iJRASET
International Journal For Research in Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 9 **Issue:** IX **Month of publication:** September 2021

DOI: https://doi.org/10.22214/ijraset.2021.38080

www.ijraset.com

Call: 08813907089 | E-mail ID: ijraset@gmail.com

International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.429
Volume 9 Issue IX Sep 2021- Available at www.ijraset.com

A Study of Disorganized Regulations in the Cryptocurrency Market and Its Acceptance as a Mode of Exchange

Dr. Varsha Agarwal[1], Dhruv Lalwani[2], Hrishabh Gupta[3], Mayank Mehta[4], Raj K Srisrimal[5]
[1]*Assistant Professor, Centre for Management Studies Jain (Deemed-to-be-university), India*
[2, 3, 4, 5]*Student, BBA, Centre for Management Studies Jain (Deemed-to-be-university), India*

Abstract: People's working habits, communication styles, shopping habits, and even how they pay for items have all altered as a result of technological advancements. Companies and customers no longer prefer cash. Contactless payments such as Google Pay, Paytm, and PhonePe are gaining traction in the country. Consumers may pay for things at computerized registers with a quick wave of their smartphone. And now, a new type of payment mechanism is gaining traction: cryptocurrencies.
Almost everyone has heard about Bitcoin. It was the first cryptocurrency to gain mainstream acceptance, but other cryptocurrencies like Ethereum are gaining traction. There are almost 2,000 different types of cryptocurrencies, with new ones being created every day.
According to a research, the majorities of individuals have heard of cryptocurrencies but do not fully comprehend what it is. So, what exactly is it, is it safe, and how does one go ahead about investing in it? This is exactly what you are going to find out in the following research paper.
Keywords: Cryptocurrency, Modes of Exchange, Blockchain, DLT.

I. INTRODUCTION

A. What is Cryptocurrency?

Cryptocurrency is a digital payment mechanism that does not rely on banks for transaction verification. It's a peer-to-peer system that allows anyone to make and receive payments from anywhere. Cryptocurrency payments are digital additions to an online database that specify specific transactions, rather than actual money that is carried around and exchanged in the real world. Your cryptocurrency is stored in a digital wallet that is monitored only by you.

B. How Does it Work?

Blockchain is the technology that enables cryptocurrency to function. Blockchain is a decentralized technology that handles and records transactions across numerous computers. The security of this technology is part of its attractiveness.

C. Is Cryptocurrency legal?

They are without a doubt lawful in the United States, while China has effectively outlawed their usage, and whether they are legal in other countries is ultimately a matter of national sovereignty. Also, think about how to protect yourself from scammers that see cryptocurrency as a way to defraud investors. Buyers beware, as always.

D. Is Cryptocurrency Safe?

Due to the decentralized and public nature of distributed ledger technology and the encryption process that every transaction goes through, the blockchain technology that underpins bitcoin is inherently safe.
However, this does not imply that it is fully secure in the same sense that most people regard the US dollar or other established currencies. Because Bitcoin is not backed by any government, it lacks the same safeguards as many traditional currencies around the world.
“If a virtual currency company fails – and many have,” the Consumer Financial Protection Bureau said in a 2014 notice regarding cryptocurrency, “the government would not pay the loss,” unlike money saved in a bank insured by the Federal Deposit Insurance Corporation (FDIC) (its most recent guidance).

©IJRASET: All Rights are Reserved

E. Important Terms

1) *Blockchain*: A blockchain is a sort of database in which the digital transaction records of a cryptocurrency are stored in groups, or blocks. As extensions of the previous block, new blocks are continually formed, establishing a chain. Within the database, these blockchains layer on top of each other, recording an ever-increasing quantity of data on a cryptocurrency's transactions.
2) *Decentralized*: The term decentralised refers to the fact that cryptocurrency is not backed by a central bank or other financial organisation.
3) *DLT (distributed ledger technology)*: It is a type of distributed ledger technology. A digital record that is not centralised. There is no central authority, unlike traditional databases; the record is saved in several locations at the same time, and once a transaction is logged, it is permanent.
4) *Bitcoin*: Bitcoin was the first cryptocurrency, and it remains the most widely used today.
5) *Altcoin*: Any cryptocurrency that isn't Bitcoin is referred to as an altcoin. Ethereum, Dogecoin, and Litcoin are some of the most popular altcoins today. Each of these cryptocurrencies has its own set of features and uses.
6) *Exchange*: A cryptocurrency exchange is a site where you may purchase and trade cryptocurrency.
7) *Wallet*: A wallet is a digital wallet that allows you to keep track of your crypto currency holdings. Many exchanges offer digital wallets to store cryptocurrencies.

F. What is the Future of Cryptocurrency?

In recent years, the value of Bitcoin and other cryptocurrencies has surged. In 2021, Bitcoin's price has more than doubled, while Ethereum's worth has more than quadrupled.

However, whether that growth is sustainable, as well as what it means in the long run, remains to be seen. Dr. Richard Smith, executive director of the Foundation for the Study of Cycles, a nonprofit organization dedicated to studying recurring patterns throughout economies and cultures, says, “This crypto, blockchain technology, the public interest in it right now is being driven by a kind of speculative fever.” Still, big and powerful people are validating cryptocurrency’s potential.

II. REVIEW OF LITERATURE

‘Implications of cryptocurrency: A new business proposition of today’s entrepreneurial horizon’ published by Snighdha Basu, Tapash Rajan Saha and Swapan Kumar Maity in July 2018 talks about how cryptocurrency occupies a unique position as a trailblazer in a potentially disruptive technology for traditional financial institutions. Businesses are beginning to recognise the usefulness of cryptocurrencies for international transactions, particularly when transactions must be completed rapidly in the event of an emergency.

