

AWARENESS AND PERCEPTION OF CRYPTOCURRENCIES IN CHENNAI – AN EMPIRICAL STUDY

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ABSTRACT

The statement of currency is remarkable and extends back millions of years. During the transformation up to the present, currency has experienced many diverse modes. Owing to the leading - edge technologies digitalization of money is the subsequent benchmark in pecuniary history. Up gradation in technology has enabled the conception of an advanced form of money, the digital currency. The Cryptocurrency is a form of currency that happens to be in a digital form. Cryptocurrency is a new paradigm of money. Cryptography ensures that the digital currencies are prevented from forgery or double spend, therewith it promises to modernize the ongoing financial architecture to be faster and cheaper, consequently intensifying the competence. Furthermore this architecture and technology decentralizes the prevailing monetary system. Also makes it practically feasible the transacting practices, the exchange value and money independently of any financial intermediary. The present study tries to determine the awareness and knowledge level on cryptocurrency trading among common masses in Chennai city.

Keywords: Block chain, cryptocurrency, Chennai city, encryption, and portfolio.

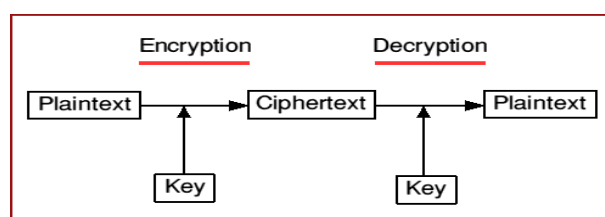
Introduction

"Money constitutes all those things which are at any time and place, generally accepted without doubt or special enquiry as a means of purchasing commodities and services, and of defraying expenses." says Prof Marshall.

Cryptocurrency is a digital currency, as it is designed mainly to transact as a normal currency devised to work as an instrument of exchange using a computer network that does not count on any central authority, such as a ministry or depository, to endorse or assert it. It constitutes a de-concentrated procedure in order to validate that the trading parties to a transaction obtain the money the claim to have. Eliminating the necessity for customary intermediaries such as banks during fund transfer between both the parties, Cryptocurrency is not acknowledged by the central authority. Also it fails to stand in physical mode. As it is not presented through a central authority and does not exist in a tangible state (like paper money). Compared to a virtual currency issued by a central bank, cryptocurrencies employ decentralized control.

Bitcoin was the first decentralized cryptocurrency, and the technology was initially made accessible in 2009 as open-source software. Nearly 9,000 other cryptocurrencies were available on the market as of March 2022, more than 70 of which having a value on the market exceeding \$1 billion. In order to safeguard its exchanges, regulate the development of a specific kind of cryptocurrency, and to maintain an update on every single transaction across the entire network, it uses block chain and cryptography.

Cryptography: The examination of safe transmission methods, such as encryption, that only the person who sent the message and authorized receiver can access, is referred to as cryptography. The phrase is an acronym of the Greek word kryptos., which implies concealed. It has a close connection to encoding, which refers to the procedure of converting regular text into what is known as cipher text. Furthermore, applying technologies such as microdots or merging, cryptography also covers the obscuring of the data in pictures. The following picture is the representation of Cryptograph.



Block chain: A robust computerized database named block chain technology permits transparent information sharing inside an organization network. Data is archived in blocks that are connected to one another in a chain and stored in a block chain database.

Types of cryptocurrencies:

Bitcoin - Bitcoin is an entirely virtual version of money that is frequently referred to as a cryptocurrency, virtual currency, or digital cash. It resembles an online money substitute. Despite it can be applied to make purchases of goods and services, not many merchants presently accept Bitcoin, and many countries have outright outlawed it.

Ethereum - Ethereum is a decentralized block chain platform that creates a peer-to-peer network for reliably implementing and authenticating electronic application code. Eliminating a requirement for a reliable central authority, smart contracts allow players to deal with one another.

Tether - Tether is a cryptocurrency that attempts to maintain a value peg to an underlying currency such as the dollar or euro. It does this by keeping enough actual currency in reserves that the cryptocurrency holds the same value as the fiat currency.

There are other types of cryptocurrencies like Binance coin, USD coin, XRP, Cordano etc., which are not much popular at present in India.

Literature Review

Amarnath (2018) stated that cryptocurrency creators claim that using their product is dependable and effective, which is supported by the existence of a number of benefits and drawbacks. Cryptocurrency is said to have unclear features. Decentralization and anonymity are two of these factors. Parashar (2018) discussed the issue with decentralization is that neither users nor governmental entities are able to monitor or control how virtual currency is released or moved because these actions are automated and built into the algorithm.

