



# A STUDY ON INVESTORS PERCEPTION TOWARDS CRYPTOCURRENCY (BITCOIN)

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**Abstract:** The study is on about investor's perception towards crypto currency (bit coin). The media, financial institutions, governmental organizations, and venture capitalists have all paid close attention to crypto currency. Crypto currency is attracting a lot of interest from investors. Crypto currency, a disorganized, shared organization for promoting digital barter, has recently gained popularity among the financial industry, Indian supporters. It is a development that was made eight years ago. Being the first and most well-known crypto currency, Bit coin is prepared to pose a challenge to India's established, unmodified, and long-standing financial installment frameworks. Bit coin is a cutting-edge invention that has a few benefits, including speedy exchange speeds, affordable exchange rates, and the elimination of the need for an outside delegate to handle exchanges. The most well-known of these has been Bit coin, yet there is still mistrust and confusion about this crypto currency. In this study, we look for investors' perceptions about Bit coin. The opinions of investors are highlighted in this report based on numerous factors.

**Index Terms - Investor's, Bit coin, crypto currency,**

## I. INTRODUCTION

The infrastructure of the existing monetary system differed slightly from that of the digital currencies. A benefit of digital currencies over the architecture of the traditional monetary system. Economic conditions have greatly increased the community's receptivity to digital currencies. Since the public lack of confidence in the current business structure, altered models are advantageous since the public is more receptive to these concepts because they are easily implementable, and any novel models are also being offered for the future businessstructure. These days, money is the most precious and sought-after trade product, and people use it in every area of their life. The first regional crypto currency, known as bit coin, was introduced by Nakamoto in 2008. Since 2008, bitcoin is regarded as the most contentious currency.

In this area, crypto currencies are an innovation. Bit coin is based on revolutionary payment technology that enables payers and payees to send money to each other electronically and anonymously without the need to engage the services of reliable third parties, such as financial institutions (Nakamoto, 2008)











It makes use of a peer-to-peer network made up of computer system nodes, which give the pthe power it needs to run the network's code. The unique selling point of those networks is that they are required to implement distributed ledger technology, which employs cryptologic methods for the identification and validation of payments by network nodes. After being recorded and redistributed, these payments are then recorded in a very public distributed ledger known as the blockchain. The main question be addressed is why Bitcoin demand keeps on rising. The demand is rising primarily as a result of the numerous advantages connected with cryptocurrencies, including their decentralisation and anonymity, cheap transaction costs, and use as a financial instrument to take advantage of their value volatility or to diversify a portfolio.

Since the creation of bitcoin, it has drawn extensive media coverage from around the world because it was thought that cryptocurrencies could bring about a notable change in the current retail payment system by rendering obsolete old financial institutions like banks that serve as intermediaries between consumers and retailers. Furthermore, it was assumed that, if the

Availability of digital currencies increases significantly, they might affect how the measure works. Due to the possibility of circumventing capital management limitations, countries with tight capital management laws, such as China and Iceland, have outlawed crypto currency transactions. Therefore, it is impossible for Bitcoin to be recognized as an official currency for the economy since it has too many flaws and too many risks, the most notable of which is the possibility of theft, fraud, or technical issues where stolen Bit coins are lost for ever.

**Type’s crypto currency and market capitalization as of July 02, 2023**

II.

Name (Symbol)	Market Cap	Market Share	Price (USD)	24 Hr % Change
 Bitcoin (BTC)	592,663,167,847	49.5499%	\$30,521.8304826088	0.25838551
Ethereum (ETH)	230,574,501,798	19.2773%	\$1,917.9578173014	0.05371897
 Tether (USDT)	83,356,241,202	6.969%	\$1.0001743806	0.01668569
 BNB (BNB)	38,249,616,472	3.1979%	\$245.4241768282	0.86406514
 USD Coin (USDC)	27,399,587,835	2.2908%	\$1.0001374806	-0.01061201
 XRP (XRP)	25,120,837,286	2.1002%	\$0.4807421066	2.33737068
 Cardano (ADA)	10,095,614,926	0.844%	\$0.2888774593	0.62832396
 Dogecoin (DOGE)	9,424,844,800	0.788%	\$0.0673175329	-1.24935834
 Litecoin (LTC)	8,092,066,475	0.6765%	\$110.4376137691	0.38898797
 Solana (SOL)	7,747,529,661	0.6477%	\$19.3318849794	5.04680693
 TRON (TRX)	6,800,815,041	0.5686%	\$0.0756374288	-2.12049009

**Theoretical data:**

Cryptocurrency is a digital or virtual form of currency that uses cryptography for security. It operates independently of a central bank and is based on a decentralized technology called blockchain. Bitcoin, introduced in 2009 by an anonymous person or group of people using the pseudonym Satoshi Nakamoto, is the first and most well-known cryptocurrency.

