

Cryptocurrency Adoption and Implications on Mumbai Financial Sector

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Abstract: *A cryptocurrency is a digital currency that is designed to work as a medium of exchange through binary format which is not reliant on central authority, such as government or bank to maintain it. Individual cryptocurrency record is maintained in digital ledger, this transaction is secured using cryptography. Some of the popular crypto currencies available for trade in online market Bitcoin, Ethereum, Litecoin, Peercoin, etc. Cryptocurrency has gained a lot of attention and acceptance from several years. Cryptocurrency adoption level has also increased and the market has also grown rapidly, but most of the people in India are still unaware with this concept and implication. In this article, we aim to discover the topic of cryptocurrency adoption and implication from various outlooks. This research paper is based on secondary data collected by researchers from various sources and papers. It provides an up-to-date information research on cryptocurrency adoption and implication. The present study will further help in understanding the pros and cons of digital money and how it can be more secure. The goal of this research is to identify the current research stage and open challenges for further study in cryptocurrency adoption.*

Keywords: Cryptocurrency adoption, Bitcoin, Digital ledger, cryptography.

I. INTRODUCTION

Long time ago, transaction was made with the help of Barter system, where goods and services are traded by goods and services. Later, with the evolution barter system was replaced by coins and notes in exchange of goods and services. Then it was replaced with digital payment like Debit, Credit card and other digital wallet. But in recent time, one of the latest and most promising digital inventions in the financial landscape is the development of the cryptocurrency. It is a new form of digital currency grounded on a computer cryptography and decentralized network. Cryptocurrency is a virtual currency that is designed as an alternative to standard fiat currency, allowing consumers to execute digital payment for goods and services without the need for intermediaries. Cryptocurrency does not exist in physical form and it is not issued by central bank. The transactions records are stored on the blockchain public distributed ledger. In recent times, there has been a remarkable expansion in cryptocurrency marketplaces, wherein Bitcoin is the most famous cryptocurrency since its introduction to public in January 2009. Other cryptocurrencies also gained significant number of popularities in cryptocurrency industry. In short, cryptocurrency is a complete decentralized currency without a central issuer. Consumers are able to transfer cryptocurrency among each other or use it to pay for goods and services as long as merchants' acceptance. Based on open-sources software, a set amount of cryptocurrency is given to users in exchange for contributions to the operation of the cryptocurrency system. Cryptocurrency can also be traded in national currencies through several internet-based exchanges.

Some features of cryptocurrency are as follow: -

1- Convertible into fiat coins: -

By using cryptocurrency exchanges, users may buy and sell cryptocurrencies in exchange of the fiat currency of their choice, like foreign currency.

2- Control over system: -

Cryptocurrency operates in decentralised system, which gets rid of central authority and runs in blockchain technology and allow users to operate in a free market. As decentralised system offers high level of transparency as all the

transaction are published in public. Ledger is accessed by all the users on the network. It attracts the users since there is no control over the network except themselves.

3- Blockchain technology: -

The existence of blockchain allowed cryptocurrency to become an alternative to the financial system. The blockchain is a digital ledger that records all transactions. It allows for transparency and helps prevent fraud by ensuring that the same cryptocurrency cannot be spent twice.

4- Fast transfer: -

One of the drawbacks of banking system is the time it takes to transfer the fund from senders to the receiver account especially in case of international transfer. The transfer of cryptocurrency from one wallet to another wallet just takes a few minutes to transfer which in comparison would take more time in case of banking system. The transfer of cryptocurrency is available 24/7 and is not restricted to operational hours of the centralised system.

II. LITERATURE REVIEW

The adoption and acceptance stage of cryptocurrency has increased and can be recognized by the following indicator: number of users, transaction volume and market capitalization. The cryptocurrency market value at the end of 2017 was more than \$800B. Over US\$1.2 billion has already been invested in blockchain start-ups. Studies have also found that factors such as age, education, and prior experience has increased awareness and understanding of cryptocurrency in financial sector. The cryptocurrency exchange site where users can buy and sell coins and use as wallet platform gives a very good estimate of cryptocurrency users. Cryptocurrency offers a high level of privacy; Decentralized cryptocurrency offers high level transparency as all the transaction are published in the public ledger and can be accessed by all the users. The miners who are party of this network verify the transaction. It attracts the users since no one has control over the network except the users themselves. One of the drawbacks of the banking system is the time it takes to transfer the funds from the sender account to the receiver account. This study will close the examination of cryptocurrencies from a financial standpoint. This study is one of the initial efforts to comprehend how cryptocurrencies are changing and altering the existing financial institutions.

