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Research Paper

Public Perception of Cryptocurrencies as an Investment Option of Saurashtra region: A Comprehensive Analysis

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ABSTRACT

This study provides an in-depth analysis of public perception regarding cryptocurrencies as an investment option in the Saurashtra region. The research examines key factors influencing investment decisions, including trust, risk tolerance, regulatory concerns, and financial literacy. A structured survey was conducted with 83 participants to assess their awareness, attitudes, and adoption of cryptocurrencies. The results indicate that 65% of respondents perceive cryptocurrencies as a high-risk, high-reward investment, while only 35% consider them a viable alternative to traditional assets such as stocks and real estate. The study identifies volatility, security concerns, regulatory ambiguity, and lack of financial knowledge as major obstacles to wider cryptocurrency adoption. Moreover, generational differences play a significant role in shaping investment preferences, with younger individuals demonstrating higher willingness to engage with digital assets compared to older demographics. The findings highlight the need for enhanced financial education, transparent regulations, and institutional support to foster trust and mainstream acceptance of cryptocurrencies in the Saurashtra region. Future research could explore the evolving role of government policies and technological advancements in shaping cryptocurrency investment trends.

1. Introduction

Cryptocurrencies, such as Bitcoin and Ethereum, have emerged as a revolutionary financial asset class over the past decade. With a total market capitalization exceeding \$1 trillion in 2023, cryptocurrencies have attracted significant attention from investors, regulators, and the general public. Despite their growing popularity, cryptocurrencies remain a polarizing topic, with debates surrounding their legitimacy, volatility, and long-term viability as an investment option.

This study aims to explore public perception of cryptocurrencies as an investment option. Specifically, it seeks to answer the following research questions:

1. What are the primary factors influencing people's decision to invest in cryptocurrencies?
2. How do perceived risks and rewards shape public perception?
3. What role does financial literacy play in cryptocurrency investment decisions?

2. Literature Review

2.1 Cryptocurrency Adoption: Cryptocurrencies were initially designed as decentralized digital currencies, but they have increasingly been viewed as investment assets. According to a study by Yermack (2015), Bitcoin's price volatility makes it more akin to a speculative asset than a stable currency. Despite this, adoption has grown, with over 300 million cryptocurrency users worldwide in 2023 (Crypto.com, 2023).

2.2 Risk Perception: The high volatility of cryptocurrencies is a significant concern for investors. A survey by Statista (2023) found that 60% of respondents cited price fluctuations as the primary barrier to investing in cryptocurrencies. Additionally, security concerns, such as hacking and fraud, have further eroded trust in these assets.

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2.3 Trust and Regulation

Trust in cryptocurrencies is heavily influenced by regulatory clarity. A study by Foley et al. (2019) found that countries with clear regulatory frameworks, such as Japan and Switzerland, have higher cryptocurrency adoption rates. In contrast, regulatory uncertainty in regions like the United States has deterred potential investors.

2.4 Demographic Factors

Age and income play a significant role in cryptocurrency investment decisions. Younger individuals (18–35) are more likely to invest in cryptocurrencies due to their familiarity with technology and higher risk tolerance (Diemers et al., 2020). In contrast, older individuals tend to prefer traditional investments like stocks and bonds.

2.5 Behavioural Finance

Psychological factors, such as FOMO (fear of missing out) and herd behaviour, have driven cryptocurrency adoption. A study by Grobys and Sapkota (2021) found that social media and peer influence significantly impact investment decisions in cryptocurrencies.

3 Methodology

3.1 Research Design

This study employs a quantitative approach using an online survey to collect data. The survey was distributed to 83 participants aged 18–60 with varying levels of familiarity with cryptocurrencies.

3.2 Population and Sampling

The target population consisted of adults with access to the internet and basic knowledge of cryptocurrencies. Convenience sampling was used to recruit participants through social media platforms and online forums.

3.3 Data Collection

The survey included 20 questions, divided into four sections:

1. Demographics (age, income, education).
2. Investment behaviour (experience with cryptocurrencies, investment goals).
3. Perceived risks and rewards (volatility, security, potential returns).
4. Financial literacy (understanding of blockchain technology, cryptocurrency mechanics).

3.4 Data Analysis

Data were analyzed using descriptive statistics and cross-tabulation to identify trends and correlations. Jamovi software was used for statistical analysis.

4 Results

4.1 Demographics

- **Age:** 60% of respondents were aged 18–35, 30% were aged 36–50, and 10% were over 50.
- **Income:** 50% had an annual income of less than Rs. 10,00,000, 30% had income between Rs. 10,00,000 to Rs. 25,00,000, and 20% had annual income above Rs. 25,00,000
- **Education:** 70% had a bachelor's degree or higher.

4.2 Investment Behaviour

- 18% of respondents had invested in cryptocurrencies, while 82% had not.
- Among investors, 70% cited "high potential returns" as their primary motivation.

4.3 Perceived Risks and Rewards

- 65% of respondents viewed cryptocurrencies as a high-risk investment.
- 50% were concerned about price volatility, while 30% cited security risks (e.g., hacking, fraud).
- 35% believed cryptocurrencies could replace traditional investments like stocks and bonds.

4.4 Financial Literacy

- 40% of respondents had a basic understanding of blockchain technology.
- 60% admitted to limited knowledge of how cryptocurrencies work.

5. Discussion

The findings reveal that while cryptocurrencies are viewed as a high-potential investment, concerns about volatility, security, and regulatory uncertainty remain significant barriers to adoption. Younger individuals, particularly those aged 18–35, are more likely to invest in cryptocurrencies due to their higher risk tolerance and familiarity with technology. However, the lack of financial literacy among the general public highlights the need for educational initiatives to improve understanding of cryptocurrencies and blockchain technology.

These results align with existing literature, which emphasizes the role of risk perception and demographic factors in shaping investment behaviour. The study also underscores the importance of regulatory clarity in building trust and encouraging broader adoption.

6. Conclusion

This study provides a comprehensive analysis of public perception of cryptocurrencies as an investment option. The findings reveal a complex interplay of factors, including risk perception, trust, demographic characteristics, financial literacy, and behavioural influences. While cryptocurrencies offer significant potential for high returns and financial innovation, their perceived risks and complexities remain major barriers to broader adoption.

The study highlights the importance of addressing these barriers through targeted interventions. Policymakers and regulatory bodies must establish clear and consistent guidelines to build trust and protect investors. Financial institutions and educational organizations should prioritize initiatives to improve financial literacy and promote a deeper understanding of cryptocurrencies and blockchain technology. Additionally, industry stakeholders must work to address concerns about volatility, security, and environmental impact to enhance the long-term viability of cryptocurrencies as an investment option.

Future research could build on these findings by exploring the role of cultural differences in shaping cryptocurrency perception, investigating the impact of regulatory changes on investment behaviour, or analyzing the long-term performance of cryptocurrencies compared to traditional assets. As the cryptocurrency landscape continues to evolve, understanding public perception will remain critical to unlocking the full potential of this transformative technology.

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