

CRYPTO CURRENCY- BLUFF OR REAL

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Abstract : Crypto currency is being adopted across world for various transactions – legal or illegal. A crypto currency is a virtual and digital currency that uses cryptography for security. It has attracted lots of attention in recent years. The first crypto currency was launched in 2009 named as “Bitcoin” by Satoshi Nakamoto. But some people are still not aware about this term and not even heard about it. Crypto currencies gave birth to an incredibly dynamic, fast-growing market for investors and speculators. The present study focuses on the question that whether it is real and mere a virtual myth. It also stresses upon the familiarity and future of crypto currency.

I. INTRODUCTION

One of the remarkable financial forms that have been emerged in the past few years is Crypto currency. Crypto currency (CC) can be defined as any medium of exchange, apart from real world money, that can be used in many financial transactions whether they are virtual or real transactions. Crypto currencies represent valuable and intangible objects which can be used electronically or virtually in different applications and networks such as online social networks, online social games, virtual worlds and peer to peer networks.

A crypto currency (or crypto currency) is a digital asset designed to work as a medium of exchange that uses strong cryptography to secure financial transactions, control the creation of additional units, and verify the transfer of assets. Public and private keys are often used to transfer crypto currency between individuals. It is not tied to a particular country, its value is not controlled by a central bank. Crypto currency is designed to bring back a "decentralized currency of the people," taking centralized banks out of the equation. The decentralized control of each crypto currency works through distributed ledger technology, typically a block chain, which serves as a public financial transaction database. Digital money is a concept that has long existed before Bitcoin. Bit coin, first released as open-source software in 2009, is generally considered the first decentralized crypto currency. Since the release of bit coin, over 4,000 *altcoins* (alternative variants of bit coin, or other crypto currencies) have been created. The prime example being a company called DigiCash Inc. founded in 1989 trying to create the world's first widely used digital currency. DigiCash was an electronic money corporation, creating an anonymous payment protocol built on cryptography. However, after failing to gain mainstream adoption, amongst several other problems, DigiCash was forced to file for bankruptcy in 1998.

Ten years later, possibly as a reaction to the economic crash of 2008, an unknown developer, only known to this day as Satoshi Nakamoto, published a whitepaper about a decentralized, peer-to-peer electronic cash system, which went live as an open-source project (meaning any developer could contribute to it) in 2009. This project was known as Bitcoin and was the first example of a functional crypto currency.

Since then thousands more crypto currencies and utility tokens have sprouted, ranging from serious projects aiming to change the world by enabling the adoption of blockchain technology, such as Lisk, to currencies created purely as jokes, such as Dogecoin. This has led to a booming industry built on trading this currencies.



Figure 1

SOME POPULAR CRYPTO CURRENCIES

1.Bitcoin	9.TRON	17.Maker	25.Lisk	33.Pundi X	41.Chainlink
2.Ethereum	10.Dash	18.OmiseGO	26.Zilliqa	34.Siacoin	42.Waves
3.Ripple	11.IOTA	19.OX	27.Aeternity	35.Digibyte.	43.Augur
4.Stellar Lumens	12.Binance coin	20.Bitcoin gold	28.BAT	36.Steem	44.Metaverse ETP
5.Litecoin	13.NEO	21.Dogecoin	29.Bitshares	37.Verge	45.Golem
6.Cardano	14.Tezos	22.Decred	30.Nano	38.Populous	46.Raiblocks
7.Monero	15.Z cash	23.QTUM	31.Bytecoin	39.Bytom	47.Qtum
8.Tether	16.Ve chain	24.Ontology	32.ICON	40.Aurora	48.Mixin

HOW ARE CRYPTO CURRENCIES VALUED?

The main difference between crypto currencies and fiat currencies is in that they are not supported by governments in the same way fiat currencies are. Despite the nature of money evolving to no longer having its value backed by physical commodities, like gold in a national bank, they are still supported by the government that issued them. As a result, the value of fiat currencies is generally based on the stability of the government that issued those currencies. For example, the value of the Lisk token went up from

\$2 in August 2017 to almost \$8 in September 2017, before returning to \$4 in November 2017 and up to well over \$20 before January 2018. Such fluctuations are completely normal in crypto currencies which is why some people argue that they are not suited to being used for regular transactions. However, with greater adoption crypto currencies will begin to stabilize more. Until then, the rush to uncover tokens that grow rapidly has led to a huge growth in the the cryptoasset market. Crypto currencies derive their value from the network upon which they are built and as a result what people are willing to pay for them.

