

## General Awareness and Perceptions towards Usage of Cryptocurrency

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### Abstract

In this current era of digitalization, things are getting digitalized and we are living in a virtual world. At every stage of life we are supported by technology, whether it is payment of utility bills, conducting banking transactions, shopping online, booking tickets etc. Amongst all this a currency has set up a trend i.e., Cryptocurrency. It is not a new concept but has remained in the shadow for a long time. It has become a new sensation and would definitely have an impact in the digital ecosystem we are living. However there is a little knowledge about its existence and function. This paper aims to study about awareness of such currency, tries to analyse the reasons for usage and has an overview of Crypto currencies .Findings suggest that Crypto currencies will attain prominent position if it is well regulated and if proper awareness is created.

**KEYWORDS** :Cryptocurrency, Digitalization, technology.

### INTRODUCTION

Currency plays a vital role in the development of a country's economy and smooth functioning of financial transactions. The history of currency emerged with bartering and has advanced to virtual currency. Virtual currencies have no physical coinage and are not operated by centralised authority.

Cryptocurrency is a digital or virtual currency that is meant to be a medium of exchange. It is similar to real world currency but does not have any physical embodiment. It also uses cryptography to work the way it does. The following are the features of cryptography

- There's a limit to how many units can exist
- Easily verifies the transfer of funds
- Operating independently without the help of a Bank.
- Allows new units to be added only after certain conditions are met.

Cryptocurrency works through Block chain technology and mining technology that serves as a public finance transaction database. Cryptography refers to a method of using encryption and decryption to secure communication in the presence of third parties with ill intent. Cryptography usually requires a computation algorithm, a public key and a private key. The first decentralised cryptocurrency, Bitcoin was created in 2009 by a pseudonymous developer Satoshi Nakamoto.As of 2018,there are more than1600 crypto currencies available. Some of the popular cryptos include Bitcoin, Ripple, Litecoin, Ethereum, Z-cash.

In India, Crypto currencies caught the attention of regulators after Bitcoins price rose more than 1300% in 2017 to \$26000 in December. The Cryptocurrency was trading near \$6887 as of 10:20am Thursday. As on April 5 2018, Reserve Bank of India announced that regulated financial institutions in India can no longer deal with Cryptocurrency as they are not backed by any Central Government and took measures

to eliminate the use of these crypto assets as they raised flags over consumer protection, market integrity, money laundering.

According to Bitcoin market journal, Almost 32 billion wallets had been set up globally by December 2018. An estimated 5% of Americans hold Bitcoin. There are 7.1 million active Bitcoin users. Leading exchange coin base has over 13 million users. Emerging markets users, who are often not considered in statistics are likely in the millions.

## II. REVIEW OF LITERATURE

**Dr.Vanishree .M.R and Anmol Mehrotra(2018):**This study focuses on understanding awareness regarding bitcoin among youth of Bangalore and focuses on analysing factors affecting the usage of bitcoins. Primary data was collected through administering questionnaire and they have found out that bitcoins have great scope in future and people should understand the basics of how digital currency works. This study is restricted only to city of Bangalore.

**Deep Vyas (2018):** This study focuses on awareness regarding Cryptocurrency as one of the avenues for investment and preference given by individuals for trading purposes. Survey was conducted through issue of questionnaires to respondents. Inferential statistics like ANOVA has been used for hypothesis testing. They have found out that Bitcoin is the most preferred cryptocurrency among other for investment purpose. Main limitation of the study was data was collected from only 68 respondents.

**Omar Alaeddin and Rana Altounjy (2018):** This paper aims to identify the effect of factors such as awareness, technology and satisfaction on usage of Cryptocurrency in Malaysia. Data was collected through generating online questionnaires, SEM model was adopted and SPSS was used for hypothesis testing.This study revealed thatlack of information led to less awareness and use of crypto currencies and also revealed that individuals belonging to mid-twenties were more aware compared to people of other age group.

**Dr.A.Umahani and Dr.B.Anuradha (2018):** This paper aims to analyse about the usage, benefits and risks associated with Bitcoins. Only secondary data was collected from reliable sources like journals, articles and official websites. This study revealed that crypto currencies enjoy tax advantage, used more by tech savvy individuals and male counterparts are using more of bitcoins in comparison to females.

