A Case Study on Investors Attitude Towards Investing in Cryptocurrency in India & Abroad

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ABSTRACT:

The Banking and Investment sector has been providing quite low returns on investment in the past few years. Demonetization, Coronavirus induced Pandemic, Slower pace of Economic Growth are few of the reasons that can be attributed to it. All of the above has diverted investors focus towards Cryptocurrency. The purpose of this study is to gauge the level of awareness about Cryptocurrency among investors and also investors attitude towards investing in Cryptocurrency. Impact of Coronavirus and the resultant lockdowns have made people realize the importance of having multiple sources of income. At the same time, Cryptocurrency has gained popularity in the Indian markets to greater heights. This study will help to understand whether this popularity can be converted into actual investment in cryptocurrency. This study aims to study mindset of investors belonging to different age, different financial backgrounds towards investment in cryptocurrency.

Key Words: Cryptocurrency, Investors, investors' attitude.

INTRODUCTION:

Cryptocurrency is a tradable digital form of currency that is built on blockchain technology. The functioning of cryptocurrency can be understood by understanding three main terminologies i.e. blockchain, decentralization and cryptography.

Blockchain: With reference to cryptocurrency, blockchain is a digital public ledger whose access is distributed to al the authorised users of cryptocurrency.

Decentralization: Decentralization implies that there is no central authority that regulates or supervises the price of cryptocurrency. It implies that no central authority shall intervene to control rise and fall of a particular cryptocurrency.

Cryptography: Cryptography is a methodology that protects the data from any form of unauthorized access by anyone by using encryption techniques. The term Cryptocurrency has been coined after these encryption techniques which mainly aims to provide safety and security. Most of the claims that blockchain makes, like privacy and immutability, are enabled through cryptography. In recent times, cryptocurrency has evolved as a popular and an attractive medium for investment all over the world. This study is trying to identify the level of attractiveness that cryptocurrency has garnered amongst the Indian investors.

REVIEW OF LITERATURE:

1. **Bhilawadikar, V.S. & Garg, E. (2020):** 'Investment attitude of millennials towards cryptocurrencies' found that both awareness and aspirations of millennials in India towards

investing in cryptocurrency is increasing despite of Government, Legal and Regulatory inertia. They also found out that main motivation among millennials for investing in cryptocurrency was possibility of generating greater returns and capital appreciation.

2. **Ms. Neetu Jora, Dr Naveen Nandal:** 'Investors Attitude towards Cryptocurrency-based on Gender' conducted a study on Investors Attitude towards Investment in Cryptocurrency based on Gender. It aims to study gender based differences with regards to awareness, investment attitude and underlying reasons of investing or not investing in cryptocurrency.

OBJECTIVES:
1. To study awareness about Cryptocurrency among investors in Mumbai Region.
2. To analyse the attitude of investors towards investing in Cryptocurrency.

RESEARCH METHODOLOGY:

Universe	Mumbai
Method of data collection	Primary and Secondary
Method of Primary Data Collection	Questionnaire by online sites (Open and close ended)
Method of sampling	Random Sampling / Convenience Sampling
No. Of Sample Respondents	220

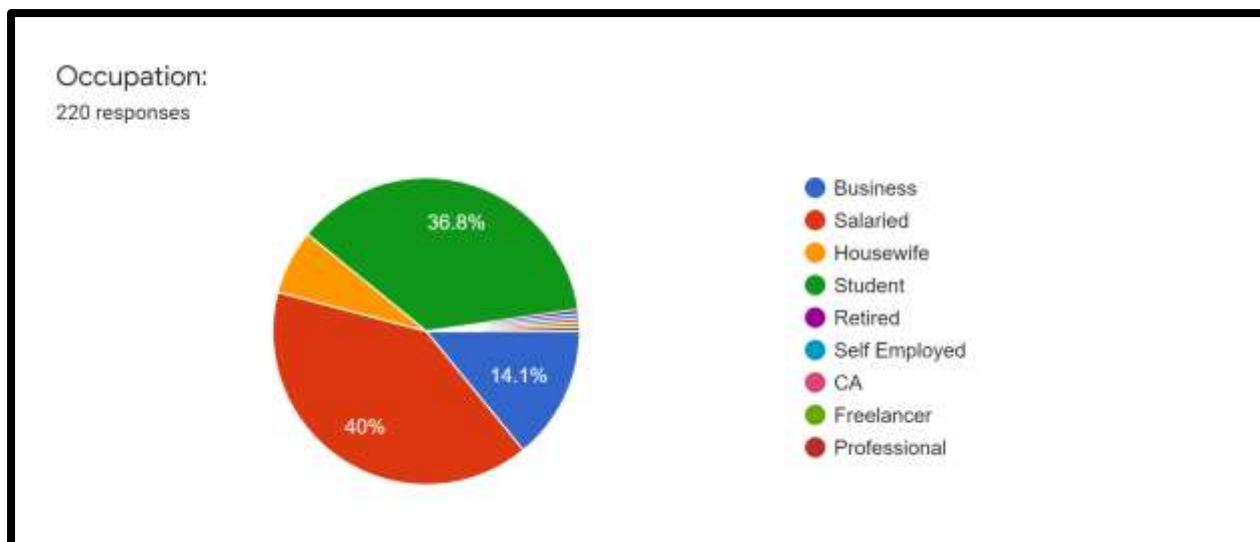### DATA ANALYSIS AND INTERPRETATION OF THE SURVEY (PRIMARY DATA)