HOW TO TRADE CRYPTO CURRENCIES?

Trading cryptocurrency works on a very similar fundamental principle to trading stocks. The aim is to acquire a coin before its value grows, or alternatively while its value is in a dip. The main difference between trading stocks and trading cryptocurrencies is that while stocks are acquired with fiat currencies, such as euros or dollars, cryptocurrencies are generally bought with Bitcoin, or less commonly Ethereum. This means that in order to buy tokens such as LSK a potential investor would need go to through a Bitcoin broker to buy the currency before then transferring it to an exchange in order to use.

II. OBJECTIVES OF THE STUDY

1. To study the familiarity(among people) and reality of crypto currency.
2. To study the future of crypto currency.

RESEARCH QUESTIONS

The Research questions are:

1. What is your Annual Income Level?
2. Have you ever heard of crypto currency?
3. Do you own cryptocurrency?
4. Cryptocurrency is quite new. Therefore, very little people are aware of it. It also takes time for the average person to learn how to invest in it. Would this defer you from using cryptocurrency?
5. Which is more risky, investing in stock market or investing in cryptocurrency?
6. Which is more profitable, investing in stock market or in cryptocurrency?
7. Which cryptocurrency provides the best investment opportunity?
8. When you first heard of cryptocurrency?
9. Which cryptocurrency is widely used for making payments for goods and services?
10. Should Central Bank create its own cryptocurrency?
11. Are you planning to buy cryptocurrency in next 6 months?
12. What is your opinion about the future of cryptocurrency?
13. Cryptocurrency is non-government regulated which offers users more freedom. Would this increase your interest in using cryptocurrency?
14. Does investment in cryptocurrency leads to increase in black money?
15. Should there be penal provisions for people who buy cryptocurrency, as it is not govt. approved?
16. Is there any impact of cryptocurrency on real monetary system?
17. Is there any impact of cryptocurrency on GDP?
18. Will the cryptocurrency ever become true currency?

III. RESEARCH METHODOLOGY

Research Design

The research design is a series of advanced decisions when taken together comprise a master plan or model for the conduct of survey. It provides a framework of plan for study which guides the collection, measurement, analysis and interpretation of the data. The information received through the questionnaire is analyzed, interpreted and form the basis of major conclusion of research paper. For the present project, both types of sources are used:

- ❖ **Primary Source:** Questionnaire Survey.
- ❖ **Secondary Source:** The secondary sources include the published data. The published sources are used for this project are:
 - Various journals, newspapers, magazines, unpublished work, etc. to cover a wide range of information.
 - Internet sites are visited which provide wide range of information.

Sample Design, Size and Method Used

The main sample group of the survey includes various persons of Jalandhar City. In order to accomplish the goal, both direct and indirect information was gathered. While preparing questionnaire, objectives of the study were kept in mind. Special care was taken to ensure that questions do not lack clarity and simplicity.

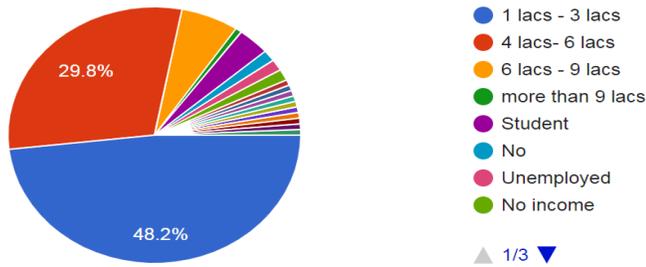
Sample Size

The sample size for this study consisted of 150 persons comprising of 81 males and 69 females.

DATA ANALYSIS AND INTERPRETATION

What is your Annual Income Level?

