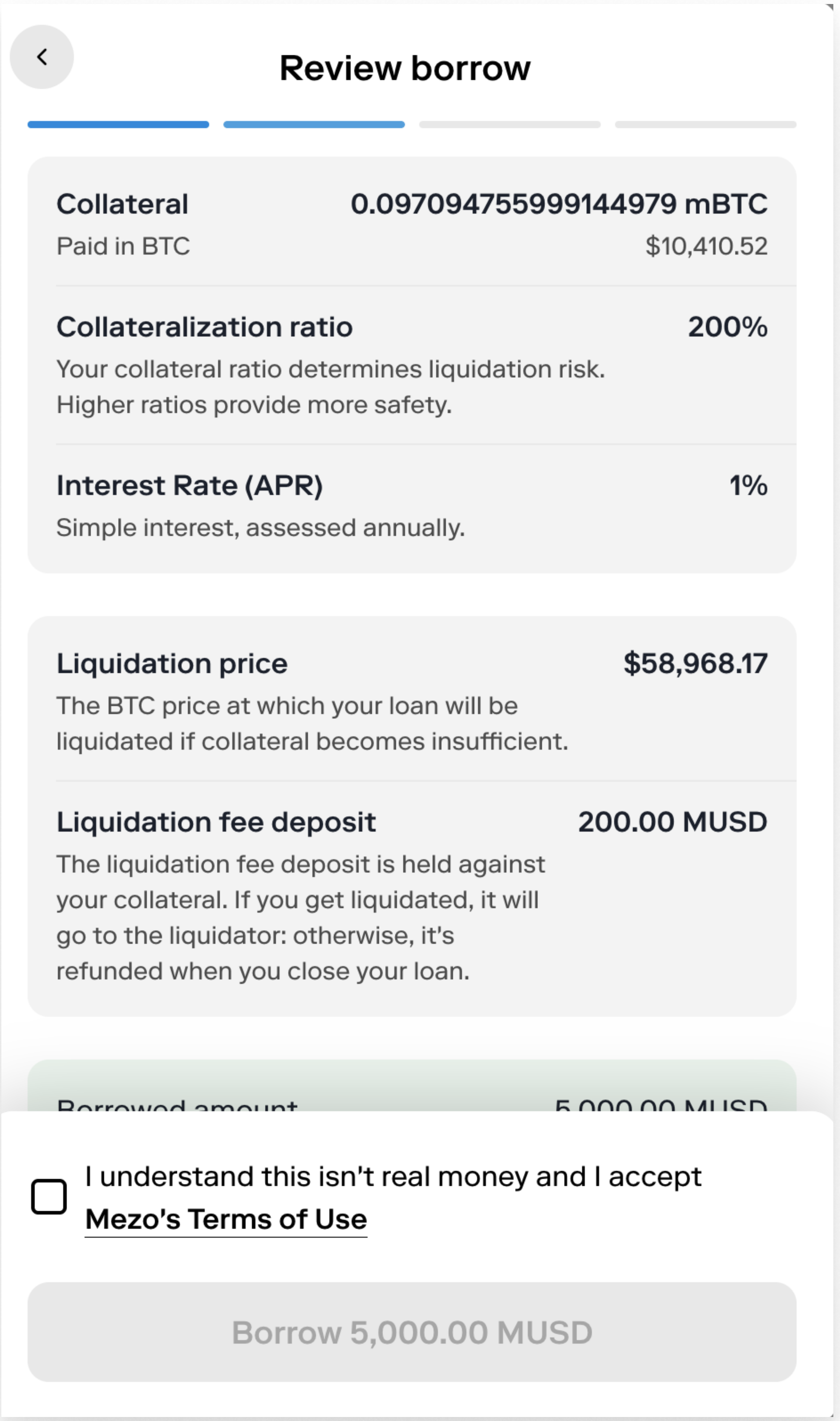
Participants wanted to see dollar cost estimates over time to understand how much interest they can expect to pay and to benchmark against other options.



Website Observations

Some participants expressed a need to know:

- Exactly what happens if liquidation occurs.
- How/when interest is paid.



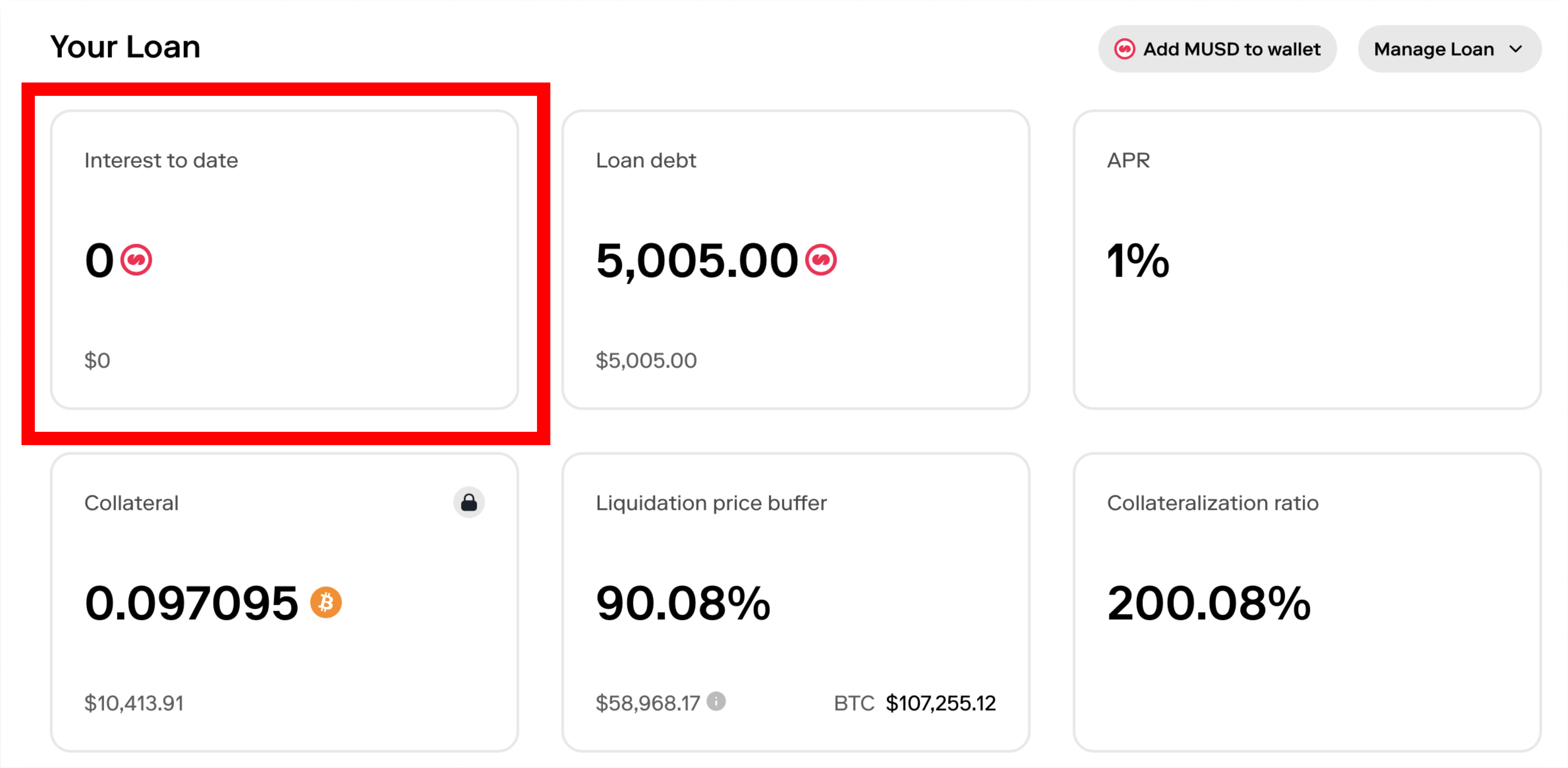
Quote 1

“I want to see what that is in Bitcoin, what it is in dollars, again, just sort of have some sense of what I'm going to be paying here."

