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EXISTING INVESTOR'S PERCEPTION TOWARDS CRYPTO CURRENCY IN BANGALORE RURAL

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INTRODUCTION

We live in a fast world, wild world that is developing at tremendous speed. Every day is an opportunity for something new to see and learn and just when you think that that's it, more comes. Initially, we were all amazed by the fact that we don't have to go to the bank to pay our bills, that we can do that with just one click on the phone. As soon as we got used to it, a new phenomenon appeared and now we have to advance and understand the appearance of the new digital currency. Investment in some kind of instrument has been popular since the early 1900s. In all likelihood, bonds and stocks have been around since the dawn of time, and more advances have been made since then. Derivative markets, options, and futures are a few cases in point. And with these advancements cropped up new opportunities and cravings to obtain more returns. All the same, with opportunities, the risks coexisted. The latest addition to these investment alternatives is cryptocurrency. Cryptocurrency is a cryptography-based digital currency, which is commonly used for buying and selling goods and services through the internet without the need for a third party. Apart from this, cryptocurrency is highly popular as an investment and is mainly used for hedging and speculation activities (Trimborn et al., 2020). The cryptocurrency began its journey with bitcoin; the first cryptocurrency ushered in 2008. Since then, many cryptocurrencies have been introduced, coming to a total of 5558 cryptocurrencies. Cryptocurrency holds significance as a transformative financial technology with several key attributes. It offers decentralized transactions, increased financial inclusion, potential for innovation in various industries through blockchain technology, and a hedge against traditional financial systems.

Keywords: Cryptocurrency, Investors, Perception

STATEMENT OF PROBLEM

Cryptocurrency market volatility challenges investors, prompting questions on risk management. The lack of a standardized regulatory framework introduces uncertainty, impacting market dynamics. Security concerns, highlighted by hacking incidents, compound challenges for investors. Questions about market maturity and long-term viability persist. As existing investors grapple with the evolving nature of this asset class, understanding their perspectives on the sustainability and potential trajectory of cryptocurrency is essential for anticipating future developments. Furthermore, information asymmetry remains a prevalent issue in cryptocurrency markets, where investors may lack access to accurate and reliable information. This study aims to explore how existing investors navigate this information gap and make informed decisions, shedding light on the efficiency and transparency of the market.

SIGNIFICANCE OF THE STUDY

In a financial landscape increasingly influenced by digital assets, understanding how investors view and engage with cryptocurrencies becomes pivotal. The findings of this study offer valuable insights that extend beyond academic realms, impacting regulatory frameworks, investment strategies, and risk management practices. Policymakers can benefit
from a nuanced understanding of investor sentiments to craft adaptive regulations, fostering innovation while ensuring investor protection. Additionally, investors, both institutional and individual, stand to gain from the study's insights, guiding their decision-making processes and risk assessments in the dynamic realm of cryptocurrency investments. As this transformative financial ecosystem continues to evolve, the study's significance lies in its potential to inform, guide, and contribute to the ongoing dialogue shaping the future of digital asset investments.

OBJECTIVES OF THE STUDY

- To study the perception among existing investors towards crypto currency.
- To study the level of awareness of crypto currency among investors.

- To study the factors considered by the investors and those which ultimately influence him while investing.
- To study how demography affects the perception of existing investors.

LITERATURE REVIEW

Krit Sittivangkul, Tosporn Arreeras, Sunida Tiwong (2022). Perception and clustering analysis towards cryptocurrency investment decision using machine learning. This research study is quantitative research by survey research using an online questionnaire data collection method of 402 respondents. The research results found that Most of them are Generation Z people interested in investing in cryptocurrencies and low to middle-income groups, most of whom are interested in BTC and ETH, the well-known crypto-currency groups. The analysis was then divided by K-Means Clustering analysis into three groups, namely "Not interested in cryptocurrencies", "Moderate-interest" and "Risk-takers" that interested in investing in cryptocurrencies. The last group has a selection to invest in a variety of cryptocurrencies, especially SOL, BNB and ADA, which are smart contract coins.

