

Evaluate The Adoption of Cryptocurrency

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Abstract:

The most common and well-known cryptocurrency is that Bit coin. The basic structure has been created in 2008. Due to many reasons its demand has been initially increasing day by day. Cryptocurrency is a very convenient tool to exchange the value without the help of any middleman. There is also a limit number to produce bitcoin, to preventing its overflow.

Information and communication technologies have made an impact in financial and business sectors. Number of online users have increased. They are aware of the new concepts like virtual world, and they are able to set up their own business strategies. The main noted financial tool in today's world is crypto currency. Cryptocurrency is a digital currency. It acts as a medium of exchange in both virtual transactions, and in real transactions. Cryptocurrencies are used in online social network, online social games, virtual worlds and peer to peer networks. It uses an advanced encryption technique called cryptography for the safe and secure financial transactions. It is used for transferring assets.

The article finds out the factors influencing the use of cryptocurrency, the factors that stimulate the restrictions of usage of cryptocurrency and the future possibilities of using cryptocurrency.

Keywords: Crypto Currency, Digital Currency, Usage, Adoption, Influential Factors

Introduction:

Bitcoin has strength by design to make it a viable currency that has elevated it in status over the years, more notably the fixed limit of bitcoin that will exist. Bitcoin will be mined with diminishing returns every four years until the maximum number of bitcoins are reached: a total of 21 million (King, 2013)¹. This aspect of Bitcoin is important for its value. Due to the limited amount of bitcoins, it will never become inflated from an overabundance of bitcoins. Also, bitcoin and other cryptocurrencies are generally regarded as being protected

¹King, R. S. (2013, December 17). By reading this article, you "re mining bitcoins. Retrieved from Quartz.com Website: <http://qz.com/154877/by-reading-this-page-you-are-mining-bitcoins/>

from inflation originating from national government changes or restrictions (Magro, 2016)².

Cryptocurrency has a lot of advanced advantages. The usage of cryptocurrency increased day by day. Which plays an important role in advanced financial markets. There by which can integrate the whole world into a single mode of transaction. This will eliminate the role of third party.

Recently technology made a huge impact on payment through contactless and mobile payments along with online banking. But these inventions cannot structurally change our banking systems in a fundamental way. Cryptocurrency is a brand-new concept. The analysis of current cryptocurrency systems its challenges and future possibilities may lead us to a better understanding about the concept and we will be able to take part in this new movement with great confidence and knowledge.

The peer to peer digital currency came in 2009 and it made way to the emergence of other crypto currencies. The USA, Canada and Australia are cryptocurrency friendly countries. Like in many other countries it is considered as illegal in Indian banking sector also, that is we cannot buy or sell it from bank or any such firm. So, in this article a study about the factors influencing the use of cryptocurrencies, restriction of usage of cryptocurrency and the possibilities of their future success of currency exchange companies are carried about.

The global economy is inevitably moving towards a digital eco system. Everything is going paperless. Cryptocurrencies are the newest promise in financial sector. crypto currencies are fraud proof, it secures secure digital transactions, they go for instant settlements, they are accessible and there are no middlemen in this digital money transfer. It is considered as the future currency, so a thorough study may help us find out the pros and cons of using cryptocurrencies.

Review of literature:

Jaysing Bhosale and Sushil Mavale (2018) ‘Volatility of select Crypto currencies: A comparison of Bitcoin, Ethereum and Litecoin’, Jaysing Bhosle describes that, With the increasing use of cryptocurrency and its volatility, cryptocurrencies are being adopted across world. It is used for various transactions both legal and illegal. The returns earned from

²Magro, P. (2016, July 16). What Greece can learn from bitcoin adoption in Latin America. Retrieved July 2016, from International Business Times Website: <http://www.ibtimes.co.uk/what-greece-can-learn-bitcoinadoption-latin-america-1511183>

crypto currency investments in recent times were huge but there has always been a question on their existence and credibility. The study tries to compare three crypto currencies - Bitcoin, Ethereum and Litecoin with respect to their volatility and stability in recent times and also tries to understand their trends in recent times.

Irina Cvetkova (2018) This article evaluates the legal framework of cryptocurrency in various countries. E-money is also digital; however, the main difference is that e-money is issued not only by the State, but also by commercial banks, creating a certain imbalance. The issuer of cryptocurrency is decentralized, and it exists only virtually. Virtual currency possesses the nature of obligations rights as well as property rights, since it may be both a means of payment and a commodity. A number of countries demonstrate a complete inability to respond adequately and competently to innovations and technological progress. But the emergence of decentralized systems and cryptocurrency will inevitably lead to evolutionary changes in the international legal system.