Quote 2

“What does that actually mean? Like, does that mean you'll take all my bitcoin? Does that mean that I'll have to pay something to keep the loan going?"”

Viewing the loan



The live interest figure was appreciated by users.

Some wanted dollar projection of interest over time to better judge what the loan will cost them.

Some users were unclear on the interest payment method and frequency.

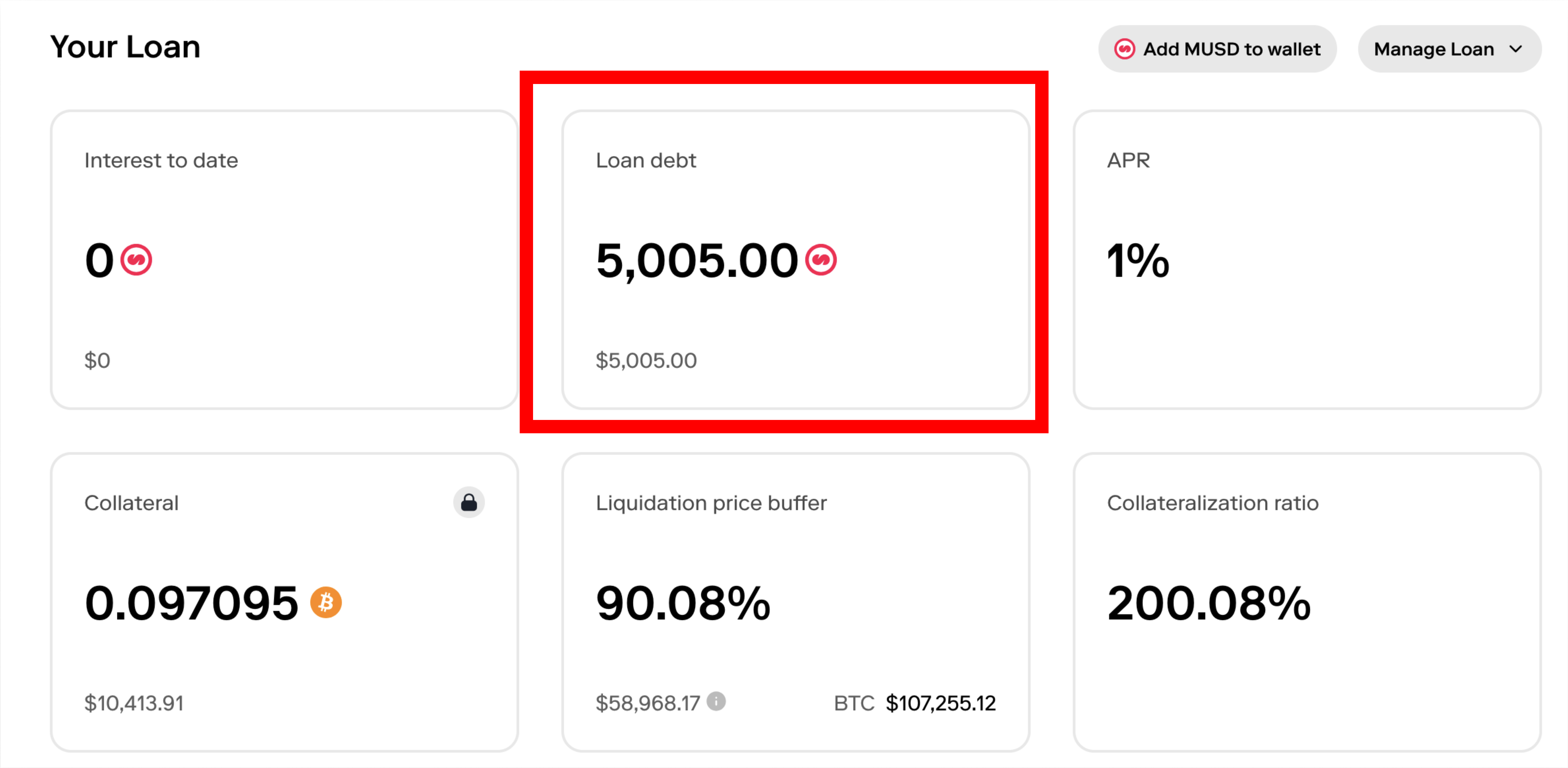
Users frequently started wondering where they might be able to buy more mUSD.

Quote 1

"But it would be also interesting
to see like some
type of simulation, like, if you
pay now, you'll pay X, but
if you pay in a month from now,
you'll pay Y."

Quote 2

"I need to get more MUSD
to basically pay back this interest
at a given point in time."



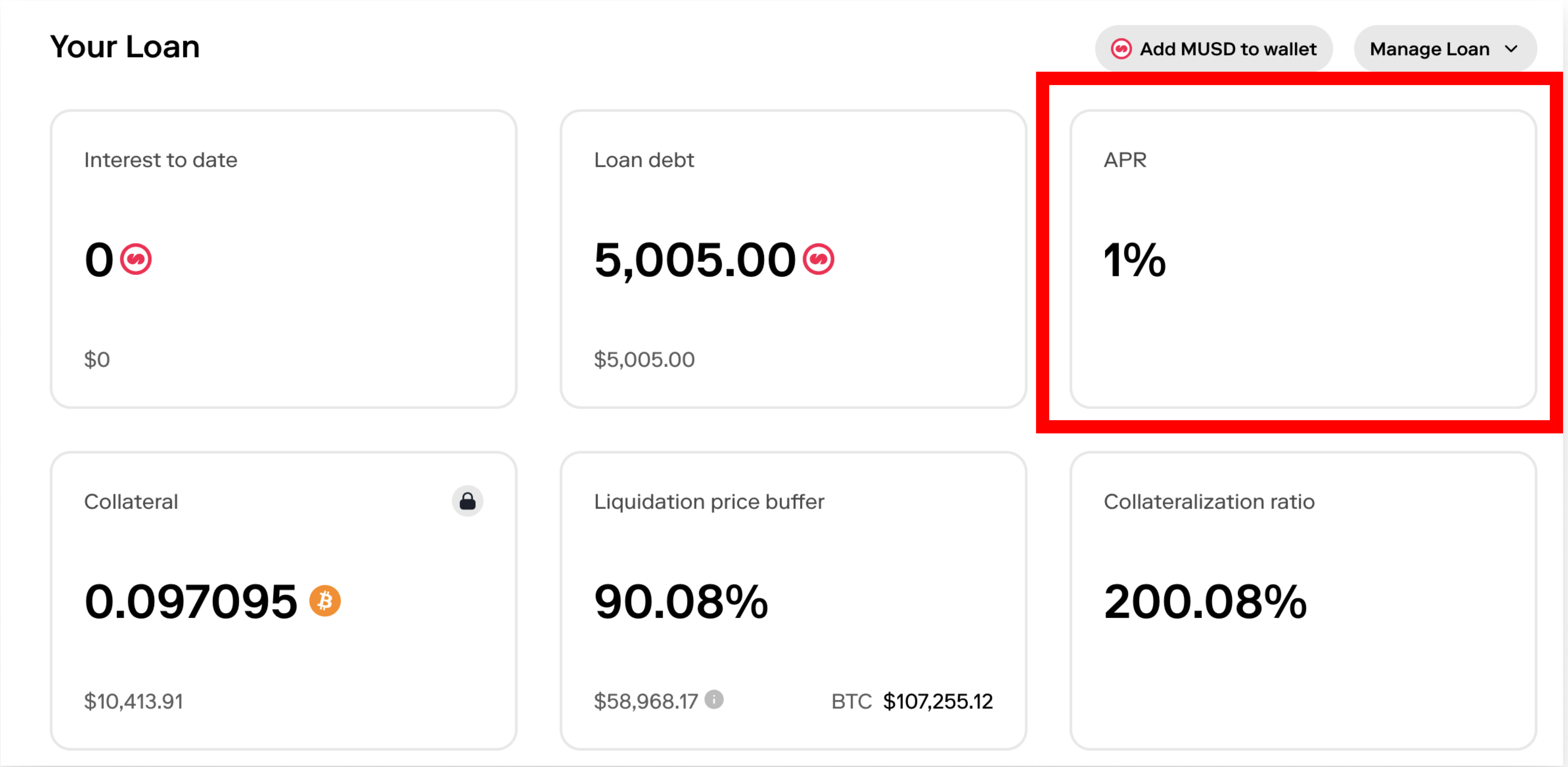
“Loan debt” label puzzled some users. Many scanned for their borrowed mUSD balance and could not remember where the extra $5 came from.