Thapar (2018) demonstrated that anonymity is a contentious issue that, on the one hand, makes cryptocurrency use by regular people more appealing because it is not subject to state taxes, but on the other hand, it opens up numerous opportunities for the execution of criminal activity. The analysis of drawbacks and gray areas reveals that the negative aspects of this currency unit exceed the positive ones because it not only offers the chance to make financial transactions simpler, but also encourages the expansion of Internet fraud.

Higbee (2018) has seen a substantial rise in the amount of cryptocurrency assaults that take advantage of the computers of its victims to mine cryptocurrencies. Alternative currencies, as the best means of payment in extortion attacks, also play a significant role. Results that show that there is a market for cryptocurrencies require the creation of strategies for stopping cybercrime in general and crypto fraudsters in particular.

Swamy (2018) found that computerization and internet growth in almost all spheres of human life are proceeding at an enormous pace. The financial structure of society must be impacted by these processes. Banks and other financial organizations have entered the global network, smartphones, and computers in recent years. The author also talked about how to modify the system's current functionalities to meet the needs of contemporary financial service users while taking new technological developments into account. The perception of financial interactions has changed as a result of instant payments, online account access, and the capability of instant contactless payment for items.

Shipra (2017) examined an original experiment that was intrinsic. The author talked about how Satoshi Nakamoto introduced the world to the Bitcoin cryptocurrency and an alternative financial system. The system started to gain popularity and people started talking about cryptocurrencies at the level of states and international organizations after three years of development by enthusiasts and cyberanarchists.

Sreedharan (2019) stated that the world's first fully decentralized electronic currency has no central emission point and relies on peer-to-peer information sharing technologies for its operations. The so-called currency of a new generation is cryptocurrency, the software for which is distributed according to the open access principles. All payments made with cryptocurrency are completely anonymous, are not under anyone's control, and cannot be technically controlled, even with a strong desire.

Fujiki (2020) discussed that financial literacy has a favorable effect on cryptocurrency ownership in Japan. The author, who also controls a number of other financial literacy proxies in the same specification, discovers a bigger negative impact from financial education. Therefore, it appears doubtful that this recent finding is robust

and that it may be the result of multicollinearity. In light of this, it appears unlikely that this contemporaneous finding is reliable and may be the result of multicollinearity.

Lammer, et al. (2019) analyse the investment practises of people who buy structured retail products to invest in cryptocurrency using data from an online German bank. They claim that those who invest in cryptocurrencies do so actively, are prone to biases in their investments, and maintain riskier portfolios.

Liu and Tsyvinski (2018) find that several sectors are significantly exposed to bitcoin returns, both positively (consumer goods and healthcare) and negatively (fabricated goods and metal mining). A radical idea like Facebook's stablecoin in a world of inexperienced traders and debt-financed usage might certainly have serious repercussions for macroeconomic and global financial stability, even though the authors discover little vulnerability of the Finance, Retail, and Wholesale businesses.

Statement of the problem

Cryptocurrencies have existed in India for over a decade. But it has not gained much popularity among the people in recent years after the introduction of digital currency and artificial intelligence. Up on the introduction of crypto currency people all around eagerly invested in cryptocurrency, due to low awareness level and knowledge of cryptocurrencies investors from India showed zero participation rates. The scenario has changed at snail speed over the past five years after the introduction of cryptocurrency. Thus the present study has been carried out to assess the level of knowledge and awareness of cryptocurrency among individual investors in Chennai city.

Research Methodology

The present research has a descriptive focus and has utilized a non probability sampling method for data collection which has been collected after designing a structured question and circulated to the individual investors. Only 50 respondents were selected through a convenient sampling method for collection of information. As cryptocurrency is a recent phenomenon, it is difficult to collect fresh information for this study.

Data analysis

The questionnaires consist of 15 multiple choice questions and the percentage calculations are used for the interpretations.

Sources of Tables and Diagrams

Data collected through questionnaires were tabulated and graphs were plotted by using a percentage method.

Objectives of the study

- 1) To study and analyze the awareness and perception of cryptocurrency among the people in Chennai.
- 2) To know the level of willingness of the people towards the investment in cryptocurrencies.

Data analysis and Interpretation

The collected data are subjected to data analysis and interpretation, percentage analysis has been well used as an eminent statistical technique to assess the same.

	Group	Profile	Frequency	Percentage
1	Gender	Male	25	50%
		Female	25	50%
2	Age Group	20 – 30	5	10%
		30 - 40	20	40%
		40 - 50	15	30%
		Above 50	10	20%
3	Educational Qualification	Undergraduate	10	20%
		Post Graduate	25	50%
		Professional	15	30%
4	Occupation	Government	10	20%
		Private	30	60%
		Professional	4	8%
		Business	6	12%

Table 1 shows the number of respondents based on their Gender.