Swati Oza, Seema Malik, Varudhini Chirumamilla, Shashi Goel, and Harita Bhargava (2023). The success of cryptocurrency will largely depend on the extent to which society is willing to adopt it. Thus, this study focused on the awareness and attitude of individuals investing in cryptocurrency. The study mainly assessed the awareness level of cryptocurrency based on demographic factors and further checked the perception of people towards cryptocurrency in India. For this, the questionnaire was filled up using likert's 5-scale model. Results show that there is a significant difference in the awareness level and perception of respondents towards cryptocurrency in terms of gender and income level.

S Vidhya and TK Murugesan (2023) explores the relationship between cryptocurrency and the working age generation, focusing on the attitudes, behaviors, and outcomes associated with digital assets. It investigates whether members of the working age generation (typically defined as 18–64 years old) are more likely to use cryptocurrency compared to other age groups and whether they have a better understanding of the technology and its potential uses. The study collected data through a survey of a sample of the working age population and analyzed the results using ANOVA tests.

RESEARCH METHODOLOGY

For this research we used the descriptive research design and collected data from the respondents by using primary method, questionnaire and interaction. Reputed journals also used for understanding the information. Convenience sampling is used for identifying the respondents. Researcher collected data from 100 people from Bangalore rural area.

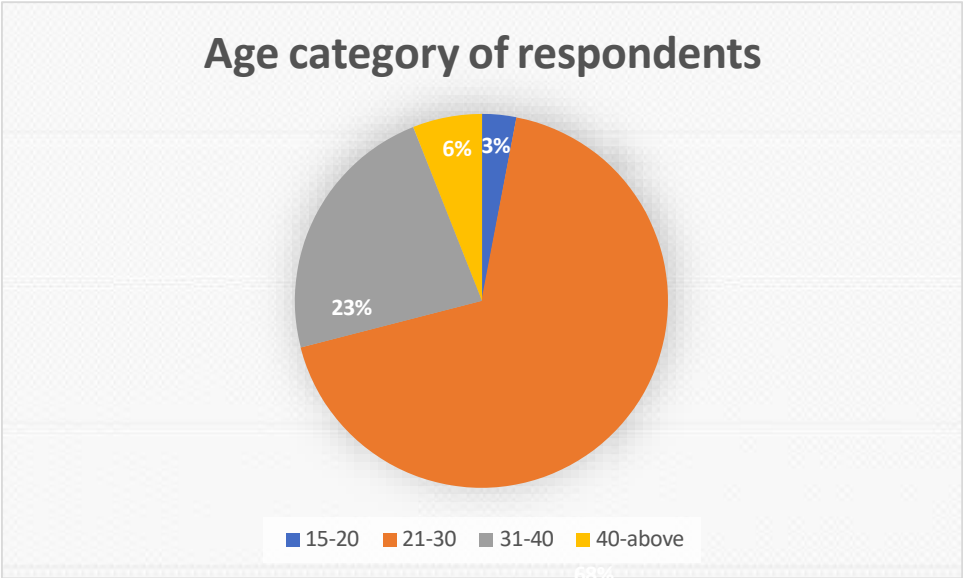
GENERAL INFORMATION

It includes general information about investors such as age, occupation and investment preferences across different investment opportunities. This also includes basic information about cryptocurrency. For example, how did the investor find out about cryptocurrency, do they own or plan to invest in cryptocurrency, and what are their investment preferences in cryptocurrency.

Age of Respondents

Age Category	Number of Respondents	Percentage
15-20	3	3
21-30	68	68
31-40	23	23
40-above	6	6
Total	100	100