141 responses

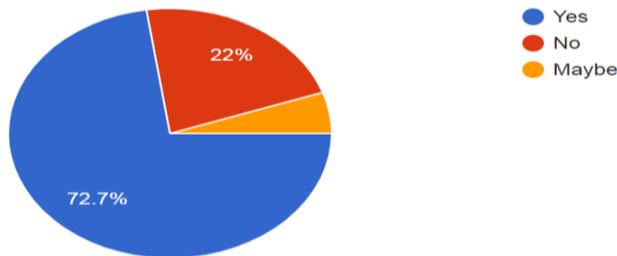


Interpretation: Above graph shows that 48% people under study are having income level of 1-3 lacs , approx. 30% fall under the limit of 4-6 lacs and approx 5 -10 % only having level of income under 6-9 lacs.

Figure 2

Have you ever heard of cryptocurrency?

150 responses

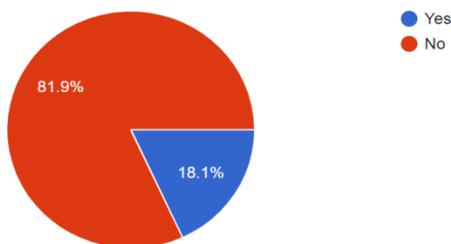


Interpretation: Above figure shows that approx 73% people under the study are aware about and heard of this term.

Figure 3

Do you own cryptocurrency?

149 responses

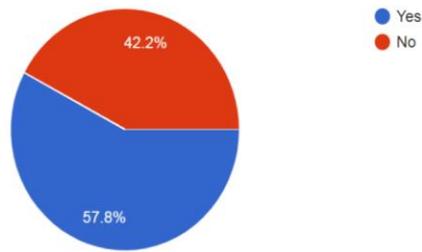


Interpretation: Above figure explains that out of that 73% people , only 18% own crypto currency .

Figure 4

Cryptocurrency is quite new. Therefore, very little people are aware of it. It also takes time for the average person to learn how to invest in it. Would this defer you from using cryptocurrency?

147 responses

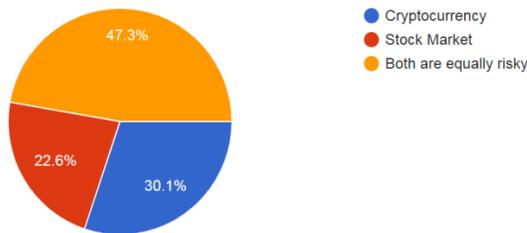


Interpretation: According to analysis of above graph 58% persons are not using crypto currency due to lack of reliability, awareness about investment procedure and safety issues.

Figure 5

Which is more risky, investing in stock market or investing in cryptocurrency?

146 responses

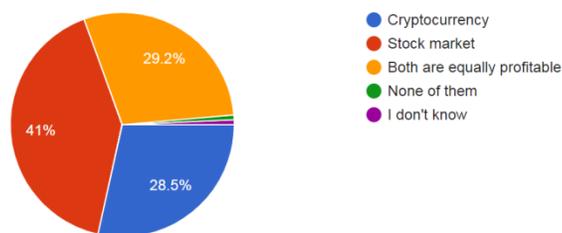


Interpretation: According to 30 % of the people under study , crypto currency is more risky than stock market and 47 % think that both i.e. stock market and crypto currency are equally risky to invest in.

Figure 6

Which is more profitable, investing in stock market or in cryptocurrency?

144 responses



Interpretation: Only 29 % people think that crypto currency is profitable whereas 41% are in favour of stock market and 30 % think both are equally profitable to invest in.