**Shailak Jani (2018):** This paper aims to understand how legislation is affecting the growth factor of cryptocurrency and its future challenges. Online survey was conducted with a set of 21 questions to collect primary data and secondary data was drawn from various articles and research journals. Findings of the study suggest that cryptocurrencies have huge potential for growth in near future and help in progress of E-business and E-payments due to rapid improvement in technology.

## III. OBJECTIVES OF THE STUDY

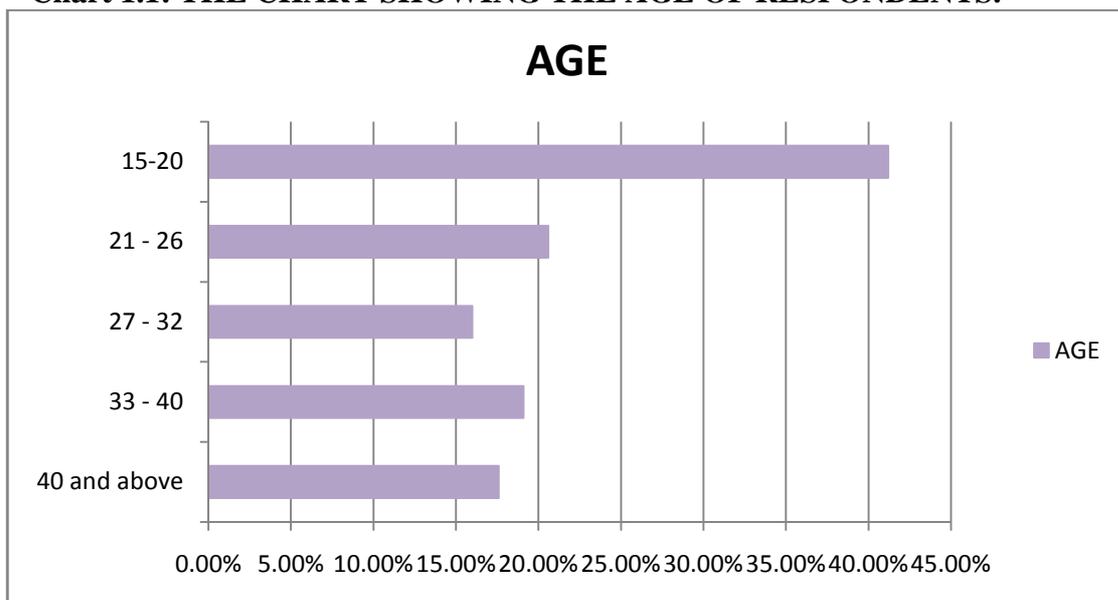
1. To gain basic knowledge about crypto currencies.
2. To examine the awareness level about crypto currencies.
3. To assess the acceptance level of usage of crypto currencies.

#### IV. RESEARCH METHODOLOGY

For the present study, primary data has been collected through close ended questionnaire. The sample size is restricted to 130. Convenient random sampling technique has been used for the study, for a better representation of the sample, individuals of different age group, income level, occupation etc. has been considered. Percentile analysis is used for data analysis, pie charts and bar graphs are used for interpretation of data.