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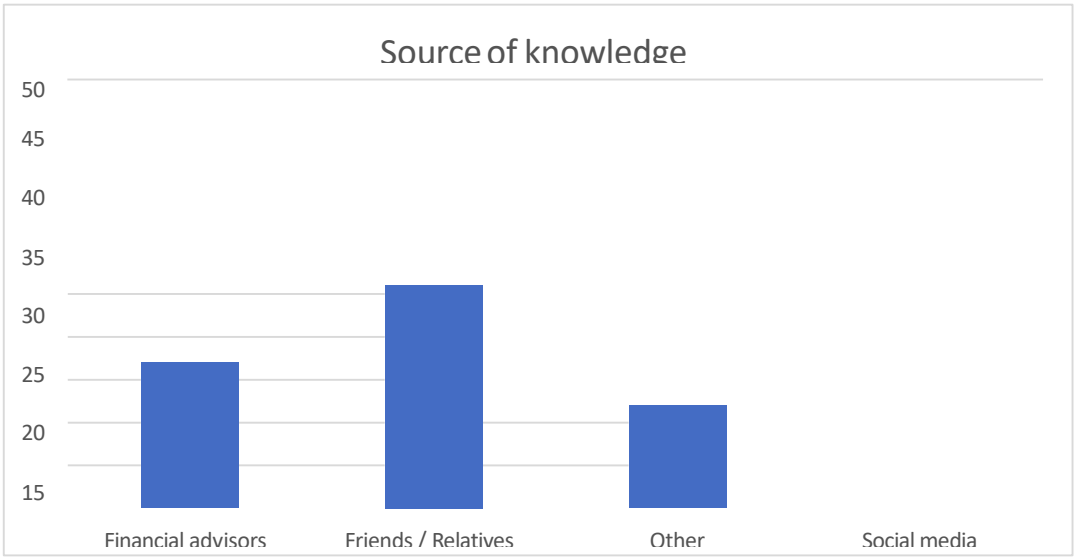


Source: Primary data collected through questionnaire

The above table and diagram show the age of respondents categorized into different age groups. It is clear that majority of the respondents belongs to the age group of 21 - 30. 68 percent of the respondents belong to the age group of 21 - 30. 23 percent of the respondents belong to the age group of 31 – 40, 6 percent of the respondents belong to the age group 40 and above and the rest, 3 percent belongs to the age group of 15-20.

Source of Knowledge of Respondent

Source	Frequency
Financial Advisors	17
Friends / Relatives	26
Other	12
Social media	45
Total	**100**



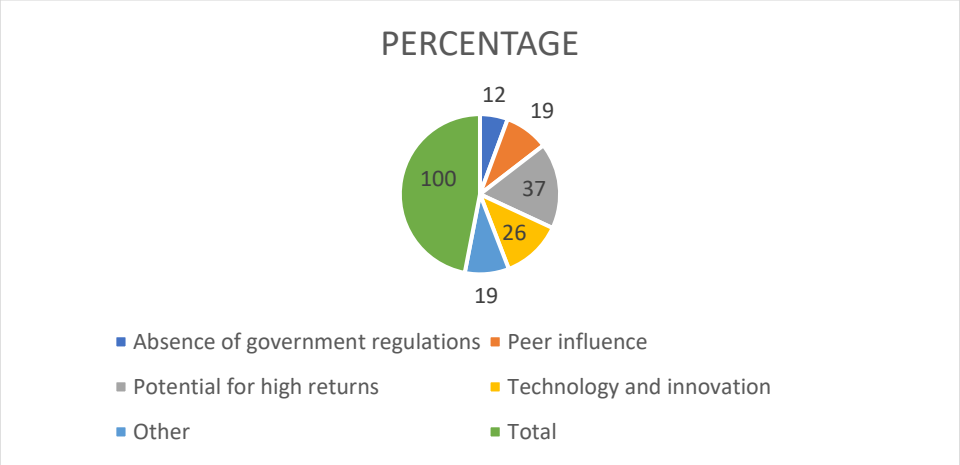
Primary Data Collected Through Questionnaire

Above table and graph depict the source of knowledge respondents. 17 percent of respondents get information from financial advisors, 26 percent of respondents get information from friends and relatives. 12 percent respondents get information from other sources and rest 45 percent get information from social media.