Crypto currency, often known as digital currency, is a new type of money that operates independently of a central bank and uses encryption techniques to manage the formation of units of currency and verify the movement of funds. In the digital currency industry, there are approximately 1300 different crypto currencies such as Ethereum, Ripple, NEM, Lit coin, and others. Whereas bit coins are the most sought after Crypto currency in the market.

Kelly (2014) valued bitcoin's existence because its users believe that if they accept it as payment, they would be able to use it to buy something they desire or need elsewhere.

According to Desjardins (2016), due to the restricted amount of bitcoins, the price will never get inflated due to an overstock of bitcoins. Furthermore, bitcoin and other cryptocurrencies are widely viewed as being immune to inflation caused by national government actions or prohibitions (Magro, 2016).

This creates a 'safe haven' for investors to invest their money in because it does not lose value due to inflation, it is a good investment.

Bitcoin became the top performing currency in 2015 using the US Dollar Index due to a combination of demand for a safe haven option and price volatility.

During times of market instability, a haven investment is one that is likely to keep or rise in value. Investors seek out safe havens in order to minimize their risk to losses in the event of market downturns.

Reuters (2016), cryptocurrencies have the potential to become a major participant in the commodity market. They are distinguished by the fact that they may be purchased directly online, allowing buyers fast access. If bitcoin continues to be viable alternative to inflationary currencies, it will acquire credibility among investors and move closer to becoming mainstream.

©IJRASET: All Rights are Reserved

'Cryptocurrencies in modern finance: A literature Review' published by Abdrahaman Rajab, Karim Rajeb and John G Keogh from United Kingdom focuses on cryptocurrencies in banking and finance sectors are gaining momentum and drawing insights on the opportunities and challenges of leveraging and integrating cryptocurrencies into modern finance which include the lack of regulatory standards, the risk of criminal activity, high energy and environmental costs, regulatory bans and usage restrictions, security and privacy concerns, and the high volatility of cryptocurrencies.

The necessity to develop a system that allowed quick and cheap transactions without the intermediation of any trusted third parties (e.g., banks) was a significant push behind the creation of cryptocurrencies (Baço et al., 2018; Chapron, 2017; Kr, 2020; Kolber, 2018; Sudzina, 2018). Similarly, many academics, enthusiasts, and futurists see bitcoin as a viable alternative to government-issued money in the future.

Cryptocurrencies represent a significant departure from traditional financial system design, management, and regulation (Shahzad et al., 2018).

Flori (2019), despite recent attempts to comprehend the phenomenon of cryptocurrencies, scholarly insights on the prospects and challenges of cryptocurrencies in current financial systems remain scarce. It provides a thorough examination of cryptocurrency's financial applications.

Nonetheless, the scope of his research is limited to bitcoin. Chohan (2017) did a cryptocurrency thematic review. Several aspects of Chohan's research, however, remain theoretically unexplored and conceptually undeveloped, such as the challenges of cryptocurrencies in the financial ecosystem.

Recently, several reviews addressing the relationship between privacy and cryptocurrencies have been published (Harvey & Branco-Illodo, 2020; Herskind et al., 2020).

They do not, however, provide a thorough examination of the other factors influencing the adoption of cryptocurrencies in the financial sector. As a result, the study's originality lies in giving a more balanced and in-depth knowledge of the potential and challenges posed by cryptocurrency use in finance.

III. RESEARCH METHODOLOGY

Research is a process of systematic inquiry that entails acquiring data, documenting crucial information, and then analysing and interpreting that data/information using procedures developed by certain professional and academic disciplines.

It is defined as the generation of new concepts, methodologies, and understandings through the development of new knowledge and/or the creative application of existing knowledge. This could include integrating and analysing existing research to the extent that it leads to new and innovative results.

A research methodology is a method for solving a research problem in a methodical manner. It can be thought of as a science that studies how scientific research is carried out.

Research methodology also refers to the procedures or strategies used to categorize, select, process, and evaluate information on a subject. A research paper's methodology section allows the reader to objectively analyse the study's overall validity and dependability.

1) *Qualitative data* - The paper is written by taking into consideration the qualitative aspects , and all the information collected and presented in this paper are done so on the basis of the sample group and limited samples which have been collected by the researchers.

The paper includes both primary as well as secondary sources of data

a) *Primary Data*: This first hand data were collected from the respondents through a questionnaire with the help of a Google form, wherein the respondents were asked to fill in some objective type questions on cryptocurrency.
b) *Secondary Data*: The paper also includes the use of secondary data in certain desired places, the references to which is available in the upcoming pages.
c) *Location of Study*: The data has been collected from respondents residing in Bangalore, Karnataka, India.
d) *Type of Sample*: The type of sample employed was convenience sampling, in which the researchers sent out the questionnaire to those respondents who were most convenient for them to contact.