Inference: From the above Table and Graph, it can be observed that out of 50 respondents 25 (50%) are Male and 25(50%) are Female respondents. 40% of respondents are in the age group of 30 – 40, 30% of the respondents belongs to the group of 40 – 50, 20% of the respondents are above 50 years and only 10% of the respondents are belonging to the age group of 20 – 30. Out of 50 respondents 25(50%) are Post Graduates, 15(30%) are Professionally qualified and 10(20%) are Undergraduate respondents. It is observed that 60% of the respondents were placed in a private organization, 20% were Government employees, 12% Self-employed and the rest of the 8% are professionals.

Sl. No	Knowledge	No. of respondents	Percentage
1	A lot	20	40%
2	Some	30	60%
3	Never	0	0%

Table 2 shows the number of respondents based on their knowledge level.

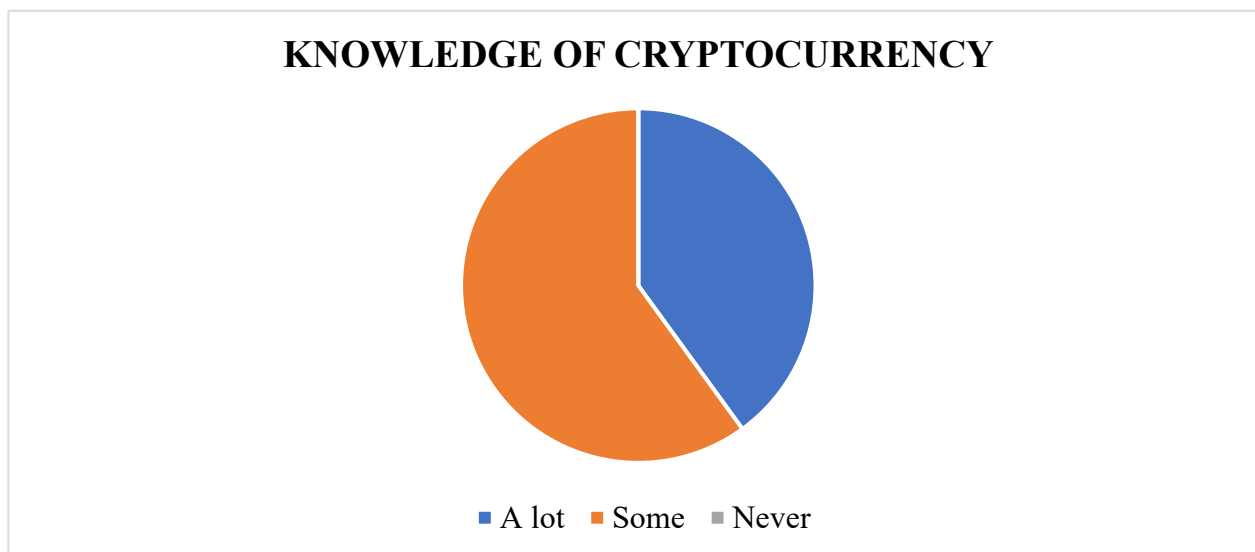


Figure 1

Inference: From the above, it is inferred that all the respondents are somehow aware about the cryptocurrency.

Sl. No	Sources of Information	No. of respondents	Percentage
1	Media	34	68%
2	Friends	16	32%

Table 3 shows the number of respondents based on their sources of information about Cryptocurrency.

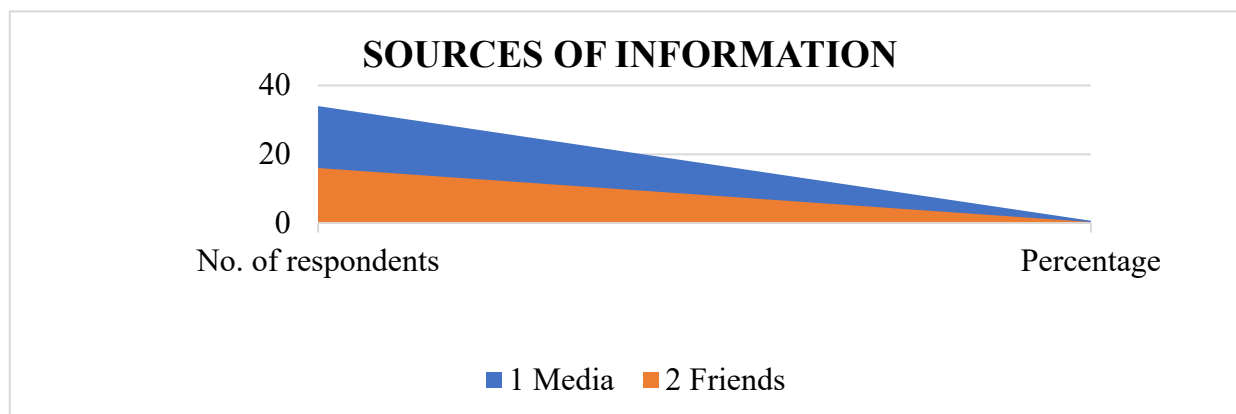


Figure 2

Inference: From the above, it is inferred that the majority of the respondents i.e.68% gained their knowledge about cryptocurrency through various media sources and the rest of them from their friends.