DEMOGRAPHIC DETAILS

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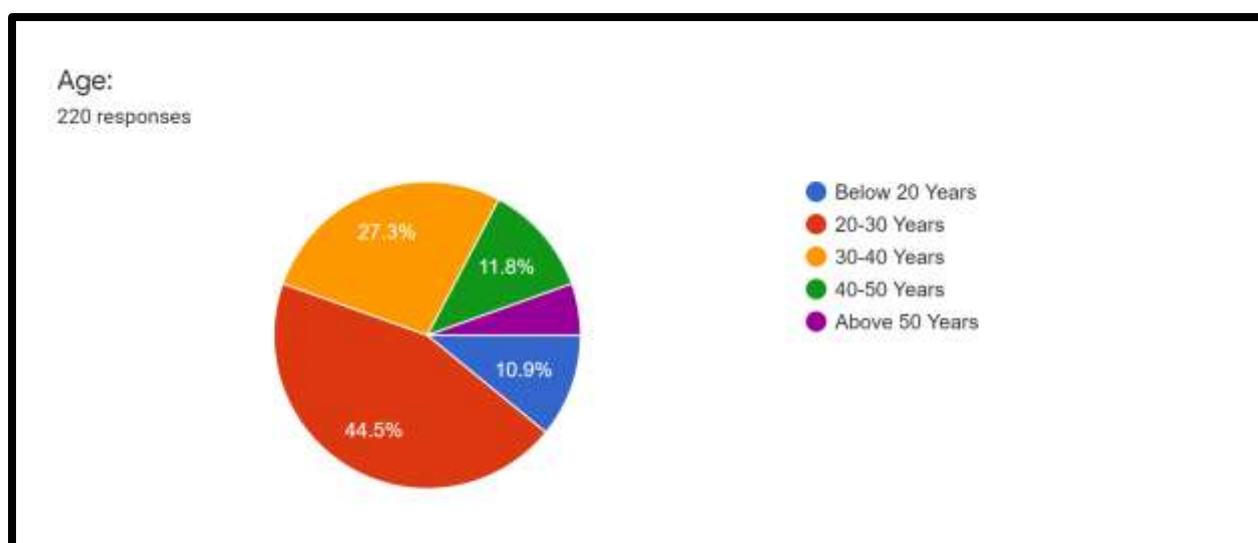
Interpretation: From the above diagram, it can be seen that 44.5% of the respondents belong to 20-30 years age bracket, 27.3% of the respondents belong to 30-40 years age bracket, 11.8% of the respondents belong to 40-50 years age bracket, 10.9% of the respondents are below 20 years of age and 5.5% of the respondents are above 50 years of age.

Gender:
220 responses

42.3% Female
57.7% Male
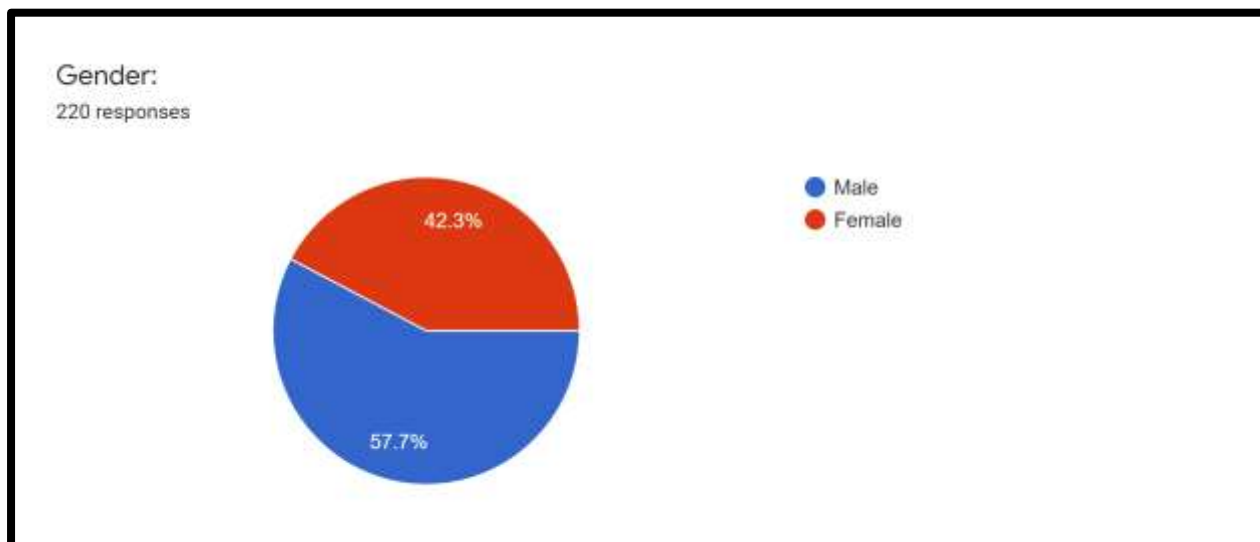
● Male
● Female

Interpretation: From the above diagram, it can be seen that 57.7% of the respondents are Males and 42.3% respondents are Females.