Peter D DeVries(2016) conducted a study on the analysis of cryptocurrency, Bitcoin and its future. He state that the cryptocurrency is based on peer-to-peer network. While which is not replace traditional fiat currency. This study conducted SWOT analysis. The high rate of bitcoin flow induce the vendors to accept to accommodate customer needs. It is a cyclical effect. More users will use it to capitalize on its benefit when the vendors adopt the cryptocurrency technology. Cryptocurrency's ability to be traded like a commodity is also considered as a weakness. Value fluctuation effect the investors trust in the commodities. Taxation policies of cryptocurrencies are ensure the validity of the transaction.

Farell, Ryan (2015) analysed the cryptocurrency industry. This study shows that the cryptocurrency industry had a great growth. The industry has expanded widely to circulate the coins. In the long run period, bitcoin may not dominate the industry. This study provide an overview of factors affecting the industrial growth. As well as the customer perception and acceptance of cryptocurrency.

CPMI report (2015) states that the possibility of the changes in interest rate of central bank due to the digital innovation. There are number of risk associated with the e-money or digital transactions. Then the next is the requirement of broad range of distributed ledger technology. Which should cover the whole economy. This report also specify the instrumental system or payment, features, issues, influential factors etc related to the digital currency

Halburt and Bojanova(2014) innovations in technology helps the people to do the international transaction with a single click. It will effect the global scale. Nearly Amazon created theiron coinage to capture the digital advancement. Invention of Bitcoin create a challenge for money exchange companies.

Brett Scott(2016) the invention of bitcoin and its underlying blockchain technology create a tremendous change in the financial market. This paper deals with the discussion about the technology advancement, financial inclusion, cooperative structure and micro insurance system. This study mainly focus on the term Blockchain 2.0 Technology.

Wood and Buchanan(2015) state that advanced blockchain law and programmed more effective than traditional legal contract. Contracts represent as unpredictable, imperfect knowledge, ambiguous, imperfect human relations. Such contracts cannot run by smoothly. Building system should keep a distance from such politicians.

Hossein Nabilou, Andre Prum(2019) conducted a study on the topic ‘Central Bank and Regulation of the Cryptocurrency’. This study examines the relation between central bank and the regulation of cryptocurrency with special reference to European Central Bank. There are number of threats due to the progress or growth of cryptocurrency. There for the banks compelled to revise their policies and procedures. They enable to do the exercise of its supervision function on all financial institutions. The result of this paper shows that the invention of cryptocurrency effect the central bank policies directly and indirectly. ECB takes legal and technical measures to face the challenges. For that purpose, ECB taken some indirect strategies to influence the digital currency market. They also trying to reaping competitive advantages from the cryptocurrency movements.

Objectives:

1. To know about the top money exchange companies
2. To find out the factors influencing the use of cryptocurrency.

Research methodology:

The research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data. Structured questionnaire is used to collect primary data. Survey method is used to know the respondents about the influential or motive factor to use the

cryptocurrencies and the pull back factors from the use of cryptocurrency. The data collected from sample of 200 respondents.

Data analysis and Interpretation:

Most Popular Money Transfer Companies in The World

- **Western Union:** western union is the most leading money exchange company in the world. It helps to send and make payment all over the world. People can seek help of western union through their website. Make financial deals with more than 200 countries through western money transfer company. Their transfer process is more convenient and faster. There by they could attain the trust of million people.
- **Moneygram:** Moneygram offices located around 100000 across the whole world. This company always offer benefits to customers like customised mode of payment. Which ensure the security of the transactions. High speed is one of the most powerful feature of moneygram companies.
- **Transferwise:** This company started in 2011. In short period the company could grow high level. Peer-to-peer services used for money transferring. It helps the people to send money across the world. Transferwise offers real exchange rate.
- **World Remit:** Online money transfer is possible through world remit. Money can transfer all over the world with easily. The fixed rate of fee is clearly specified by them. They can do numerous transactions at a time. The fee is comparatively low.
- **Paypal :** With the help of paypal , people can transfer money online. Paypal also provide a feature that to track revenue and expenses. Just a e-mail id or link is required for transaction. Their app is providing convenience to the customers. There are fixed rate or fee to use paypal. Paypal link with any plastic cards or bank account, which enables to use very easily.
- **Ria:** Ria established in 1987. Ria is the one of the largest money transferring company. Very easiest steps following for the process of transaction. While sign up the website, the customers can track their status of payment. Which ensure the safety of payment.

The influential factors to adopt the cryptocurrency

H₁: Easier International Trade is an influential factor to for the adoption of Cryptocurrency.