**Bitcoin (BTC):**

Bitcoin is a decentralized digital currency that allows for peer-to-peer transactions without the need for intermediaries like banks. It is built on a blockchain, which is a distributed ledger that records all transactions across a network of computers. Bitcoin's key features include:

- Limited Supply:** There will only ever be 21 million bitcoins in existence. This scarcity helps maintain its value and is achieved through a process called mining.
- Volatility:** Bitcoin's price has been highly volatile since its inception. It has experienced significant price fluctuations, making it an attractive investment option for some and a potential risk for others.
- Use Cases:** Bitcoin can be used as a medium of exchange for goods and services, an investment asset, or a store of value. Some merchants and businesses accept bitcoin as a form of payment.

## Investor's perception overview:

### Rise in Popularity

Over the past decade, cryptocurrencies have gained considerable attention from the public, investors, and governments. Investors are drawn towards these digital currencies for various reasons – the most significant being the potential for high returns. The success stories of early investors turning into millionaires overnight fuelled a speculative frenzy around various cryptocurrencies. Additionally, blockchain technology's unique properties such as transparency, immutability, and decentralization have intrigued many.

### Volatility and Risks

Despite the allure of potential high returns, investing in cryptocurrencies comes with high risks due to extreme volatility. Bitcoin, the largest cryptocurrency by market cap, has witnessed wild price swings often in short periods. This volatility, combined with a lack of regulatory oversight, has led many investors to approach the asset class with caution.

### Diverse Investor Perceptions

Investor perceptions on cryptocurrency vary significantly. Some investors view it as “digital gold,” a new asset class and a hedge against inflation. For others, it is a speculative asset with potential for high returns. There are also skeptics who view cryptocurrency as a bubble, likening it to past speculative manias like the dotcom bubble or tulip mania.

### Regulatory Environment

The regulatory environment also plays a crucial role in shaping investor perception. In some countries, governments have embraced cryptocurrencies and blockchain technology, providing a supportive regulatory environment. However, in other jurisdictions, governments have banned cryptocurrencies due to concerns about fraud, money laundering, and economic stability.

## 2. Review of Literature:

Shahid Hussain, Muhammad Imran Faisal, and Shaista Bibi, (2019). The public's thoughts and comments on new trends are crucial to the sustainability and growth of businesses. It can assist IT professionals, analysts, and investors in effectively meeting client needs. Digital currency is a relatively new technology. People from all around the world are discussing the advantages and disadvantages of it.

(Elnaz Iran Nezhad, Dingli Xi, Timothy Ian O'Brien, 2018) According to behavioural finance and economics research, women are far more cautious in circumstances where there is a lot of uncertainty, whereas males tend to be more overconfident. Given that the cryptocurrency market has seen substantial fluctuation and has an extremely hazy future due to recent movements in pricing and regulation, this could be one explanation for some of our findings.

Yukon Liu: Aleh Svenska (2018) said that cryptographic cash returns have low openings to customary asset classes – stocks, money related structures and items. Their work give motivation to feel questionable about notable explanations that the lead of cryptographic types of cash is driven by its abilities as a stake later on of blockchain development like stocks, as a unit of record like financial structures, or as a store of huge worth like significant metal items. It is likewise expressed that the profits of advanced cash can be expected by two factors unequivocal to its business areas – energy and monetary experts' thought.

Dr. A. Umahani, Dr. B. Anuradha (2018), the increment of cryptocurrencies and bitcoin in India will take place because of the investments made by industrialist and different traders. At present bitcoin is too little to possibly be in any capacity coordinated. The ascent in the fluctuation of these monetary forms depend on the accompanying reasons, first, hardly any nations were at that point legitimized with these kinds of coins and there will be a bitcoin future exchanging moreover. And secondly, that contributing Rs.1 Lakh and making 10% the following day. Also Reserve bank of India and Finance Ministry has given admonition against the utilization of these kinds of monetary forms to investors, traders and so forth managing these may prompt speculation and money laundering at their own danger.

## **Objective of the study**

- To study the awareness of investors regarding bitcoin as virtual currency.
- To analyse the impact of demographic variable in investment in cryptocurrency.
- To know the investors future perception about cryptocurrency.