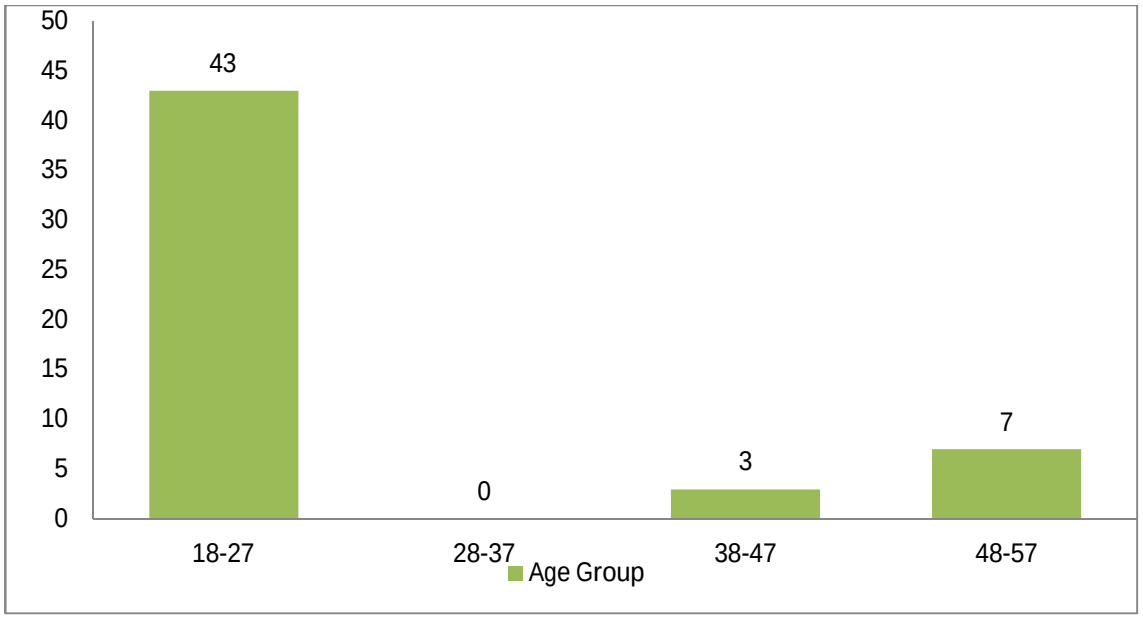
©IJRASET: All Rights are Reserved

ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.429
Volume 9 Issue IX Sep 2021- Available at www.ijraset.com

IV. DATA INTERPRETATION AND ANALYSIS

A. Age Group

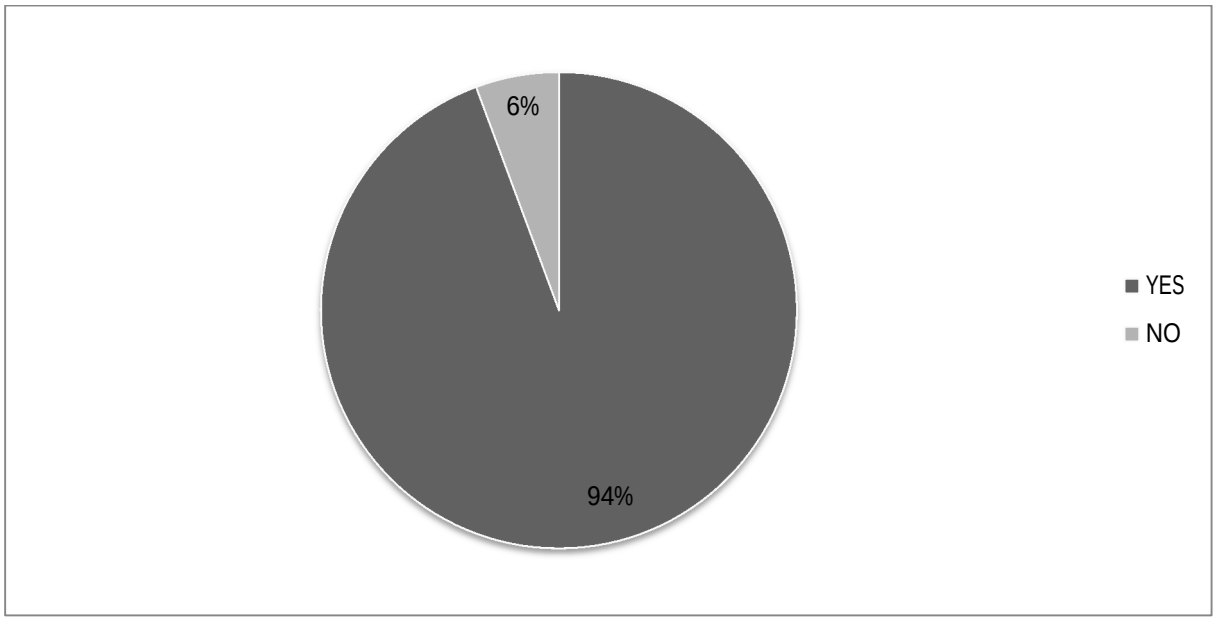
Figure 1



From the above chart, we can see that the respondents are in the age group 18-57 years. The highest number of respondents are in the age group of 18-27 years constituting around 81% of the total respondents. Whereas, we can see that there are no respondents in the age group of 28-37 years. Next, 5% of our total respondents are in the age group of 38-47 years. Lastly, 14% of our total respondents are in the age group of 48-57 years.