Quote 1

"Loan debt just threw me off. But I guess that does make sense."

Quote 2

"I don't know where this $5 comes from. Yeah, I'm just guessing."



The APR item caused some minor confusion.

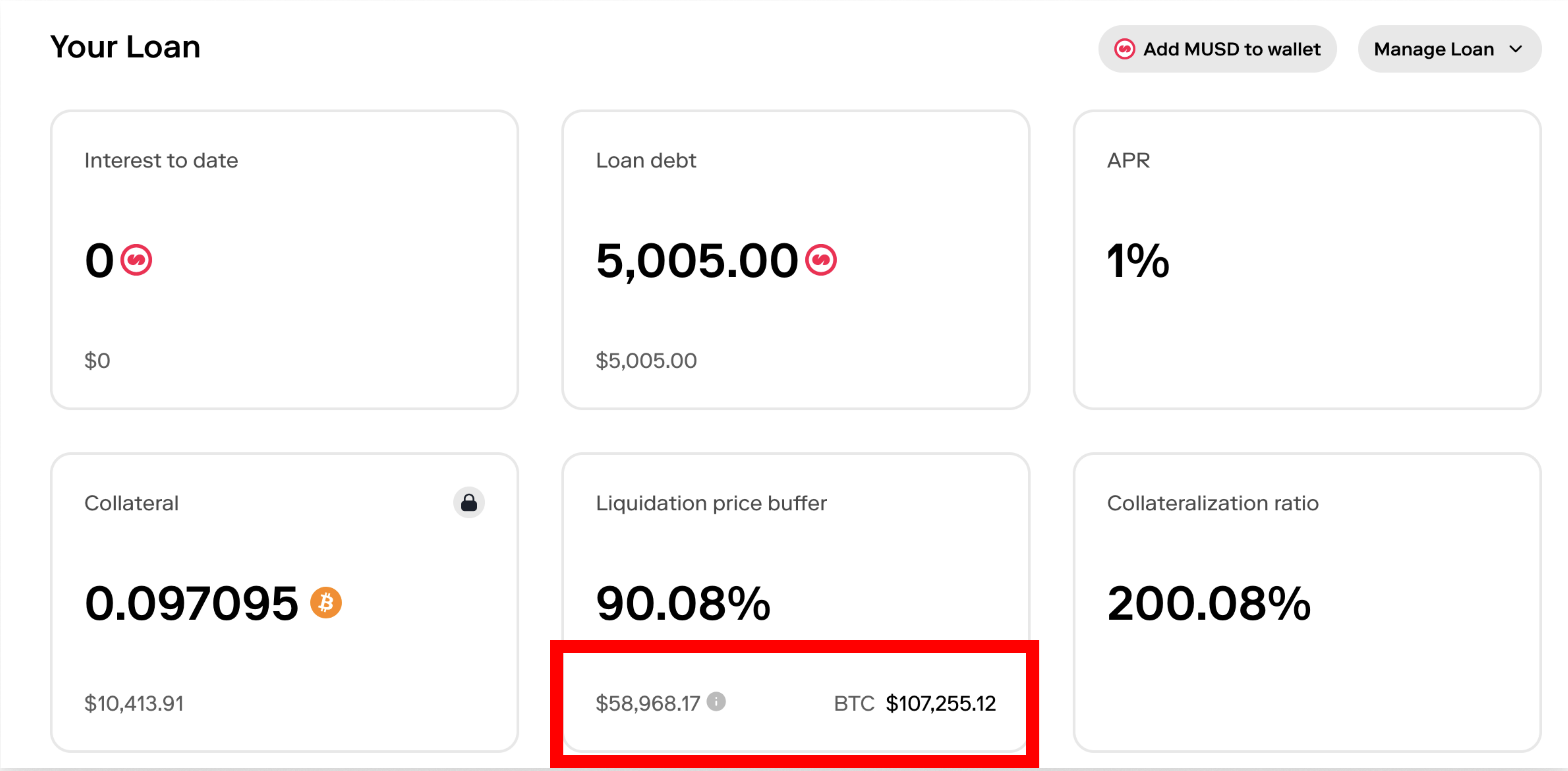
Some users were unsure if 1 % might be yield on BTC or their interest cost, although most could infer that it's likely the latter.

Quote 1

"Is this the borrow APR or my APR I'm getting on Bitcoin like that? That is not clear."

