

A Study on the Awareness and Perception of Cryptocurrency in Ernakulam City

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Abstract

The study is intended to analyse the awareness and perception of people towards cryptocurrency with special reference to Ernakulam city. Cryptocurrency is an encrypted, peer –to-peer network for facilitating digital barter, is a technology developed eight years ago. And the adoption of this new technology is basically influenced by awareness and perception of the people. Awareness is the basic element to make people use the technology. Perception is secondary element to increase the use of technology by people. Most of the people especially youngsters, who easily adopt the technology and this study is conducted in Ernakulam city through questionnaire method including 17 questions were distributed to 100 respondents and around 50 of them were responded. The objective of this study is to verify the influence of awareness on adoption of cryptocurrency and on the influence of perception towards cryptocurrency. And the hypotheses were framed according to the objectives of the study. The results of this research study concluded that awareness level on cryptocurrency is high but attitude towards cryptocurrency is low due to various factors like volatility, regulation and so on. People's perception on using cryptocurrency as exchange medium will change if this technology were properly regulated by the regulatory bodies and also the common people has to be educated on the same.

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I. INTRODUCTION

The transformation from Barter system to Fiat currency has take many centuries wherein the remodelling of fiat currency to cryptocurrency took only decades. Cryptocurrency the most debated topic at present throughout the world has gained more prominence recently regarding its regulation and usage as an exchange medium. Cryptocurrencies are secured by cryptography and the transaction maintained in block chain technology.

Cryptocurrency was introduced by the pseudonym Sathoshi Nakamoto in 2009. After that many crypto currencies are introduced in the market. Approximately 10365 crypto currencies have been issued so far. Crypto market is not yet created or regulated by any central authority even though it has gained trust of many people because of its tremendous value appreciation. Few countries accept and recognize the crypto currency for the exchange and few countries have understood the risk of accepting crypto as a currency and so issued their own digital currency to stabilize their economic conditions.

This research study aimed at calculating the awareness level and perception of people towards cryptocurrency and how these may result to eventual decision to adopt. This research study will be supporting in providing baseline information on the possible determinants that measure the level of awareness in the introduction of new innovative exchange system such as the topic under study. In addition, the results of the study will also provide valuable information on the possible extent of crypto currency adoption, based on identified awareness and attitude, in developing economies like India.

II. OBJECTIVES

- ❖ To create awareness and perception about cryptocurrency among people in Ernakulam.
- ❖ To find whether people are know about cryptocurrency and its technology.
- ❖ To identify whether the investors prefer cryptocurrency for investing.
- ❖ To know whether the investors find cryptocurrency safe and profitable form of investment.

III. THEORETICAL FRAMEWORK

➤ How does cryptocurrency work?

Cryptocurrencies run on a distributed public ledger called blockchain, a record of all transactions updated and held by currency holders.

Units of cryptocurrency are created through a process called mining, which involves using computer power to solve complicated mathematical problems that generate coins. Users can also buy the currencies from brokers, then store and spend those using cryptographic wallets.

If you own cryptocurrency, you don't own anything tangible. What you own is a key that allows you to move a record or a unit of measure from one person to another without a trusted third party.

Although bitcoin has been around since 2009, cryptocurrencies and applications of blockchain technology are still emerging in financial terms, and more uses are expected in the future. Transactions including bonds, stocks, and other financial assets could eventually be traded using the technology.

➤ **How to buy cryptocurrency?**

You may be wondering how to buy cryptocurrency safely. There are typically three steps involved. These are:

Step 1: Choosing a platform

The first step is deciding which platform to use. Generally, you can choose between a traditional broker or dedicated cryptocurrency exchange:

- **Traditional brokers.** These are online brokers who offer ways to buy and sell cryptocurrency, as well as other financial assets like stocks, bonds, and ETFs. These platforms tend to offer lower trading costs but fewer crypto features.
- **Cryptocurrency exchanges.** There are many cryptocurrency exchanges to choose from, each offering different cryptocurrencies, wallet storage, interest-bearing account options, and more. Many exchanges charge asset-based fees.

Step 2: Funding your account

Once you have chosen your platform, the next step is to fund your account so you can begin trading. Most crypto exchanges allow users to purchase crypto using fiat (i.e., government-issued) currencies such as the US Dollar, the British Pound, or the Euro using their debit or credit cards – although this varies by platform.

Crypto purchases with credit cards are considered risky, and some exchanges don't support them. Some credit card companies don't allow crypto transactions either. This is because cryptocurrencies are highly volatile, and it is not advisable to risk going into debt — or potentially paying high credit card transaction fees — for certain assets.

Some platforms will also accept ACH transfers and wire transfers. The accepted payment methods and time taken for deposits or withdrawals differ per platform. Equally, the time taken for deposits to clear varies by payment method.