B. Are you Aware of Cryptocurrencies like Bitcoin, Ethereum?

Figure 2



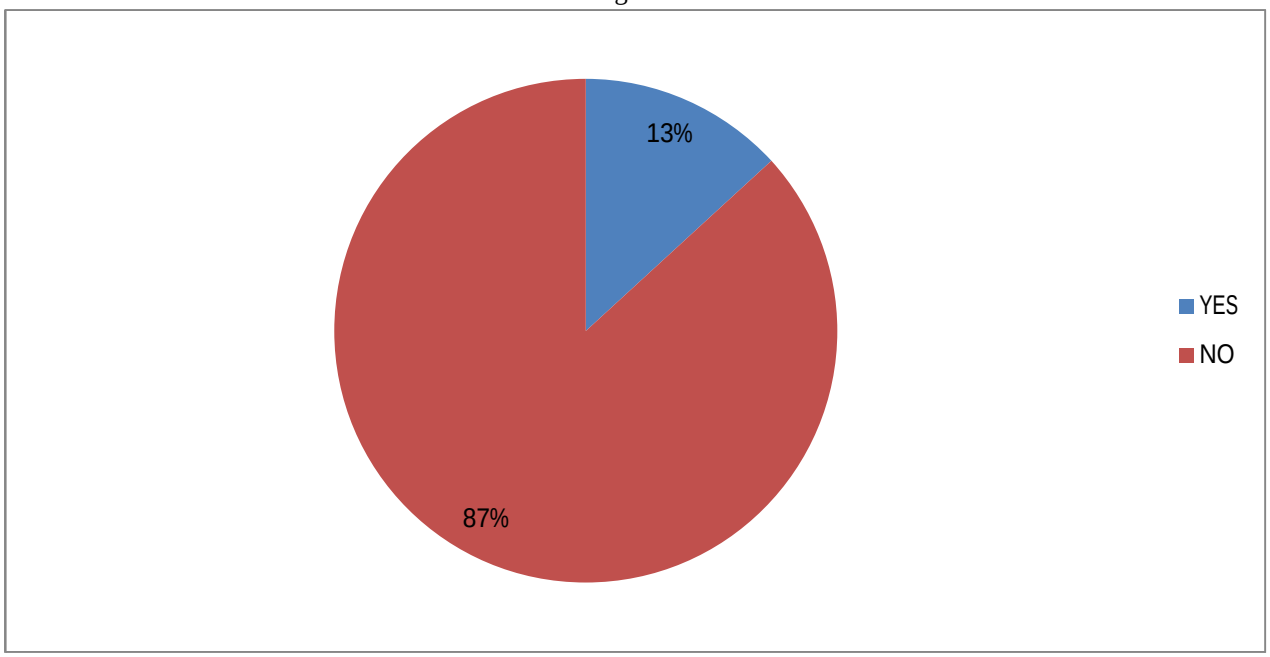
From the above chart, we can say that 94% of our respondents are aware of various cryptocurrencies in the market. But, 6% of them haven't even heard of cryptocurrencies before.

©IJRASET: All Rights are Reserved

ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.429
Volume 9 Issue IX Sep 2021- Available at www.ijraset.com

C. Have You Made An Investment In Any Of The Cryptocurrencies?

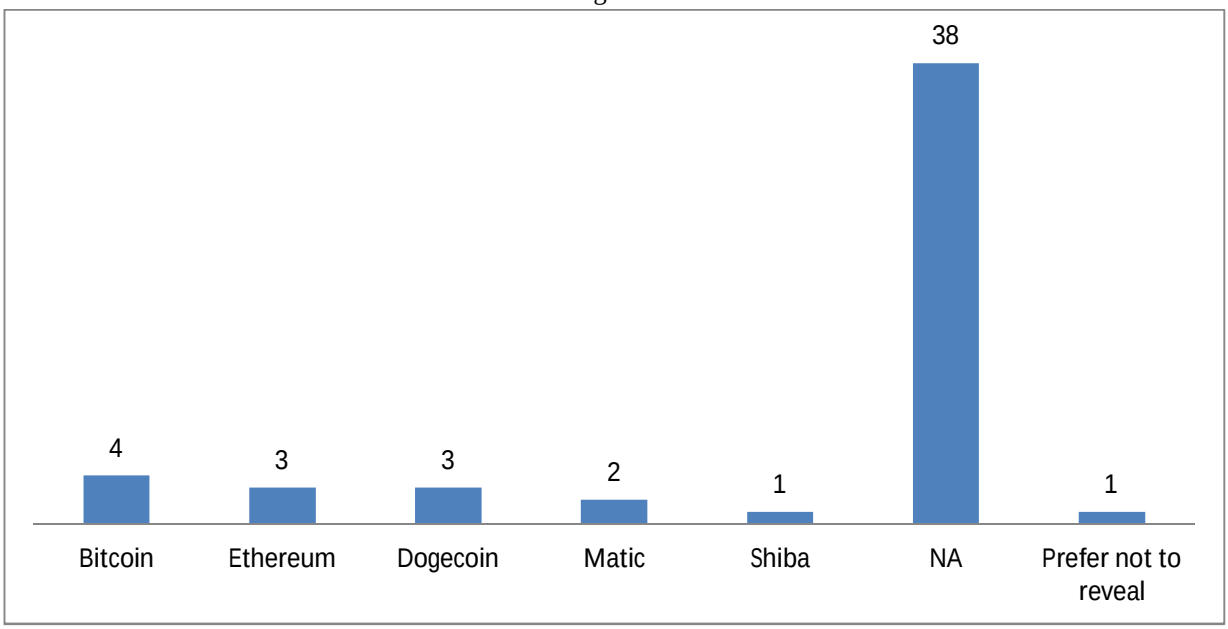
Figure 3



From the above chart, we can say that only 13% of our respondents have made investments in cryptocurrencies. Whereas, a major part of our respondents, constituting around 87%, have made no investments in any of the cryptocurrencies.

