

AWARENESS AND PERCEPTION OF CRYPTOCURRENCY AMONG GENERAL PUBLIC IN ERNAKULAM DISTRICT: A STUDY

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ABSTRACT

A cryptocurrency, crypto-currency, or crypto is a digital currency designed to work as a medium of exchange through a computer network that is not reliant on any central authority, such as a government or bank, to uphold or maintain it. It uses cryptography for security purposes such as block chain mechanism which is a way of protecting information using mathematics. This medium of exchange allows people to make payments directly to each other without the need of any intermediaries such as banks financial institutions etc. These intermediaries usually charge some fees for such transactions especially for international payments. The term cryptocurrency has gained so much attention during the last few years. Investments in cryptocurrencies like bitcoin, Ethereum Litecoin etc. have gone up around the world. But in India only a limited number of people have actual knowledge about cryptocurrencies and crypto trading. Also the legality of such trading is also a big question in our country. The purpose of the study was to determine the awareness level and perception of people about cryptocurrencies.

Keywords: *Cryptocurrency, Bitcoin, Ethereum Litecoin, Intermediaries.*

Introduction

The word cryptocurrency can be divided into two parts. CRYPTO and CURRENCY. The first part crypto relates to cryptography which is the process of converting ordinary plain text into inscrutable text and vice versa by means of algorithm or series of mathematical operation. It is a method of storing data and information in a complex cryptic form so that only those for whom it is intended can read and process it. The second part currency is a medium of exchange. It is money in the form of paper or coins regulated and issued by a government and generally accepted as a method of payment. Hence cryptocurrency is a digital currency or virtual form of cash. It cannot be seen or touched. Moreover it is a decentralized system and has no central authority to control and regulate. Cryptocurrencies are of different types. Till date there are more than 5000 cryptocurrencies in the market. For the convenience of the study we have focused on 6 top most cryptocurrencies that are actively being traded around the globe namely Bitcoin, Ethereum, Litecoin, Ripple XRP, NEO and IOTA.

In 2009, the first cryptocurrency, Bitcoin was invented by Satoshi Nakamoto which is presumably a pseudonym for a person or a group of people. He released a white paper explaining the foundations of bitcoin and blockchain technology. He put forward the idea of a peer to peer network that would eliminate the need of a trusted third party to prevent double spending. According to him the current financial system had the inherent weakness of a trust based model. The financial institutions that played the role of trusted intermediary increased the cost of transaction. The new cryptocurrency bitcoin claimed to overrule the need of this intermediary. There are more than 5000 cryptocurrencies in the world. For the convenience of the study we have focused 6 cryptocurrencies that are most common and popular.

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Review of Literature

Mukund Gupta, Dr. Teena Bagga (2017) in their research paper "STUDY OF CONSUMER AWARENESS ON CRYPTOCURRENCY IN INDIA" attempted to study about the awareness of consumers about cryptocurrencies in India and also various factors that influence the adoption of cryptocurrencies. The research shows that majority of the respondents are aware of cryptocurrencies but had no experience of using it. Majority are of the opinion that use of cryptocurrencies will increase in the future. They have also remarked that acceptance of cryptocurrencies by commercial banks and e commerce websites will definitely boost confidence and trust in the minds of people and encourage its use in future.

Monia Milutinovic (2018) prepared a paper titled "CRYPTOCURRENCY" discussing the theme of cryptocurrencies and their types. It also addresses the role of economic cryptocurrencies in economic growth and the cryptocurrencies market in Siberia and Switzerland.

Dr. Vijeta Banwari (2017), through the paper "CRYPTOCURRENCY - SCOPE IN INDIA" attempts to study the SWOT analysis of cryptocurrencies and its scope in India. The study reveals that Bitcoin is the most popular cryptocurrency. It was found that despite the ban on cryptocurrencies, it is becoming increasingly popular and in fact many government organizations have adopted blockchain technology.

Significance of the Study

Money has evolved over the centuries. From coins and papers to plastic cards and digital wallet, money has taken up different forms. Technology and innovation has enabled and encouraged the invention of different types of money and trade. The new form of money i.e. cryptocurrency has marked a new beginning in trade and commerce. Cryptocurrency is a new-age technology-based digital currency that is progressively gaining its popularity. It is primarily utilised as an investment tool and is quite volatile. So, it is vital to study the awareness level and perception of people in Ernakulam city about cryptocurrencies.