Occupation:
220 responses

36.8%
14.1%
40%

● Business
● Salaried
● Housewife
● Student
● Retired
● Self Employed
● CA
● Freelancer
● Professional

Interpretation: From the above diagram, it can be seen that 40% of the respondents are Salaried, 36.8% of the respondents are Students, 14.1% of the respondents are Businessman, 6.8% of the respondents are Housewives and 2.3% of the respondents fall into others category (Freelancer, Retired, Professional).
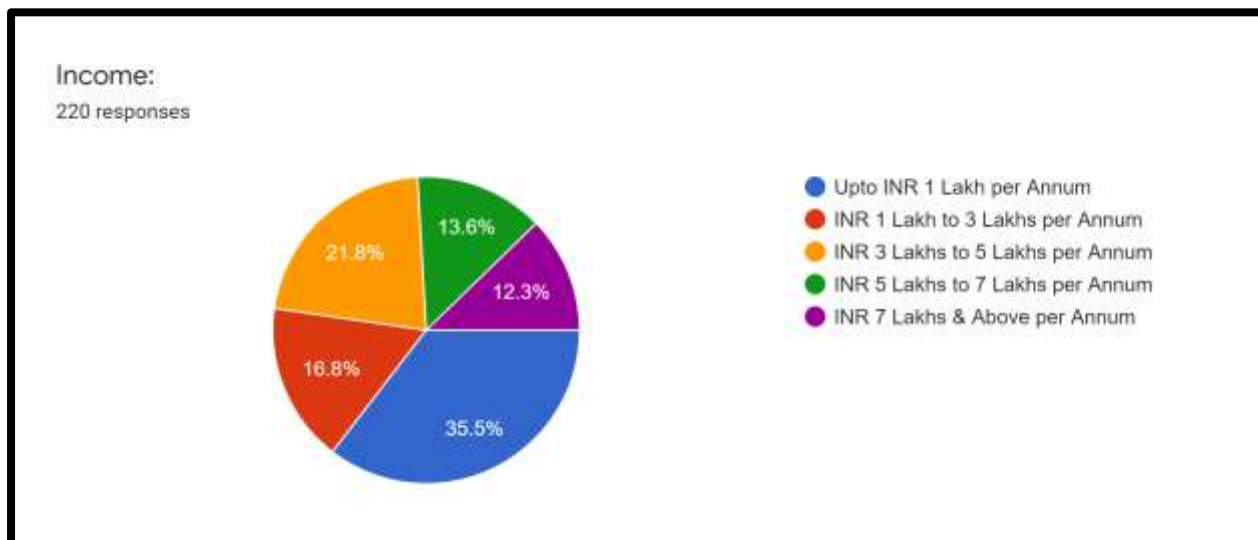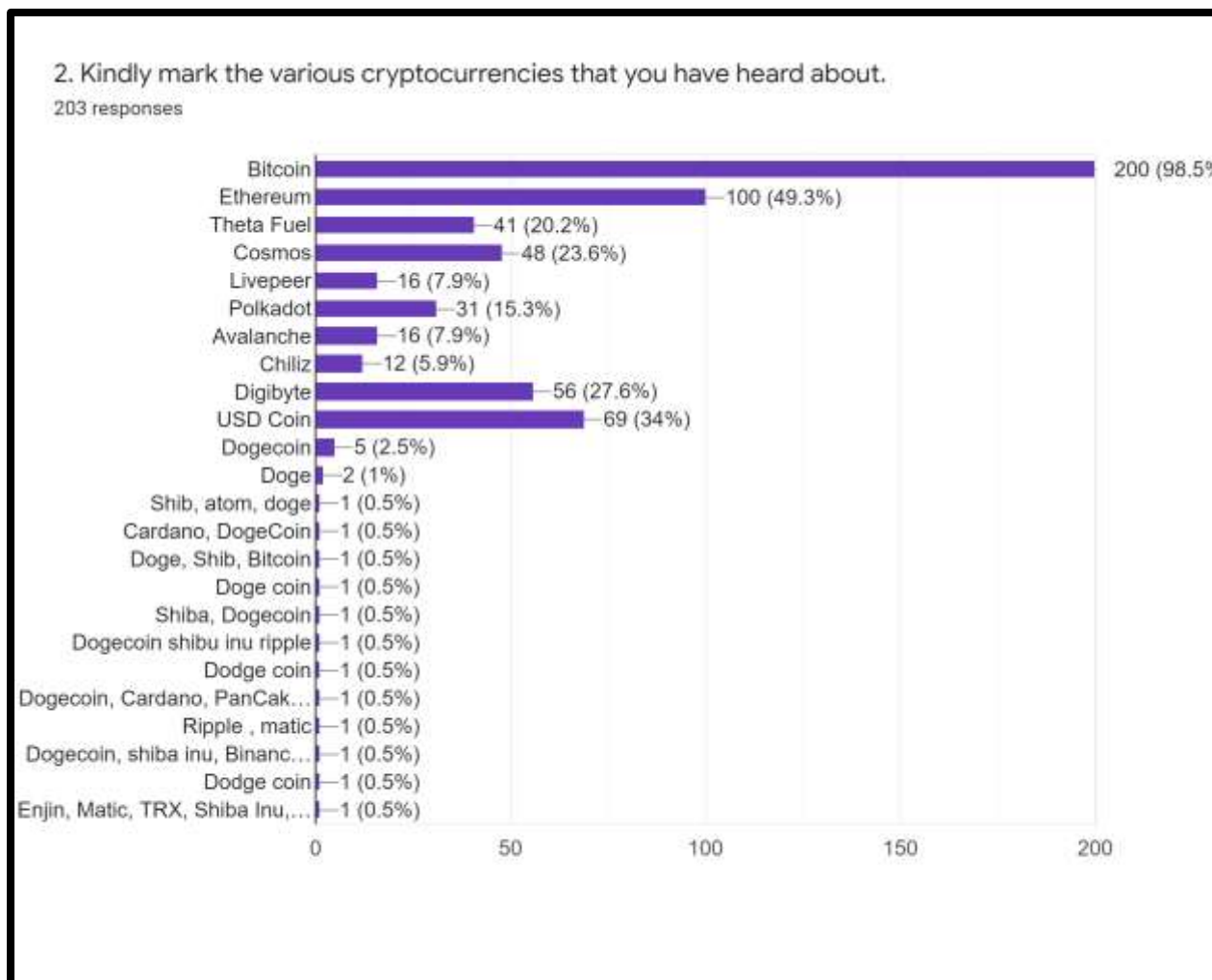
Interpretation: From the above diagram, it can be seen that 35.5% of the respondents fall in the Income bracket of Upto 1 Lakh pa, 21.8% of the