Sl. No	BLOCKCHAIN AND CRYPTOCURRENCIES ARE SAME	No. of Respondents	Percentage
1	Yes	32	64%
2	No	18	36%

Table 4 shows the number of respondents based on their opinion on cryptocurrency and block chain.

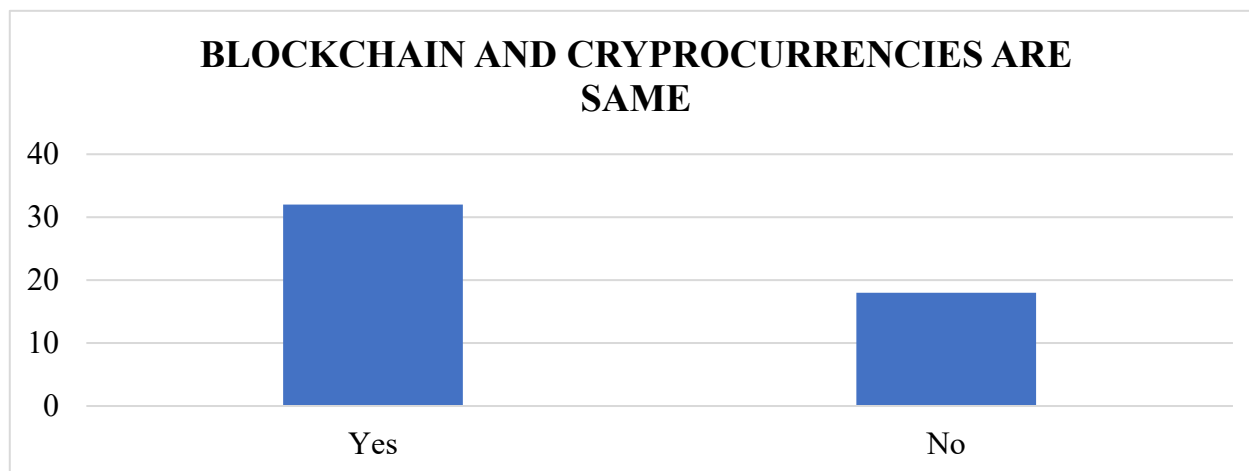


Figure 3

Inference: It can be observed that 64% of the respondents said that BlockChain and Cryptocurrencies are the same and 36% of them said that both are not same.

Sl. No	Preference over GOVT currency	No. of Respondents	Percentage
1	Yes	8	16%
2	No	42	84%

Table 5 shows the number of respondents based on their preference towards cryptocurrency over Government currency.