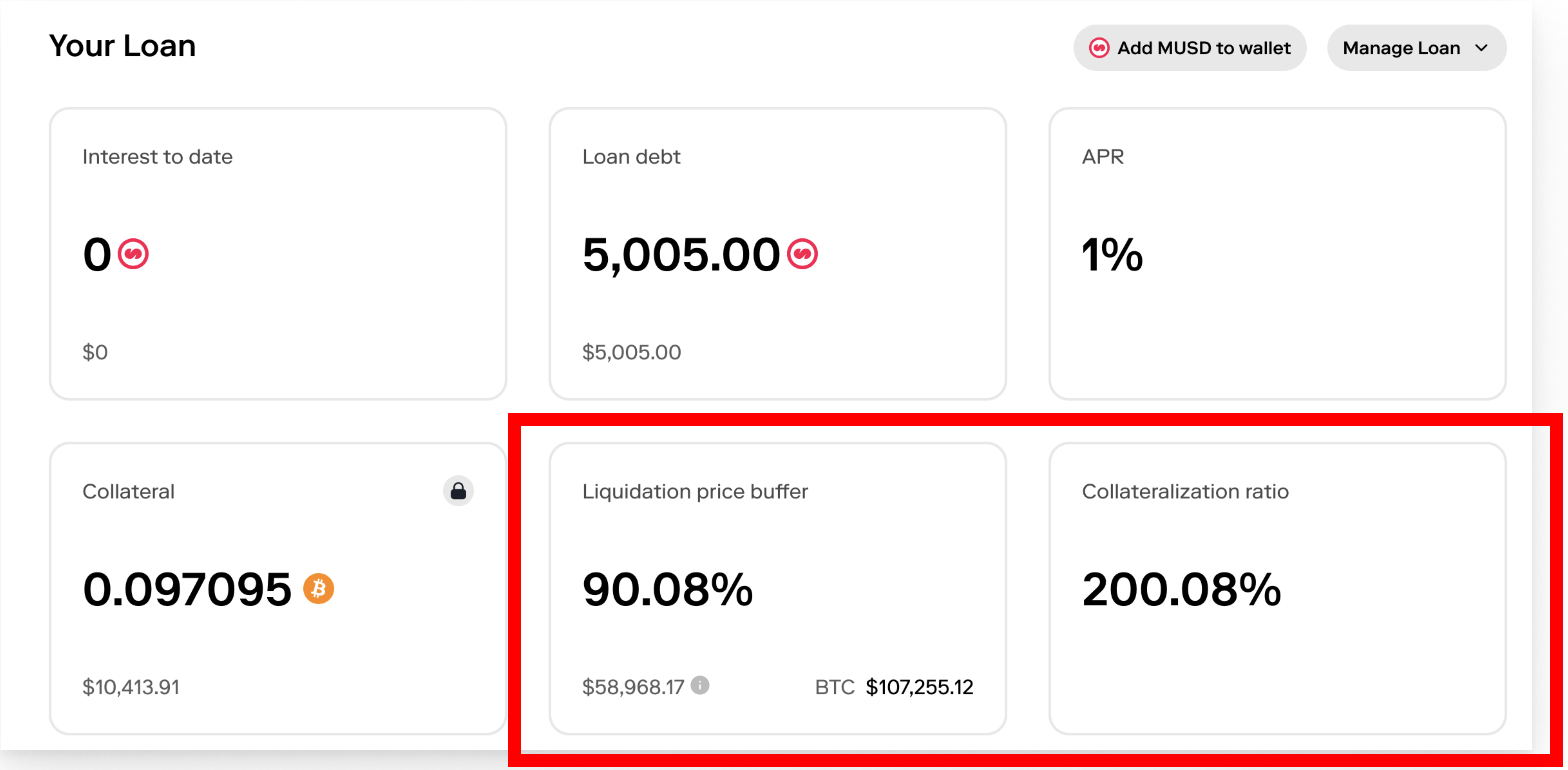
Quote 2

“"It's kind of a dumb question, but I'm assuming this is interest I'm paying to Mezo. But yeah, not 100% sure.”



The liquidation price card was unclear to some users.

Liquidation price and live BTC price shown together caused mix-ups in the absence of labels. Some users felt it may be hard to tell which one is which if the two prices are closer to each other.



Some users struggled to reconcile the collateralisation ratio with the price buffer.

Users thought the price buffer percentage relates to the BTC price change required for liquidation. This mental model didn't match up with the difference between the liquidation price and current price.

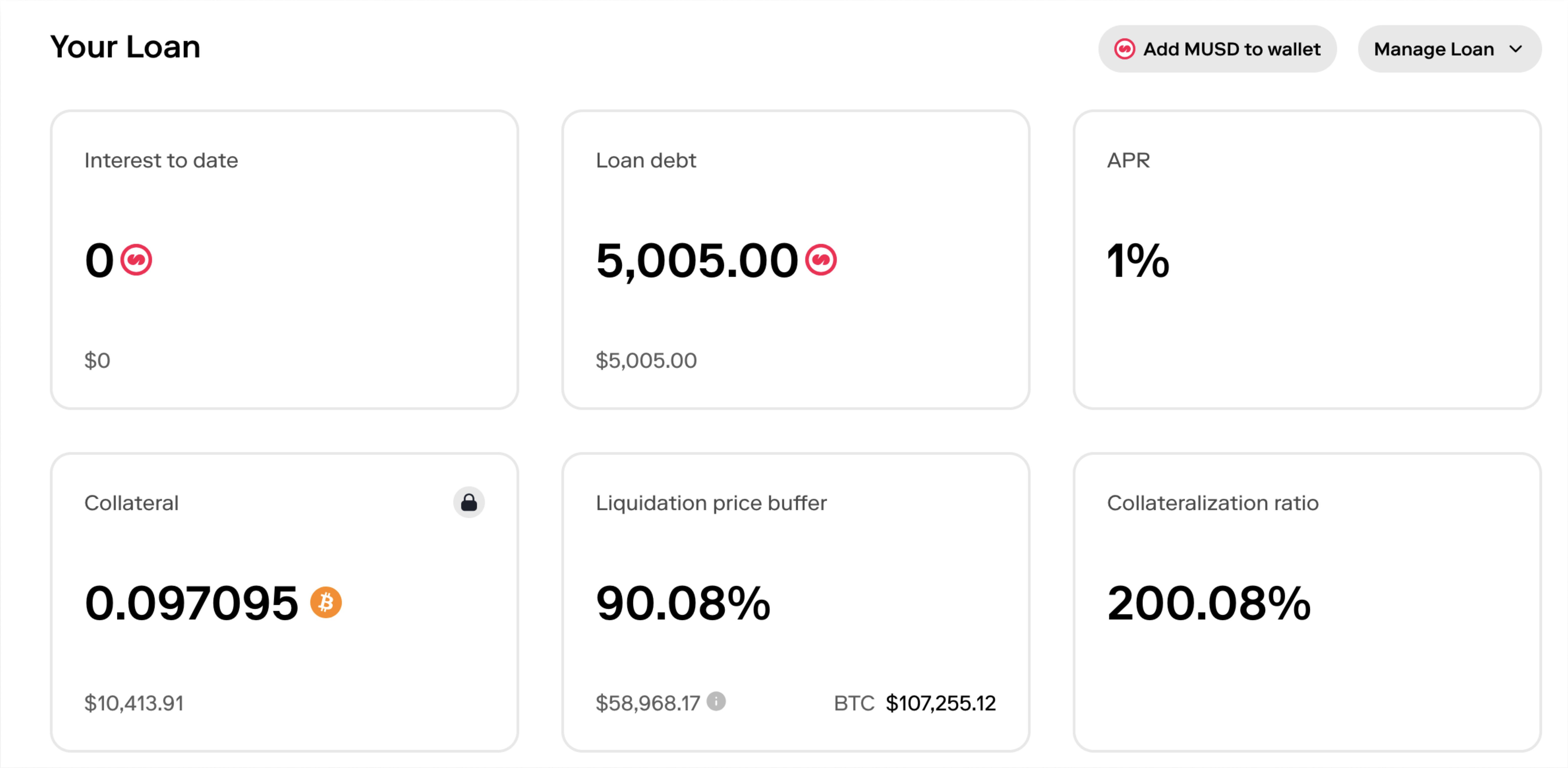
Quote 1

“It's unclear to me how what this fully means here. I guess this is like, Oh, the amount of price activity that needs to happen for my collateral liquidated, but it's not 50%.”

Quote 2

“I'm a little confused by this, given that my collateralization ratio is 200% so I don't fully understand how this number is derived.”

