

The Awareness of Cryptocurrencies in South India

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ABSTRACT

The word cryptocurrency has become the most speculated topic in the recent two years. With disruptive technology in place, these digital "currencies" have become a household name. The year 2017 saw a massive 2000% rise in the value of bitcoins, throwing light into what cryptocurrencies are and the underlying blockchain technology they work on. However, India accepting this form of currency as legal tender is a distant possibility. This study was undertaken to understand the level of awareness about cryptocurrencies among a sample of individuals of various age groups from South India. The statistical tool used to find the association between age, educational qualification and sex as against awareness, was correlation.

1. Introduction

Cryptocurrencies are emerging as the most sought-after medium of digital currencies in the recent times. They are decentralized currencies that work on Blockchain technology which is further enhanced through levels of encryption using digital signatures and hash functions, making it almost impossible for hackers to break into such networks. But going into the intricacies of their operation and their fair amount of usage in the illegal markets, there remains a cloud of speculation amongst Indian governments and investors whether there will be a way forward with such technology being introduced into our lives, beyond the purview of exchange-traded currencies.

Bitcoin, the original and most widely used digital currency, goes hand in hand with blockchain technology. It first gained popularity when an anonymous person (or group) of the name Satoshi Nakamoto published a paper in 2009 about a sort of peer-to-peer network of electronic cash systems (the block chain) that would eliminate the need of governance from any financial institution. This can be a game changer in how our economy works. Blockchain can be a revolution and can change the way we interact with people, systems and institutions. But, before we introduce blockchain into our daily lives, isn't it fundamentally important for those who will be impacted by it, to know about it?

2. Review of literature

- a) In the article **THE POLITICAL ECONOMY OF BITCOIN (2015)** by, Joshua R. Hendrikson; Thomas L. Hogan; William J. Luther we can see that the recent growth of bitcoins has been beneficial to the users but stands as a threat to the government. This concern has led to some governments banning the use of bitcoins or taking steps to discourage the use of bitcoins. In a model with endogenous coordinating and arbitrary utilization inclinations, we locate numerous money related equilibria incorporating one in which bitcoin coincides with official cash. It can be recognized that the conditions under which government exchanges arrangement may prevent the utilization of bitcoin. It is demonstrated in the article

that such an arrangement turns out to be more troublesome if a few clients entirely lean toward bitcoin because they can stay away from different clients holding the official money in the coordinating procedure.

- b) In his article, **THE INEFFICIENCY OF BITCOIN (2016)**, Andrew Urquhart states that Bitcoin has gotten much consideration in the media and by financial specialists as of late, although there remain incredulity and an absence of comprehension of this digital currency. Through a series of tests, it has been proved that profits are essentially wasteful over the full example taken, yet when the example is split into two subsample periods, it can be observed that a few tests demonstrate that Bitcoin is productive in the last time frame. In this way, we reason that Bitcoin in a wasteful market, however, might be moving towards an effective market.
- c) From the article, **BITCOIN AS A COMPLEMENT TO EMERGING MARKET CURRENCIES (2016)**, published by Jon Carrick, Bitcoin is a computerized cash that has increased its significance as a financial instrument. This article concentrates to look at Bitcoin's utilization as a supplement to developing markets monetary forms; more particularly, examination of the esteem and unpredictability of Bitcoin in respect to developing business sector monetary standards and investigate manners by which Bitcoin can supplement developing business sector monetary standards. The outcomes propose that Bitcoin has qualities that make it appropriate to fill in as a supplement to developing business sector monetary forms and that there are approaches to limit Bitcoin's limitations or threats.
- d) The article, **RESEARCH PERSPECTIVES AND CHALLENGES FOR BITCOIN AND CRYPTOCURRENCIES (2015)**, authored by, Joseph Bonneau; Andrew Miller; Jeremy Clark; Arvind Narayanan; Joshua A. Kroll; Edward W. Felton

considers the development of Bitcoin as the best cryptographic cash ever. Bitcoin developed to involve billions of dollars of monetary incentive notwithstanding just superficial investigation of the framework's plan. From that point forward a developing writing has distinguished covered up yet vital properties of the framework, found assaults, proposed promising choices, and singled out troublesome future difficulties. The open-source network has proposed and sent various changes and augmentations. The primary efficient piece Bitcoin and the many other cryptocurrencies 'altcoins.' From a scattered group of learning, the three key segments of Bitcoin's plan that can be decoupled has been distinguished. This necessitates a keener examination of Bitcoin's properties and future strength. It reviews the issues in Bitcoin and gives an assessment system for dissecting an assortment of security upgrading recommendations. Finally, few new experiences on what we term disinter intervention conventions, which acquit the requirement for confided in middle people in an intriguing arrangement of uses. The article distinguishes three general disinter intervention techniques and give an itemized examination.

e) Andrew Phillip; Jennifer S.K Chan; Shelton Peiris, in their article, **A NEW LOOK AT CRYPTOCURRENCIES (2018)**, is concerned about the complexities of Cryptocurrencies as they are yet to be considered. New proof recommends the most mainstream Cryptocurrency, Bitcoin, shows numerous assorted adapted certainties including long memory and heteroskedasticity. This note consolidates a significant number of these characteristics into a model to restrictively quantify the differed idea of Cryptocurrencies. Understanding these properties will encourage the assessment of investments. The model is fit to 224 different Cryptocurrencies to figure out which of these properties exist. It is discovered that Cryptocurrencies, have a few several unique properties including leverage effects and Student-t error distribution.

