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An Analysis Of Investor Perception And Adoption Of Cryptocurrency In Coimbatore City

Dr.M.S.Sibi, Assistant Professor, School of Management,
Sri Krishna College of Technology, Coimbatore
Mr.C.C.Chandra Kavi, Final Year Student, School of Management,
Sri Krishna College of Technology, Coimbatore

Abstract

The rapid rise of cryptocurrency as an alternative investment has garnered significant attention among investors. However, its adoption in Coimbatore remains relatively unexplored. This study aims to analyze investor behavior toward cryptocurrency in Coimbatore by examining their awareness, challenges, and the key factors influencing their investment decisions. The questionnaire comprises 253 variables, with independent variables including risk and return, awareness of technology, trading experience, and behavior towards future growth, while the dependent variable is investment behavior in cryptocurrency. The study employs statistical tools such as ANOVA and regression analysis. The findings indicate that educational qualification significantly impacts the ease of navigating cryptocurrency platforms and the biggest challenges faced by investors. However, it does not significantly influence primary concerns related to cryptocurrency. Regression analysis shows that risk and return, awareness of technology, trading experience, and behavior toward future growth collectively explain 85.9% of investment behavior, while 8.6% remains unexplained by other factors. The study provides valuable insights into the factors influencing cryptocurrency investment and offers recommendations for improving investor confidence and market growth in Coimbatore.

Keywords: Cryptocurrency Investment, Investor Behavior, Risk and Return, Technology Awareness and Trading Experience

1.Introduction

Cryptocurrency has emerged as an alternative investment vehicle, attracting a wide range of investors, from tech-savvy youth to experienced traders. However, investor behavior in Coimbatore, a tier-two city, remains under-researched, despite its growing engagement with cryptocurrency. A cryptocurrency is a digital currency, which is an alternative form of payment created using encryption algorithms. The exchanges can convert cryptocurrencies into major government-backed currencies, and can convert cryptocurrencies into other cryptocurrencies. Cryptocurrency market is an example of decentralised digital market, where exchange

of cryptocurrency is done directly peer to peer without the need of any actual exchange authority to facilitate the transaction. Transactions of Cryptocurrency such as Bitcoin, and Ethereum, decentralised digital assets are based on blockchain technology. Cryptocurrency tokens are available when traded globally in independent online crypto exchanges. A cryptocurrency is a digital currency that operates in a decentralised manner and uses encryption. In other words, no central bank or government regulates this currency (it's decentralised). It's digital, that is it is virtual, not like physical money. Decentralized control of each crypto currency is achieved through distributed ledger technology, typically a block chain, which serves as a public financial transaction database. And it uses security features (like encryption or cryptography) in order to avoid theft, technical hitches, secure transactions, and to generate the units of currency. Cryptocurrencies first emerged in 2009, it was when the world's first decentralised currency, Bitcoin, was created. The original concept behind cryptocurrency was to create a safe and anonymous way to transfer money from one person to another, and its value has skyrocketed since then and it's been told as 'digital gold 'amongst its users.

This study seeks to explore investor behavior regarding cryptocurrency investments, with a specific focus on Coimbatore city. Over the past few years, the rapid growth of cryptocurrency has garnered significant public interest. The findings of this study will offer valuable insights into the key factors influencing investors' decisions to invest in cryptocurrency.

2.Review of Literature

Shangeetha Sukumaran (2024) conducted a study on cryptocurrency as an investment, focusing on Malaysia. The research aimed to examine Malaysian investors' perceptions by analyzing how perceived risk and perceived value impact their decisions to adopt cryptocurrency. Data were gathered through purposive sampling, with responses from 211 participants across various Malaysian cities. The analysis was carried out using Smart PLS Structural Equation Modelling (PLS-SEM). The findings revealed that perceived value had a significant influence on cryptocurrency adoption.

Komal Sharma (2023) analysed about cryptocurrency with reference to Indian scenario. 303 respondents were collected for the study and tools such as chi-square, t-test and correlation was used on the study. The study concluded that a cryptocurrency is a form of digital payment that does not rely on banks to validate transactions. It's a peer-to-peer payment system that allows anyone from anywhere to send and receive money.

3.Research Methodology

The study has been conducted using a descriptive research design, providing a clear outline of the procedures and techniques for gathering information, identifying the target population, and detailing the methods for data processing and analysis. Data collection has been done through the following ways i.e., Primary data and Secondary data. Primary data was collected using a structured questionnaire. The questionnaire consists of 253 questions which includes variables such as risk and return, awareness on technology, trading experience and behaviour on future growth as independent variable and investment behaviour on investing cryptocurrency as dependent variable. Convenient sampling technique has been followed for collecting the response from the respondents. The study has been conducted by applying a

quantitative method for data collection and survey. The questionnaire has been distributed to the investors in and around Coimbatore city. Scientific tools such as ANOVA and Regression are used to analyse the data in the study.

Objectives of the Study

The objectives of the study are as follows.