Website Observations



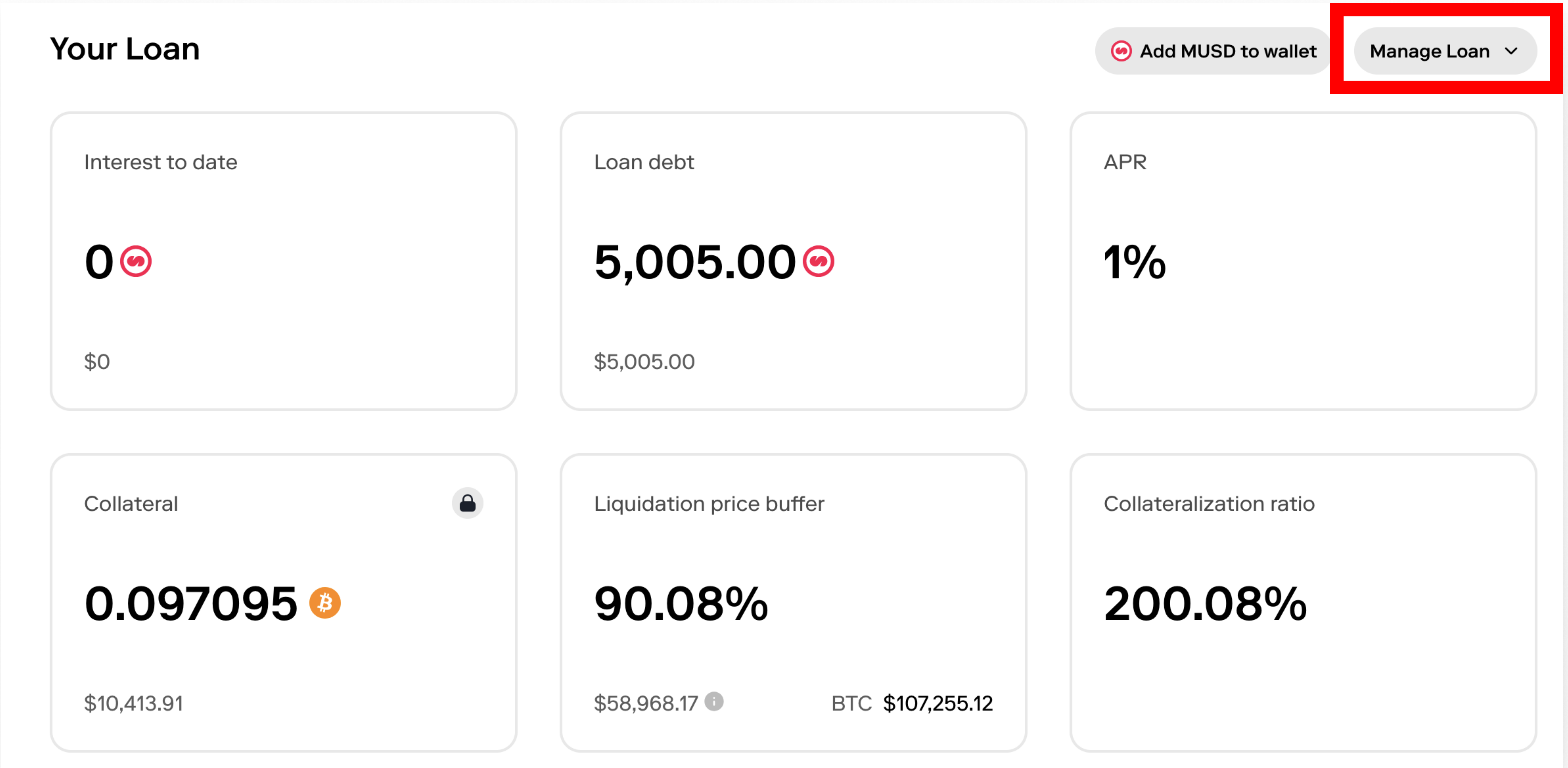
Participants expressed a need for risk alerts. Email or Telegram notifications were frequently mentioned. In the absence of such options, participants noted they'd set up alerts using external tools.

Quote 1

“ I could add notifications...
to set whenever my
collateralization ratio is below
151% that would be amazing.”

Quote 2

“"I would want to set my email
in there. I think it's the easiest one
to get notified.”



The "Manage Loan" dropdown was interacted with without prompts from the moderator. Users were able to find where to repay or adjust their loan.

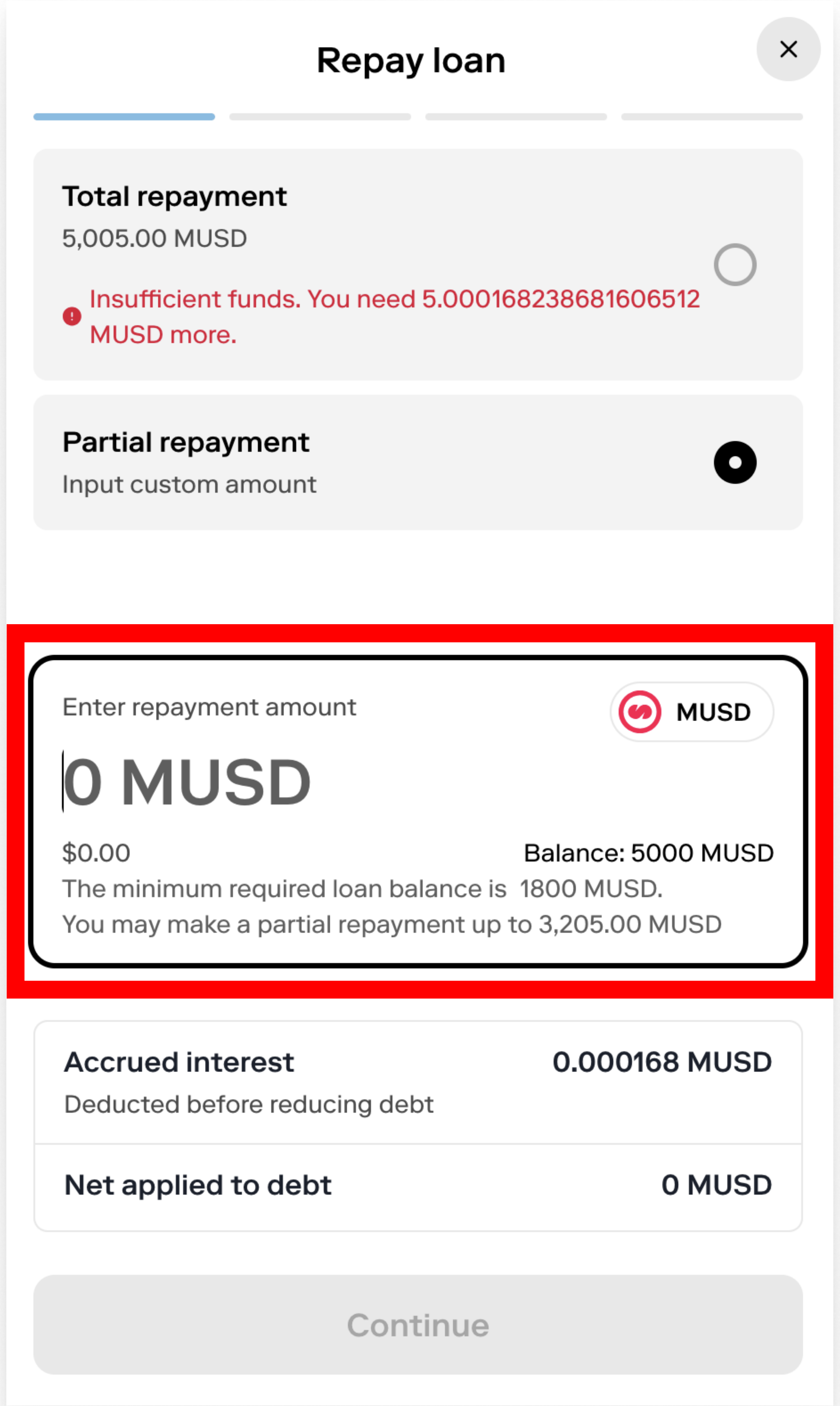
Managing the loan

Partial repayment

The modal states the minimum required loan balance and repayment cap without telling why.

