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## CRYPTO CURRENCY AND ITS GROWING IMPORTANCE IN FINANCIAL MARKET

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### Abstract:

With the growing financial markets the value and importance of cryptocurrency is also growing at a rapid rate.. Cryptocurrencies have emerged as important financial software systems. Crypto currency is a digital/ virtual currency. Cryptocurrencies require strong, secure mining algorithms. Cryptocurrencies has shortage of a central authority to mediate transactions because they were designed as a file sharing network systems. They rely on blockchain to validate transactions.

### Key Words:

Cryptocurrency , BitCoin , Decentralization, Block chain , COVID- 19, Financial Markets

### Introduction:

A cryptocurrency is a type of digital currency which uses digital files instead of money. Usually, the files are created using the same ways as the science of hiding information which is called as cryptography. It uses Digital signatures to keep the transactions safe, and on the other hand let other people check that the transactions are natural . The first cryptocurrencies were made to be free of government-given currencies.Crypto currency is a digital currency it is also called as virtual currency. The concept of crypto currency is first introduced in the year 2009, the first decentralized digital currency; Bit coin was created giving a fictitious name by the developer Satoshi Nakamoto. Among the crypto currency, bit coin is the oldest and most popular in the entire world, it facilitated transactions using its own block chain

technology. Block chain technology is a system of information recording in such a way which makes the hackers, cheaters impossible to change the data present. The block chain is a digital transactions of ledger that is duplicated and distributed across the entire network of computer systems.

Generally digital currency is controlled by the central and state banks of those particular countries. But, in case of crypto currency it is not in control of any of the above crypto currency value changes according to the demand and supply as its function is in a decentralized way. There are different types of crypto currency available such as , Bit coin, Ethereum ,Cardano (ADA), Binance Coin (BNB),Tether, Solana, Dogecoin. It is important to know which currency is the best, to get profits from the investment. Money and risk walk together if there is a high risk return will also be high; profit can be achieved only when return is maximized with minimum risk.

In 2018 the Reserve Bank of India had banned all regulated banks from holding or facilitating cryptocurrency transactions, it says that crypto currency does not carry any value in particular it changes as per demand and supply. On March 4, 2020, the Supreme Court headed by a three-judge bench had quashed the ban that the RBI had imposed on trading in crypto currencies like Bitcoin in April 2018. On May 31 2021, the RBI had directed banks not to indicate its 2018 ban as a reason to deny banking services to customers dealing in cryptocurrency. Banned all regulated banks from holding or facilitating cryptocurrency transactions.

Coronavirus (COVID-19) outbreak, which began in Wuhan, China, has rapidly spread all over the world infecting millions of people and causing thousands of deaths. World Health Organization declared this outbreak a global pandemic. The governments are implementing several restrictions such as travel bans, school closures, and curfews, and the lives of billions are affected, however the relationship of crypto currency with pandemic is positively affected as there is an increase in the value of crypto in pandemic. People very much interested in digital financial market rather than the physical as there was travel restrictions, social distancing, and lockdown. Now, a panel of crypto currency experts has predicted bitcoin will overtake the U.S. dollar as the dominant form of global finance by the year 2050—putting the bit coin price at just over \$66,000 by the end of 2021. As on 28<sup>th</sup> September 2021, Bitcoin prices have surged after dropping briefly below \$40,000 for the first time since August . The world's largest cryptocurrency by market capitalization was trading at 43,656.87, up nearly 4%.

Bitcoin is up 49% this year though, much below its record high level of near \$65,000 it had hit in April

Meanwhile, Ether, the coin linked to ethereum blockchain and the second largest cryptocurrency, rallied over 7% to \$3,085. Cardano prices gained 9% to \$2.24, as per CoinDesk whereas dogecoin rose 8% to \$0.22. The performance of tokens including XRP, Solana, Uniswap, Stellar and Litecoin also improved over the past 24 hours. One of the first countries to recognise Bitcoin as an official asset was El Salvador. The South American nation recognised the digital asset earlier this week on September 7, 2021. The country decided to adopt crypto as a legal tender. India has been taking steps towards its own form of a legally recognised digital rupee, also called the Central Bank Digital Currency, the RBI is gearing up for a phased introduction of the asset. Whereas as per RBI cryptocurrency is not considered as a rupee instead it is considered as a commodity like silver or gold. Being developing country financial markets plays a very significant role in economic development. Crypto currency is a good investment towards the direct exposure towards the demand of digital currency; it is safely protected from hackers since converted into binary language. Before investing in cryptocurrencies, must learn about the cryptoexchanges. Which provides platform for selling and buying of digital currencies. Crypto currencies can be stored in digital wallets, different wallet have different benefits of storage. Investing in different assets, funds etc are always considered as the best since diversification of investment minimize the risk and maximize the profits. Proper planning of investments helps in maximum returns . Crypto currency is in the initial stage of growth, before investing in a new currency, always best to know about the results.

### Conclusion:

Cryptocurrency allows holding your funds in digital wallets. There are no costs associated to use the wallets. It uses a online ledger with strong cryptography to secure online transactions . Importance of cryptocurrencies is increasing at a rapid rate. Cryptocurrencies are the burning topic in financial world .

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