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Factors Influencing Perception

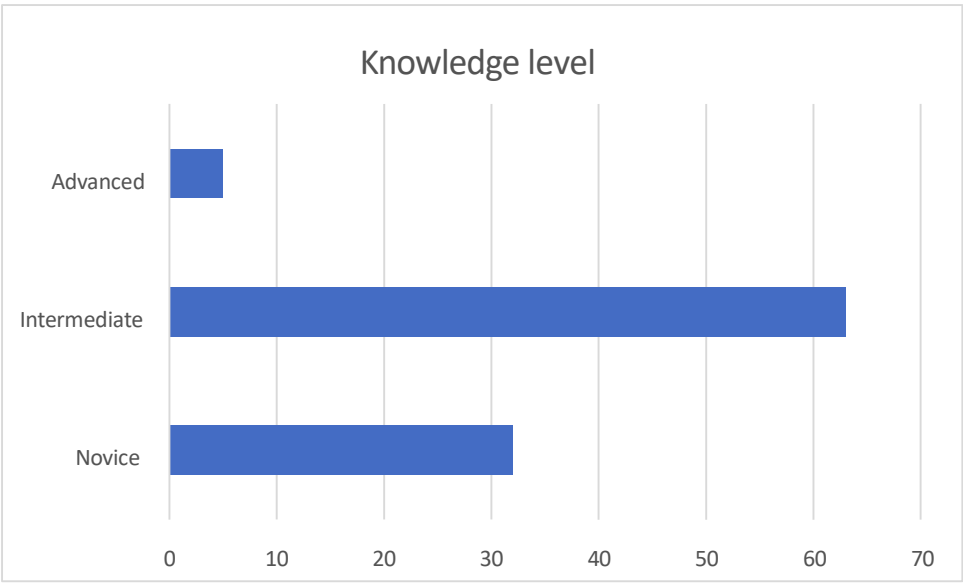
FACTORS	PERCENTAGE
Absence of government regulations	12
Peer influence	19
Potential for high returns	37
Technology and innovation	26
Other	19
Total	**100**



Above table and graph depicts that factor influencing perception. The inference drawn from these percentages is that potential for high returns (37%) is the most significant factor influencing decisions, followed by technology and innovation (26%). Peer influence (6%) and absence of government regulations (12%) also play notable roles, although to a lesser extent. Additionally, there are other factors (19%) not explicitly mentioned that also impact decision making.

Knowledge level of Investors

Knowledge Level	Frequency
Novice	5
Intermediate	63
Advanced	32
Total	**100**



Source: Primary data collected through questionnaire

Above Table and graph shows the knowledge level of investors towards crypto currency. This data suggests that the majority of individuals fall into the intermediate category (63%), indicating a moderate level of knowledge. A significant portion also falls into the advanced category (32%), suggesting a substantial understanding of the subject matter. However, the novice category represents only a small percentage (5%), indicating a minority of individuals with limited knowledge.

- There is no significant difference exists among varied age with regards to perception of investors towards cryptocurrency. (P value= .195) (one-way ANOVA)
- As the P value is greater than 0.05 with respect to factors affecting investment, the null hypothesis is failed to reject. Therefore, no significant difference exists among occupation with regards to factors affecting investment in cryptocurrency.
- Similarly, when looking at the impact of various factors on cryptocurrency investment across different occupations, the analysis showed that there's no significant difference.

FINDINGS

- Out of 100 respondent's 68 percent of the respondents belong to the age group of 21 - 30. 23 percent of the respondents belong to the age group of 31 – 40, 6 percent of the respondents belong to the age group 40 and above and the rest, 3 percent belongs to the age group of 15-20.
- Majority of investors, accounting for 56% of the total, have a positive perception of the investment option. They are likely confident in the potential returns or benefits associated with it.
- Potential for high returns is the most significant factor influencing decisions, followed by technology and innovation
- Peer influence and absence of government regulations also play notable roles, although to a lesser extent.
- Additionally, there are other factors not explicitly mentioned that also impact decision-making, accounting for 19% of considerations.

SUGGESTIONS

- Awareness levels suggests that perceptions may vary significantly among individuals, depending on their level of understanding and exposure to information.
- Those with higher levels of awareness are likely to have more informed and nuanced perceptions, while those with lower levels of awareness may form perceptions based on limited information or knowledge.
- Segment investors based on their risk tolerance and financial literacy: Develop targeted communication strategies and educational materials that cater to the specific needs and concerns of different investor groups.
- Address common misconceptions and concerns: Provide clear and accurate information about the risks and potential rewards associated with cryptocurrency investments, addressing any negative perceptions that might be hindering participation.
- Highlight success stories and positive use cases: Showcase real-world examples of successful cryptocurrency investments and the potential benefits they can offer, fostering a more positive perception among hesitant investors.
- Develop comprehensive educational resources: Create informative materials explaining the underlying technology, different types of cryptocurrencies, investment strategies, and associated risks, catering to diverse knowledge levels.