Statement of the Problem

The purpose of the study is to determine the knowledge of people about cryptocurrencies. The term cryptocurrency has gained so much attention during the last few years. Investments in cryptocurrencies like bitcoin, Ethereum Litecoin etc. have gone up around the world. But in India, only a limited number of people have actual knowledge about cryptocurrencies and crypto trading. Also the legality of such trading is also a big question in our country. But our Finance Minister, Nirmala Sitaraman, declared in the Union Budget 2022 that the central bank will shortly establish a bank-backed digital rupee. Cryptocurrencies have been around for almost a decade, but it is still unclear whether they will ever achieve the status of true currency or whether they will stay a component of an investment portfolio. People are also unaware of the value of cryptocurrencies, and many mistakenly believe it to be a kind of illegal activity. Hence the study aimed to identify the awareness and perception of people in Ernakulam District towards cryptocurrency.

Objectives

- To identify the awareness level of respondents in Ernakulam City about cryptocurrencies
- To study the perception and attitude of people towards cryptocurrencies

Research Methodology

Descriptive analysis has been carried to study the awareness and perception of people in Ernakulam City towards cryptocurrencies. For the study both primary data and secondary data were collected. Primary data was collected from 60 respondents in Ernakulam District with the help of questionnaire using convenience sampling method. Secondary data is collected from various text books, journals, websites etc. For the analysis of data collected, various statistical tools like tables, charts, graphs, ranks, percentages etc. were selected.

Findings, Suggestions & Conclusions

Table 1: Age Wise Classification

Age	Percentage	No. of Respondents
18-24	13.33	8
25-34	55	33
35-44	5	3
45-54	13.33	8
55-64	10	6
64 above	3.33	2
Total	100	60

Source – primary data

The above table indicates that 13.33% of respondents were of the age 18-24, 55% of them were of the age 25-34, 55% belonged to the category 35-44, 13.33% were of the age 45-54, 10% from 55-64 and 3.33% belonged to the age group 64 and above.

Table 2: Gender Wise Classification

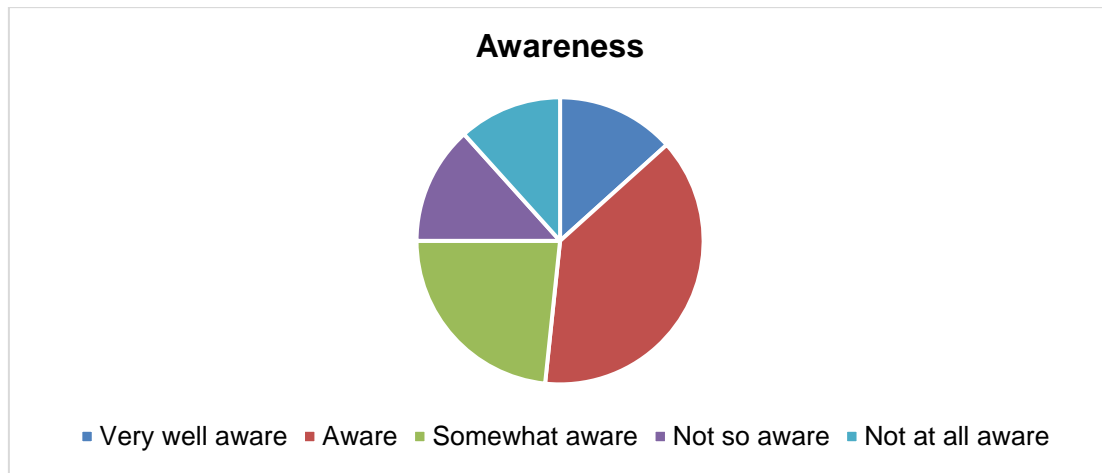
Gender	Percentage	No. of Respondents
Male	75	45
Female	23.33	14
Prefer not to say	1.67	1
Total	100	60

Source – primary data

Interpretation

From the above table, it is clear that 45 respondents were male and 14 were female. The rest one respondent did not prefer to say the gender.