D. If yes, Specify. (If No, mention NA)

Figure 4

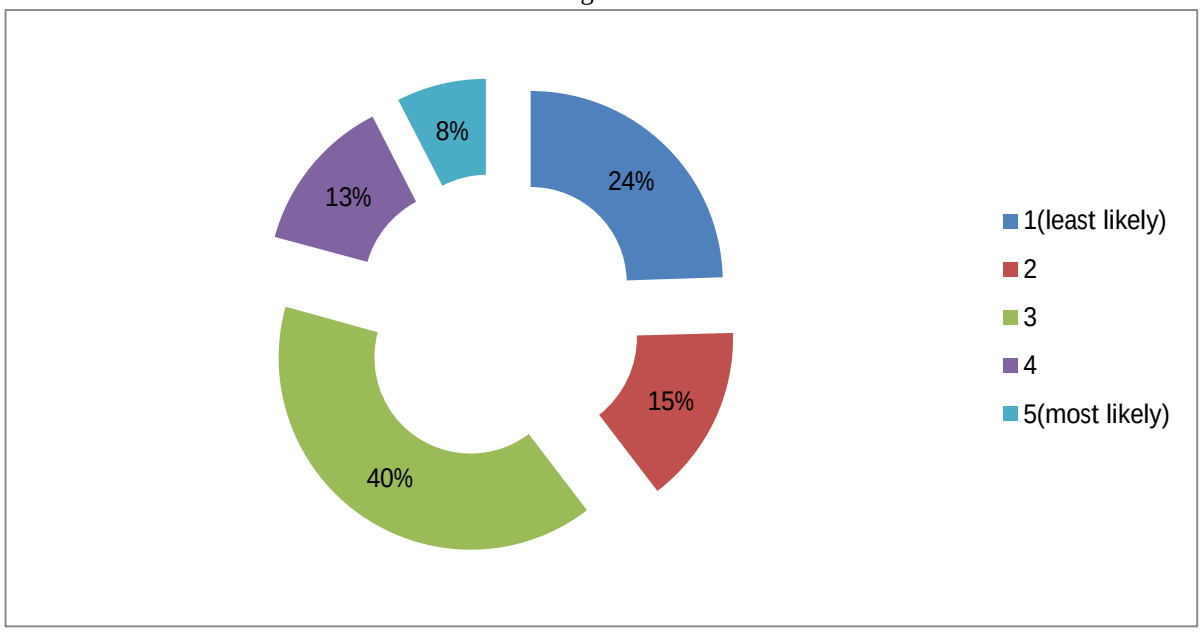


From the above chart, we can see that majority of our respondents have not invested in cryptocurrencies. Among those who have made investments, Bitcoin seems to be the most popular one. Apart from bitcoin, people have invested in cryptocurrencies like Ethereum and Dogecoin. Matic coin and Shiba are the next ones in line. We also have a respondent who wouldn't like to reveal his/her investment for personal reasons.

©IJRASET: All Rights are Reserved

E. How Likely Are You To Accept Cryptocurrency As A Mode Of Exchange In Your Day-To-Day Lives?

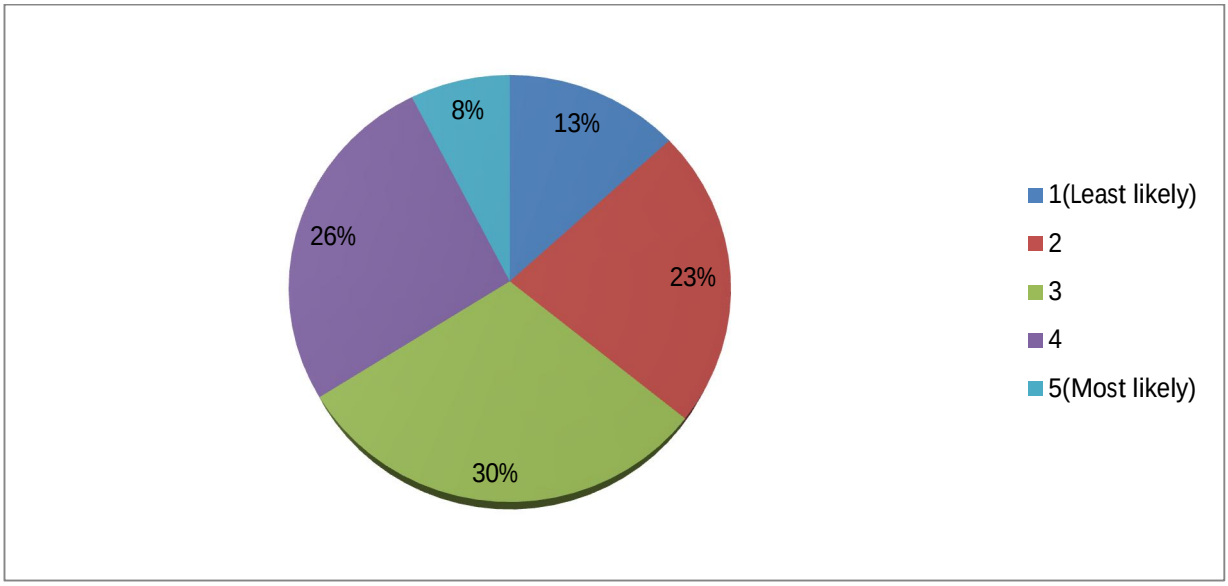
Figure 5



From the above chart, we can see that 39% of our respondents are least likely to accept cryptocurrency as a medium of exchange in their day to day lives. Around 53% of the respondents are still confused whether or not they can accept the above mentioned. Lastly, only 8% of them are very likely to accept the above mentioned.

F. Cryptocurrency is still in its infancy stage and may undergo many changes in the near future which makes it extremely volatile. How likely is it to affect your decision to use cryptocurrency as a mode of exchange in your day-to-day lives?