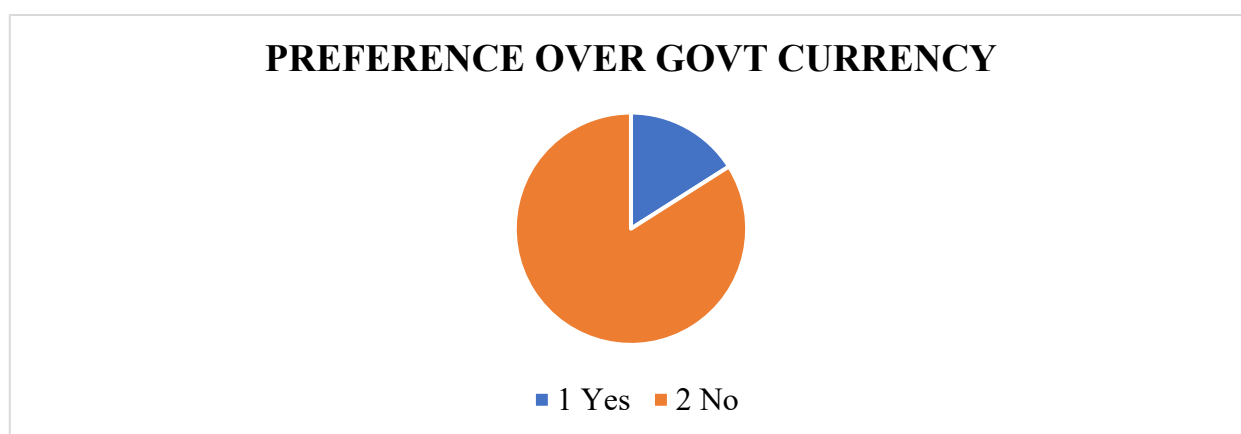


Figure 4

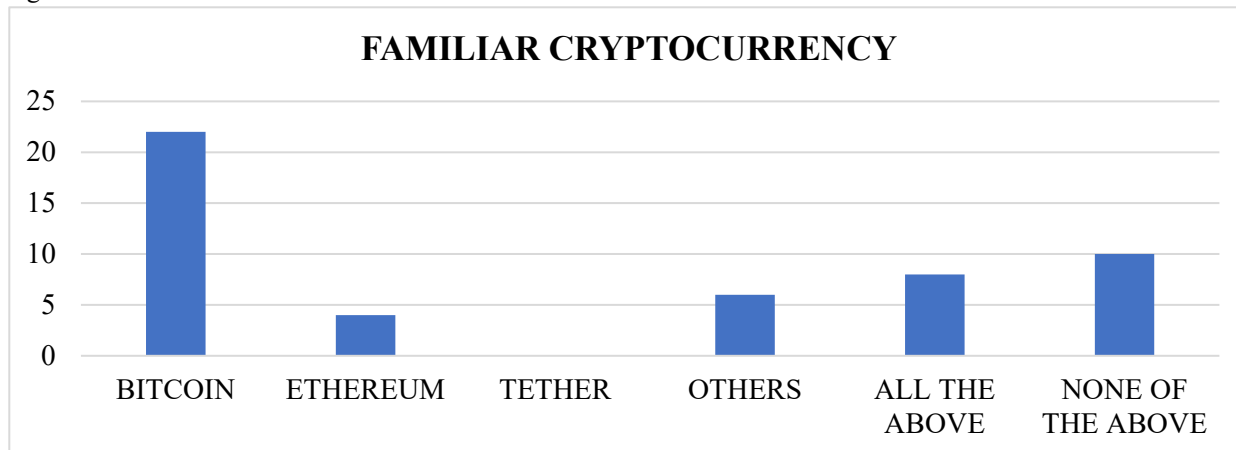
Inference: It is clear from the above table that majority of the respondents i.e., 84% were not preferring cryptocurrency over government currencies whereas only 16% prefers it.

Sl. No	Familiar Cryptocurrencies	No. of respondents	Percentage
1	Bitcoin	22	44%
2	Ethereum	4	8%
3	Tether	0	0%

4	Others	6	12%
5	All The Above	8	16%
6	None Of The Above	10	20%

Table 6 shows the number of respondents based on their knowledge on the types of Cryptocurrencies.

Figure 5



Inference: It is inferred from the above table and graph that nearly 50% of the respondents have heard about Bitcoin and 20% of them are not aware of any cryptocurrencies and few of them know all the types and some people know other types also.

Sl. No	Own any Cryptocurrency	No. of Respondents	Percentage
1	Yes	0	0%
2	No	100	100%

Table 7 shows the number of respondents based on whether they are having any cryptocurrency.

Inference: It is clear from the above table and graph that out of the 50 respondents, none of them are having any Cryptocurrency.

Sl. No	Interest to invest in Future	No. of Respondents	Percentage
1	Yes	8	16%
2	No	42	84%

Table 7 shows the number of respondents based on their interest to invest in cryptocurrency in future.