respondents fall in the Income category of 3 Lakh to 5 lakhs pa, 16.8% of the respondents fall in the Income category of 1 lakh to 3 lakhs pa, 13.6% of the respondents fall in the Income category of 5 lakhs to 7 Lakhs and 12.3% of the respondents fall in the Income category of 7 Lakhs & above.
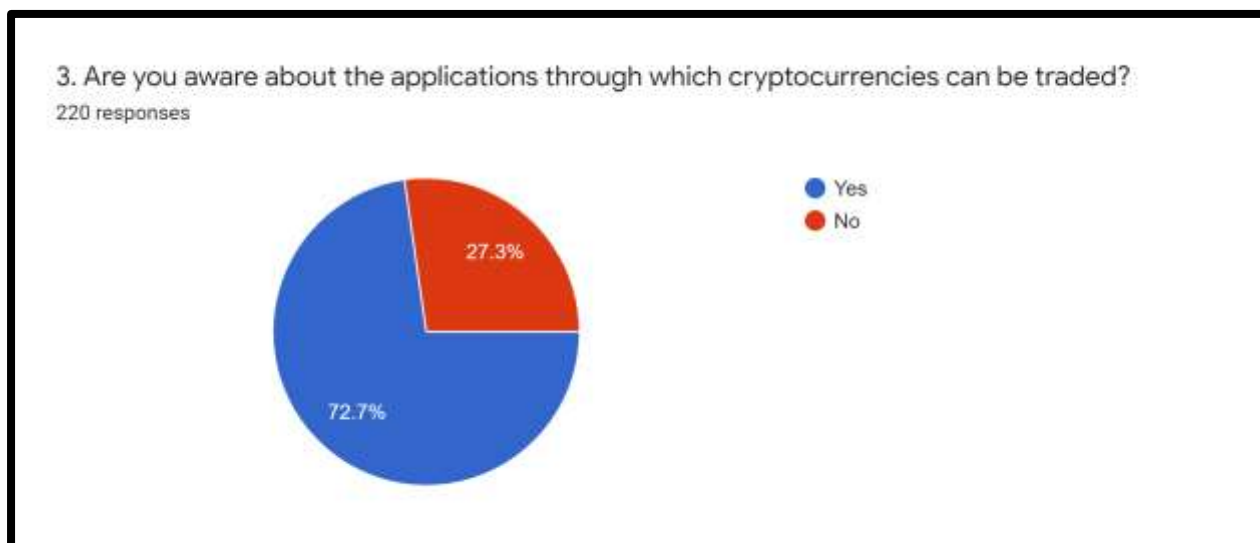
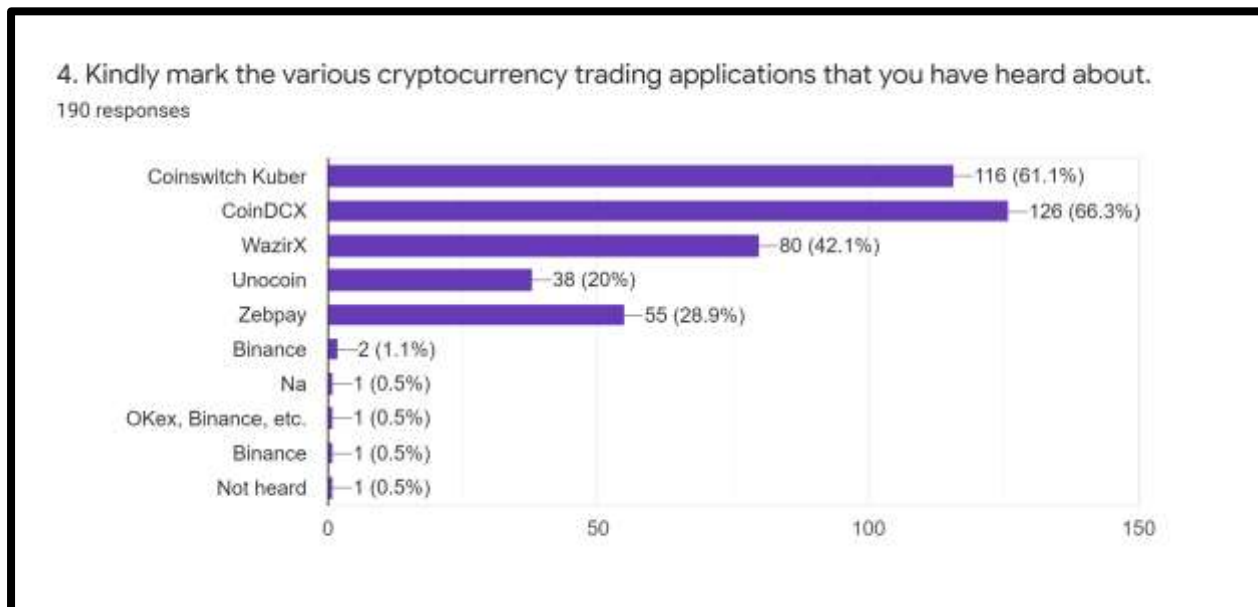## ANALYSING INVESTORS' AWARENESS ABOUT CRYPTOCURRENCY
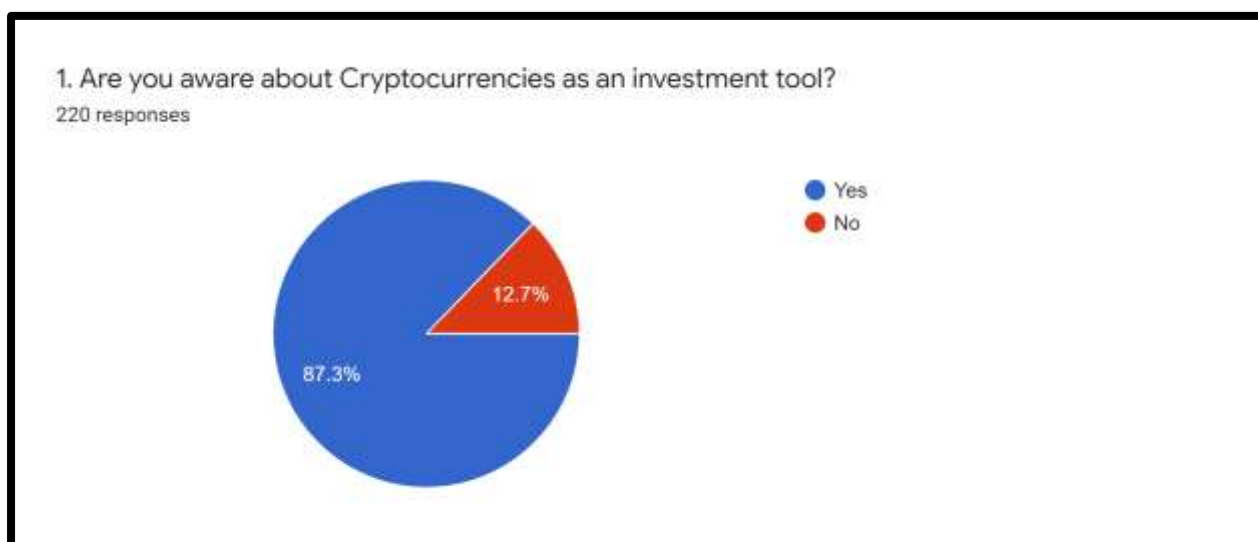
Interpretation: From the above diagram, we can interpret that 87.3% of the respondents are aware about Cryptocurrencies as an investment tool whereas only 12.7% of the respondents are unaware about the same.