Figure 1: Awareness about Cryptocurrencies

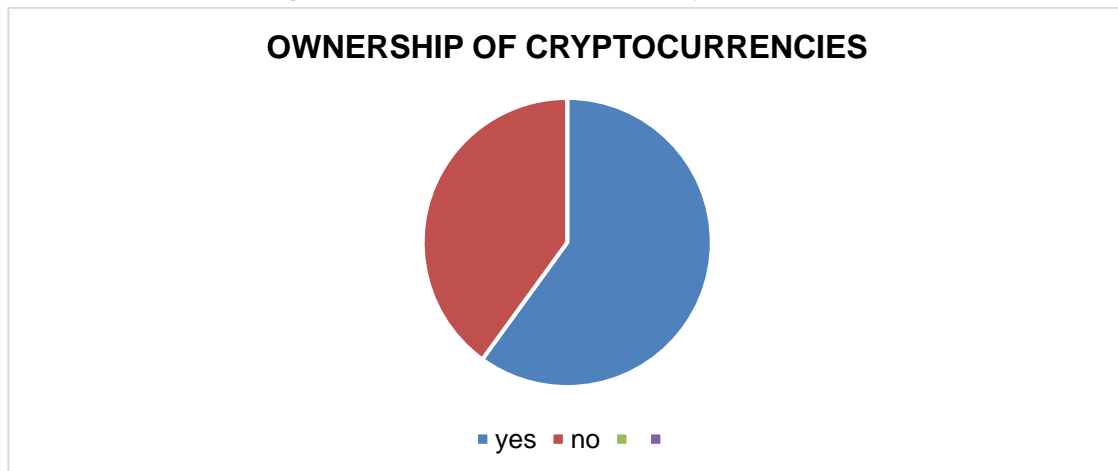


Source: primary data

Interpretation

From the above chart it is clear that, 13.33% of the respondents are very well aware about cryptocurrencies. 38.33 % are aware and 23.33% are somewhat aware. 13.33% are not so aware and the remaining 11.67% are not at all aware about cryptocurrencies.

Figure 2: Respondents Who Owns Cryptocurrencies



Source – primary data

Interpretation

The above chart indicates that 60% of the respondents own cryptocurrency and the remaining 40% does not own any cryptocurrency.

Table 3: Ranks to Cryptocurrencies based on Respondent’s Preference

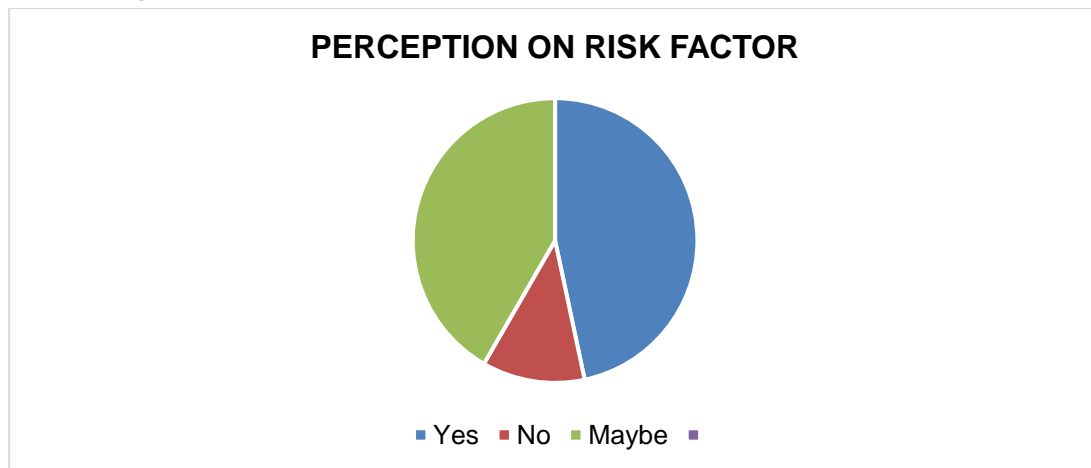
Name	Percentage	Rank
Bitcoin	66.20	1
Ethereum	19.70	2
Litecoin	4.23	3
Ripple XRP	2.82	4
NEO	2.82	4
IOTA	4.23	3

Source – primary data

Interpretation

66.20% of the respondents prefer Bitcoin, 19.72% Ethereum, 4.23% Litecoin, 2.82% Ripple XRP, 2.82% NEO, and 4.23 % IOTA.