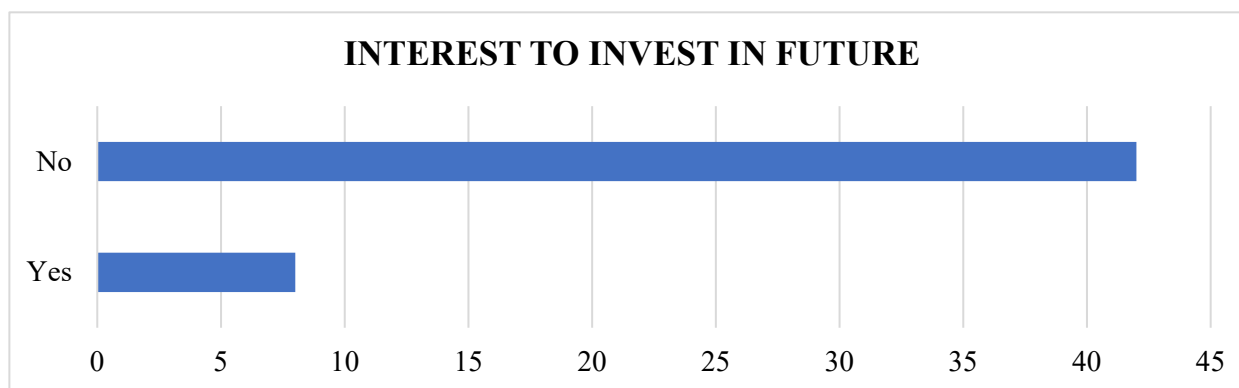


Figure 7: Interest on Investment Preference

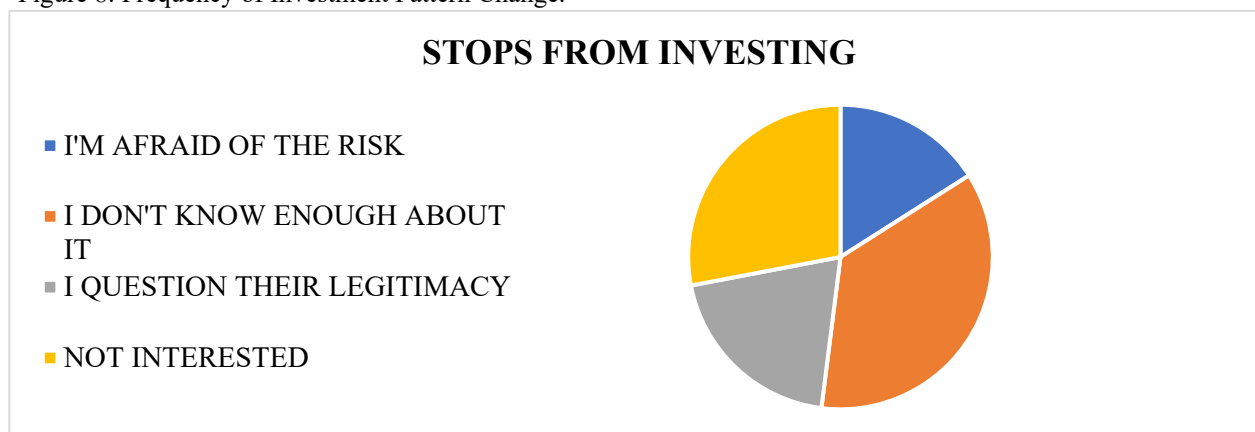
Inference: From the above, it was observed that 84% of the respondents were not interested to invest in cryptocurrency in future and only 16% were interested to do so.

Sl. No	STOPS FROM INVESTING	No. of respondents	Percentage
1	I'm afraid of The Risk	8	16%
2	I don't know enough about it	18	36%
3	I question their legitimacy	10	20%
4	Not interested	14	28%

Table 9: Frequency of Investment Pattern Change.

Table 9 shows the number of respondents based on their opinion on investment in cryptocurrency.

Figure 8: Frequency of Investment Pattern Change.



Inference: From the above table, it was observed that 36% of the respondents were not having enough knowledge about the investment in cryptocurrency, 28% not interested to invest, and the rest of them had doubts about the legitimacy and risk.

Sl. No	FUTURE INVESTMENT PORTFOLIO	No. of respondents	Percentage
1	SHARE MARKET	23	46%
2	CRYPTOCURRENCY	5	20%
3	OTHERS	22	44%

Table 10: Frequency of Future Investment Portfolio

Table 10 shows the number of respondents based on their preference on future investment portfolios.