An important factor to consider is fees. These include potential deposit and withdrawal transaction fees plus trading fees. Fees will vary by payment method and platform, which is something to research at the outset.

Step 3: Placing an order

You can place an order via your broker's or exchange's web or mobile platform. If you are planning to buy cryptocurrencies, you can do so by selecting "buy," choosing the order type, entering the amount of cryptocurrencies you want to purchase, and confirming the order. The same process applies to "sell" orders.

There are also other ways to invest in crypto. These include payment services like PayPal, Cash App, and Venmo, which allow users to buy, sell, or hold cryptocurrencies. In addition, there are the following investment vehicles:

- **Bitcoin trusts:** You can buy shares of Bitcoin trusts with a regular brokerage account. These vehicles give retail investors exposure to crypto through the stock market.
- **Bitcoin mutual funds:** There are Bitcoin ETFs and Bitcoin mutual funds to choose from.
- **Blockchain stocks or ETFs:** You can also indirectly invest in crypto through blockchain companies that specialize in the technology behind crypto and crypto transactions. Alternatively, you can buy stocks or ETFs of companies that use blockchain technology.

➤ **Is cryptocurrency safe?**

Cryptocurrencies are usually built using blockchain technology. Blockchain describes the way transactions are recorded into "blocks" and time stamped. It's a fairly complex, technical process, but the result is a digital ledger of cryptocurrency transactions that's hard for hackers to tamper with.

In addition, transactions require a two-factor authentication process. For instance, you might be asked to enter a username and password to start a transaction. Then, you might have to enter an authentication code sent via text to your personal cell phone.

While securities are in place, that does not mean cryptocurrencies are un-hackable. Several high-dollar hacks have cost cryptocurrency start-ups heavily. Hackers hit Coincheck to the tune of \$534 million and BitGrail for \$195 million, making them two of the biggest cryptocurrency hacks of 2018.

Unlike government-backed money, the value of virtual currencies is driven entirely by supply and demand. This can create wild swings that produce significant gains for investors or big losses. And cryptocurrency investments are subject to far less regulatory protection than traditional financial products like stocks, bonds, and mutual funds.

ATTRACTIVE INVESTMENT FEATURES OF CRYPTOCURRENCY

- Decentralized :

As cryptocurrencies are not controlled and monitored by government or any central banks they are mostly regulated by market dynamics.

- Secure:

The block chain technology and its decentralized nature help to carry out verifiable transactions across geographical locations and erase various fears that the critics have raised.

- Completely digital

Since cryptocurrencies are traded digital there are no transportation charges. While banks charge a very less amount for carrying out crypto related transactions on regular basis.

- Growth in Value

With the growth of technology and the movement of economy to digitalisation, this facilitated the increase in the value of cryptocurrencies. Cryptocurrencies have a valuable technique for holding and appreciating wealth.

- Untapped uses

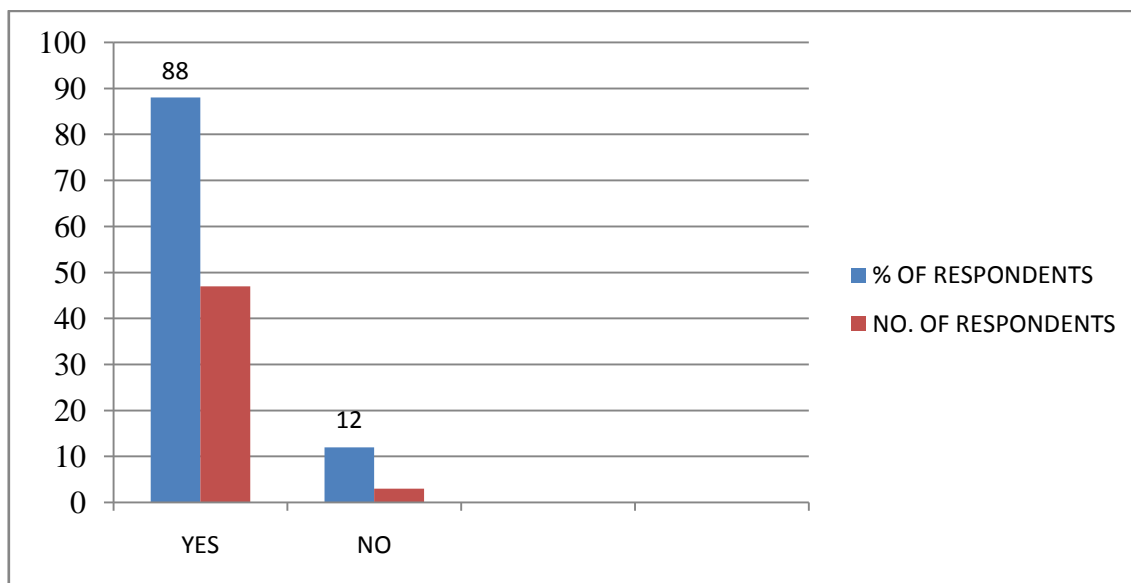
Investors still find the growth of cryptocurrencies as advancement in the technology. E.g: ESOP, Smart Contracts, Capital Raising etc.