CONCLUSION

The study was aimed to analyze how the perception of investors about cryptocurrency result in a positive investment. Based on the information gathered by means of a questionnaire it was found that there is significant relation between investor perception which result in investment in cryptocurrency, thus it can be concluded for a conventional investor crypto currency is considered to be a viable investment option along the limitation and risks associated with it. Also, the influence of demographics such as age, occupation, source of information etc in cryptocurrency were insignificant in choice of existing investors towards cryptocurrency. The investors display many behavioral biases that effect on investment decision making while making investment decision therefore, other biases and factors should also be considered while making decisions

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QUESTIONNAIRE

1) Age
   - ☐ 15-20
   - ☐ 21-30
   - ☐ 31-40
   - ☐ 40-above

2) Occupation
   - ☐ Students
   - ☐ Employee
   - ☐ Professionals
   - ☐ Business
   - ☐ Others

3) Are you familiar with Crypto Currency?
   - ☐ YES
   - ☒NO

4) If not, what are the reasons that pull you back?
   - ☒Lack of knowledge
   - ☐ Security risk
   - ☐ Regulatory concern
   - ☐ Inefficient investment advisors
   - ☐ Others

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5) How much if at all have you heard or read about crypto currencies such as Bitcoin or Ethereum?

☐ A lot

☐ Some

☐ Not much

☐ Heard about it right now with this survey

6) Where do you primarily get information about crypto currency?

☐ Social media

☐ Financial advisors

☐ Friends/relatives

☐ Others

7) Do you consider cryptocurrency to be a legitimate investment option?

☐ Yes

☐ No

8) What percentage of your investment portfolio is allocated to cryptocurrencies?

☐ None

☐ upto 25%

☐ 25-50%

☐ 50-75%

☐ More than 75%

9) What factors most influence your perception of cryptocurrencies as an investment?

☐ Potential for high returns

☐ Technology and innovation

☐ Government regulations

☐ Media coverage

☐ Peer influence

☐ Others

10) How would you rate your knowledge about cryptocurrencies?
- ☐ Novice
- ☐ Intermediate
- ☐ Advanced

11) How frequently do you monitor cryptocurrency market trends?
- ☐ Daily
- ☐ Weekly
- ☐ Monthly
- ☐ Rarely
- ☐ Never

12) In your opinion, what is the most significant factor influencing cryptocurrency market fluctuations?
- ☐ Market demand and supply
- ☐ Technological advancements
- ☐ Speculation
- ☐ External economic factors
- ☐ Other

13) To what extent do government regulations impact your perception of investing in cryptocurrency?
- ☐ Not at all
- ☐ Slightly
- ☐ Moderately
- ☐ Verymuch
- ☐ Extremely

14) What risks associated with cryptocurrencies concern you the most?
- ☐ Market volatility
- ☐ Security and hacking risks
- ☐ Regulatory uncertainties
- ☐ Lack of understanding
- ☐ others

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15) Which of the following have you invested in before?

☐ I have a pension

☐ I have invested in equities

☐ I have invested in bonds

☐ I have invested in alternatives like land, gold, wine & stamps

16) In your opinion, which is riskier, investing in the stock market or investing in cryptocurrency?

☐ Stock market

☐ Cryptocurrency

☐ Both are equally risky

17) How likely are you to invest in cryptocurrency this year?

☐ Extremely likely

☐ Verylikely

☐ Somewhat likely

☐ Not at all

18) Cryptocurrency has no tangible form. Does that diminish the value that you perceive about the currency?

☐ Yes

☐ No

19) How would you rate your understanding of cryptocurrency technology and its underlying principles?

☐ Not at all aware

☐ Slightly aware

☐ Moderately aware

☐ Veryaware

☐ Extremely aware