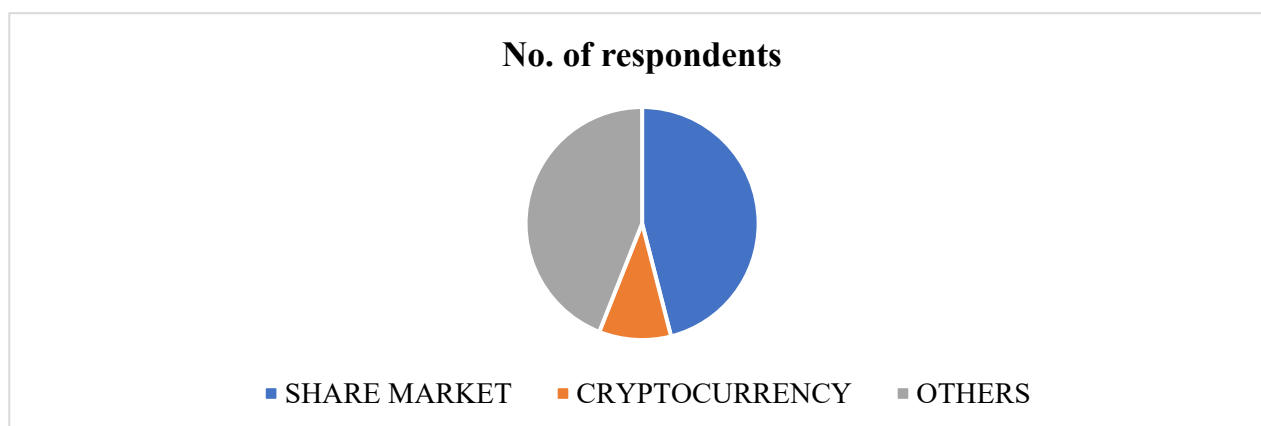


Figure 9: Frequency of Future Investment Portfolio

Inference: It is understood from the above table and graph, 46% of the respondents were interested to invest in share market and 44% in other investment portfolios. Only 20% showed their interest in cryptocurrency.

Sl. No	Worthiness	No. of respondents	Percentage
1	More	15	30%
2	Less	10	20%
3	Not worthy	25	50%

Table 11: Frequency of Investment Worthiness

Table 11 shows the number of respondents based on their opinion on the worthiness of cryptocurrencies.

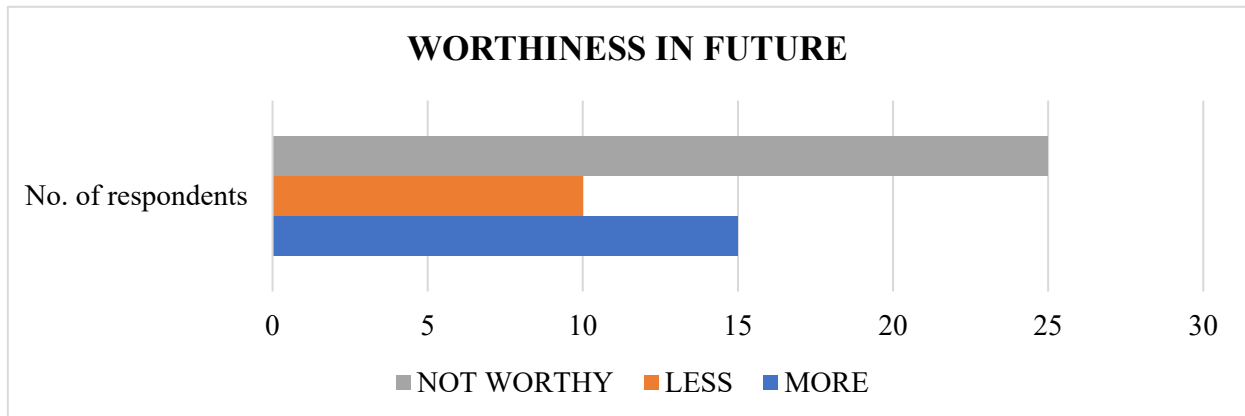


Figure 10

Inference: It is clear from the above that 50% of the respondents felt that cryptocurrencies are not worthy in the future, 30% expressed that it is more worthy and 20% less worthy.

Sl. No	Currency regulatory	No. of respondents	Percentage
1	Government	25	50%
2	Non-Government	5	10%
3	No idea	20	40%

Table 12: Frequency of Currency Regulation Authority.

Table 12 shows the number of respondents based on their opinion on regulatory authority of currencies in India.

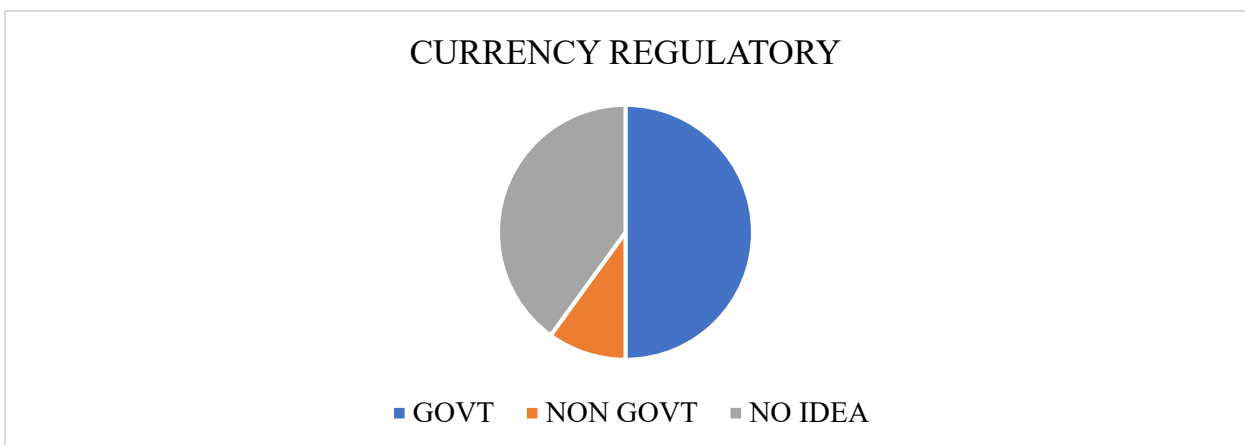


Figure 11: Frequency of Currency Regulation Authority.