IV. SIGNIFICANCE OR NEED FOR THE STUDY

Cryptocurrency is a new age technology based digital currency and its popularity is increasing among people gradually but the government and regulatory authorities are still doubtful about its use and there are many legal and security issues linked with it. Cryptocurrencies are mainly being used as investment tool and it is highly volatile in nature. So it is imperative to study the effectiveness of cryptocurrency as an investment tool among people in Ernakulam by knowing their awareness and perception levels.

V. DATA ANALYSIS AND INTERPRETATION

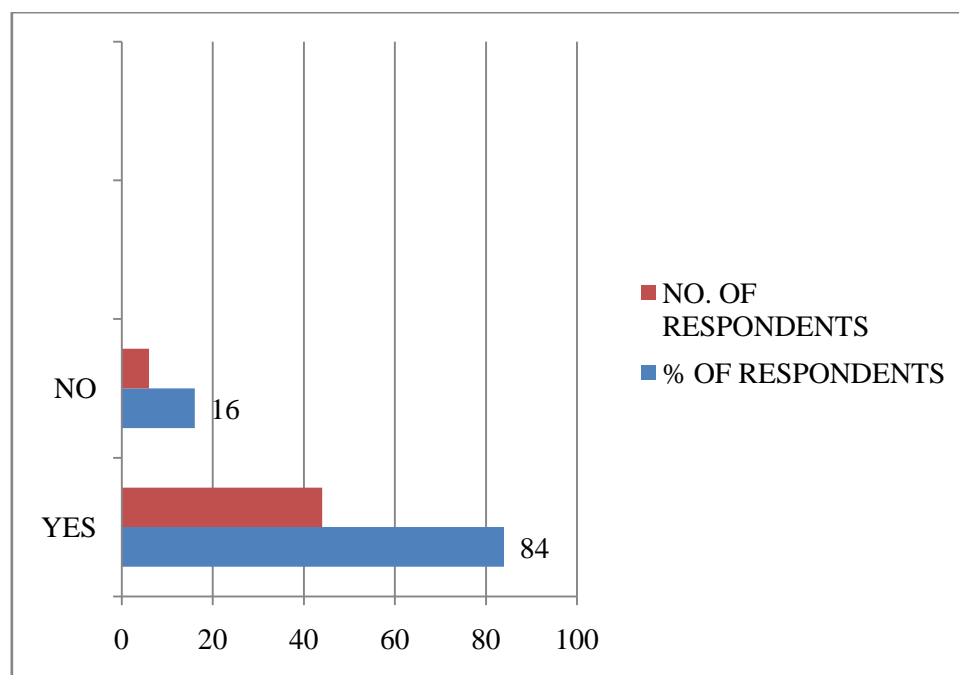
- Have you ever heard about bitcoin or any other cryptocurrency?



Source: primary data

INTERPRETATION: From this above chart 88% of the respondents were heard about bitcoin or cryptocurrency and 12% of respondents were not heard about bitcoin.

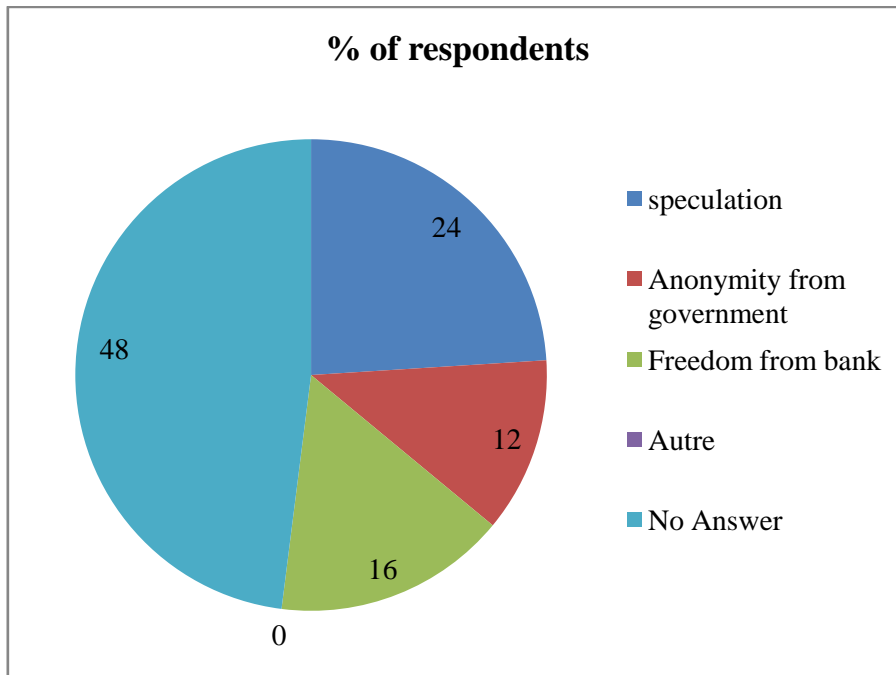
- If it is converted into real cash or money will its increase its usage and awareness?