- H₂:** Adaptability is an influential factor to for the adoption of Cryptocurrency
- H₃:** Privacy &Security is an influential factor to for the adoption of Cryptocurrency
- H₄:** Reliability &Trust is an influential factor to for the adoption of Cryptocurrency `
- H₅:** Efficiency is an influential factor to for the adoption of Cryptocurrency `
- H₆:** Economical Aspects is an influential factor to for the adoption of Cryptocurrency
- H₇:** Decentralisation is an influential factor to for the adoption of Cryptocurrency

Regression coefficient

Path	Estimate	CR	P	Variance explained
Easier International Trade-> Influencing factors	0.953	26.155	<0.001	90.8
Adaptability ->Influencing factors	0.859	18.099	<0.001	86.2
Privacy &Security -> Influencing factors	0.886	19.692	<0.001	97.3
Reliability &Trust -> Influencing factors	0.973	30.117	<0.001	94.7
Efficiency-> Influencing factors	0.987	35.296	<0.001	78.5
Economic Aspects-> Influencing factors	0.929	23.173	<0.001	73.8
Decentralisation-> Influencing factors	0.988	35.861	<0.001	90.8

(source: survey data)

H₁: Easier International Trade is an influential factor to for the adoption of Cryptocurrency.

The results revealed that the Easier International Trade had significant influence on Influencing factors as the standardised direct effect of this construct on Influencing factors was 0.953, which is more than 0.4 (also p value was significant). So that accept the hypothesis H₁ and conclude that Easier International Trade is an influential factor to for the adoption of Cryptocurrency.

H₂: Adaptability is an influential factor to for the adoption of Cryptocurrency

The results revealed that the Adaptability had significant influence on Influencing factors as the standardised direct effect of this construct on Influencing factors was 0.859, which is

more than 0.4 (also p value was significant). So that we accept the hypothesis H₂ and conclude that Adaptability is an influential factor to for the adoption of Cryptocurrency.

H₃: Privacy & Security is an influential factor to for the adoption of Cryptocurrency

The results revealed that the Privacy & Security had significant influence on Influencing factors as the standardised direct effect of this construct on Influencing factors was 0.886, which is more than 0.4 (also p value was significant). So we accept the hypothesis H₃ and conclude that Privacy & Security is an influential factor to for the adoption of Cryptocurrency.

H₄: Reliability & Trust is an influential factor to for the adoption of Cryptocurrency

The results revealed that the Reliability & Trust had significant influence on Influencing factors as the standardised direct effect of this construct on Influencing factors was 0.973, which is more than 0.4 (also p value was significant). So that we accept the hypothesis H₄ and conclude that Reliability & Trust is an influential factor to for the adoption of Cryptocurrency.

H₅: Efficiency is an influential factor to for the adoption of Cryptocurrency

The results revealed that the Efficiency had significant influence on Influencing factors as the standardised direct effect of this construct on Influencing factors was 0.987, which is more than 0.4 (also p value was significant). So that we accept the hypothesis H₅ and conclude that Efficiency is an influential factor to for the adoption of Cryptocurrency.

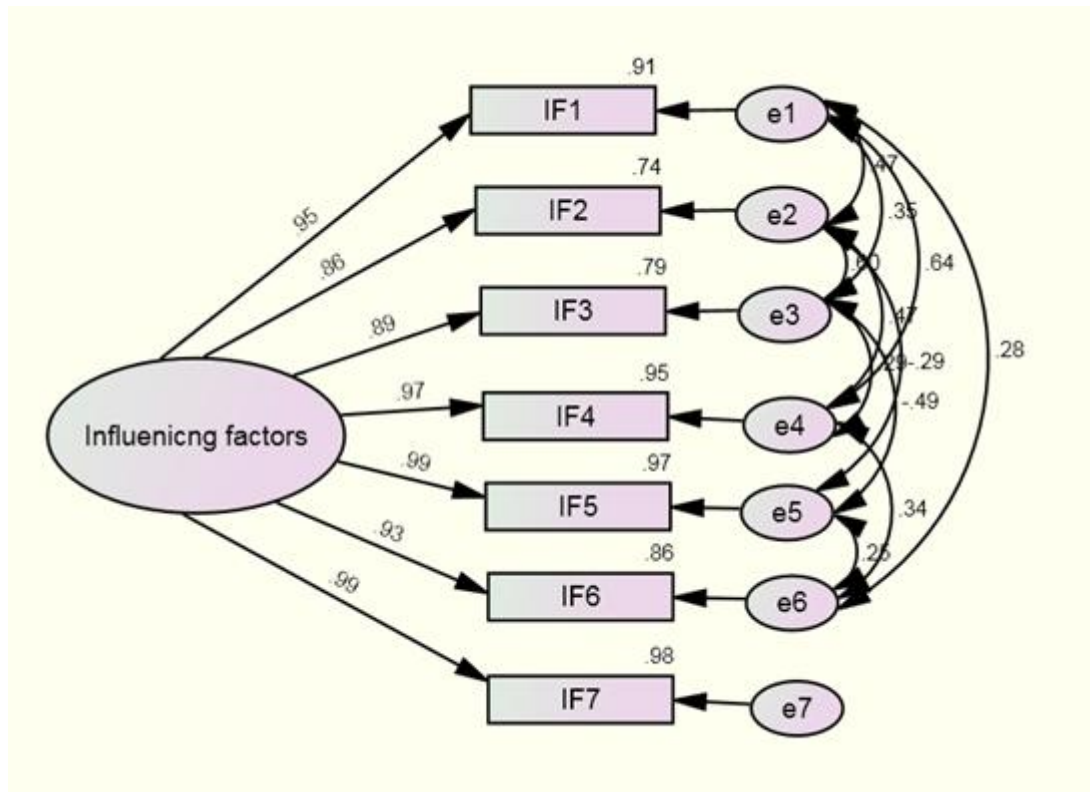
H₆: Economic Aspects is an influential factor to for the adoption of Cryptocurrency

