



# **A Study On The Perception Of Share Market Investors Towards Crypto Currency (With Special Reference To Chennai City)**

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## **ABSTRACT**

The main aim of writing this research paper was to identify the major reasons why the share market investors are not coming forward to invest in Crypto currency. The main objective of the study was to identify the perception of Share Market Investors towards investing in Crypto Currency. The primary data was collected through a structured questionnaire. The questionnaire contains questions relating to share market knowledge and Crypto currency understanding. The sampling methodology used in this study was Convenient Sampling followed by snowball sampling. The data was collected from family members and friends who were investing in share market for a longer period of time. The number of respondents were 36. The result of the study highlighted that most of the Indian Share market investors are having positive attitude towards Crypto Currency, but there are several other factors like Hacker's threat, high volatility in price, no regulatory body, anonymous transaction keeping the investors back from investors.

Originality value: The current study will certainly help in the establishment of positive impact towards crypto currency among share market investors.

## **INTRODUCTION**

Crypto Currency is a form of digital currency that exist virtually. It uses cryptography encryption to secure transaction. Crypto Currency do not have any regulatory authority, but have decentralised system to record transactions. Crypto Currency transaction does not require the help of bank to verify the transaction. One can send and receive payments sitting anywhere in the global village without the need to be exchanged as it is a common form of digital money. Crypto Currency money is stored in digital wallets.

Crypto Currency are working on the basis of block chain technology. Each unit of Crypto Currency are created by a process called Mining. Mining involves solving perplexed mathematical problem. We can create a Crypto Currency by solving this mathematical problem. We can also buy Crypto Currency through a digital wallet. When we create/buy a Crypto Currency we do not own any physical money or asset, we just own a

key to keep or to move digital money from one account to other. Bitcoin, Ethereum, Litecoin and Ripple are the most commonly used Crypto Currency. We can buy Crypto Currency through Traditional brokers (offers ways to buy and sell Crypto Currency like stocks, bonds, etc.) or through Crypto Currency Exchange. We can use Crypto Currency to buy things from E-commerce sites, luxury goods, cars, etc. Though there are several advantages of investing in Crypto Currency, there are also other factors which contribute to disadvantages. Such factors are security threats, price volatility, money laundering, unknown identity risks, etc. one must know how to secure and diversify their investment when it comes to Crypto Currency.

Crypto Currency investment has seen a huge surge in the last few years after covid in India. By introducing tax regime for Crypto Currency, the government is officially taking a step forward to regulate Crypto Currency. 30% tax will be charged on the earnings of Crypto profits. This mandates the investors to report the Crypto profits and losses as part of their income. If any loss is incurred from Crypto Currency investment, it cannot set off against any other income.

## STATEMENT OF THE PROBLEM

Huge number of companies are being traded in the stock market. But the people in India were afraid to enter Indian stock market as they think that stock market is a place for gambling. This view has started to change from the last two decades. People are more aware of stock market than earlier days. Nowadays, people believe that stock market is a place to make more money if you make wise decision and a place to lose money if you make hasty decision with just hearsay knowledge. Just like share market we have Crypto Currency market. Lately, people are discussing about Crypto Currency at large, but are not ready to invest. Well, this study aims to identify what is holding the investors back from investing.

## RESEARCH OBJECTIVES

- To understand the association between duration of investment and investment in Crypto Currency
- To identify the share market investors perception towards investing in Crypto Currency.
- To analyse investors attitude towards government intervention in Crypto Currency.

## LIMITATION OF THE STUDY

- If the data was collected using simple random sampling or stratified sampling technique the accuracy of the result would be more.
- Most of the people hesitated to fill the questionnaire as they think it will reveal their financial position.
- Due to time constraint the data was collected from fewer respondents as it may not reflect the whole population.