This left several users confused, feeling as if they are unable to close the loan whenever they want.

There was a strong need expressed to know a bit more about why there is a repayment cap.



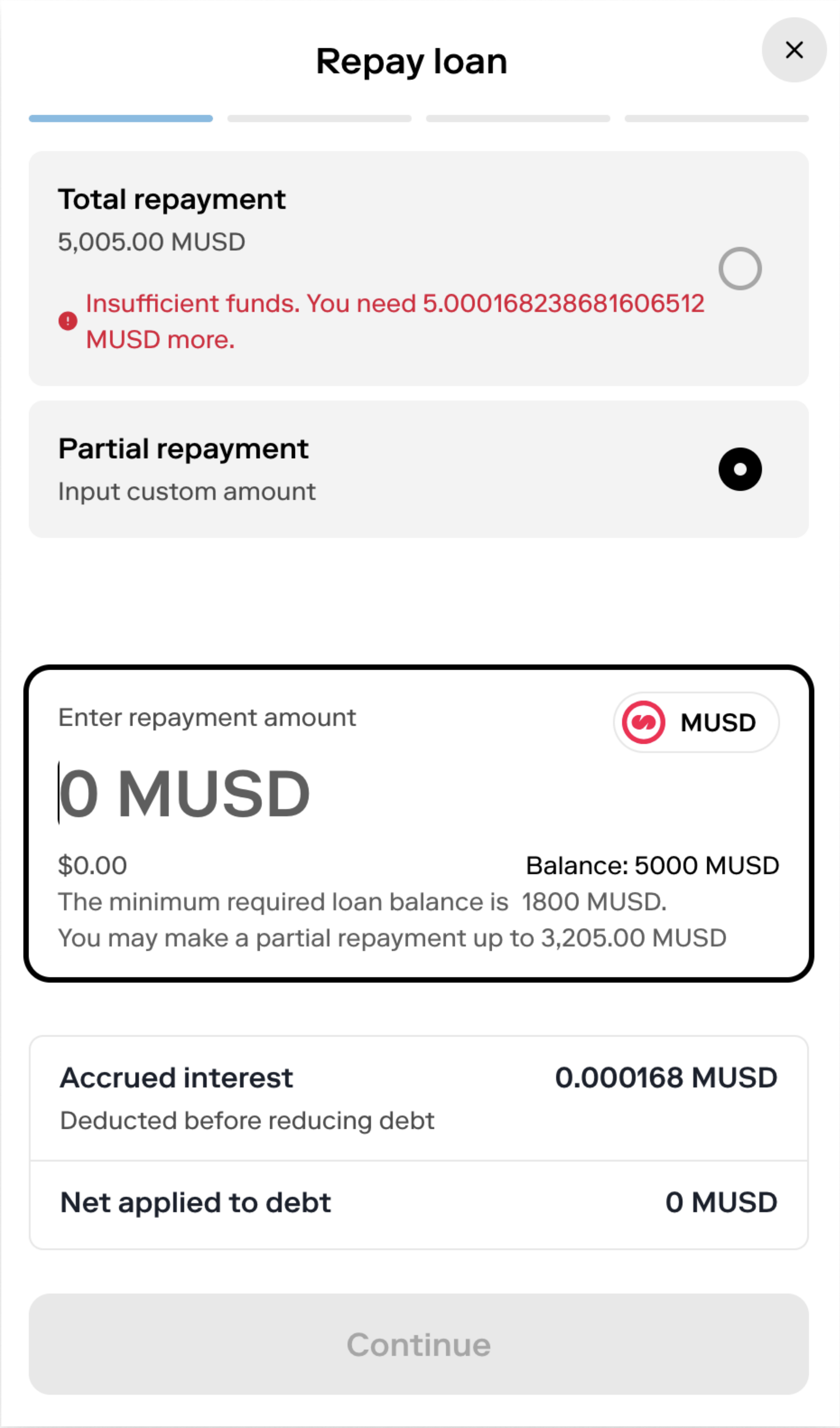
Quote 1

"I'm not entirely sure, honestly, why that is the maximum partial repayment amount."

Quote 2

"I just can't figure out why that was, why I can't, why I need to keep 1800 MUSD on the loan."

Participants immediately wondered where they could acquire extra mUSD to cover the interest for full payoff.