The results revealed that the Economic Aspects had significant influence on Influencing factors as the standardised direct effect of this construct on Influencing factors was 0.929, which is more than 0.4 (also p value was significant). So that we accept the hypothesis H₆ and conclude that Economic Aspect is an influential factor to for the adoption of Cryptocurrency.

H₇: Decentralisation is an influential factor to for the adoption of Cryptocurrency

The results revealed that the Demonstrability & Trial ability had significant influence on Influencing factors as the standardised direct effect of this construct on Influencing factors was 0.988, which is more than 0.4 (also p value was significant). So that we accept the

hypothesis H₇ and conclude that Demonstrability & Trial ability is an influential factor to for the adoption of Cryptocurrency.



Findings:

Result of Hypothesis Test

Hypothesis for influencing factors for adoption of Cryptocurrency

1. **H₁:** Esier international trade is an influential factor to for the adoption of Cryptocurrency- **Accepted**
2. **H₂:** Adaptability is an influential factor to for the adoption of Cryptocurrency- **Accepted**
3. **H₃:** Privacy & Security is an influential factor to for the adoption of Cryptocurrency- **Accepted**
4. **H₄:** Reliability & Trust is an influential factor to for the adoption of Cryptocurrency- **Accepted**
5. **H₅:** Efficiency is an influential factor to for the adoption of Cryptocurrency- **Accepted**

6. **H₆**: Economic Aspects is an influential factor to for the adoption of Cryptocurrency-
Accepted
7. **H₇**: Decentralisation is an influential factor to for the adoption of Cryptocurrency-
Accepted

Influencing factors for the adoption of Cryptocurrency

1. Easier International Trade is an influential factor to for the adoption of Cryptocurrency
2. Adaptability is an influential factor to for the adoption of Cryptocurrency
3. Privacy & Security is an influential factor to for the adoption of Cryptocurrency
4. Reliability & Trust is an influential factor to for the adoption of Cryptocurrency
5. Efficiency is an influential factor to for the adoption of Cryptocurrency
6. Economic aspect is an influential factor to for the adoption of Cryptocurrency
7. Decentralization abilities an influential factor to for the adoption of Cryptocurrency

Conclusion:

Cryptocurrency is globally accepted mode of transaction. Which mainly eliminates the fear of loss of cash and can be transfer or exchange with security. The best ever convenient method to exchange the currency. No need of any third party, which also can save transaction cost. Easier International Trade, Adaptability, Privacy and Security, Reliability and Trust, Efficiency, Economic Aspect and Decentralisation are the influential factors to adopt cryptocurrencies. At the same time lack of regulation, highly volatile, problem of scaling, risk and no facility for refund are the factors to restricted the usage of cryptocurrency.

Cryptocurrency is accepted all without the gender differentiation or age differentiation. This term also associated with investment, curiosity and wealth and more related to digital currency. More than half percentage of people considered as credit card or cash. Advancement of cryptocurrency is related to innovative technologies. There are lot of advantages to the people while using cryptocurrency or digital currency, especially due to international trade. This study found that there are numerous advantages or influential factors to choose cryptocurrency.

Scope of Future Research:

Advancement and innovation in cryptocurrency make more smooth function in the international trade. Which can make a uniformity among different transactions, that helps the people to enter into the international market without depending others. There by there is no more scope for money exchanging companies or some other banking services. So that this study also provide an opportunity to find out the scope of money exchange companies or to find out the remedies to resolve the problems faced by the cryptocurrency users.

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