## **Need of study**

The basic need of the study to understand the investor's perception, awareness, and impact of demographic variable in Crypto currency understands risk perception, outlook and policy making.

## **Scope of the study**

The study considers a wide spectrum of investors ranging in age, occupation, and gender. The scope includes the various types of crypto currencies, investment strategies like short and long term and potential impact of technology.

## **Research Methodology:**

Through the analysis of the initial data, the study's goal is intended to be achieved. To determine Investors understanding of and perceptions of crypto currencies, a field survey is necessary. Questionnaires are then used to collect data on related topics. The unit of study involves operational professions/individuals residing in various components' regions of Hyderabad for the sphere work.

## **Data collection method:**

A descriptive study has been done by looking over the relevant literature and using a survey technique to get Information from investors. The preparation of a structured form utilized entirely different variables. The primary and secondary data were gathered using a simple sampling strategy.

## **Primary Data**

The main data is gathered through direct contact with investors and the opinions of a few unnamed people.

## **Secondary Data**

To find secondary data, financial blogs and internet searches were used.

## **Hypothesis**

H0: - There is no significance impact on investors perception based on gender.

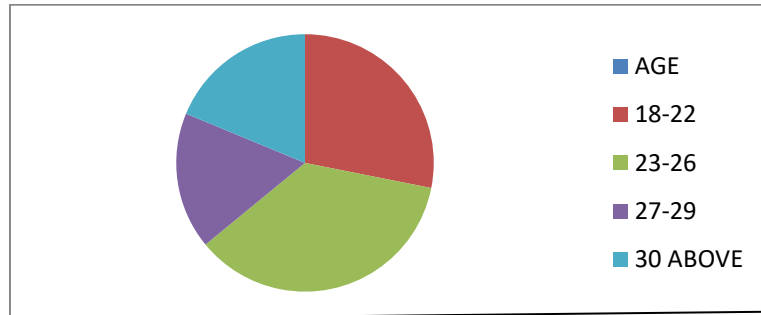
H1:- There is a significance impact on investors perception based on gender.

**Data Analysis**

**1 Age Distribution**

GENDER

18-22	18
23-26	23
27-29	11
30 ABOVE	12

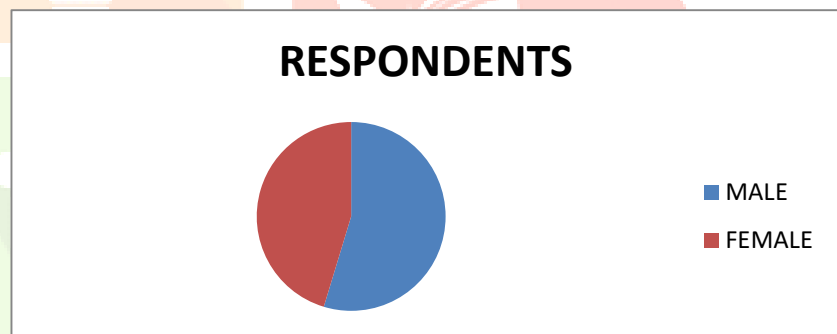


**Interpretation:**

The above chart shows most of the early 20's has moderate to little knowledge and slight increase in awareness in mid 20s. The awareness is gradually increasing above 30 as most users have moderate - A lot of responses with only 16% people having little idea

**2. Gender Distribution.**

GENDER	RESPONDENTS
MALE	35
FEMALE	29

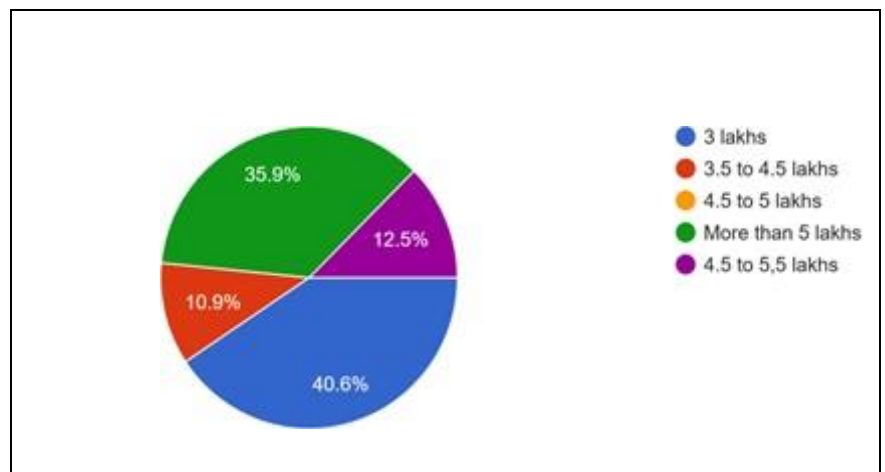


**Interpretation**

The above charts show even distribution amongst Male and Female investors with slightly more interested number of males are invested in Crypto.