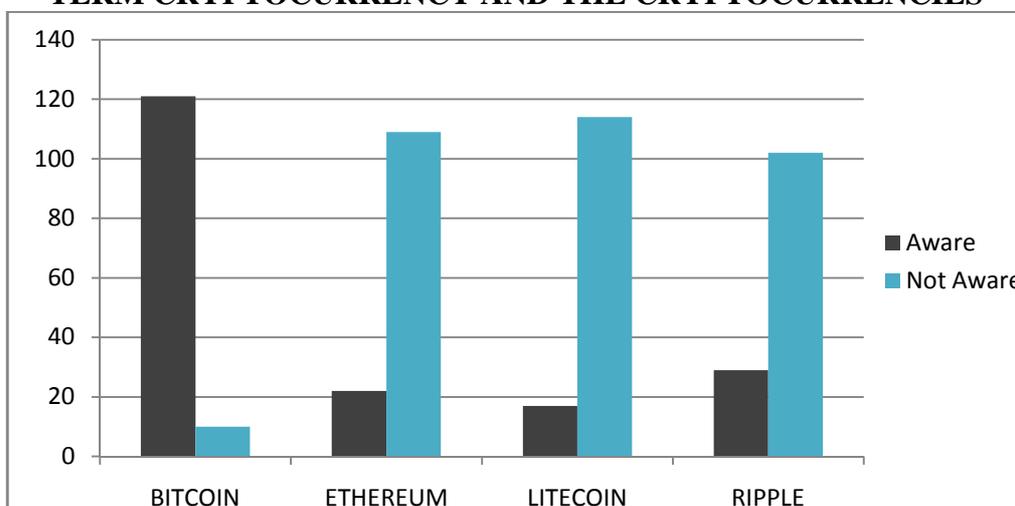
#### V. ANALYSIS AND INTERPRETATION

**Chart 1.1: THE CHART SHOWING THE AGE OF RESPONDENTS.**



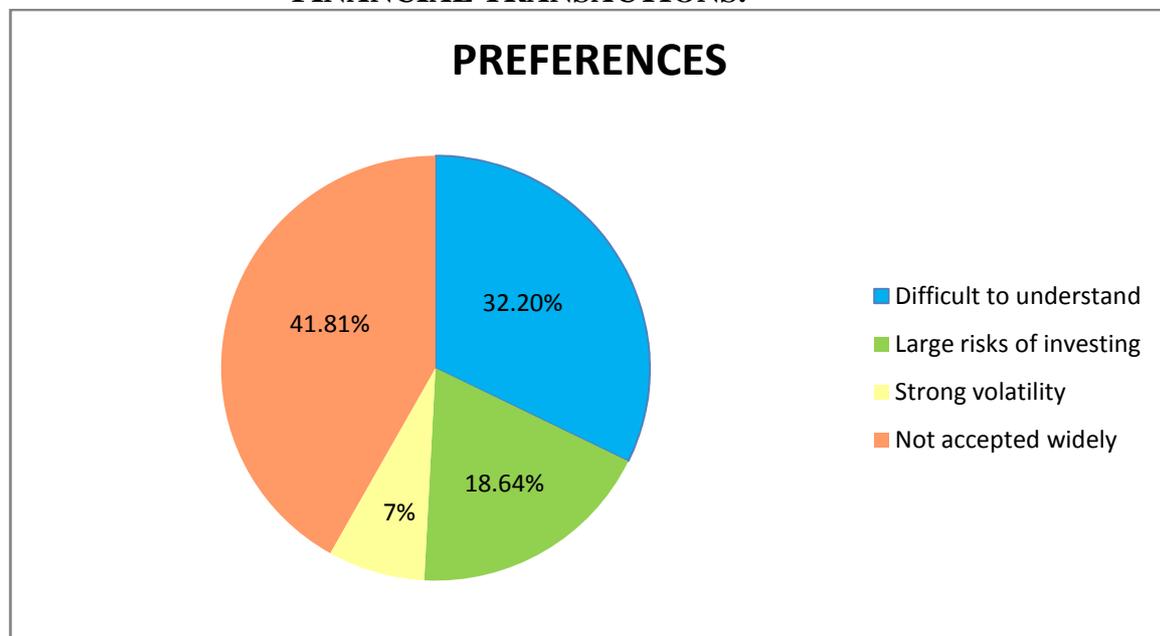
The above chart represents the age group of respondents among which the age group of 15-20 has the highest number of response recorded in the study. The study has widely covered the prominent age groups to facilitate the study.