- To study the challenges faced by the investors towards cryptocurrency investment in Coimbatore.
- To analyze the factors influencing the decision towards cryptocurrency in Coimbatore.

4.Analysis & Interpretation

The analysis employs various statistical tools such as ANOVA and regression analysis, to derive meaningful insights. By delving into these aspects, the study seeks to provide a comprehensive understanding of the investor landscape and contribute to informed decision-making in the field of cryptocurrency investments.

Hypothesis:

H_0. "There is no significant variance between age of the respondents and challenges faced by the investors towards cryptocurrency investment".

H_1. "There is significant variance between age of the respondents and challenges faced by the investors towards cryptocurrency investment".

TABLE 1: ANOVA ANALYSIS OF AGE AND CHALLENGES FACED BY INVESTORS IN CRYPTOCURRENCY INVESTMENT

		Mean	Std. Deviation	F	P-value
Navigate cryptocurrency platforms	Below 18	3.6222	1.05073	2.070	.085
	19-25	3.9318	.94985		
	26-35	4.0120	.81889		
	36-50	4.1067	.87878		
	50 above	3.8333	1.60208		
	Total	3.9526	.93314		
Primary concern	Below 18	3.8000	1.05744	1.111	.352
	19-25	3.8636	.92989		
	26-35	4.0000	.89715		
	36-50	4.1333	.87508		

	50 above	3.8333	1.60208		
	Total	3.9763	.94671		
Biggest challenge	Below 18	3.8222	1.05073	.736	.568
	19-25	3.8636	.92989		
	26-35	4.0602	.81674		
	36-50	4.0133	.81362		
	50 above	3.8333	1.60208		
	Total	3.9644	.90123		

The ANOVA analysis examines the significant differences in the challenges faced by investors in investment based on their age group. Based on the Navigate Cryptocurrency Platforms, the F-value is 2.070, and the p-value is 0.085, which is greater than the 0.05 significance level. Therefore, the null hypothesis (H_0) is not rejected. This suggests that there is no significant difference between age groups in terms of the challenge of navigating cryptocurrency platforms. Based on the Primary Concern, the F-value is 1.111, and the p-value is 0.352, which is also greater than 0.05. This means that there is no significant difference between age groups concerning their primary concerns related to cryptocurrency investment. The null hypothesis (H_0) is not rejected. Based on the biggest challenge**,** the F-value is 0.736, and the p-value is 0.568, which is again above 0.05. This indicates no significant difference in the biggest challenge faced by investors across different age groups. The null hypothesis (H_0) is not rejected.

Hypothesis:

H0. “There is no significant variance between Educational qualification of the respondents and challenges faced by the investors towards cryptocurrency investment”.

H1. “There is significant variance between Educational qualification of the respondents and challenges faced by the investors towards cryptocurrency investment”.

TABLE 2: ANOVA ANALYSIS OF EDUCATIONAL QUALIFICATION AND CHALLENGES FACED BY INVESTORS TOWARDS CRYPTOCURRENCY INVESTMENT

		Mean	Std. Deviation	F	P-Value
Navigate cryptocurrency platforms	SSLC	4.5000	.83666	1.014	.041
	Diploma	3.9167	1.01795		
	12th	3.9630	.86794		
	Graduation	4.0833	.80623		
	PG	3.5556	.92178		
	Ph.D	3.9451	.92331		
	Others	3.9583	1.19707		
	Total	3.9526	.93314		
'Primary concern	SSLC	4.5000	.83666	.965	.450
	Diploma	3.9167	1.10007		
	12th	4.0185	.83532		
	Graduation	4.1667	.84515		
	PG	3.6667	1.08465		
	Ph.D	3.9451	.91120		
	Others	3.8750	1.19100		
	Total	3.9763	.94671		
Biggest challenge	SSLC	4.5000	.83666	1.251	.028
	Diploma	4.0417	1.04170		
	12th	3.9630	.80007		
	Graduation	4.1111	.82038		
	PG	3.5556	.92178		
	Ph.D	3.9670	.86217		
	Others	3.8333	1.16718		

	Total	3.9644	.90123		

The study examines the relationship between the educational qualifications of investors and the challenges they face in cryptocurrency investments. The findings indicate a significant variance in navigating cryptocurrency platforms based on educational background (F = 1.014, Sig. = 0.041). Since the significance value is less than 0.05, the null hypothesis (H_0) is rejected, confirming that educational qualifications influence the ability to navigate cryptocurrency platforms.

Similarly, the biggest challenge faced by investors also varies significantly with education level (F = 1.251, Sig. = 0.028). As the significance value is below 0.05, H_0 is rejected, suggesting that different educational backgrounds impact how investors perceive and handle challenges in cryptocurrency investments.

Regression Analysis

The analysis aims to examine the key factors influencing investors' decisions to engage with cryptocurrency in Coimbatore. Regression is the determination of statistical relationship between two or more variables.