## REVIEW OF LITERATURE

Natnicha Tangwattanasat (2017), examined perception of investors towards Crypto Currency in Thailand. She studied the digital currency market and overall market situation. The study aimed to understand the attitudes, perception and behaviour of market perception. Primary data was collected using semi-structured questionnaire and secondary data were collected using academic journals, published articles and reports. The major findings of the research were that Crypto Currency market in Thailand was speculative in nature and

majority of the investors were short term traders. Investors used psychological approach to make investment decision.

Dr. Neha Parashar, Farida Rasiwala (2018), investigated Bitcoin as it offers diversification and its development as decentralised digital Crypto Currency. The main aim of the research was to understand the level of awareness and perception among investors towards bitcoin and to identify its future. The data was collected using structured questionnaire by using simple random sampling. Through the data collected and analysed, it is found that as bitcoin is fully decentralised currency, its value is increasing because of huge demand but limited supply. It is also identified that the future of Crypto Currency is highly questionable as it has severe disadvantages due to price volatility and no protection from RBI.

Shangeetha Sukumaran, Thai Siew Bee and Shaista Wasizzaman (2022), aimed to provide the perception of investors in Malaysia on the basis of perceived risk and perceived value and how it is affecting Crypto Currency adoption decision. In this study, demographic profiles were taken as control variables. Purposive sampling method was followed to collect the data. On the basis of the study, it is understood that perceived value has significant impact on Crypto Currency adoption rather than perceived risk.

Vidushi Srivatsava, Niyanta Joshi, Anurag Bhati (2021), The researchers explored the perspective of investors regarding bitcoin as an investment and to understand the price trend of Bitcoin and its fluctuation. The primary data was collected through telephonic interview using structured questionnaire. The main conclusion of the study was that people do not want to invest in Crypto Currency as they consider it as an expensive investment. The Crypto Currency follows moving price and steady trend.

## RESEARCH METHODOLOGY

Conclusive research methodology was followed as this study intends to answer the research question. The results are generic. This methodology was quantitative methods to collect and analyse the data.

Convenient sampling and Snowball sampling was used. Convenient sampling is a non-probability sampling method where the sample are included in the easiest way possible with involving much time and work procedure. Snowball sampling is also a non-probability sampling method where one provides or finds another potential sample for the researcher.

The data was collected using a structured questionnaire involving 2 sections. The first section contains questions relating to demographic factors. The second section involves questions relating to stock market and Crypto Currency rated in 5point Likert scale. The collected data were analysed using simple bar diagram and Chi-Square test. Chi-Square test is a non-parametric test where categorical variables are tested whether they have any association or not.

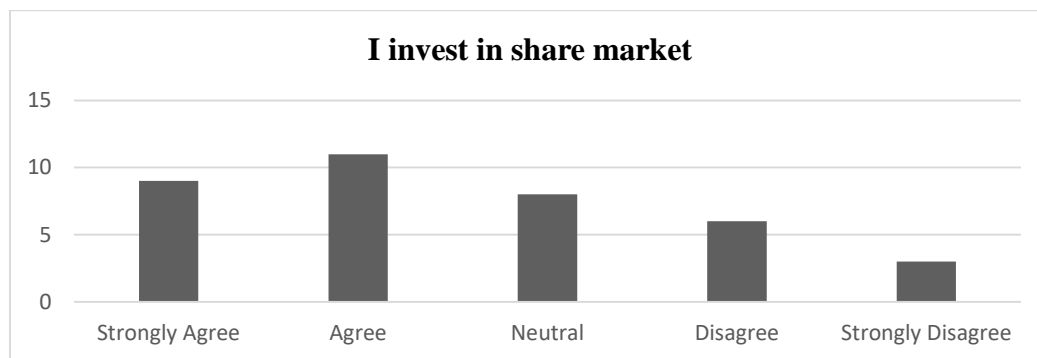
## DATA ANALYSIS

### SIMPLE BAR DIAGRAM

Table 1

| <b>I invest in Share market</b> | <b>No of Respondents</b> |
|---------------------------------|--------------------------|
| Strongly Agree                  | 9                        |
| Agree                           | 11                       |
| Neutral                         | 8                        |
| Disagree                        | 6                        |
| Strongly Disagree               | 3                        |
| <b>Total</b>                    | <b>36</b>                |