2.1 OBJECTIVE

- Awareness of cryptocurrency in financial landscape.
- Investment risks in stocks related to cryptocurrency.
- To study the current economic scenario of Cryptocurrency globally.
- Present data collected from questionnaire regarding investment in cryptocurrency.
- To study the impact of cryptocurrency on economy, banking and finance sector.
- Future study of cryptocurrency in India.

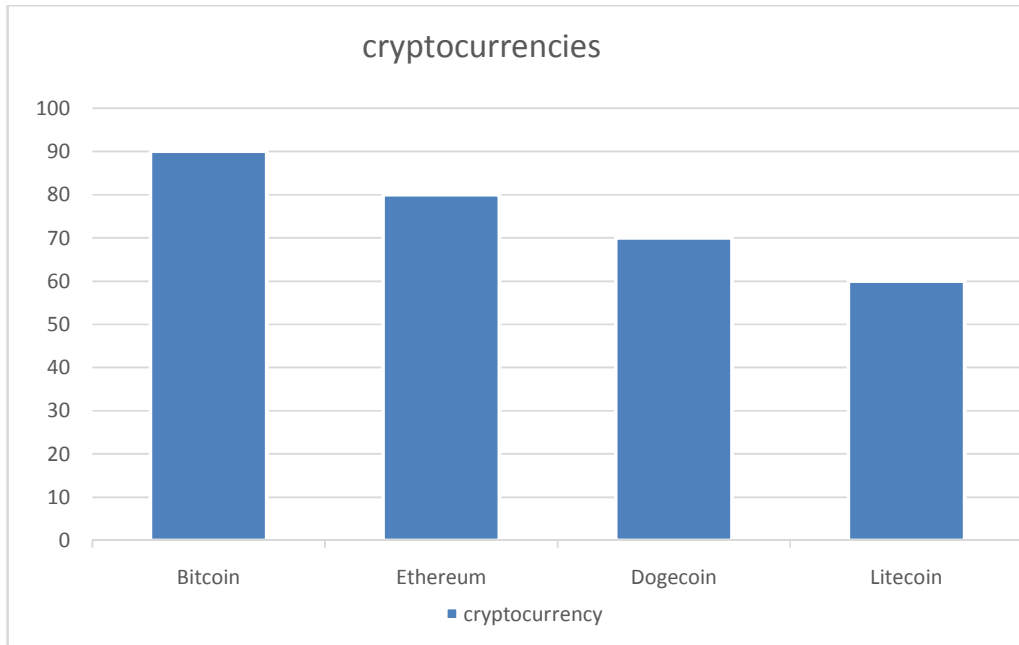
III. METHODOLOGY

A literature review is conducted to investigate the cryptocurrency adoption. The goal is to review the literature on cryptocurrency adoption and to examining the existing adoption level and to analysis of the factors influencing the adoption decision. The sources used in this research paper are of secondary data collected from various sources like online publish article and websites.