**3. Income Distribution**

Income	Number of responses
3 Lakhs	26
3.5 to 4.5 lakhs	7
4.5 to 5 lakhs	8
More than 5 lakhs	23

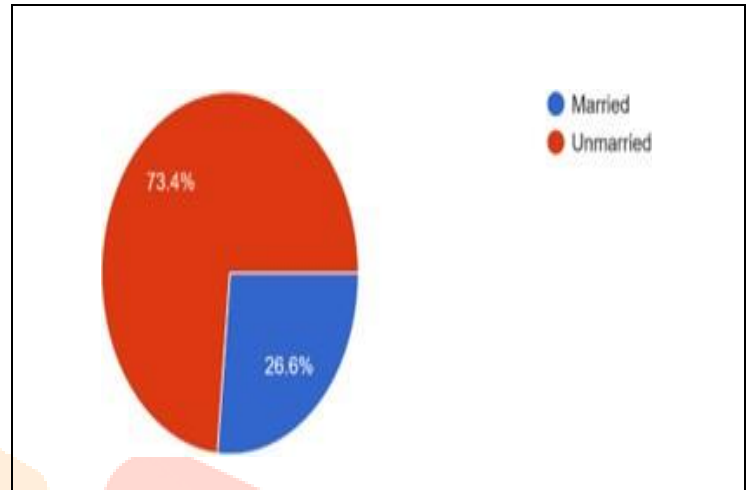


**Interpretation:**

The survey shows the result as most income levels are falling under 3 lakhs and above 5 lakhs zone. Whereas 3 to 5 lakhs incomes were distributed evenly at 11% to 12.5% respectively

**4. Marital Status Distribution**

Marital Status	Number of responses
Married	17
Unmarried	47

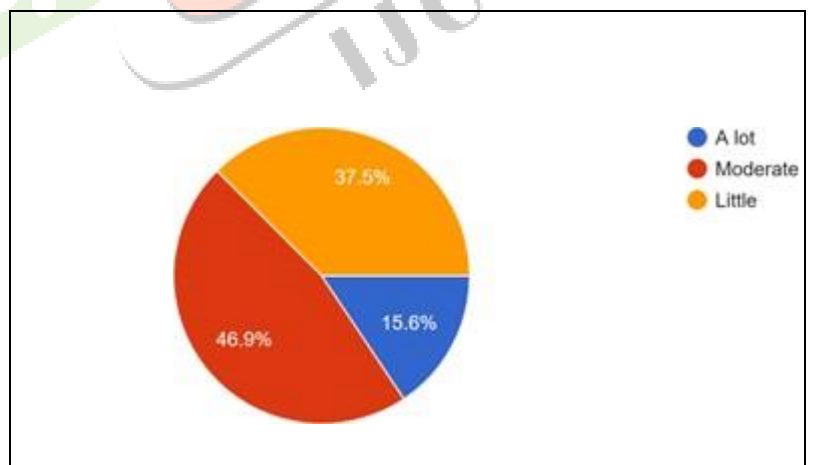


**Interpretation:**

The data collected amongst individuals consists of 17 married and 47 unmarried.

