



# Analysis of Factors Affecting the Adoption of Crypto Currency in India

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## ABSTRACT

A crypto currency is a form of digital asset. It's a decentralized virtual currency which is secured by cryptography that uses the encryption techniques to secure the network of crypto currency. Crypto currencies are digital currencies that use block chain technology to record and shield each and every transaction.

Nowadays, there is enormous and huge development in crypto currencies. Large number of Indians find this new avenue of investment therefore started investing in crypto currencies from 2020 as the Covid-19 pandemic led to a global economic crisis, resulting in high volatility and devaluation in traditional assets like currencies, bonds and equities.

This paper discussed about the adoption of crypto currency in India. Which factors are influencing to Indian for investing their money in crypto currency? Around 10 crore Indians own crypto currency in India. According to crypto analysis platform 'chain analysis' India ranked second with the highest crypto currency adoption rate.

**KEYWORDS:** Crypto currency, Decentralized, Crypto currency Adoption, technology acceptance, block chain

## 1. INTRODUCTION

Crypto Currency is a virtual currency. It allows customers to purchase and sale these digital assets without any intermediaries. It is a new form of digital currency based on cryptography. Crypto currency is based on block chain technology. It secured all the transaction in blocks. It is very difficult to hack. It is decentralized digital asset which means it is not regulated and control by the Government of India. Despite of this fact many Indians are investing in crypto currency [1].

Satoshi Nakamoto, a person or organization who invented Bitcoin the first crypto currency [2].

Attempts to create a digital cash system had been made in the 1990s, but none had taken off. Nakamoto

wrote a paper in 2008 describing how Bitcoin may function as decentralized digital money. This featured ideas like the idea of a supply determined by digitally 'mining' new coins and the secure block chain, which are still hot topics in crypto today.

It's been more than a decade since then; the crypto currency market has grown in popularity since it has provided instant profit to many investors, despite the huge dangers involved. There are thousands of different crypto currencies available for purchase today. Bitcoin, Ethereum, Dogecoin, XRP, Ripple, and other popular crypto currencies are examples.

After Covid-19 pandemic, which caused a global economic crisis and increased volatility and devaluation in traditional assets such as currencies, bonds, and

shares, more Indians began investing in crypto currencies starting in 2020. As a result, a growing number of people around the country have begun to invest in crypto currencies.

## 2.GROWTH OF CRYPTO CURRENCY INVESTORS IN INDIA

According to research released on September 24 by the National Association of Software and Services Companies in collaboration with WazirX, India's crypto-tech industry gained 39 percent in the last five years to \$74.2 million in FY21.

On the Global Crypto Adoption Index, India is ranked second. According to the research, about 42 percent of all crypto currency transactions total more than \$10 million, or Rs. 74 crores. These figures indicate that bitcoin acceptance is increasing in the United States. The Indian crypto currency market has expanded by 641 percent in the last year.

Since 2012, the value of crypto currencies has fluctuated dramatically. By 2020, the value of crypto currencies will have doubled.

Around 10 crore Indians own crypto currency in India. According to crypto analysis platform 'chain analysis' India ranked second with the highest crypto currency adoption rate.

Many crypto currency exchange owners believe that investors have gained a better grasp of the virtual currency industry, which has resulted in persistent trading rather than merely buying.

The decision by the Centre to introduce the Crypto currency and Regulation of Official Digital Currency Bill, 2021, in the Parliament's winter session. The investor may not concern about regularization or even a ban because these decisions will not have a long-term influence on the value. Investors can sell them to someone in another nation if it becomes illegal in India because it is a global asset whose price is not determined by the Indian government's decision.

## 3.WHY PEOPLE ARE ADOPTING CRYPTO CURRENCY IN INDIA

### A. Risk Appetite

Crypto currency is one of the riskiest investments. It is highly speculative and volatile. Nobody can be certain about the success of investing in crypto currency and

whether it will be beneficial to them or not. The stock market has a long history to grow in the future. While crypto currency is relatively new investment. Crypto currency investment may not be good for everyone. It totally depends upon the risk appetite of investors. i. e. whether the investor is Risk averse or risk taker. Crypto currency is not regulated in India still due to its strong encrypted technology and decentralized. More and more people find it attractive to invest in it [3].

Another good trend seen by crypto currency experts is that there is less panic among investors after rapid market falls and extreme volatility. Many crypto currency exchange owners believe that investors have gained a better grasp of the virtual currency industry, which has resulted in persistent trading rather than merely buying.

### B. Tech-Savvy

Crypto currency is a type of digital currency that uses block chain technology. It is simple to assess and invest in online exchange that provides a wallet for currency purchase and sale. The popularity of crypto currencies has grown in India due to the country's growing Internet usage and digital landscape. India is second in the world in terms of crypto currency adoption, according to a recent report from block chain data platform Chain Analysis. Around 15 million Indians have invested in crypto-related assets, according to various estimates.

### C. Strong Security

Crypto currency uses block chain technology. A block chain is a decentralized ledger that records all peer-to-peer transactions. Participants can confirm transactions without the requirement for a central clearing authority using this technology. Many ledger keepers will be able to keep track of all ongoing transactions once Block chain is implemented. (Weber, 2018). Crypto currency offers a better level of anonymity. For everyone, especially when it comes to their wealth, privacy is a major concern. No one can see how much money someone has, where they spend it, or what they use it for in crypto currencies. The removal of intermediaries improves the desired level of privacy.