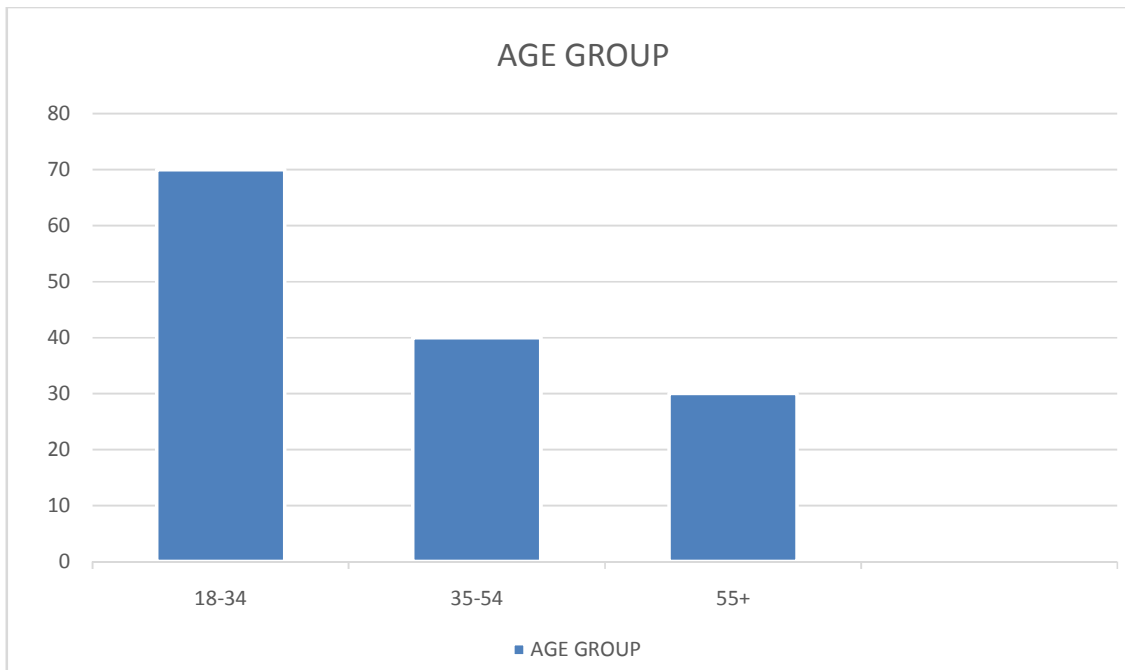
IV. DATA ANALYSIS /FINDINGS

1-TYPES OF CRYPTOCURRENCY PEOPLE AWARE OF

The awareness of cryptocurrency, such as Bitcoin, Ethereum, Dogecoin and Litecoin has been steadily increased over a year. According to data 80%-90% people are aware of bitcoin, 70%-80% of people are aware of Ethereum, 70%-60% of people are aware of dogecoin and 60%-50% are aware of Litecoin. There are many other coins in the market which people are not aware. Many people got aware of cryptocurrency through Bitcoin, so many of them are very familiar with it. On the other hand, is a newer cryptocurrency, like Ethereum which was introduced on 2015. It still has gained popularity in recent years, but still it is not widely known as bitcoin.



2-AGE GROUP THAT TRADES CRYPTOCURRENCY:



According to the data, we have found that younger generation people tend to trade on cryptocurrency more than the other age group. We have found that 70% of age group 18-34 people have traded on cryptocurrency, 40% of age group 35-54 people have traded on cryptocurrency and 30% of age group 55+ people have traded on cryptocurrency. The reason why people age 18-34 has invested more due to this age group are more likely to take risk, mistrust on financial institution, investment opportunity with higher return.

V. SWOC ANALYSIS OF TRADING IN CRYPTOCURRENCY

STRENGTHS:

- High capability for growth and returns
- Decentralized and globally available for 24/7

WEAKNESS:

- Volatility and lack of regulation makes it risky for the investors
- Lack of knowledge and understanding about the market among investors

OPPORTUNITIES

- Growing in desire for investment socially and environment
- Potential for partnership and collaboration with the financial institution

CHALLENGES

- Uncertainty changes in government regulations
- Competitions from digital assets and other cryptocurrencies

VI. CONCLUSION

The goal of this research paper was to examine the cryptocurrency adoption and implication. We have examined the factors influencing the adoption decision and has provide analysis of each factor. We have observed that there has been increased in awareness of cryptocurrency, types of cryptocurrency people are aware of and age group that trade cryptocurrency. Nevertheless, cryptocurrency still has some adoption challenges and drawbacks which still needs to be addressed. Many investorshavestill not gained enough confidence to invest due to lack of awareness and understanding of cryptocurrency. Study of cryptocurrency and incorporation of blockchain technology system in programmeswill increase the investor's confidence and proper knowledge of technical analysis will help in investing at share market. The findings of this research will help the researchers, regulators and cryptocurrency developer for better understanding of their investors.

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