**Chart 1.2: THE CHART SHOWING THE AWARENESS ABOUT THE TERM CRYPTOCURRENCY AND THE CRYPTOCURRENCIES**



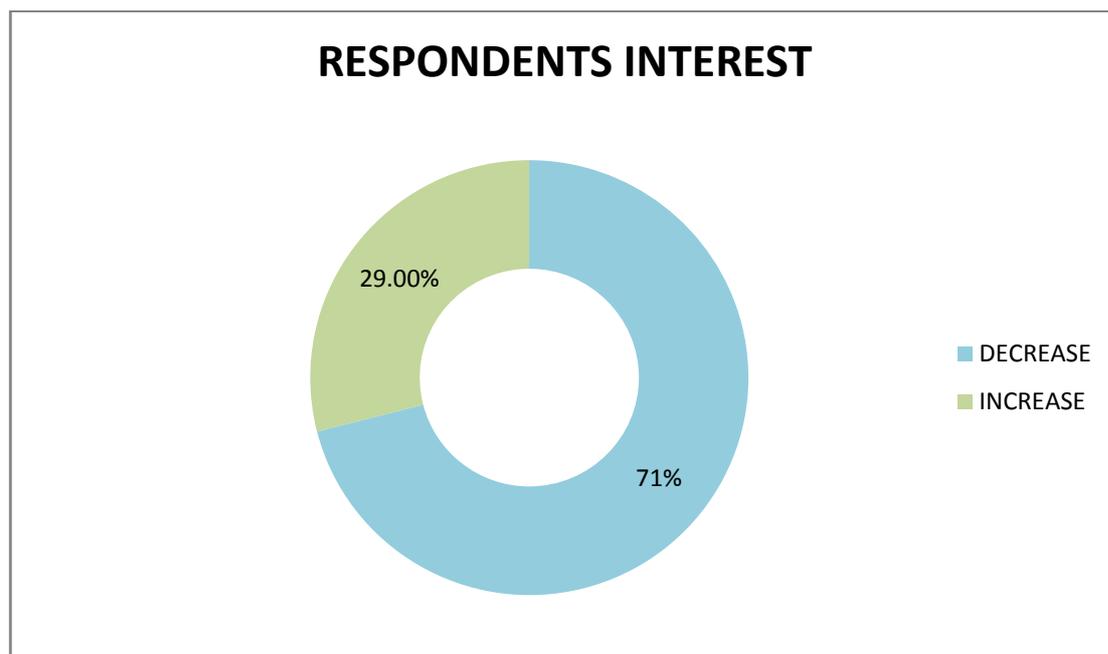
The above chart indicates that among the above mentioned crypto currencies, Bitcoin is the most widely known currency when compared to Ethereum, Litecoin and Ripple with “92.4%”respondents aware of bitcoin whereas Ethereum[16.8%], Litecoin[13%], Ripple[29%] .

**Chart 1.3: THE CHART SHOWING THE PREFERENCE OF RESPONDENTS OF USAGE OF CRYPTOCURRENCIES IN FINANCIAL TRANSACTIONS.**



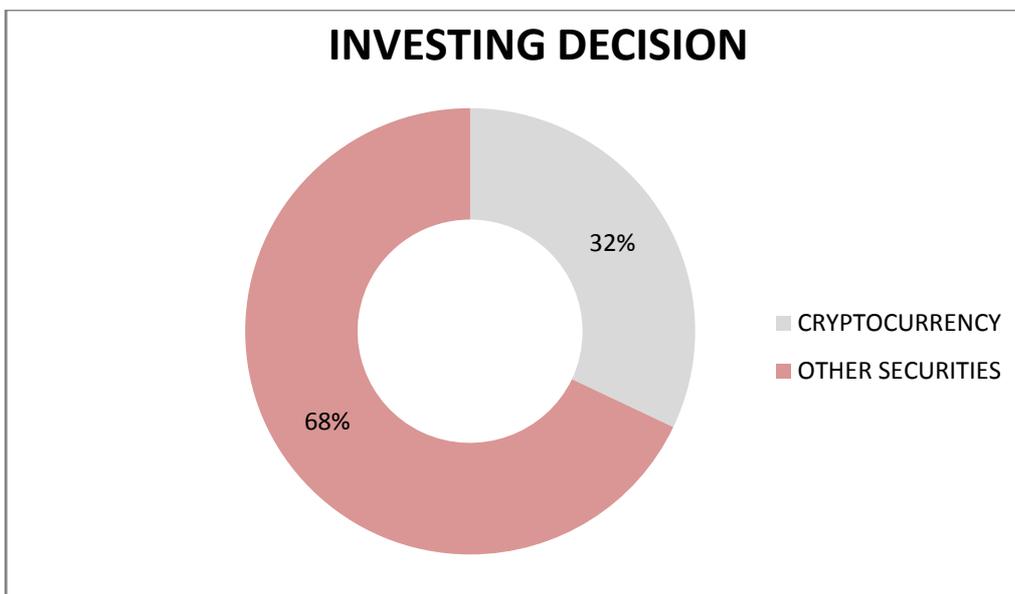
It is important to note that the chart states the key reason for disapproval of respondents using cryptocurrency as they are widely unaccepted and 32.20% of sample size agree that it is difficult to understand its process.