Interpretation: From the above diagram, we can conclude that Bitcoin is the most known Cryptocurrency among the respondents followed by Ethereum, USD Coin, Digibyte, Cosmos, Theta Fuel, etc.
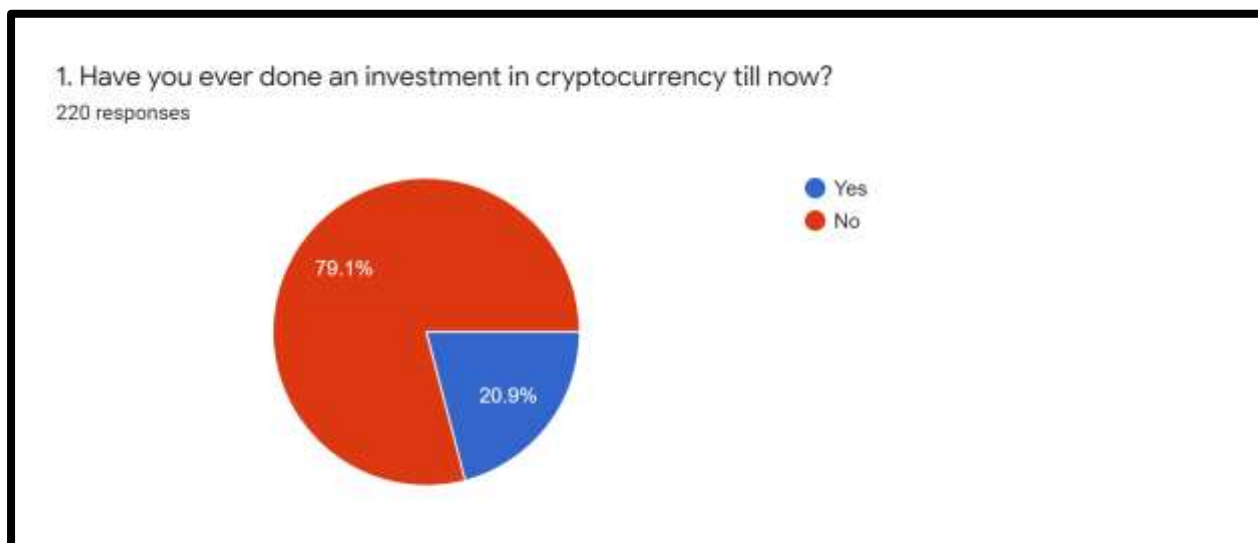
Interpretation: From the above diagram, we can interpret that 72.7% of the respondents are aware about the applications through which cryptocurrencies can be traded whereas 27.3% of the respondents are unaware about the same.
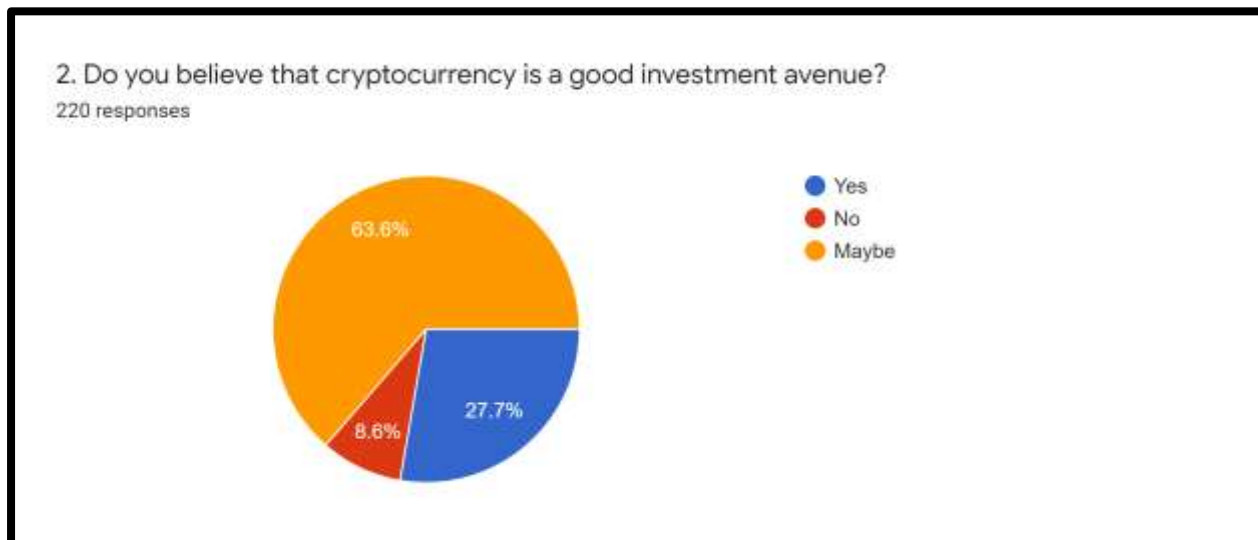