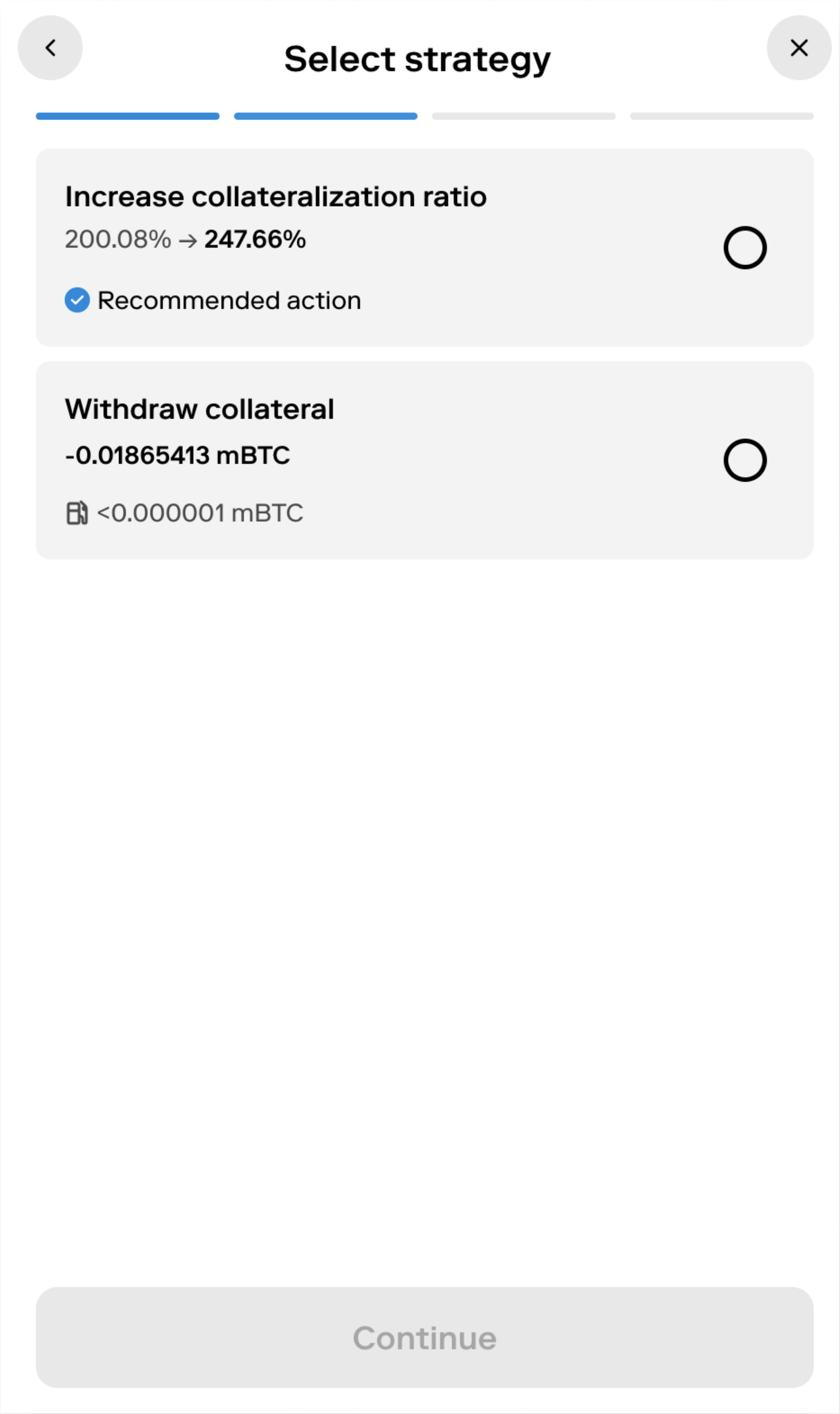
Quote 1

“Now I'm just like,
where do I get the
additional MUSD from? ”

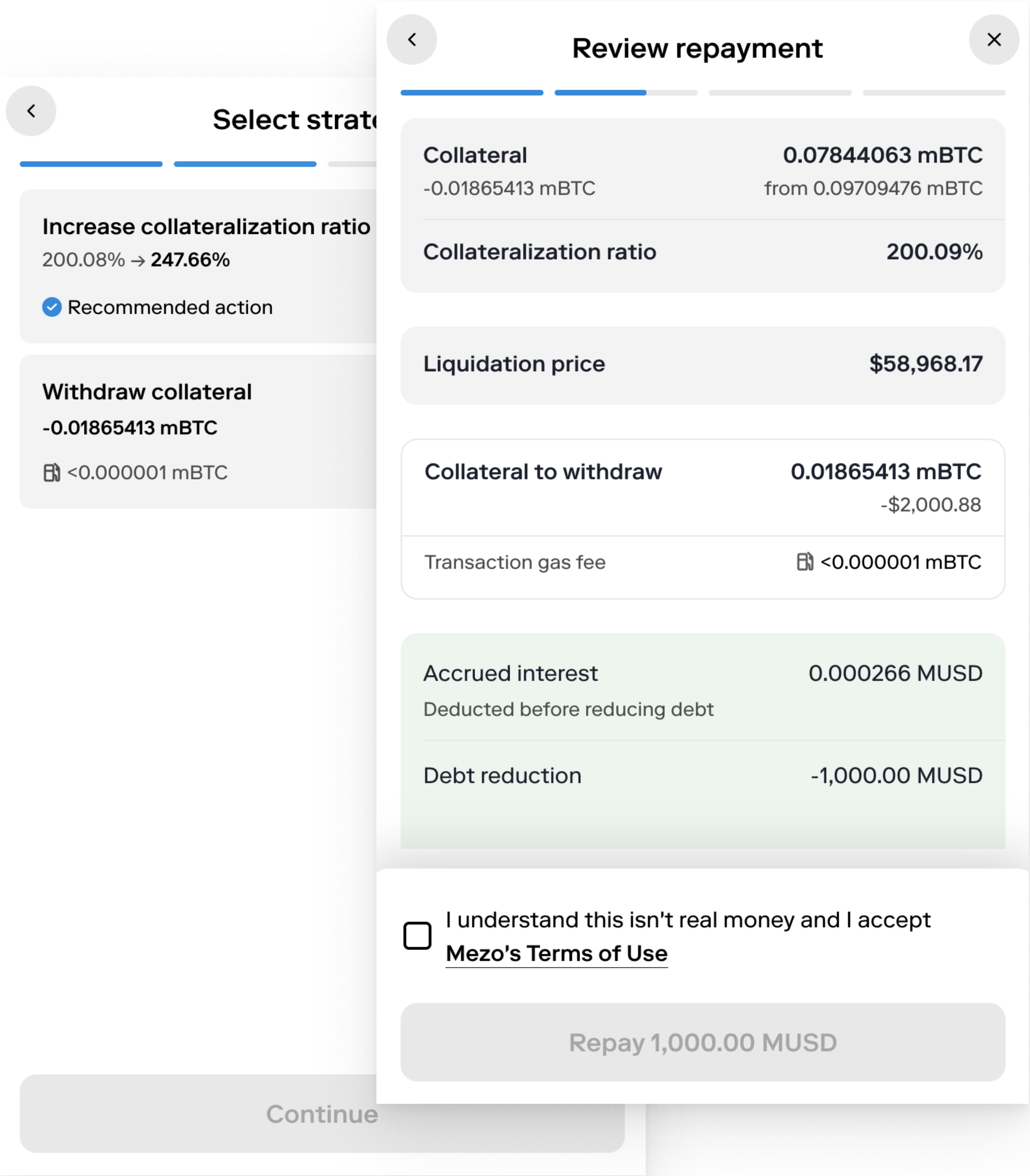
Quote 2

“I guess now that I
cannot pay it back, I actually don't
even know where I could I would
go to get more MUSD to pay this
thing back at this point.”

The two options here were well understood by users.



Users were able to easily understand the strategies and complete their partial repayment without further issues.