Figure 6



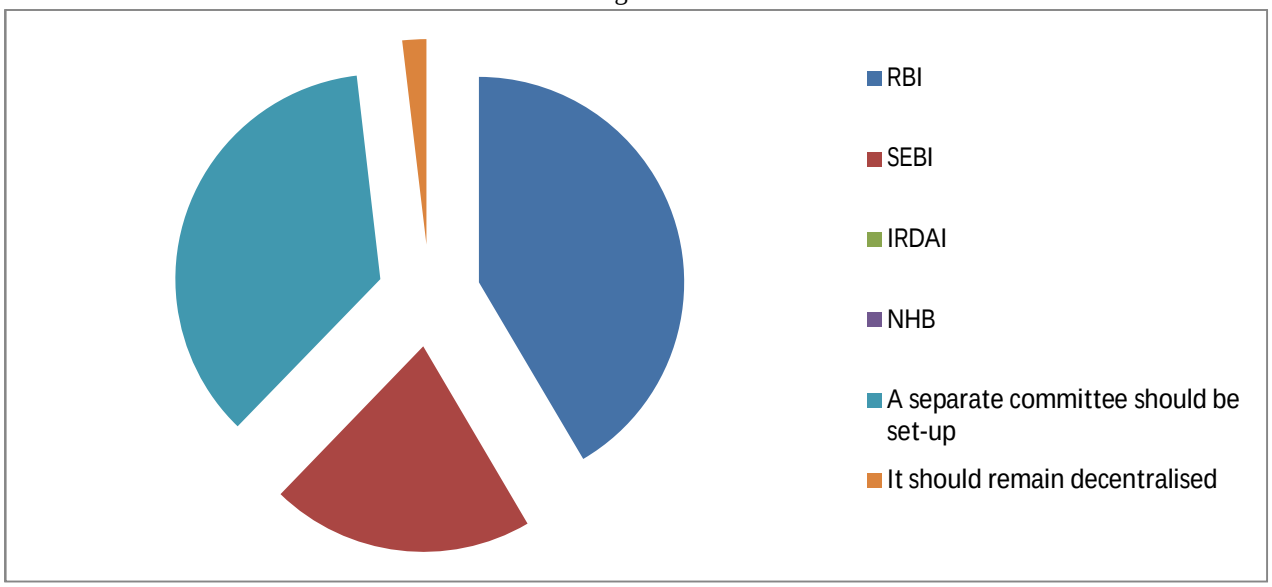
From the above chart, we tried to determine whether the volatility of the cryptocurrencies affected one's decision to invest in them or not. We can see that it is least likely to affect the decision of nearly 36% of the respondents. Whereas, 46% of them are such that the volatility may or may not affect their decision. Lastly, 8% of them are rigid and are sure that the volatility will not affect their decision at all.

©IJRASET: All Rights are Reserved

ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.429
Volume 9 Issue IX Sep 2021- Available at www.ijraset.com

G. Currently, there is no governing body that could regulate the cryptocurrencies in India. In your opinion, who should be given the authority to regulate cryptocurrencies in India?

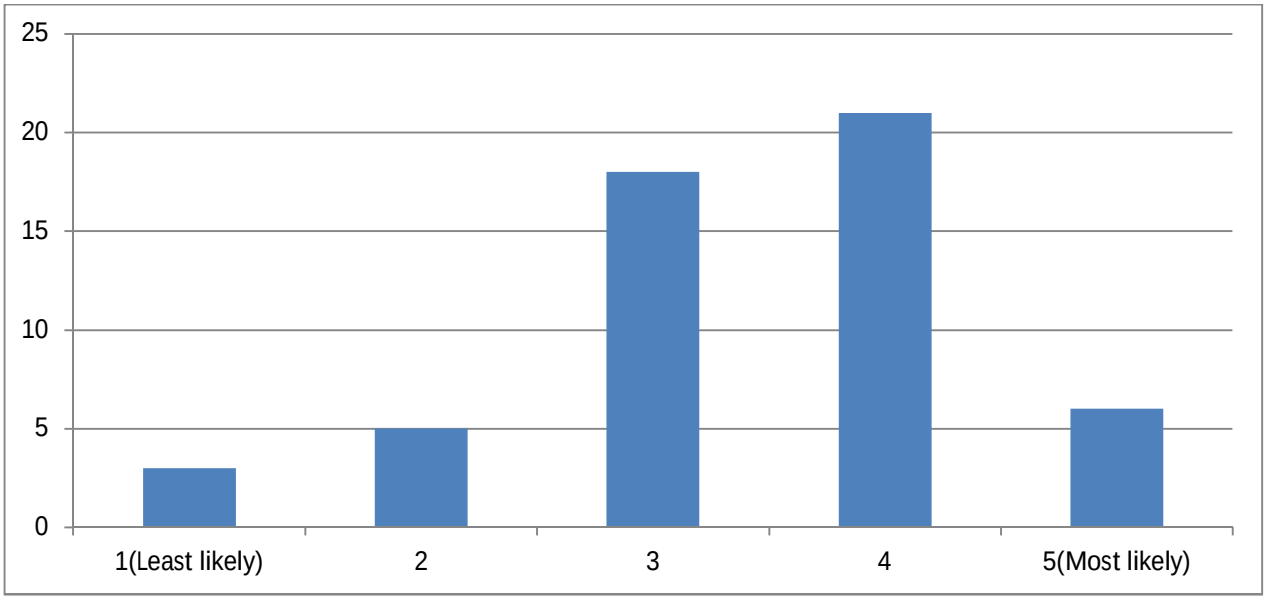
Figure 7



From the above chart, we wanted to find out the opinion of our respondents so as to who should be given the authority to regulate cryptocurrencies in India. We can see that 42% of them say that it should be the Reserve Bank of India. 21% of them say that the Securities and Exchange Board of India should be given the authority. 36% of them believe that a separate committee should be set-up for the same. None of them think that the authority should be given to either IRDAI or NHB. The remaining 2% of them think that cryptocurrencies shall remain decentralized in India i.e. No governing body.