Figure 7

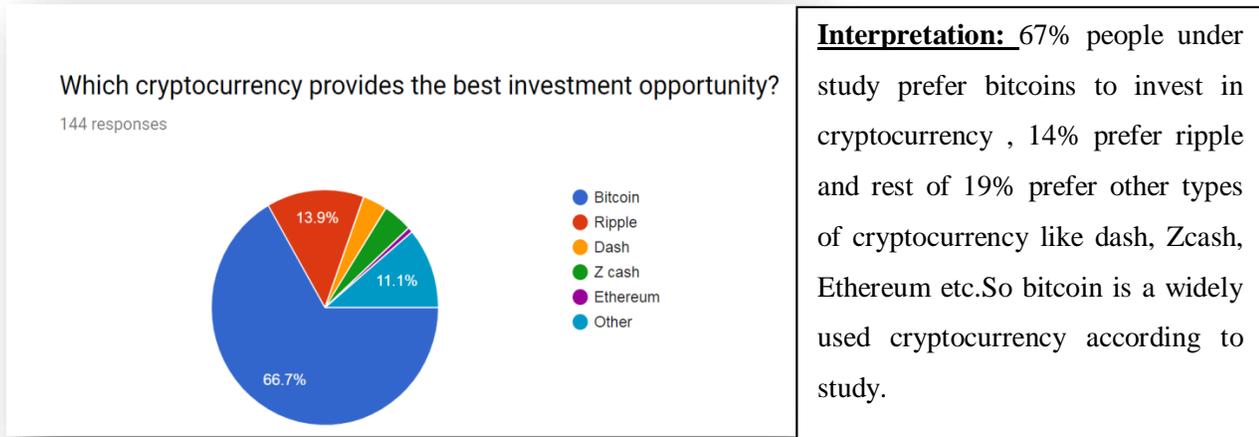


Figure 8

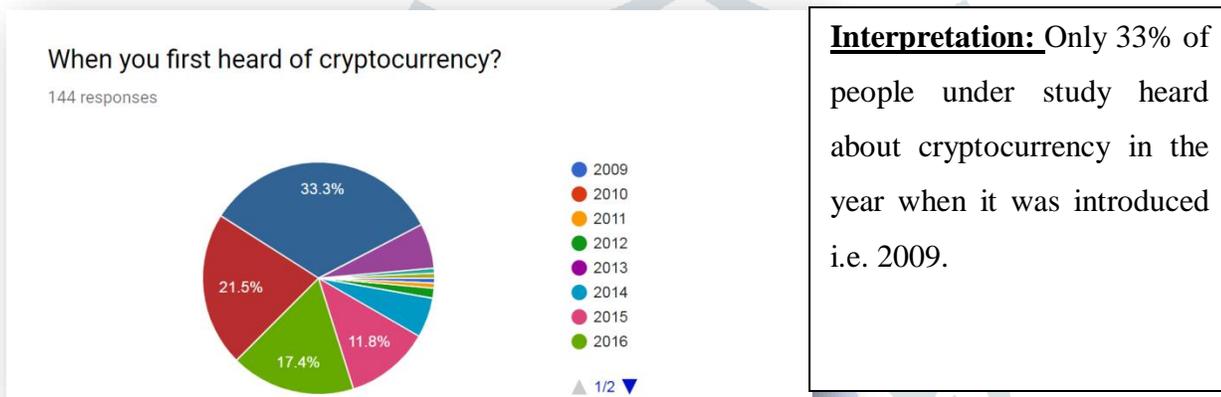


Figure 9

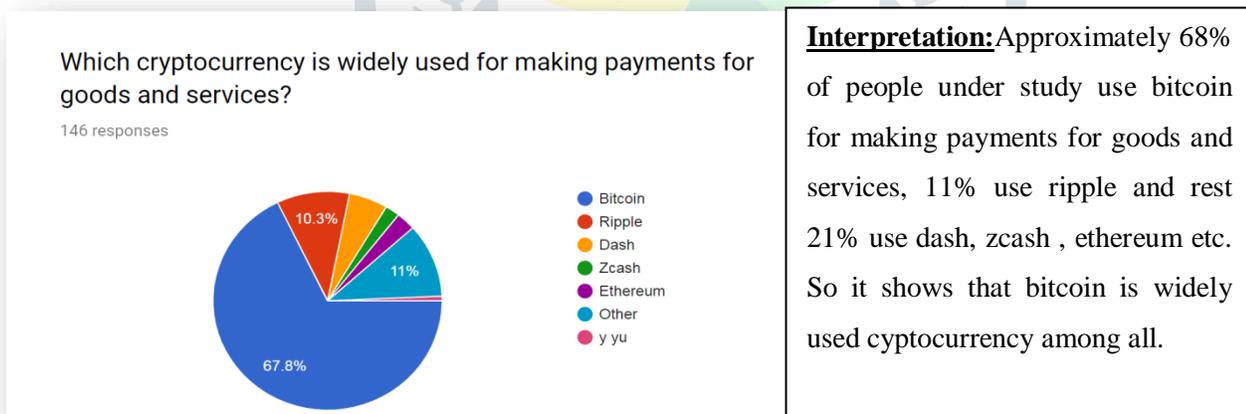
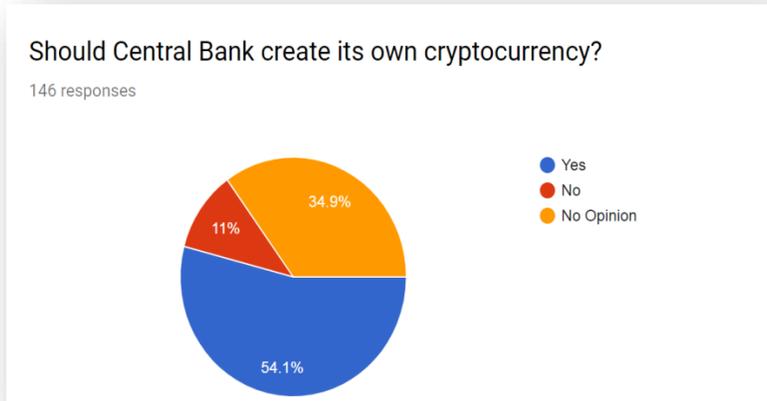
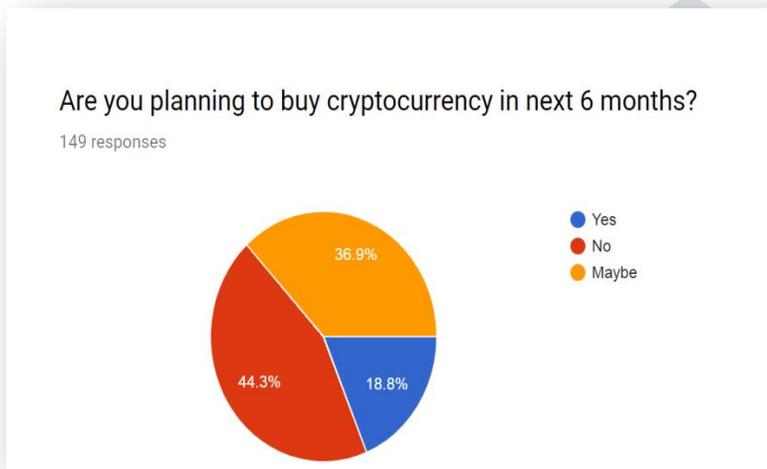


Figure 10



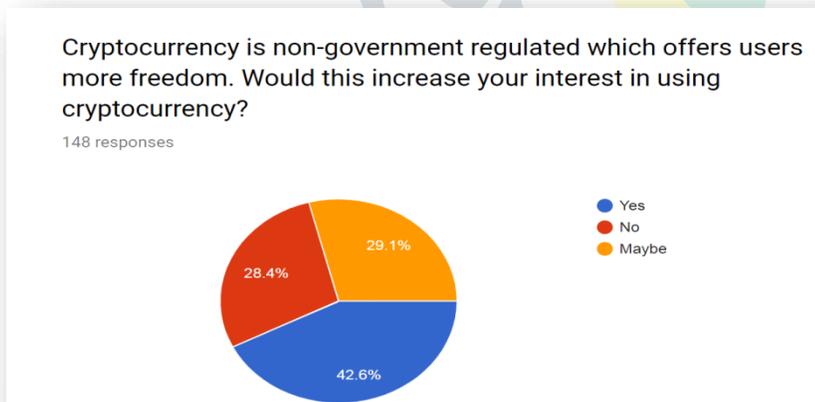
Interpretation: According to study, 54% of people agree that Central Bank should create its own cryptocurrency and 35% are neutral about this opinion.

Figure 11



Interpretation: Graph shows that 44% of people under study are not interested to buy cryptocurrency . It may be due to security issues as it is not centralized.

Figure 12



Interpretation: According to the above statement, 43% of people are interested in using cryptocurrency .