Figure 3: Classification Based on Opinion of Respondents about Risk Factor

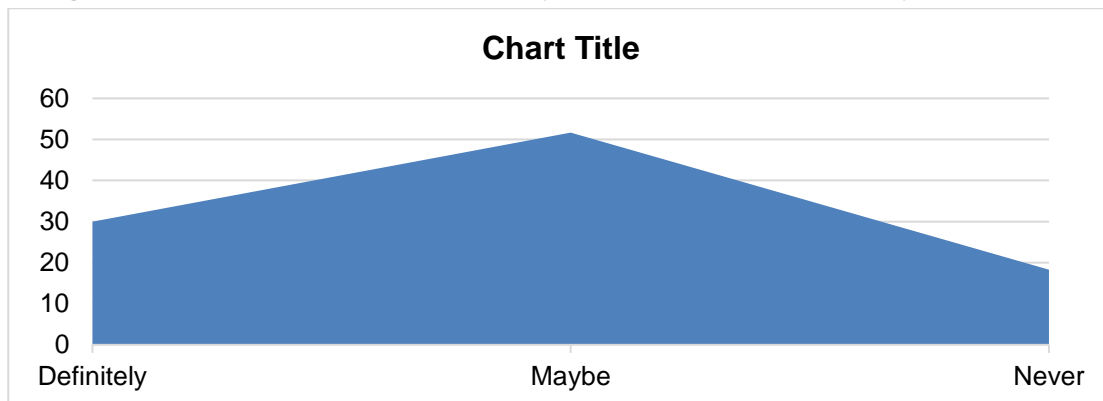


Source – primary data

Interpretation

The figure indicates that 46.67% of the respondents think that investments in cryptocurrencies are risky. 11.67% think that investments are not risky. 41.67% think investing in cryptocurrencies may be risky.

Figure 3: Classification based on how Likely Respondents will Invest in Cryptocurrencies



Source – primary data

Interpretation

The above figure shows that 30% of the respondents will definitely invest in cryptocurrencies, 51.67% may invest and 18.33% will never invest.

Findings

Majority of the respondents are aware about cryptocurrencies but are not very well aware about the concept. Among the six different cryptocurrencies, Bitcoin seems to be the mostly heard cryptocurrencies by the respondents.

Majority of the respondents are likely to invest in cryptocurrencies. 30% says that they will definitely invest and 51.67% of respondents may invest in cryptocurrencies. Cryptocurrencies seem to have drawn curiosity and interest in people. Most of the respondents are aware about the term and interested in investments. Although they are aware about the term, they lack adequate knowledge about how exactly cryptocurrencies work.

Majority of the respondents are hesitant to invest in cryptocurrencies due to the risk aspect and the lack of government and regulatory oversight.

Suggestions

- Proper awareness and knowledge about the working principle behind the concept and the technology used should be given to the people.
- Uncertainties and instability regarding the legal status create doubts and fears among the people. Hence government should provide for legislation of cryptocurrencies in India.
- Acceptance of cryptocurrencies by commercial banks and financial institutions will build confidence and trust among people.

Conclusion

In recent years, cryptocurrencies have attracted a lot of attention. The purpose of this study was to determine people's level of awareness and perception of these new age currencies. These virtual currencies have piqued the interest of the respondents. Based on the data, it can be stated that the general public is aware of cryptocurrency and would like to include it in their investment portfolio. However, they are hesitant to invest in cryptocurrency due to the risk aspect and the lack of government and regulatory oversight.

However, the present government appears to be taking some positive first measures in regards to cryptocurrency. The Union government introduced Central Bank Digital Currency (CBDC) in Budget 2022, which will strengthen the digital economy. It is planned that the RBI release a Digital Rupee based on blockchain and other technologies, which will be issued this year.

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