Interpretation: From the above diagram, we can conclude that CoinDCX is the most known Cryptocurrency trading application among the respondents followed by Coinswitch Kuber, WazirX, Zebpay, Unocoin, etc.

ANALYSING INVESTORS' ATTITUDE TOWARDS INVESTING IN CRYPTOCURRENCY
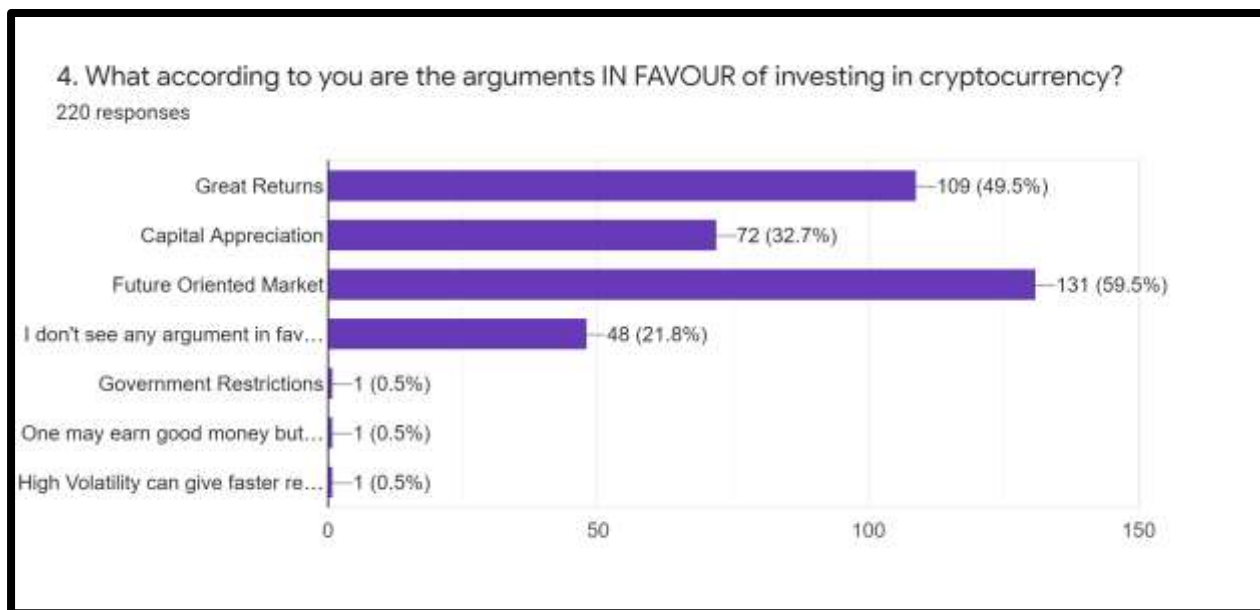

1520

Interpretation: From the above diagram, we can interpret that 79.1% of the respondents have not done any investment in cryptocurrency till date whereas only 20.9% of the respondents have invested in cryptocurrencies.
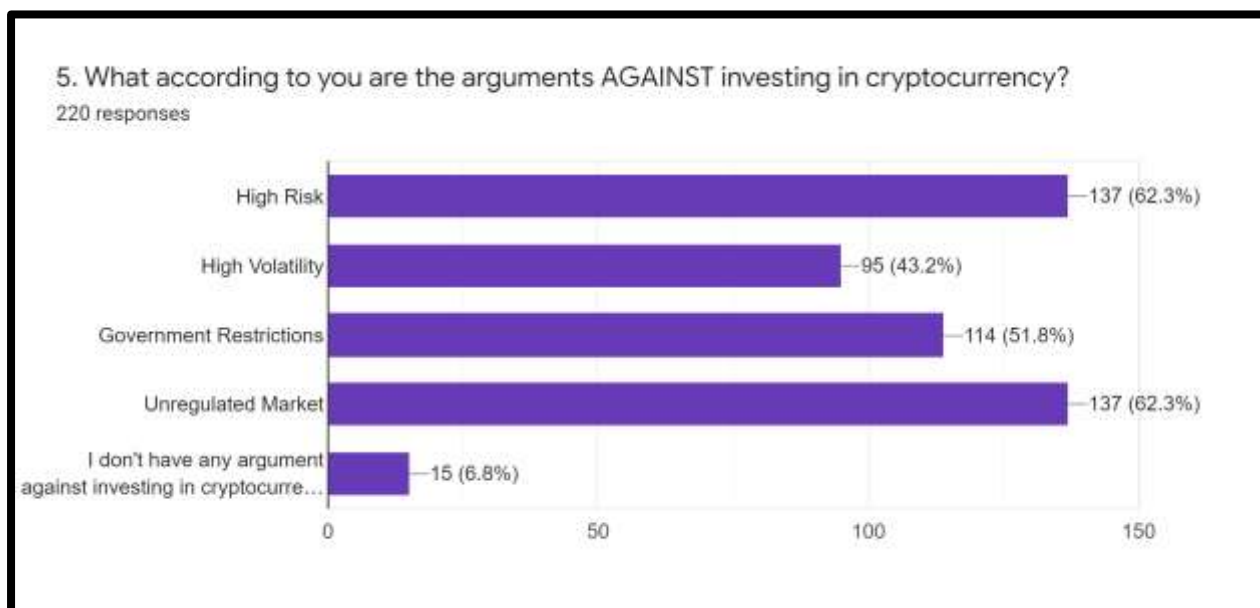

Interpretation: From the above diagram, we can interpret that the majority of the respondents believe that cryptocurrency may be considered as a good investment avenue.
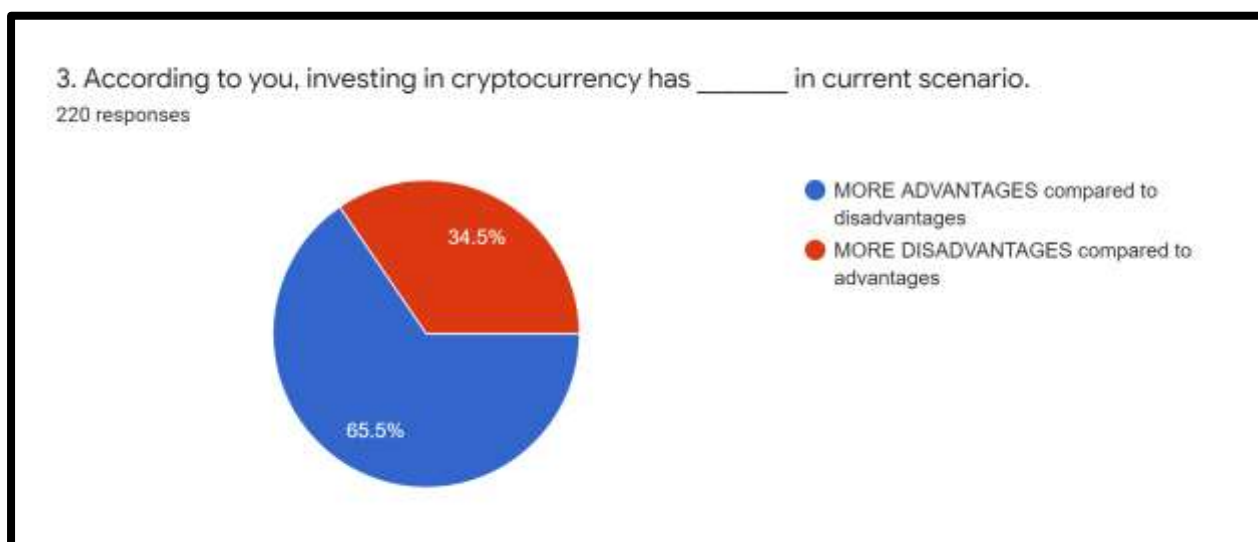
Interpretation: From the above diagram, we can interpret that the majority of the respondents believe that investing in cryptocurrency has More Advantages than Disadvantages in the current scenario.

4. What according to you are the arguments IN FAVOUR of investing in cryptocurrency?
220 responses

Great Returns — 109 (49.5%)
Capital Appreciation — 72 (32.7%)
Future Oriented Market — 131 (59.5%)
I don't see any argument in fav... — 48 (21.8%)
Government Restrictions — 1 (0.5%)
One may earn good money but... — 1 (0.5%)
High Volatility can give faster re... — 1 (0.5%)

Interpretation: From the above diagram, we can conclude that Future Oriented market is the most accepted argument IN FAVOUR of investing in cryptocurrency followed by Great Returns & Capital Appreciation.

5. What according to you are the arguments AGAINST investing in cryptocurrency?
220 responses

High Risk — 137 (62.3%)
High Volatility — 95 (43.2%)
Government Restrictions — 114 (51.8%)
Unregulated Market — 137 (62.3%)
I don't have any argument against investing in cryptocurre... — 15 (6.8%)