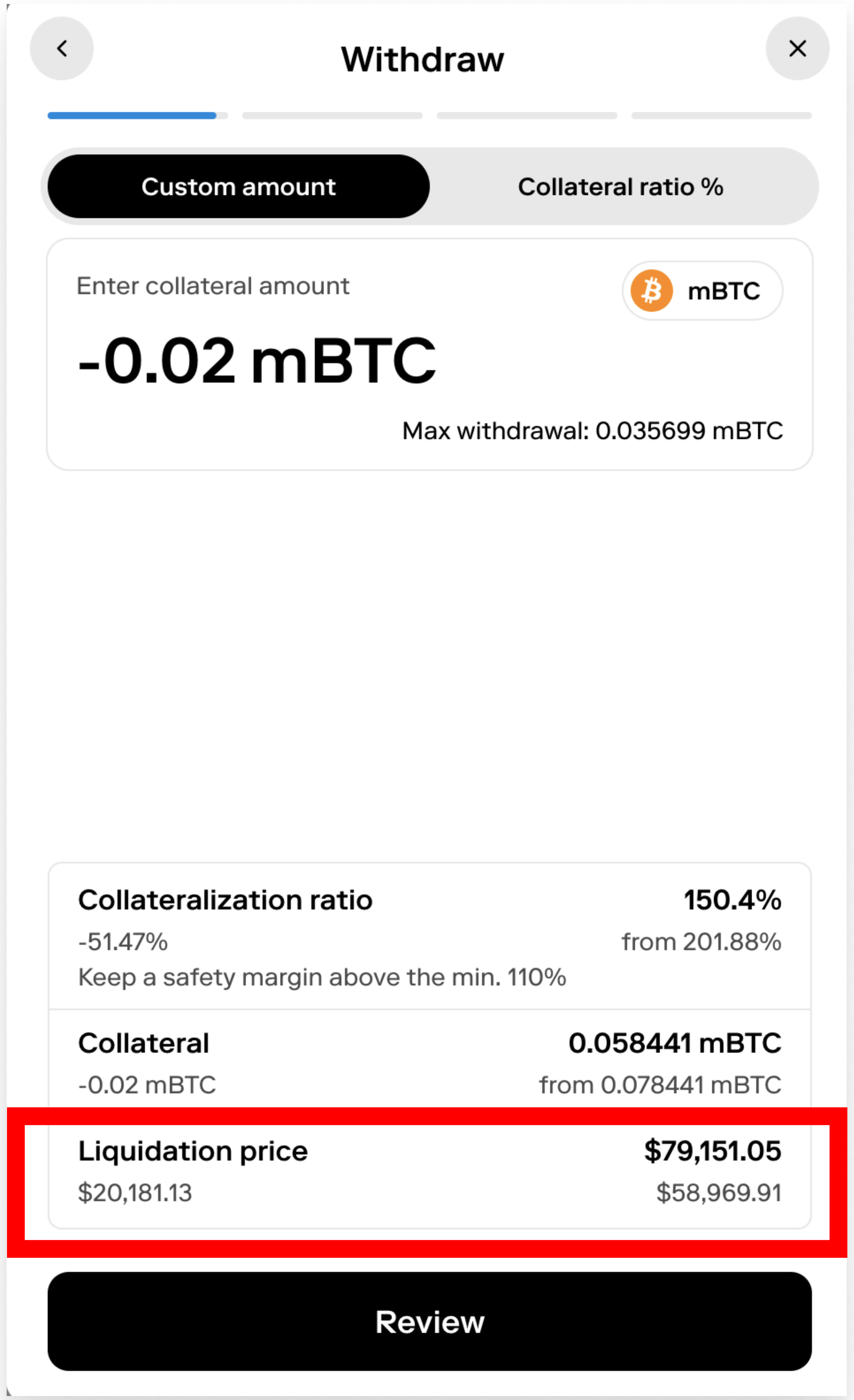
Managing the loan

Borrowing more & adjusting collateral.

Website Observations

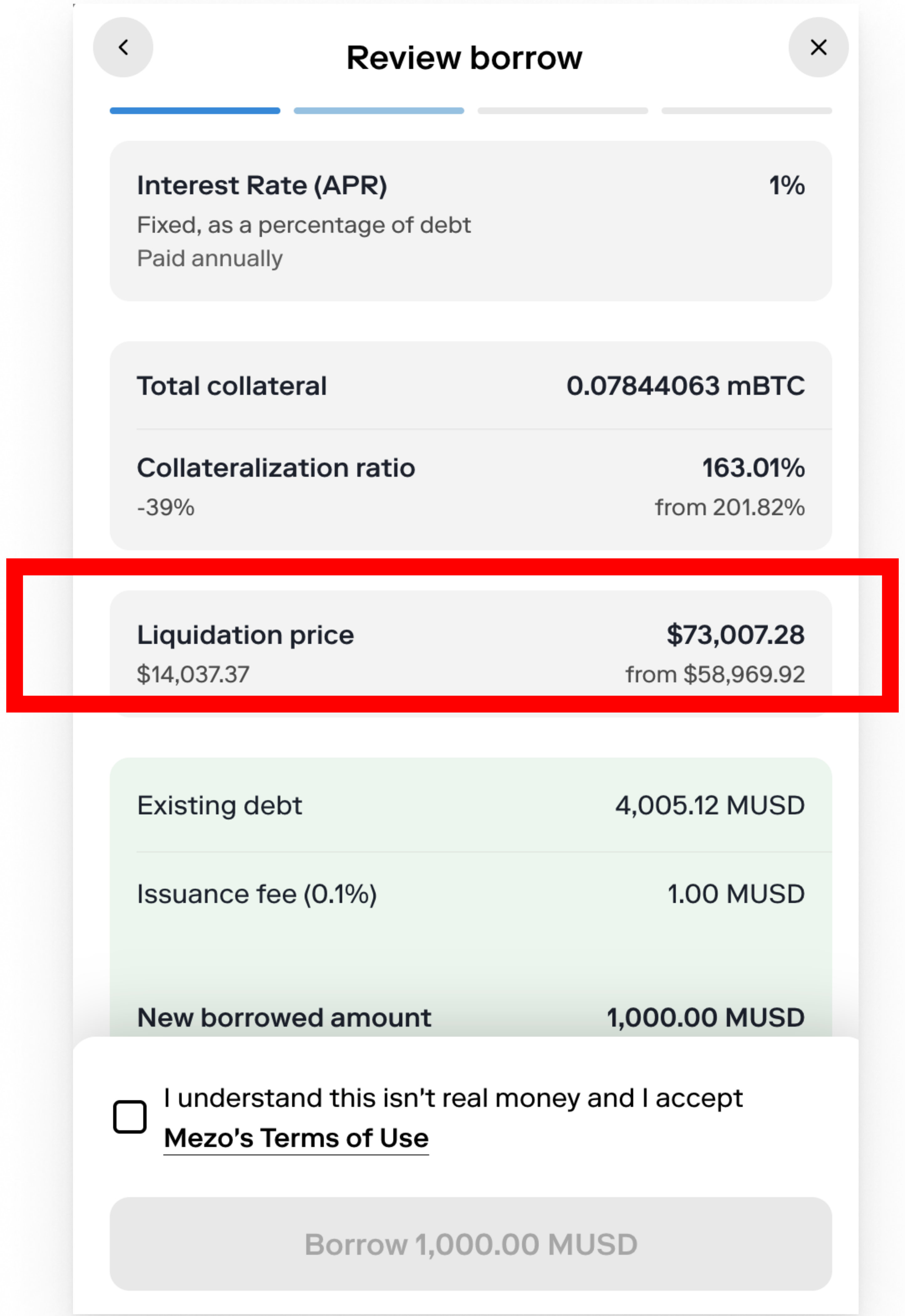
When withdrawing collateral, users had trouble with the 3 different dollar figures in the Liquidation Price row.

It wasn't intuitive to users what is the previous figure, the new figure and the change. In the absence of labels, users were left doing mental maths to confirm which item is which.



Website Observations

The same issue was also present on the Liquidation price row when borrowing more.



Interview Insights

Summary

MUSD Summary

Appeal rating: 3

Positive Signals

- Bitcoin-backing seen as attractive once verifiable and trusted.
- Low borrow rate (1 %) seen as highly attractive.

Information & Trust Gaps

- How minting works, reserve proof, market size and peg history are crucial pieces of information.
- Liquidity path unclear: where to acquire, swap, bridge or off-ramp mUSD.
- Concrete spending or DeFi use cases not highlighted. This left users uncertain about what to do with the asset post-borrow.
- Memories of failed algorithmic stables (e.g., UST) create initial caution until evidence of stability is provided.

Borrow Summary

Experience rating: 3.5

- Clean, visually appealing layout. Participants found primary actions quickly.
- Step-by-step flow meant every user could open a loan on the first attempt.
- The main source of friction was missing or unclear information and minor usability issues.