Dependent variable : Investors behaviour on Investing Cryptocurrencies

Independent variables : Risk & Return, Awareness on Technology, Trading Experience and Behaviour on future growth

Hypothesis

H0. “There is no significant influence/impact among Risk & Return, Awareness on Technology, Trading Experience and Behaviour on future growth”.

H1. “There is a significant influence/impact among Risk & Return, Awareness on Technology, Trading Experience and Behaviour on future growth”.

TABLE 4: MODEL SUMMARY OF FACTORS INFLUENCING DECISION TOWARDS CRYPTOCURRENCY

R	R Square	Adjusted R Square	Std. Error of the Estimate
.748[a]	.859	.544	.406
a. Predictors: (Constant), Risk & Return, Awareness on Technology, Trading Experience and Behaviour on future growth			

Based on the above table, it is found that R^2 score is 0.859. It indicates that the determined independent variables i.e., Risk & Return, Awareness on Technology, Trading Experience and Behaviour on future growth jointly affect 85.9% of dependent variable i.e., Investors behaviour on Investing Cryptocurrencies. The remaining 8.6% is probably affected by other variables that also impact Impact of performance on Digital Marketing.

TABLE 5: ANOVA FOR FACTORS INFLUENCING DECISION TOWARDS CRYPTOCURRENCY

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	50.869	8	6.359	38.653	.000[b]
	Residual	40.139	244	.165		
	Total	91.008	252			
a. Dependent Variable: Investors behaviour on Investing Cryptocurrencies						
b. Predictors: (Constant), Risk & Return, Awareness on Technology, Trading Experience and Behaviour on future growth						

Based on the above table, the F value is 38.653 with significant value of 0.000. Therefore, the significant value is lesser than the significance level (0.01), it can be concluded that the predicted variables i.e., Risk & Return, Awareness on Technology, Trading Experience and Behaviour on future growth simultaneously affect dependent variable i.e., Investors behaviour on Investing Cryptocurrencies

TABLE 6: COEFFICIENT VARIABLES OF FACTORS INFLUENCING DECISION TOWARDS CRYPTOCURRENCY

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.347	.146		9.208	.000
	Risk & Return	.029	.033	.051	.886	.377
	Awareness on Technology	.074	.043	.116	1.711	.088
	Trading Experience	.059	.043	.091	1.382	.168
	Behaviour on future growth	.192	.044	.309	4.414	.000
a. Dependent Variable: Investors behaviour on Investing Cryptocurrencies						

From the above table, Risk & Return coefficient is 0.029 which shows a positive significant relationship with risk and return and investors' behavior. However, the p-value of 0.377 is greater than 0.05, meaning that this relationship is not statistically significant. Hence, risk and return do not significantly influence investors' behavior in this context. With respect to Awareness on technology, the coefficient of 0.074 suggests that higher awareness of technology leads to better investor behavior towards cryptocurrency. The p-value of 0.088

is slightly above 0.05, suggesting marginal significance. Therefore, this variable may influence behavior but is not strongly significant at the 5% level.

Regarding Trading Experience, the coefficient of 0.059 shows a positive relationship between trading experience and investor behavior. However, the p-value of 0.168 is greater than 0.05, meaning that this variable does not significantly affect the investors' behavior. Regarding behavior on future growth, the coefficient of 0.192 indicates a strong positive relationship between an investor's belief in future growth and their behavior towards cryptocurrency. Since only Behaviour on Future Growth is statistically significant ($p = 0.000$), while Risk & Return ($p = 0.377$), Awareness on Technology ($p = 0.088$), and Trading Experience ($p = 0.168$) are not significant, the study fail to reject the null hypothesis (H_0). This means that overall, the model does not provide strong enough evidence to conclude that all these independent variables have a significant impact on investor behavior in cryptocurrencies. However, since Behaviour on Future Growth is significant, it suggests that investors are highly influenced by their expectations of cryptocurrency growth rather than risk, experience, or technology awareness.

5.Suggestions

- Policymakers should establish clear and transparent regulations to provide legal security for investors and enhance the legitimacy of cryptocurrency trading.
- Investors should be educated on best practices for securing their cryptocurrency holdings, including multi-factor authentication, hardware wallets, and avoiding phishing scams.
- Investors should diversify their portfolios and conduct thorough research before making cryptocurrency investments to minimize financial risks.

6.Conclusion

The study highlights the evolving cryptocurrency investment in Coimbatore, with investor behavior being shaped by multiple factors such as risk perception, technological awareness, trading experience, and expectations regarding future growth. Educational qualifications significantly impact certain aspects, such as the ease of using cryptocurrency platforms and challenges faced by investors. However, they do not influence primary concerns related to cryptocurrency investments. The study also reveals that risk and return considerations, awareness, and trading experience have a substantial impact on investor decisions, as indicated by an R2 score of 0.859 in the regression analysis. Despite the growing interest in cryptocurrency, regulatory concerns, security risks, and market volatility remain key barriers to widespread adoption.

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