Figure 1



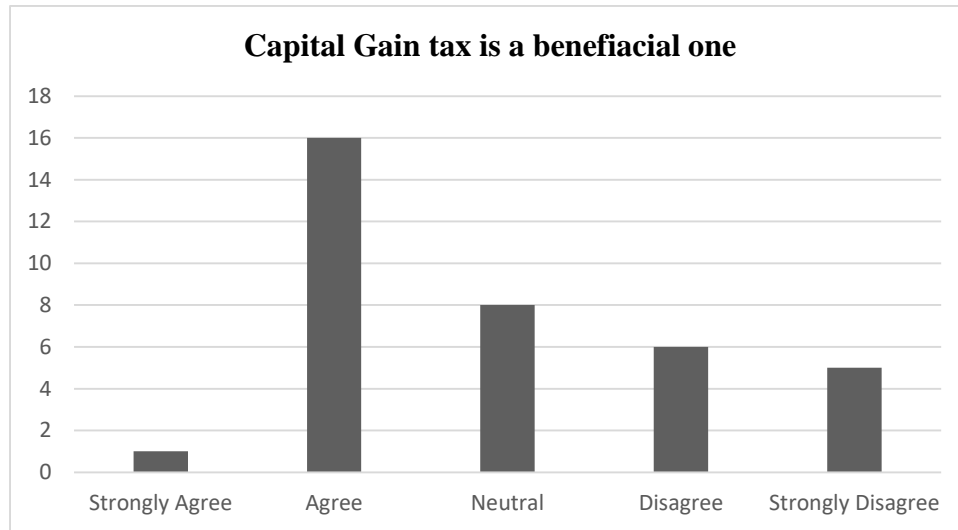
## INFERENCE

Considerable portion of the Respondents are investing in Share Market on a regular basis.

Table 2

| <b>30% capital gain tax on Crypto is beneficial</b> | <b>No of Respondents</b> |
|---|--------------------------|
| Strongly Agree                                      | 1                        |
| Agree   | 16                       |
| Neutral   | 8                        |
| Disagree  | 6                        |
| Strongly Disagree                                   | 5                        |
| <b>Total</b>  | <b>36</b>                |