**5. How much do you know about crypto currency?**

Awareness level	No.of responses
A lot	10
Little	24
Moderate	30

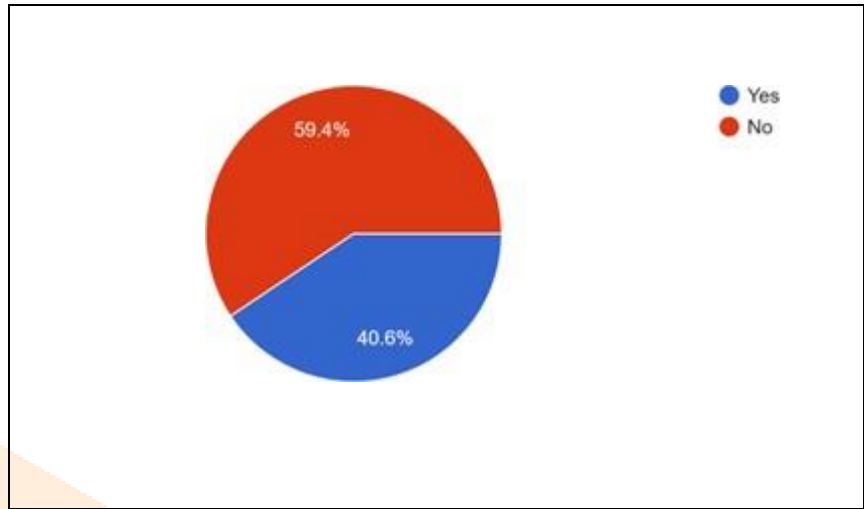


**Interpretation:**

The chart above shows most of the people have little to moderate knowledge on Crypto with only 15.6% of people showing confidence in awareness of Cryptocurrencies.

6. Have you ever invested in Crypto currency?

Invested	Number of responses
Yes	26
No	38

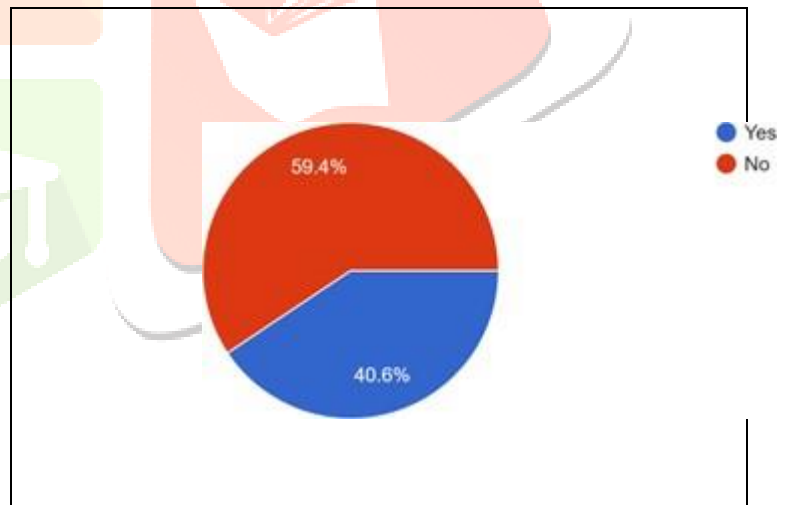


**Interpretation:**

The chart above shows 40.6% of investors had invested in crypto. More than half investors showed interest in Crypto investment

7. Have you ever invested in Cryptocurrency?

Invested	Number of responses
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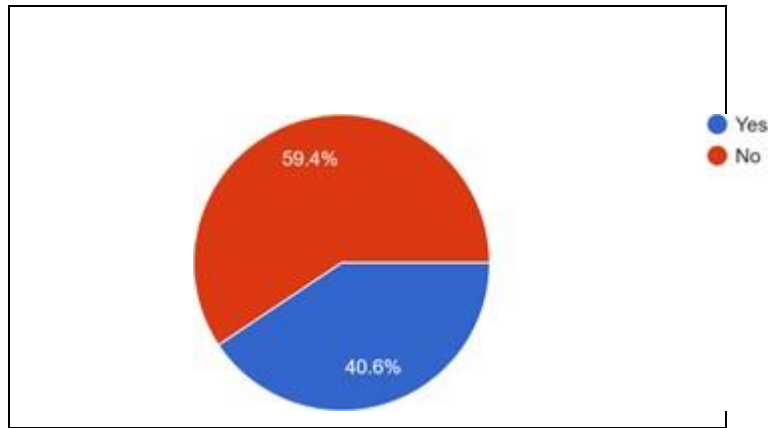


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The chart above shows 40.6% of investors had invested in crypto. More than half investors showed interest in Crypto investment.

**8. Have you ever invested in Cryptocurrency?**

Invested	Number of responses
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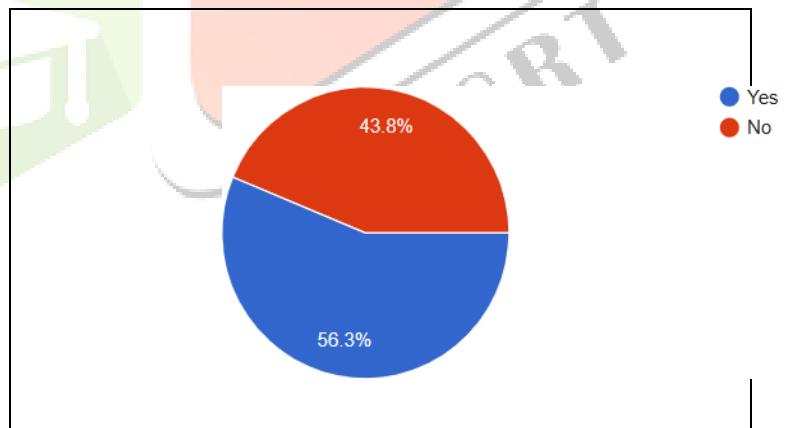


**Interpretation:**

The chart above shows 40.6% of investors had invested in crypto. More than half investors showed interest in Crypto investment.