3. Objectives of the study

To understand the level of awareness among the people of South India regarding cryptocurrencies.

To form the basis for further study of 'introduction of blockchain in our daily lives', specifically in the following fields:

1. Health care
2. Education
3. Government administration
4. Charity

4. Research Methodology

This research has been carried out using primary data. The subject matter is to gain an insight into the awareness of various age groups across South India regarding the existence of cryptocurrencies and how they function.

a) Data Collection:

Data was collected using a questionnaire that was distributed using Google Forms, we have considered a sample size of 101

b) Data Analysis Method

The data analysis method used is correlation of primary data.

c) Hypothesis

Age and the awareness about cryptocurrencies	H0	The age of the person and knowledge about cryptocurrencies are not related.
	H1	The age of the person and knowledge about cryptocurrencies are related.
Educational qualification and Awareness about cryptocurrencies	H0	The educational qualification of the person and knowledge about cryptocurrencies are not related.
	H1	The educational qualification of the person and knowledge about cryptocurrencies are related.

d) Limitations

- 1) The research focuses only on south India and hence results may not show a true view of level of awareness in India.
- 2) The sample size is small.

5. Data Analysis and Interpretation

Table 1-Correlation between Age and Awareness

CORRELATIONS		Awareness	Age
Awareness	Pearson Correlation	1	-0.276*
	Single two tailed test		.005
	N	101	101
Age	Pearson Correlation	-0.276*	
	Single two tailed test	0.005	
	N	101	101
*Correlation is significant at the 0.01 level(2-tailed)			

The above table 1 shows the correlation between age and the awareness of cryptocurrency. The data exhibits a negative correlation (-0.276). It can be inferred from the data that the age of a person and his/her awareness about cryptocurrencies is not related and hence the awareness about cryptocurrencies does not depend on age factor. This proves H0.

Table 2-Correlation between education level and awareness

CORRELATIONS		Awareness	Education level
Awareness	Pearson Correlation	1	-0.113
	Single two tailed test		0.262
	N	101	101
Education level	Pearson Correlation	-0.113	1

	Single two tailed test	0.262	
	N	101	101

The above table 2 shows the correlation between education level and the awareness of cryptocurrency. The data exhibits a negative correlation (-0.113). It can be inferred from the data that the education level of a person and his/her awareness about cryptocurrencies is not related and hence the awareness about cryptocurrencies does not depend on education level of individual. This proves H0.

Overall view of awareness

Chart 1

Simple Bar Count of heardof

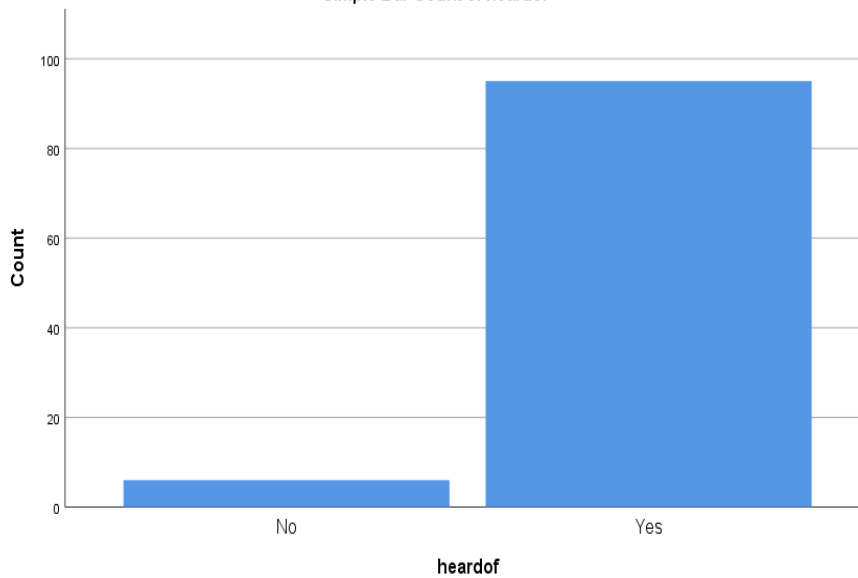
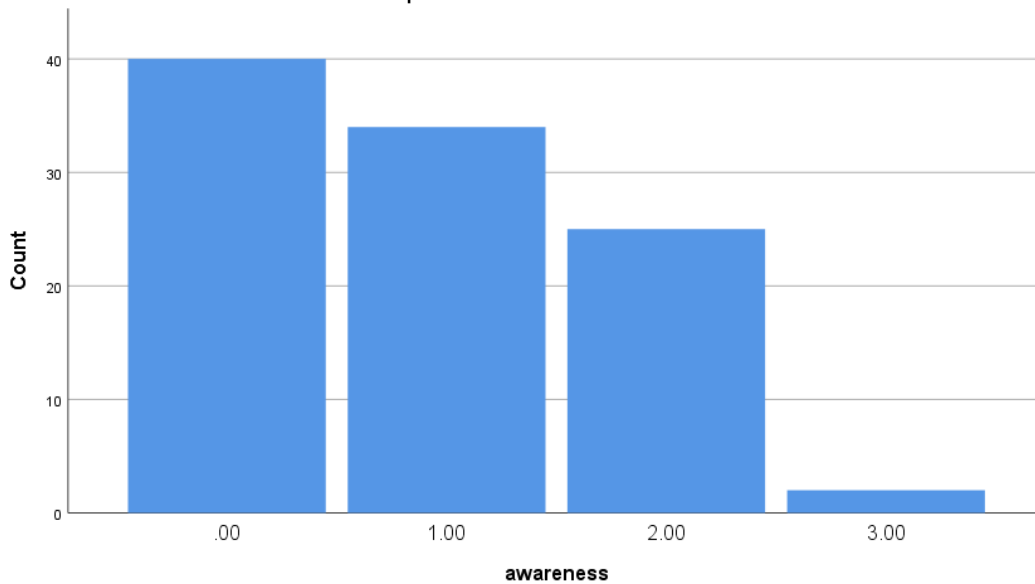