Figure 2



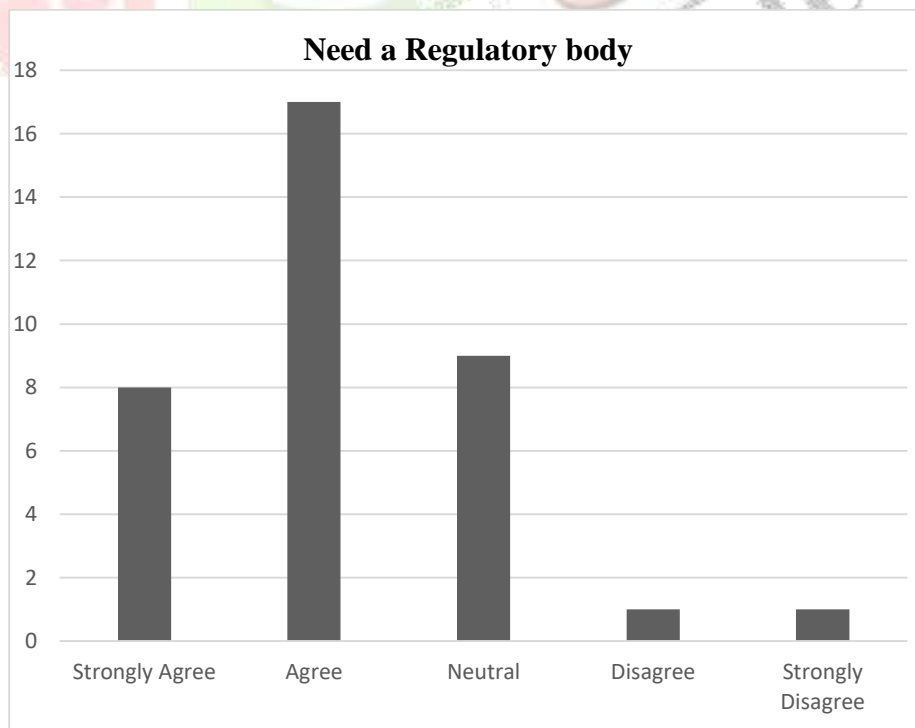
## INFERENCE

Majority of the feel that 30% Capital gain tax is a benefiacial one.

Table 3

| <b>I will be feeling secured if there is a regulatory body</b> | <b>No of Respondents</b> |
|--|--------------------------|
| Strongly Agree   | 8                        |
| Agree  | 17                       |
| Neutral  | 9                        |
| Disagree   | 1                        |
| Strongly Disagree  | 1                        |
| <b>Total</b>   | <b>36</b>                |

Figure 3



## INFERENCE

Majority of the respondents exhibit their thought to establish a regulatory body for Crypto Currency affairs.

## CHI-SQUARE TEST

**Table 4**

|                           | Investment in<br>Crypto<br>Currency | Yes | No |
|---------------------------|-------------------------------------|-----|----|
| Duration of<br>Investment | Long term                           | 5   | 12 |
|                           | Short term                          | 7   | 12 |

$H_0$  = There is no association between the duration of investment and investment in Crypto Currency.

$H_1$  = There is association between the duration of investment and investment in Crypto Currency.

**Chi-Square Test =  $\frac{(O-E)^2}{E}$**

O- Observed Frequency

E

E- Expected Frequency

**Table 5**

| O                       | E     | O-E   | (O-E) <sup>2</sup> | $\frac{(O-E)^2}{E}$ |
|-------------------------|-------|-------|--------------------|---------------------|
| 5                       | 5.67  | -0.67 | 0.4489             | 0.08                |
| 12                      | 11.33 | 0.67  | 0.4489             | 0.04                |
| 7                       | 6.33  | 0.67  | 0.4489             | 0.08                |
| 12                      | 12.67 | -0.67 | 0.4489             | 0.04                |
| <b>Calculated Value</b> |       |       |                    | <b>0.24</b>         |

Degree of Freedom =  $(r-1)(c-1)$

=  $(2-1)(2-1)$

= 1

Significance Level = 5% or 0.05

Table Value at 5% level of significance is 3.84.

Calculated value < Table value hence Accept the Null Hypothesis.

## INFERENCE

There is no association between the duration of investment and crypto currency Investment decision. No matter the investor's objective of investment is long term or short term, it is not affecting the Crypto Currency investment decision.

## FINDINGS AND CONCLUSION

Most of the investors have good knowledge in share market, but only few of the investors has thorough knowledge regarding Crypto Currency. Investors find investing in Crypto Currency will fetch more income in a short period of time and provide diversification. Investors in Crypto believes that it provides protection against inflation and consider 30% Capital Gain tax is beneficial one as it is the first step of



government to declare Crypto Currency as legal in India. Investors says that they need government to establish a regulatory body to take over the affairs of Crypto Currency. Only few investors have negative attitude to Crypto Currency, majority of them have positive approach towards Crypto Currency but are not investing in Crypto Currency because they need a regulatory body to feel secured. Even the short-term investors says that Crypto Currency provides lot of income in shorter span of time and but are not ready to invest as regulatory body is not there to protect their money. It proves that duration of investment has no association with Crypto Currency investment. Both short term and long-term investors necessitated the establishment of regulatory body. Most of the investors consented that they will start in Crypto Currency once the regulatory body is established.

## REFERENCES

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