

RECENT TREND OF CRYPTOCURRENCY

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ABSTRACT

The emergence of cryptocurrency has marked its importance in this era but its future is still debatable. Though they might face some issues recently, its success since its launch in 2009 have inspired the world, and it makes way to other alternative crypto currencies. Now crypto currencies can be found in the main stream financial systems. While considering success or failure of crypto currencies in the future, one should consider the fact that they faced many challenges. 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. This research paper conduct a study about the factors influencing the use of cryptocurrencies, restriction of usage of cryptocurrency

Keyword: Cryptocurrency, E-Commerce, Digital World, International Trade, Global Economy

1. INTRODUCTION

Cryptocurrency is used for the medium of exchange for the financial transaction. In the modern era, cryptocurrency provides strong confidentiality and security for the transactions. Cryptocurrency is the digital asset. Everything can be done through network. So that there is no need of any mediator. Cryptocurrencies leverage block chain technology enjoys a lot of advantages like transparency, decentralisation etc. The first decentralised cryptocurrency is bitcoin which was created in 2009. It's a free flow of trade no need of any other transaction cost. Bitcoin is the most popular and well-known cryptocurrency. There are definite number of bitcoins, which enables to reduce the overabundance and ensuring its rarity. Bitcoin has not any intrinsic value like any other physical asset. Various reports shows that the use of cryptocurrencies has been increased, which is the result of the acceptance of cryptocurrency globally.

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 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. 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.

2. 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 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.

Farrell, 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 their on coinage to capture the digital advancement. Invention of Bitcoin create a challenge for money exchange companies.

Background Of The Problem

The emergence of crypto currency has marked its importance in this era but its future is still debatable. Though they might face some issues recently, its success since its launch in 2009 have inspired the world, and it makes way to other alternative crypto currencies. Now crypto currencies can be found in the main stream financial systems. While considering success or failure of crypto currencies in the future, one should consider the fact that they faced many challenges.

Relevance of the cryptocurrencies have been increased due to the privacy, security, economical aspects, easy mechanic, trustful etc. which indicates the acceptance of cryptocurrency in globally. The growing trend of the usage of the cryptocurrency will make an abundant change in the global market. That will swipe out the middleman from the financial market. There is no scope for those ways' money is exchanged presently. Current financial market is heavily tied up with the updating technology

3. STATEMENT OF THE PROBLEM

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.

4. PURPOSE OF THE STUDY

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.

So that the purpose of study is that to evaluate the existence of money exchange companies in near future.

5. RESEARCH QUESTIONS

Cryptocurrency is globally accepted mode of money transfer which is easier tool to do international trade. This study questionings that what are the influential factors to adopt cryptocurrency and the problems faced by using cryptocurrency. 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.

Then the research question is that how the growth of cryptocurrency affects the money exchange companies. Cryptocurrency usage is the main challenges to the existence of such money exchange companies.

6. OBJECTIVES

1. To find out the influencing factors for the use of cryptocurrency.
2. To find out the restrictions in using cryptocurrency.

7. RESEARCH METHODOLOGY

In the present study a structured presented questionnaire was used as the tool to collect data from the selected respondents. The first part of the questionnaire contains questions on personal profile which includes age, gender, marital status, income and occupation. The second section contains question related to the influencing factors for the adoption of cryptocurrency and the reason for the restricted use of cryptocurrency.

8. DATA ANALYSIS AND INTERPRETATION

The main objective is to identify the influencing factors for the adoption of Cryptocurrency. To find out which among factor Easier International Trade (IF1), Adaptability (IF2), Privacy & Security (IF3), Reliability & Trust (IF4), Efficiency (IF5), Economical Aspects (IF6) and Decentralisation (IF7) influences the rural customers to adopt Cryptocurrency, we used SEM model. That is use full SEM to test the following hypothesis

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

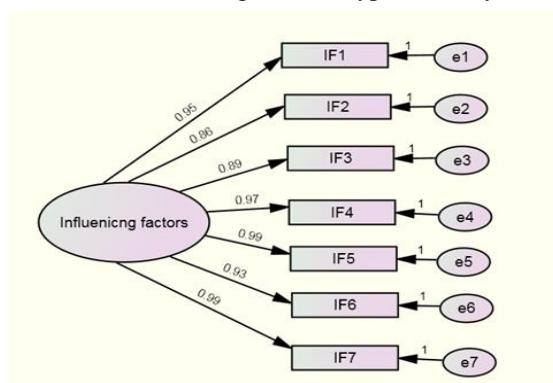
H₇: Decentralisation is an influential factor to for the adoption of Cryptocurrency

Table 1 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)

Easier International Trade, Adaptability, Privacy & Security, Reliability & Trust, Efficiency, Economic Aspects, Decentralisation are the influential factor to for the adoption of Cryptocurrency



Next objective of the study is to find out the reason for restricted usage of Cryptocurrency. As in the early case in this case also we use SEM to identify the reason for restricted usage of. That is in this case we test the following hypothesis

H₁: Cyber security issue is the reason for restricted usage of cryptocurrency

H₂: No facility for refund is the reason for restricted usage of Cryptocurrency

H₃: Lack of regulations is the reason for restricted usage of Cryptocurrency

H₄: Lack of knowledge is the reason for restricted usage of Cryptocurrency

H₅: Highly volatile is the reason for restricted usage of Cryptocurrency

H₆: Problem of scaling is the reason for restricted usage of Cryptocurrency

H₇: Risks involved is the reason for restricted usage of Cryptocurrency

H₈: Uncertainty is the reason for restricted usage of Cryptocurrency

Table 2 Model fit Indices for CFA Restricted use of Cryptocurrency

| | χ^2 | DF | P | Normed χ^2 | GFI | AGFI | NFI | TLI | CFI | RMR | RMSEA |
|----------------|----------|----|------|-----------------|------|------|------|------|------|------|-------|
| Restricted use | 11.549 | 11 | .399 | 1.050 | .986 | .955 | .976 | .997 | .999 | .077 | .016 |

(source: survey data)

All the attributes loaded significantly on the latent constructs. The value of the fit indices indicates a reasonable fit of the measurement model with data. In short the measurement model confirms to the factor structure of the constructs.