### D. Lack of Interference

The biggest distinction between crypto currencies and traditional currencies is that transactions can be made

through exchanges or directly through your crypto currency wallet without the interference of the Government. Crypto currency is a decentralized currency that uses peer-to-peer technology, allowing the network to perform all operations such as money issuance, transaction processing, and verification collectively. While decentralization protects Crypto currency against government manipulation and interference, it also means that there is no central authority to ensure that things function smoothly or to guarantee the value of a Crypto currency. Crypto currency is created digitally through a process known as "mining," which necessitates the use of powerful computers to solve complex algorithms and crunch numbers. Due to this there is increase in demand for crypto currency [4].

#### *E. Social Media, Advertisements*

Education of potential clients is one of the most difficult challenges that crypto currencies and other block chain technology face. Because block chain and crypto currencies are difficult concepts to grasp, video has played a significant part in how these organizations market themselves on social media.

For example, Ripple, a block chain for worldwide payments. They're always releasing educational webinars with their viewers on Twitter, and they've even established their own TV show, with nearly a million followers [5].

#### *F. Word of Mouth*

The adoption is heavily influenced by the impact of family and friends. Crypto currency is on the rise, and families and friends are influencing each other's decisions to invest in alternative currencies. Users are more likely to use crypto currencies if their family members or friends suggest it. Another aspect that can encourage adoption is word of mouth.

#### *G. Low Transaction Fees*

Another appealing feature of crypto currencies is the cheap transaction fee or fee when transferring altcoins or transferring money from one account or wallet to another. In comparison to traditional banks or intermediaries, the transfer charge is quite minimal. The sender can also choose to pay more for a speedier transaction. The time it takes for a transaction to be confirmed is sometimes determined by the amount

being traded [6].

#### *H. Increase in Crypto Currency Exchange Platform*

According to data from multiple domestic crypto currency exchanges, millions of individual investors have signed up to invest in crypto currencies, which are recognized for their high volatility and potential for high returns. WazirX, ZebPay, Unocoin, and CoinDCX, among the country's most popular crypto currency exchanges, have experienced huge increase in retail investors on their platforms since 2020. Crypto currency experts and exchange founders predict that speedy fintech improvements and increased usage would lead to an increase in the number of Indians investing in crypto currencies in the near future. In reality, growing virtual coin transaction volumes and a growing number of retail participants have encouraged some of the world's major crypto currency exchanges to invest in India. While the crypto currency ecosystem in India is uncertain, global coin exchanges have found it difficult to ignore the potential for growth in a country with a population of 1.3 billion people [7].

#### *I. Increase in Number of Crypto Currencies*

Obtaining crypto currency was tough when Bitcoin was first introduced. It would only be available to those who could mine crypto currencies. However, this is no longer the case. They are easily purchased on crypto exchanges, and investors have a wide range of options if they do not want to purchase the most expensive crypto currencies, such as Bitcoin and Ethereum. There is a crypto coin for everyone, from beginner traders to short-term investors to long-term investors. Other popular cryptos include Dogecoin, Ripple, Matic, and Binance Coin. While Bitcoin has become synonymous with the term crypto currency, other popular cryptos include Dogecoin, Ripple, Matic, and Binance Coin [8].

#### *Decentralized System*

Crypto currency is a decentralized digital currency, a medium of exchange. it is not issued by any central bank or financial institution. Crypto currency exchanges, where changes in prices are visible, can be used to buy and sell crypto currency. The simplicity with which crypto currency may be transferred is one of the reasons for its rapid growth. There is no need for a third party or a mediator to exchange crypto currency

between two parties.

#### J. Age Factor

India has the right conditions to support a crypto economy, with a huge, digital-savvy population made up of millennial and Generation Z, as well as an abundance of tech personnel skilled in block chain technology. Due to the simplicity of use, young Indians aged 18 to 35 are considering crypto currency to be a better investment alternative than gold, according to current World Gold Council research [9].

#### K. High growth potential

The value of crypto currencies is another reason why people are attracted to them. Investing in crypto currencies is similar to stock market investing. Bitcoin had a value of a few hundred dollars when it was launched in 2017. Bitcoin has now reached an all-time high price of \$62,000 in 2021. This rate of growth is enough to attract individuals to invest. Other crypto currencies, such as Ethereum, Litecoin, Dogecoin, and Cardano, have followed in Bitcoin's footsteps to become some of the most expensive in the market [10].

### 4.SUGGESTIONS

- i. Investors in any crypto currency should proceed with care. Investor should be careful while investing in crypto currency as it is highly risky and volatile market. When it comes to crypto currencies, investors must evaluate how much risk they are willing to take. And, because each person is unique, the discussion will center on that person's goals before selecting how much risk to take.
- ii. Investor should work hard, do homework, and learn everything about the industry, the coins, the projects, and the technology. They should not believe everything read on social media.
- iii. An Investor should create a strategy for Crypto currency assets, such as establishing limit orders on trades and selecting an exchange [11].

### 5.CONCLUSION

The rate of crypto currency acceptance is rising, and several variables are driving this trend. There are various signs of adoption level, such as the number of crypto currency wallets, unique addresses, and confirmed transactions, but it is still difficult to estimate

the number of users with any accuracy or precision. The number of users on crypto currency exchange platforms provides fairly accurate figures. Due to the verification process required by the exchanges to comply with the laws, a single user can only have one account in a single exchange. A user, on the other hand, might have several wallets for different crypto currencies as well as wallets from hosts. Cryptocurrency experts and exchange founders predict that quick fintech improvements and increased usage would lead to an increase in the number of Indians investing in cryptocurrencies in the near future.

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