H. How likely is the Cryptocurrency Market to disrupt the existing Digital Payments Market in India?

Figure 8

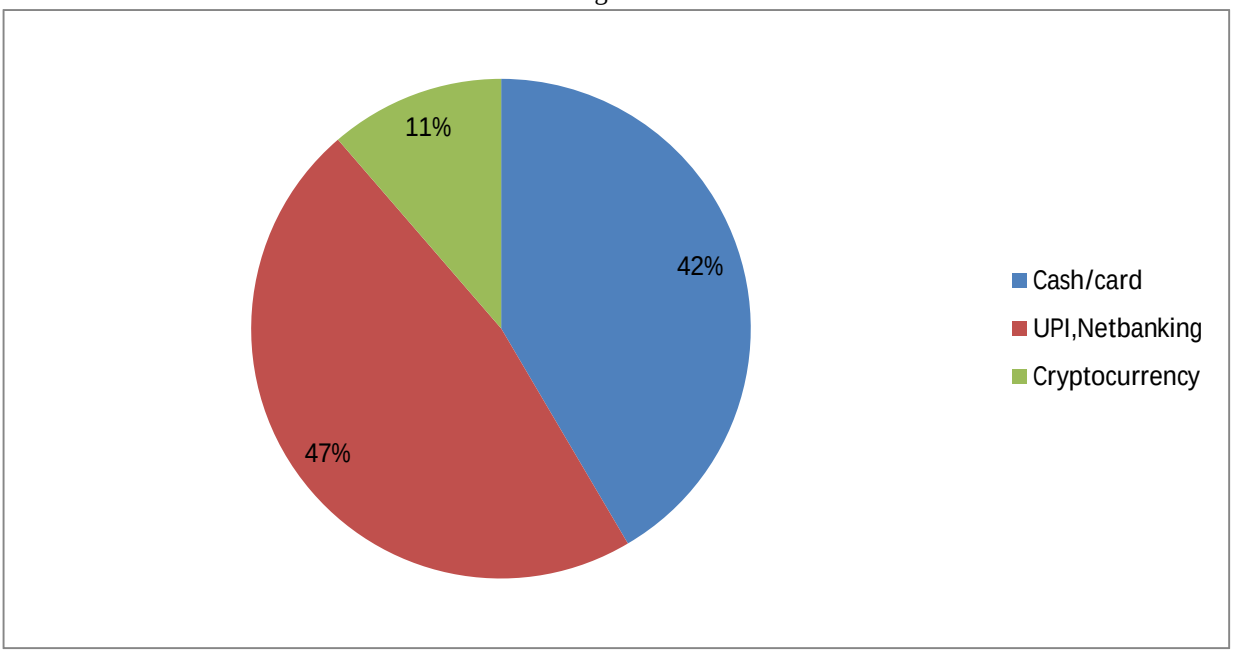


From the above chart, we wanted to know the opinion of our respondents on whether or not will the cryptocurrency market disrupt the digital payments market in India. 14% of them think that it is least likely to disrupt. 34% of them think that it may or may not disrupt the digital payments market. 52% of them think that it is very likely to disrupt the digital payments market in India.

©IJRASET: All Rights are Reserved

I. What would you rather choose as a mode of exchange?

Figure 9



From the above chart, we wanted to find out the most popular mode of exchange in our day to day lives. 42% of the respondents would chose cash/card as their mode of exchange. 47% of the respondents are comfortable with UPI/Netbanking as their mode of exchange. We also have around 11% of them who are willing to choose cryptocurrency as their mode of exchange.

V. CONCLUSION

Cryptocurrency exchange rates are an exciting and stimulating concept with the potential to radically improve global finance. However, although cryptocurrencies are based on sound and democratic principles, practical and technical work is underway. Sooner or later, almost all of the countries in terms of monetary production and financial policy appear to be safe.

In the meantime, anyone using cryptocurrencies (and anyone interested in the promise of cryptocurrencies) should always pay attention to the practical limitations of the concept. Claims that certain cryptocurrencies give complete anonymity or immunity from liability are worthy of deep skepticism, as are claims that individual cryptocurrencies represent an absolutely sure investment opportunity or inflation hedge.

REFERENCES

[1] Basu, S., Saha, T., & Maity, S. (2021). IMPLICATIONS OF CRYPTOCURRENCY: A NEW BUSINESS PROPOSITION OF TODAY'S ENTREPRENEURIAL HORIZON. Retrieved 15 August 2021, from https://ejournal.lucp.net/index.php/ijrtbt/article/view/201on_Legislation/links/5ae1720a458515c60f660076/The-Growth-of-Cryptocurrency-in-India-Its- Challenges-Potential-Impacts-on-Legislation.pdf

[2] The Basics of Cryptocurrency: The Conclusion | TopBrokers.Trade. (2021). Retrieved 15 August 2021, from https://topbrokers.trade/guide/basics-cryptocurrency/conclusion/#:~:text=The%20Basics%20of%20Cryptocurrency%3A%20Conclusion.%20Cryptocurrency%20is%20an,remains%20a%20practical%20and%20technological%20work%20in%20progr ess.

[3] (2021). Retrieved 15 August 2021, from https://www.nerdwallet.com/article/investing/cryptocurrency-7- things-to-know

[4] (2021). Retrieved 15 August 2021, from https://time.com/nextadvisor/investing/cryptocurrency/what-is- cryptocurrency/

[5] (2021). Retrieved 15 August 2021, from https://www.researchgate.net/publication/349502278_Cryptocurrencies_in_Modern_Finance_A_Literature_Review