**Chart 1.4: THE CHART SHOWING INTEREST OF RESPONDENTS OF USING CRYPTOCURRENCY WHEN NOT REGULATED BY THE GOVERNMENT.**



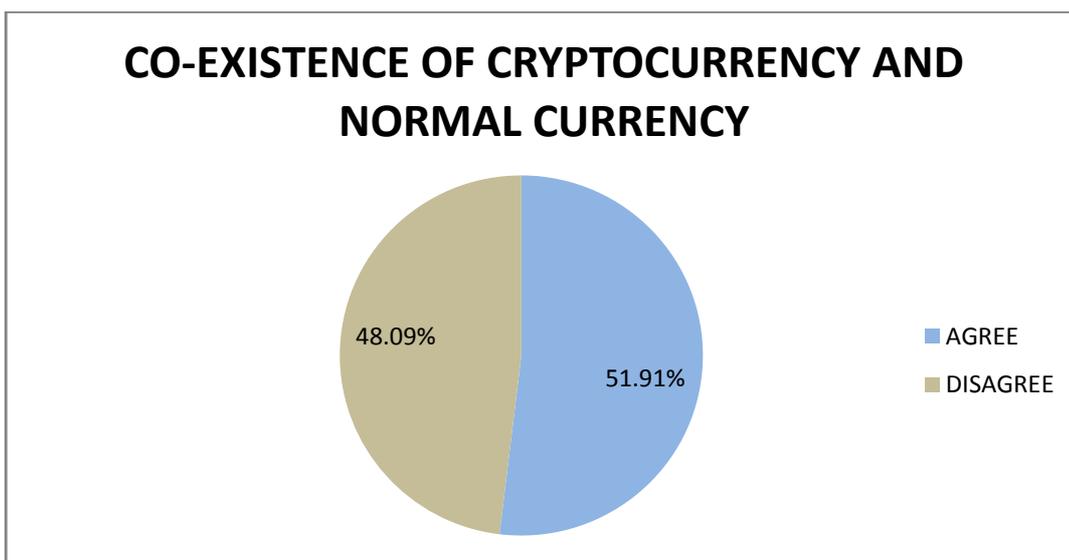
Since crypto currencies are not backed by Government, 71% of the respondents agree that their interest decreases of using cryptocurrency and 29% of the respondents claim that non-regulation by government increases their interests and encourages Block chain technology.

**Chart 1.5: THE CHART SHOWING PERCEPTION ABOUT RESPONDENTS IN INVESTING IN CRYPTOCURRENCY BETTER THAN OTHER SECURITIES.**



The above chart states that 68% of the respondents are pessimistic about investing in cryptocurrency as they are not regulated and subjected to cyber security breaches. 32% of the respondents are optimistic due to the potential returns it can deliver.