Interpretation: From the above diagram, we can conclude that Unregulated Market & High Risk are the most accepted arguments AGAINST investing in cryptocurrency followed by Government Restrictions and High Volatility.
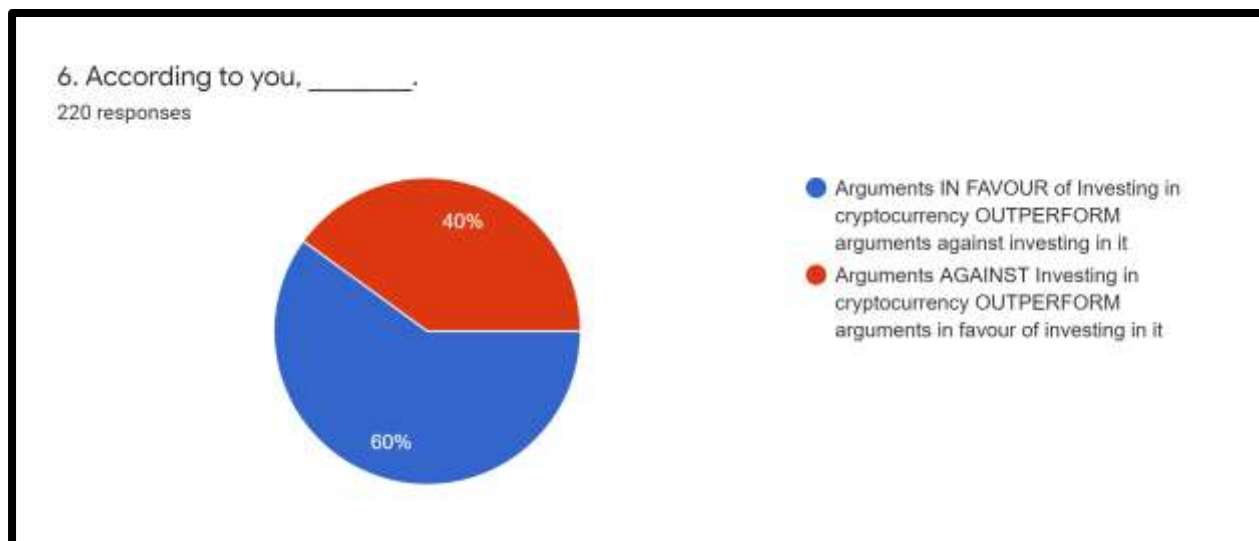
Interpretation: From the above diagram, we can interpret that majority of the respondents believe that Arguments IN FAVOUR of investing in cryptocurrency OUTPERFORM arguments against investing in it.
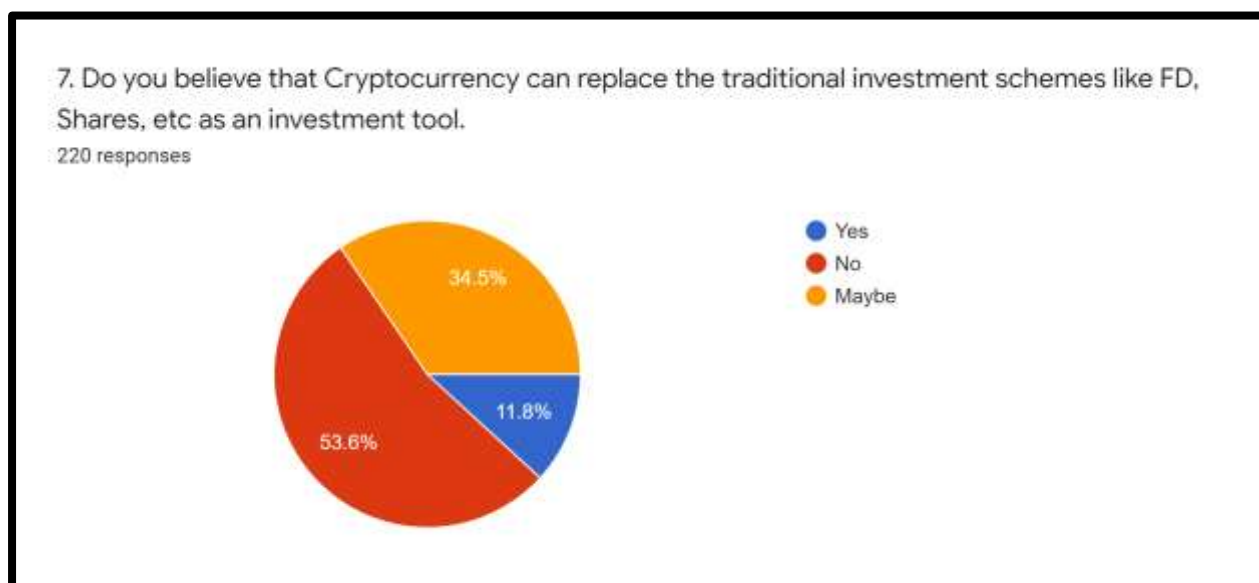
Interpretation: From the above diagram, we can interpret that 53.6% of the respondents do not believe that Cryptocurrency can replace traditional investment schemes like FD, Shares, etc.

FINDINGS AND RECOMMENDATIONS:

1. Majority of investors in Mumbai region are aware about cryptocurrency as an investment alternative, different types of cryptocurrencies and crypto trading applications as well.
2. However, majority of investors have not done any investment in cryptocurrency as of now.

3. Majority of investors do believe that cryptocurrency can be a good investment alternative and possibility of great returns serve as a major parameter for this belief.

4. However, Investors do not believe that cryptocurrency can surpass traditional investment avenues like Fixed Deposits and so on.

5. Though people are aware about cryptocurrency as an investment tool, not all are aware about the functioning of the same.

6. Awareness should be spread about the functioning of cryptocurrency, its authenticity and security. This will motivate people to invest in cryptocurrencies.

CONCLUSION:

Though people are finding cryptocurrency as an attractive investment alternatives owing to its possibility of generating good returns, most of them are **potential investors and not the actual investors.** However, lot of efforts are needed to be done to encourage investors to invest in it. Also, from the research it could be found out that in the long run, **Cryptocurrency will be able to supplement but not substitute the traditional investment schemes** owing to the attitude of investors towards those traditional schemes.

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