Inference: From the above, it was observed that 50% of the respondents prefer the currencies should be regulated by the Government and many of them are not having clear ideas and only few of them suggested for non-Govt.

Sl. No	Movement towards new currency	No. of respondents	Percentage
1	Yes	10	20%
2	No	25	50%
3	Somewhat	15	30%

Table 14: Movement towards new currency

Table 14 shows the number of respondents based on their interest to move toward new currency.

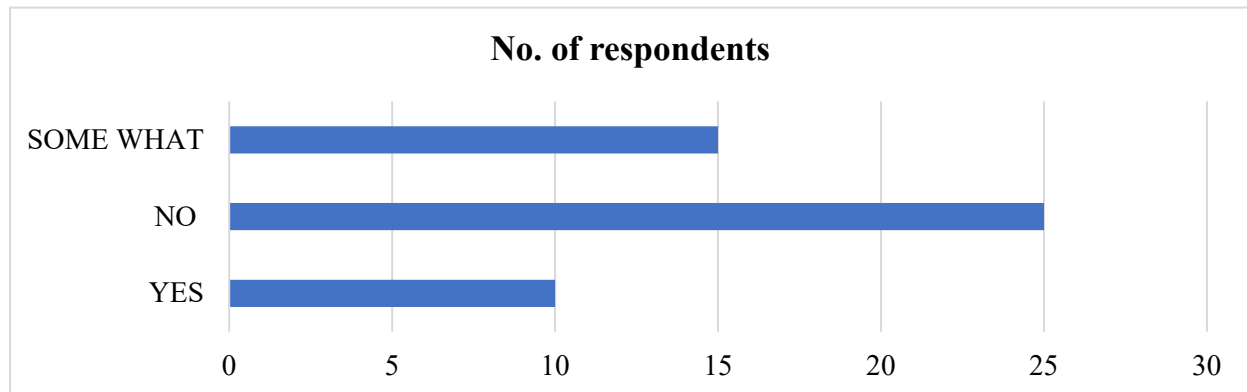


Figure 12: Movement towards new currency

Inference: From the above table and Graph, it was observed that 50% of the respondents were not interested in moving to the new currency, 30% were ready to accept it and 20% showed their interest to move on.

Findings

From the data analysis and interpretations, the following points emerged. Most of the respondents are Post Graduates or professionally qualified and employed in a private entity. All the respondents are aware about the cryptocurrency through the media as well as from their friends. Most of the respondents feel that Block chain and cryptocurrency are one and the same. Almost everyone prefers Government currency and only 8 respondents preferred crypto. Bitcoin is the most popular cryptocurrency among the public and very few know about Ethereum. Some of them know all the types. It is evident from the analysis that at present no one has invested in any cryptocurrency and most of them are not interested to invest in the future also.

Due to lack of knowledge and interest, people refrain from investing in cryptocurrency. Respondents feel that cryptocurrencies are preferred for international payments and there are no middlemen. For the investment portfolio, respondent's first preference was share market and next to other means of investments. Only few are willing for crypto. Majority of the respondents do not have any idea whether cryptocurrencies are taxable in India. Half of the respondents feel that cryptocurrencies are not worthy. Among the respondents 50% felt that the currencies should be regulated by Government authorities and many did not have any idea about it. Half of the respondents do not have any opinion whether multiple currencies will co-exist in our daily life and are not ready to accept new currencies.

Suggestions

1. The respondents are commonly aware of it, but do not have complete knowledge. In order to spread awareness, sources of information must be reliable.
2. Proper regulatory authority must be formed to streamline the digital currencies to gain the trust worthiness and to alleviate the illicit users.
3. Clear understanding of the cryptocurrencies is required to make people accept it.
4. As this study was conducted to a smaller circle of people in Chennai, it must be done in a wide manner to know the exact perception of the public.

Conclusion

A complete transformation from the traditional to technological is a difficult task. Cryptocurrencies can be understood and used only by the literate business people, not by a common man. Cryptocurrencies can be a part of the investment portfolio in future if it is properly regulated and implemented by the Indian Government. It

will take many more decades for everyone to use digital currencies as a normal currency. It is possible only when every part of India is digitalized.

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