Figure 13

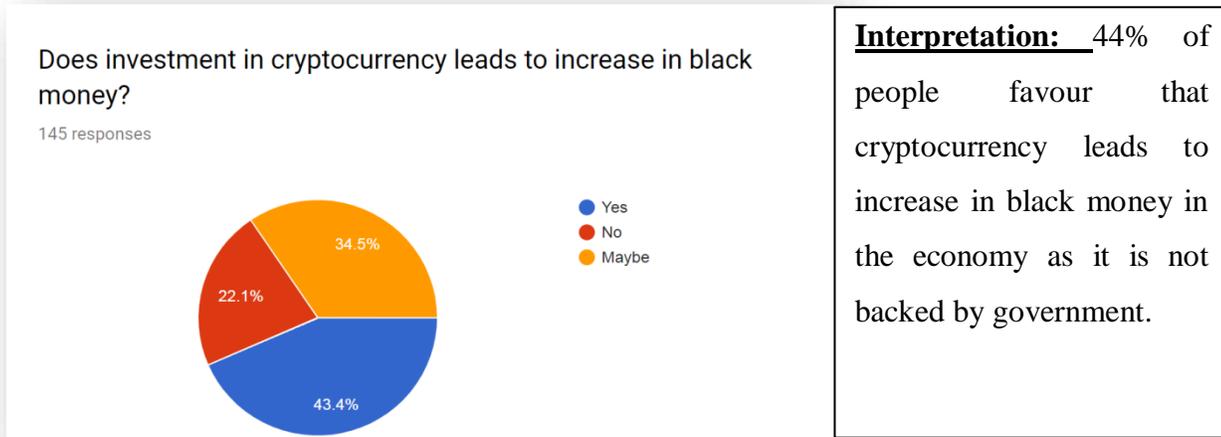


Figure 14

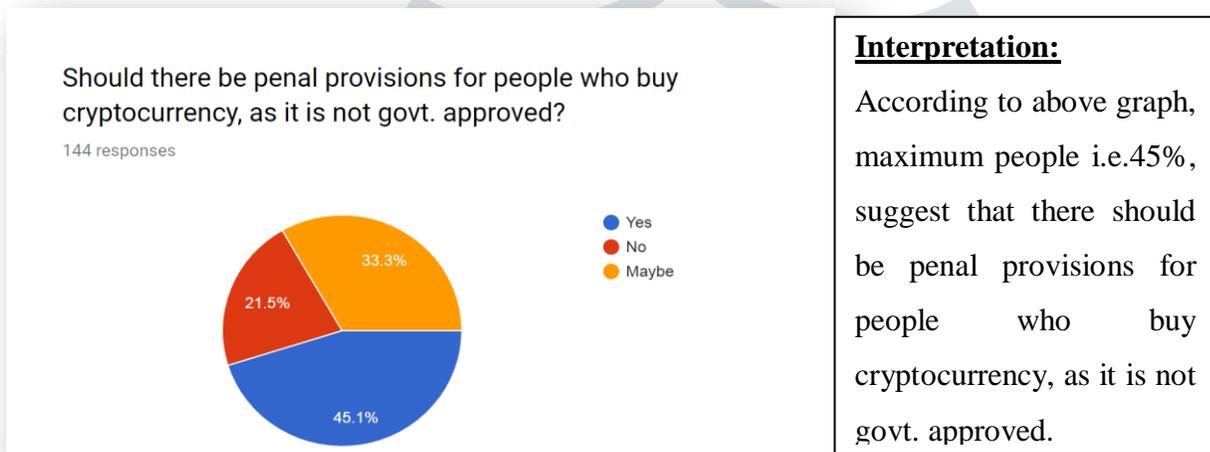


Figure 15

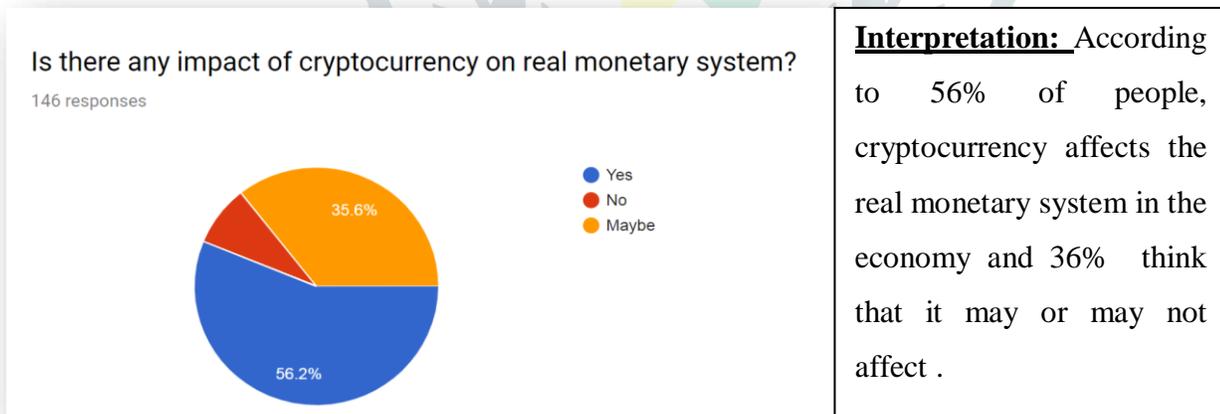
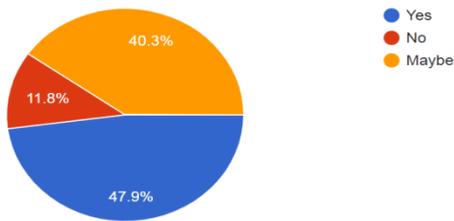


Figure 16

Is there any impact of cryptocurrency on GDP?

144 responses

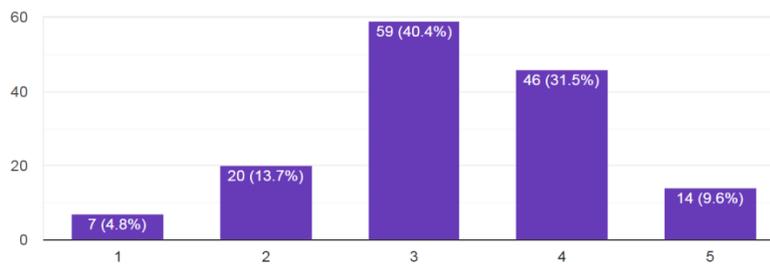


Interpretation: According to 48% of people under study, think that GDP of the economy is also affected by the use of cryptocurrency.

Figure 17

Rate the security threat issues related to cryptocurrency:

146 responses

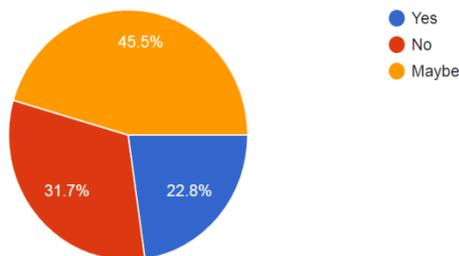


Interpretation: According to the survey, 40% of people are neutral about the security threat issues related to cryptocurrency whereas 10 % are very insecure about investing in cryptocurrency and only 5 % find it safe.

Figure 18

Will the cryptocurrency ever become true currency?

145 responses



Interpretation: According to the survey , only 23% people think that cryptocurrency will become the real currency whereas 32 % are not in support of this and 46% are having neutral opinion.

IV. FINDINGS OF THE STUDY

The overall findings of the study are:

- Only 18% of people own cryptocurrency , it is due to lack of awareness and security threats.
- People find cryptocurrency more risky as compared to stock market but maximum rate i.e. 47% think both are equally risky.
- Maximum people under study find stock market to be more profitable .
- Among all the cryptocurrencies, Bitcoin is most preferred cryptocurrency for investment and for making payments.
- Only 33% of people under study heard about cryptocurrency in the year when it was introduced i.e. 2009.
- 54% of people agree that Central Bank should create its own cryptocurrency.
- Maximum people suggest that there should be penal provisions for people who buy cryptocurrency, as it is not govt. approved and also leads to increase in black money.

- According to most of the people cryptocurrency affects the real monetary system and GDP of the economy.
- 46% of people are having neutral opinion about the future of cryptocurrency and only 23% think that cryptocurrency will become the real currency in future.

V. CONCLUSION

Although cryptocurrency can provide a new, effective and attractive model of payment methods but there is a lack of confidence among people about this virtual currency due to some security threats and awareness issues. Moreover, people find it risky to invest, because it is not centralized and government approved. According to the study, only 22% of people think that this virtual currency will survive and become real currency in future. People will only prefer this, if it will be backed by government or some centralized monetary system. People are of the opinion that Central Bank should create its own cryptocurrency.

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