**9. Do you think that crypto currency will solve the problem of tax evasion in future**

Response	Number of Responses
Yes	36
No	28



**Interpretation:**

More than half of the investors think that Crypto can solve the problem of tax evasion.

**Statistical tools**

TABLE-1: Observed value



Gender	Positive responses	Negative responses	Total
Male	22	13	35
Female	17	12	29
Total	39	25	64

**HYPOTHESIS**

H0: There is no significance difference between investors perception towards cryptocurrency(bitcoin) based on gender.

H1: There is significance difference between investors perception towards cryptocurrency (bitcoin) based on gender.

**CHIA SQUARE TEST:**

How to report chi-square result

**Table-2: chi- square test**

Observed	Expected	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
22	21.32	0.68	0.46	0.02
13	13.67	0.67	0.44	0.03
17	17.67	0.67	0.44	0.02
12	11.32	0.68	0.46	0.03

Calculated value  $\sum = (O-E)^2 / O$

X<sup>2</sup> cv =0.11

Significance level = 0.01

X<sup>2</sup> table value=x<sup>2</sup>(c-1) (r-1) X<sup>2</sup>(2-1) (2-1)

X<sup>2</sup> at 0.01

$X^2$  tabular value=6.635

$X^2$  calculated value <  $x^2$  table value.  $0.11 < 6.635$  then accept  $H_0$ .

- Hence, we conclude that the table value is greater than the calculated value accepts the alternatives hypothesis.
- But in this case the table value is greater than the calculated value accepts the alternatives hypothesis and reject the null hypothesis.

### **Findings**

- The study shows the awareness of Crypto by age group. Most of early 20's having less awareness and it tends to increase over the time.
- Gender didn't show any effect in investment I Crypto.
- Most popular currencies being Bitcoin and Ethereum and way ahead of other cryptos.
- Only 40.6% of investors had invested in crypto and more than half investors showed interest in crypto investment.
- The study shows that major decision factor of investing in Crypto is the risk. This can be also the implication of most people being moderately / little aware of crypto currency from previous response.
- Despite very volatile nature of Crypto, 43.8% of investors think that Crypto can have growth

### **Suggestions**

- The study shows that, risk is the most affecting factor of investment, at the same time only 15% said that they have good knowledge in Crypto and only 26% invested.
- Government should consider the gains of Crypto as conventional gains and should not have special tax of 30%.
- Not many investors are interesting in more than 1 crypto. Investors should diversify amongst cryptos. But this could be because of lack of awareness to as in findings.
- More than half of the investors think that Crypto can solve the problem of tax evasion.

### **Conclusion**

The future of Cryptocurrency looks positive yet questionable. Bitcoin was like any other bubble with lot of hype. But they can become like any other mainstream investments. Major banks showing interest in Bitcoin and JPMorgan Acquiring portion of Ethereum infrastructure and using its own Onyx platform for wholesale transactions. This shows the future scope of Cryptocurrencies, On other hand, High price volatility, hacker vulnerability, lack of central bank protection, and lack of consumer safety. Like each other bubble that we may have observed, bitcoin is a bubble.

However, the primary study conducted thus far has demonstrated that the majority of respondents believe that theft, hacking, and technical mistakes are the drawbacks of bitcoin. The dynamic nature of the bitcoin ecosystem, which constantly modifies and improves the usage of bitcoin, suggests that some of the hypotheses assumed for those block chain analyses may not completely hold. As a result, block chain analysis still presents interesting open questions. According to the majority of respondents, standardising KYC standards for member organisations will increase the benefits of cryptocurrency for the majority of marginalised people, businesses, tax authorities, and regulatory bodies. In addition, the Digital Asset and

Blockchain Foundation of India (DABFI) intends to establish self- regulatory frameworks for the trade of bitcoins and other blockchain-based digital assets. A majority of respondents agree that such intervention will increase the benefits of bitcoin, reflecting the respondents' positive outlook on such involvement.

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