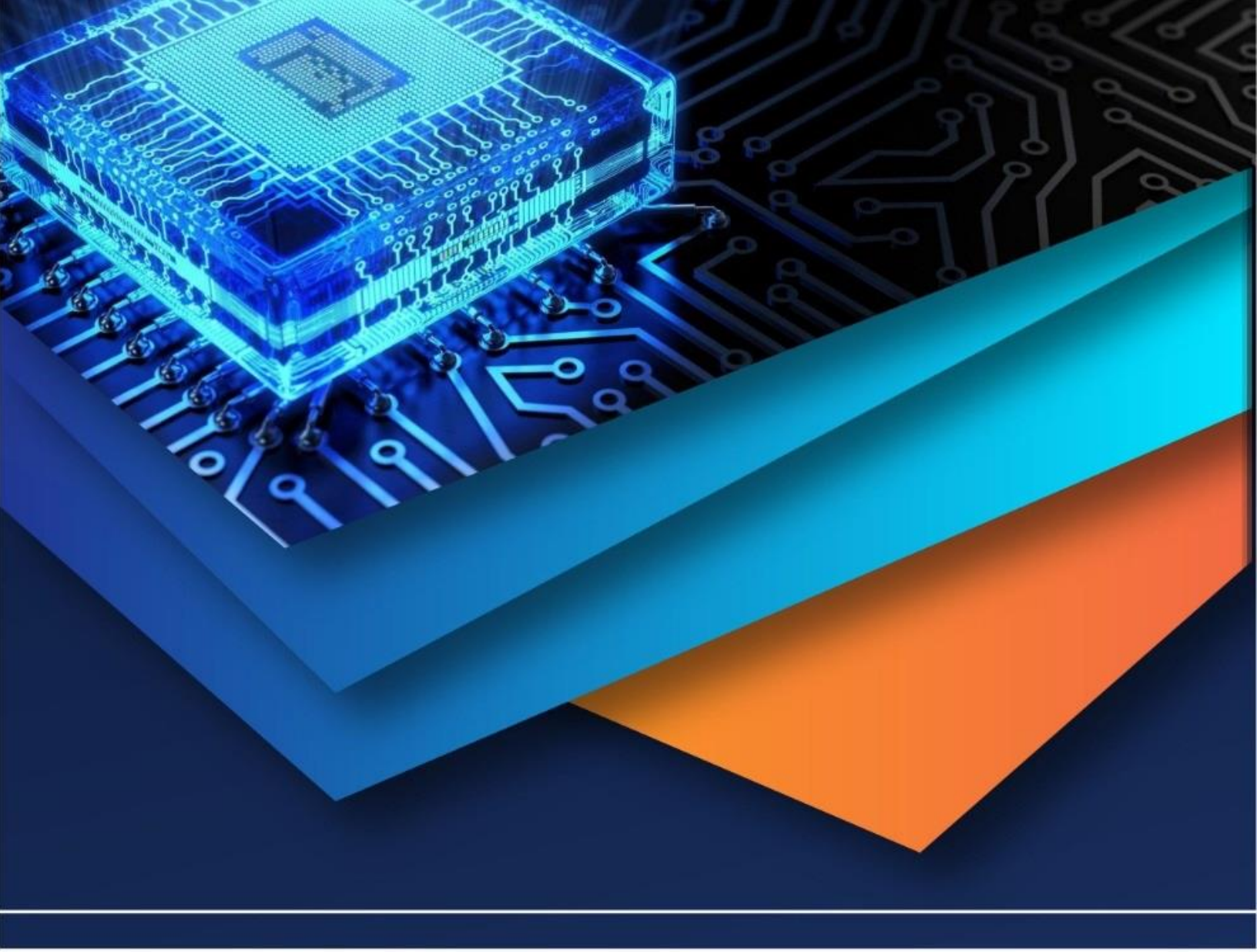
[6] (2021). Retrieved 15 August 2021, from https://www.researchgate.net/profile/Shailak-Jani/publication/324770908_The_Growth_of_Cryptocurrency_in_India_Its_Challenges_Potential_Impacts

[7] (2021). Retrieved 15 August 2021, from https://d1wqtxts1xzle7.cloudfront.net/55848101/IRJET-V5I143- with-cover-page-v2.pdf?Expires=1628868383&Signature=GW9FwTvYSq1crmk2q7bVhkj6zhARF9X9yG1UtMOzykh3fsNN 96Gj2PZlrfZYmVm7RQgGdVEHzAGdh-0NI-q~qTGrtDDOfTc- GCVXcrqO4ebV~ETrwUKO~wTHQ~1aQTv27iuiNzjCYgK5pkEVm1fEGRo6DJVBKSlrfKL~PkSpxEddeeVbFG8bZTYxr36Kad2LKUR15NQqEzl7tcrG9I58WUjYPP9HtlYXKQkdjiaxwKmGON50kq7j7QqC6Wv5Pe2 EGRGSZ3Uyk4AclDmmG-qxsNL0es6uhq8bXRudw6ec~S4im0CA~XYR1NBI- Y3r85KJJrJYsZVEbk1dHM~ePOwH8Q_&Key-Pair-Id=APKAJLOHF5GGSLRBV4ZA

©IJRASET: All Rights are Reserved

[8] (2021). Retrieved 15 August 2021, from https://d1wqtxts1xzle7.cloudfront.net/56838948/F0902013842-with-cover-page-v2.pdf?Expires=1628868484&Signature=Jd2CytqHr1Nsh3ljiO6Y11L1JKQIGWHxfwzoXSr8By6~iwiTkbcoorz8MR3GZER9N4S3Kmt~X63iwpZBNlKlnV5emSBp4wDpvKvOL2l8ReeTx-v~avwTum78NiwYOwVFWC8KmiyBJXHtGy3T~h7R~6oH8AVkcszsDCIxFrd2bcv-IgiG9ZAgSpwkwrvUmVaGVIbsXBmOlmlQHafcjR8rOV87DDk2qsdAylACSFxALdkg7SD1t8epQQS4eYu2U5TEUFoJdyB6GhOOSDkrWoTF6bS2Z28ViF2IbmghepLcqZt9S7LF3bM-A7CT4vk67aVKnFpKrBYnZDliLTHsLCftRCA__&Key-Pair-Id=APKAJLOHF5GGSLRBV4ZA

©IJRASET: All Rights are Reserved



10.22214/IJRASET

45.98

IMPACT FACTOR: 7.129

IMPACT FACTOR: 7.429

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Call : 08813907089 (24*7 Support on Whatsapp)