Chart 2

Simple Bar Count of awareness



0- Zero level of awareness
 1- Low level of awareness

- 2- Moderate level of awareness
- 3- High level of awareness

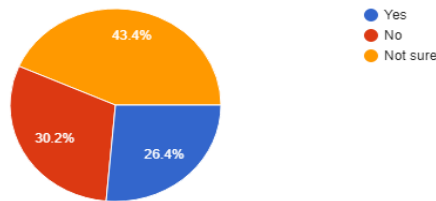
An analysis of the chart 1 and 2 above, gives an insight into the percentage of people who have heard of cryptocurrencies and the percentage of respondents who have general awareness about them. From chart 1, it can be deduced that almost 93% of the respondents have heard of cryptocurrencies. However, a further reading using chart 2

gives the information that even though a massive percentage have heard of cryptocurrencies, the awareness level is very low. The table below gives an insight that a cumulative of 73% have very low level of awareness. A moderate level of awareness is seen amongst 25% and only 2% of respondents claim to have high level of awareness.

		Frequency	Valid Percent	Cumulative Percent
Valid	00	40	39.6	39.6
	1	34	33.7	73.3
	2	25	24.8	98
	3	2	2	100
	Total	101	100	

Many countries like Japan have accepted bitcoin as legal tender. Do you think India would do so?

106 responses

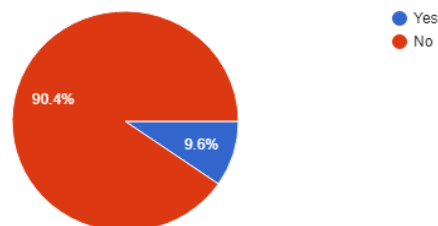


An understanding of the above chart throws light into the acceptance level of cryptocurrency (here, bitcoin) in India. Majority of the respondents are not very sure of the future of these virtual currencies in the Indian markets. There is very

thin difference between the respondents who agree that India should allow bitcoin into its economy and those who don't agree to this. It would be a very interesting event when in the future, the government would contemplate its introduction.

Have you ever bought any Cryptocurrency?

104 responses

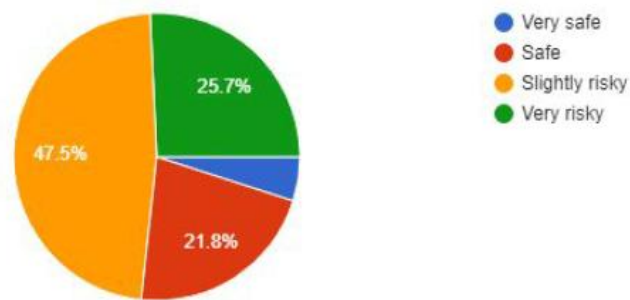


The startling difference between the positive and negative response is perhaps a hint at the unawareness about the cryptocurrencies and shows that people are not ready to invest

in such assets unless they are backed by protocol or the banks in general.

How far do you think trading in Cryptocurrency is safe?

101 responses



Most of the respondents feel that trading in cryptocurrency is a little risky compared to traditional trading in stocks and shares. This is again a hint that not many would feel comfortable trading in a virtual currency, whose use, they would not have control over. Almost negligible percent of respondents feel that cryptocurrencies fall under the umbrella of a "safe investment"

6. Conclusion

If the government would anytime contemplate the introduction of cryptocurrencies in India, it should spread general awareness about their trading so that it would encourage more participants to enter the virtual market. However, we feel that India has a long way to go before such currencies are made legal tender. Perhaps with the understanding about how the blockchain technology works, the masses would have a better insight into how the cryptocurrencies work.

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