Source: Primary data

INTERPRETATION: From this above chart we can see that 84% of the respondents should agree that the conversion of bitcoin into real cash were increase its usage. And the rest of 16% were not agreed with the conversion of bitcoin into real cash.

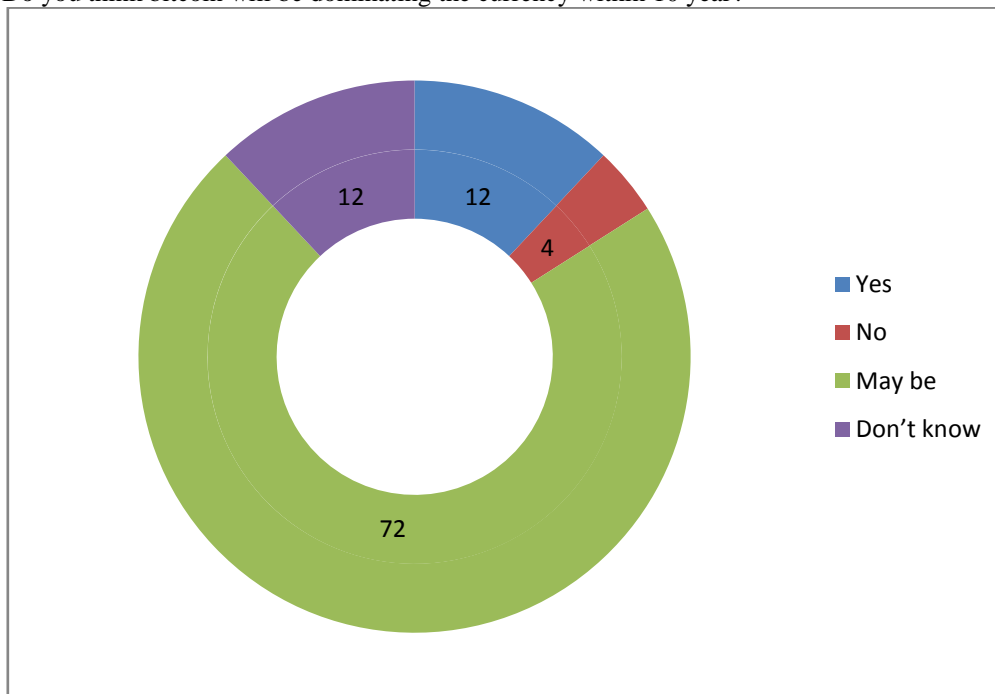
- Have you invested in cryptocurrency what is the reason for such investment?



Source: Primary data

INTERPRETATION: From the above chart 48% of respondents were no answer for bitcoin investment which means they are not invested in bitcoin and they don't know about such kind of investment. 24% were responded that speculation is the reason for such investment. And 16% were said that freedom from bank, 12% were said that anonymity from govt and there is no respondents for autre is the reason for investment.

- Do you think bitcoin will be dominating the currency within 10 year?



Source: Primary data

INTERPRETATION: From the above chart 72% of respondents will think that there is a chance the bitcoin will be dominating within 10 years. 12% of respondents surely believe it will increase and also 12% of them have no idea about this. And 4% of respondents were says that bitcoin will not be dominated.

FINDINGS: From the above data, after using the Chi Square test we could draw a conclusion that, with '1' degree of freedom and '5%' level of significance there is no association between the Gender of the respondents and their awareness about cryptocurrencies.

Since the calculated value (3.488) is less than the table value (3.841) the null hypothesis (H_0) is accepted.

VI. CONCLUSION

From the above findings, it can be concluded that the people in general are aware of the Cryptocurrency and they would like to see it as part of their investment portfolio as it provides good return. But they are not willing to invest in Cryptocurrency due to lack of regulation from Government and regulatory authorities. If Government of India and its regulatory authorities will come forward to regulate its use and transaction in financial market, it can play a major role in entire portfolio investment.

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