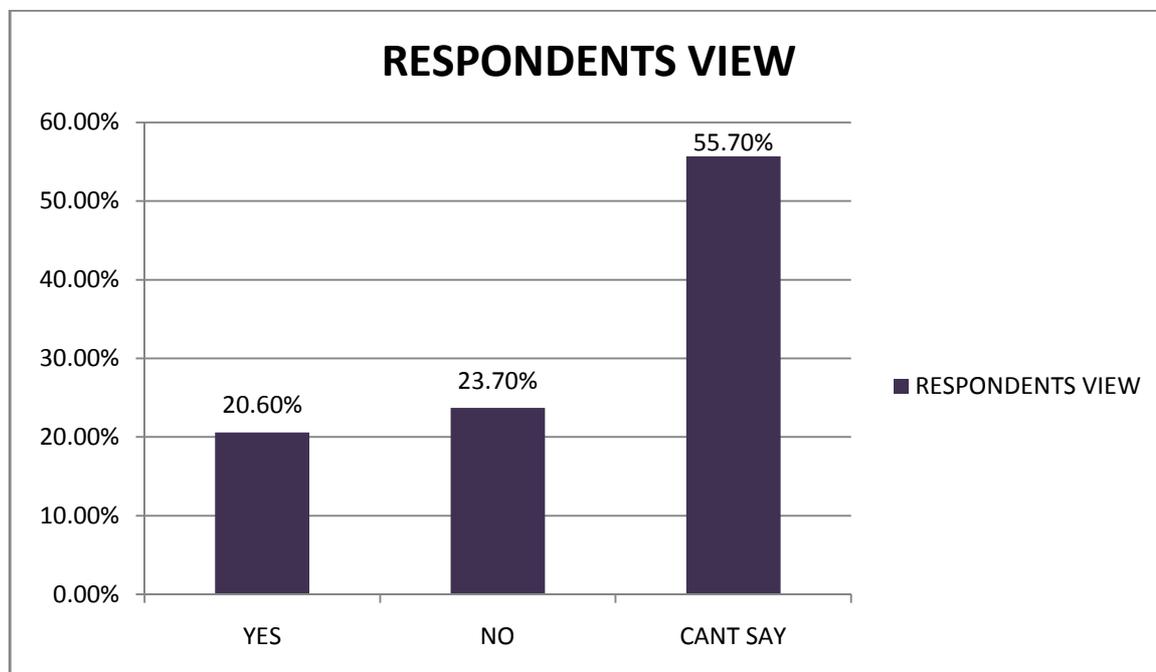
**Chart 1.6 : THE CHART SHOWING CO-EXISTENCE OF CRYPTOCURRENCIES ALONG WITH NORMAL CURRENCIES.**



It is important to note that 52% of the respondents assume that cryptocurrency will take over the fiat currency as it enables an individual or an organisation to send or

receive money without any intermediary whereas 48.09% of the respondents disagree the applicability of crypto currencies in daily life.

**Chart 1.7: THE CHART SHOWING PERCEPTION OF RESPONDENTS WHETHER CRYPTOCURRENCY WILL BE A DOMINANT CURRENCY IN FUTURE.**



In the above chart 20.60% of the respondents actually believe it would be a dominant currency whereas 23.70% of respondents disapprove and are with an opinion that it is a bane to the economy. However 55.70% of the respondents are not clear and have exercised the “Can’t say” option keeping in track the uncertainty and benefits of the cryptocurrencies.

## VI.FINDINGS

The study attempts to analyse the respondents view towards cryptocurrency by considering various factors which include their perceptions and behaviour towards the usage of cryptocurrency. 92.4% of the respondents agreed that Bitcoin is the prominent currency. Cryptocurrency is not used in general since it is not widely accepted and the key reason is that it is not regulated by any Central Government. If they are regulated it can increase the interests of the investors. Through the study, it was figured out that cryptocurrencies are a boon to a country’s economy but due to its complicated process and understanding, cryptocurrencies still lack exposure as that of fiat currencies.

## VII. SUGGESTIONS AND CONCLUSIONS.

Cryptocurrency is an impressive technical achievement, but it remains a monetary experiment. Even if cryptocurrencies survive, they may not fully replace fiat currencies. Even though cryptocurrency offers wide array of transparency and it’s effective peer to peer network technology the users understanding is often lacking with usage aspect of it. The government has to take some measures to effectively implement the cryptocurrencies to trade in financial markets as well as act as a

medium of exchange in our daily lives. The financial institutions should comply with the government to educate investors and users to create a sense of awareness among the general public.

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