Table 3 Regression coefficient

| Path | Estimate | CR | P | Variance explained |
|---------------------------------------|----------|--------|--------|--------------------|
| Cyber security issue->Reason for RU | 0.724 | 12.857 | <0.001 | 52.4 |
| No facility for refund->Reason for RU | 0.542 | 8.519 | <0.001 | 29.3 |
| Lack of regulations->Reason for RU | 0.361 | 5.306 | <0.001 | 13.0 |
| Lack of knowledge->Reason for RU | 0.758 | 13.916 | <0.001 | 57.4 |
| Highly volatile ->Reason for RU | 0.358 | 5.258 | <0.001 | 12.8 |
| Problem of scaling->Reason for RU | 0.177 | 2.511 | 0.013 | 3.1 |
| Risks involve->Reason for RU | 0.362 | 5.322 | <0.001 | 13.1 |
| Uncertainty ->Reason for RU | 0.707 | 12.368 | <0.001 | 50.0 |

(source: survey data)

H₁: Cyber security issue is the reason for restricted usage of Cryptocurrency

The results exhibited in Table 3 revealed that the Cyber security issue had significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.724, which is more than 0.4 (also p value was significant). So the accept the hypothesis H₁ and conclude that Cyber security issue is the reason for restricted usage of Cryptocurrency

H₂: No facility for refund is the reason for restricted usage of Cryptocurrency by the rural consumers.

The results exhibited in Table 3 revealed that the No facility for refund had significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.542, which is more than 0.4 (also p value was significant). So that accept the hypothesis H₂ and conclude that No facility for refund is the reason for restricted usage of Cryptocurrency.

H₃: Lack of regulations is the reason for restricted usage of Cryptocurrency by the rural consumers

The results exhibited in Table 3 revealed that the Lack of regulations had no significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.361, which is less than 0.4 (also p value was not significant). So that reject the hypothesis H₃ and conclude that Lack of regulations is not a reason for restricted usage of Cryptocurrency.

H₄: Lack of knowledge is the reason for restricted usage of Cryptocurrency by the rural consumers

The results exhibited in Table 3 revealed that the Lack of knowledge had significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.758, which is more than 0.4 (also p value was significant). So that accept the hypothesis H₄ and conclude that Lack of knowledge is the reason for restricted usage of Cryptocurrency

H₅: Highly volatile is the reason for restricted usage of Cryptocurrency by the rural consumers

The results exhibited in Table 3 revealed that the Highly volatile had no significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.358, which is less than 0.4 (also p value was not significant). So that reject the hypothesis H₅ and conclude that Highly volatile is not a reason for restricted usage of Cryptocurrency

H₆: Problem of scaling is the reason for restricted usage of Cryptocurrency by the rural consumers

The results exhibited in Table 3 revealed that the Problem of scaling touch had no significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.177, which is less than 0.4 (also p value was not significant). So that we reject the hypothesis H_6 and conclude that Problem of scaling is not a reason for restricted usage of Cryptocurrency

H₇: Risks involved is the reason for restricted usage of Cryptocurrency by the rural consumers

The results exhibited in Table 3 revealed that the Risks involved touch had no significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.362, which is less than 0.4 (also p value was not significant). So that we reject the hypothesis H_7 and conclude that Risks involved is not a reason for restricted usage of Cryptocurrency

H₈: Uncertainty is the reason for restricted usage of Cryptocurrency by the rural consumers

The results exhibited in Table 3 revealed that the Mobile banking transaction had significant influence on restricted usage as the standardised direct effect of this construct on restricted usage was 0.707, which is more than 0.4 (also p value was significant). So that we accept the hypothesis H_8 and conclude that Uncertainty is the reason for restricted usage of Cryptocurrency

9. FINDINGS

➤ To identify the 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

➤ To find out the reason for restricted usage of Cryptocurrency

1. Cyber security is the reason for restricted usage of Cryptocurrency
2. No facility for refund is the reason for restricted usage of Cryptocurrency
3. Lack of regulation is not a reason for restricted usage of Cryptocurrency
4. Lack of knowledge is the reason for restricted usage of Cryptocurrency
5. Highly volatile aspect is not a reason for restricted usage of Cryptocurrency
6. Problem of scaling is not a reason for restricted usage of Cryptocurrency
7. Risks involved is not a reason for restricted usage of Cryptocurrency
8. Uncertainty is the reason for restricted usage of Cryptocurrency

10. CONCLUSION

Widely used secured digital currency is cryptocurrency. Widely acceptance of cryptocurrency indicates that the emerging trend of the digitalized era. This helps to everyone to do their own requirement without the help of any third party or middleman. As well as it based on cyber world, there is a lot of cybercrimes and issues are reported recently. So that there is a risk of hacking also. This study evaluates the influential factors and restricted factors to adopt cryptocurrency. The factors influencing the development of digital currency can be classified into two. They are supply side and demand side

11. REFERENCE

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