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## Research Paper

# A Conceptual Paper on Financial Technology Related to Cryptocurrency in India

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## ARTICLE DETAILS

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## ABSTRACT

The modern era has become so pervasive around the globe that it has given rise to numerous extraordinary opportunities. One sector in which these technologies have become more prevalent is the banking and financial sector. The idea of the virtual world and new modern occurrences have been brought on by the continually rising usage of the internet. New forms of cash and commerce have increased as a result. One of the new financial instruments in recent years is cryptocurrency. The modern era has become so pervasive around the globe that it has given rise to numerous extraordinary opportunities. One sector in which these technologies have become more prevalent is the banking and financial sector. The idea of the virtual world and new modern occurrences have been brought on by the continually rising usage of the internet. New forms of cash and commerce have increased as a result. One of the new financial instruments in recent years is cryptocurrency.

## Introduction

There are many opportunities now thanks to technology for information and communication in many different areas. The finance and banking sectors are one area where these technologies have expanded. The virtual currency is growing at the same rate that the online era is. According to its definition, cryptocurrency is a sort of actual money that can be used in a variety of financial activities, both online and offline. It is a priceless intangible object that can be employed digitally in a variety of settings and networks, including social networks, virtual worlds, online social gaming services, etc.. This essay investigates the growth of cryptocurrencies in the Indian market. Is it going to be the next currency foundation for the Indian Market.

## World of Cryptocurrencies

Concerns about the suitability of Bitcoin as both a payment method can arise from price volatility and scaling issues. The development makes it possible to communicate with digital property without a specialised professional. This might lead to the creation of a new advantage class, which would be a crucial tool for portfolio expansion. Additionally, blockchain technology provides a framework for a variety of applications. Applications that have the potential to alter the financial industry and many other fields include using coloured currencies, smart contracts, and the potential to use fingerprints to check the veracity of knowledge entries on a blockchain. (B. Aleksander and S. Fabian; 2019).

**According to Skrypnik et al. (2019)**, digital currency will gain acceptance and eventually develop into self-regulating electronic money with only small changes to the market's operating processes. Due to the industry's high level of general interest and capitalization expansion, the SWOT analysis revealed that cryptocurrency market has several strengths and opportunities.

**According to Jalinder, Rahul Dr. Jadhav** Cryptocurrencies have the power to disrupt and revolutionise peer-to-peer and remittance activities without compliance restrictions; nevertheless, end users must get beyond some challenges regarding security, privacy, and regulation in order to use bitcoin. The block chain technology, a distributed public database where cryptocurrency transactions are maintained, provides hackers with a vast attack surface. If the file is used to house private contract- or payment-related data, replicating it might make it simpler for hackers to gain access to this public ledger. If a

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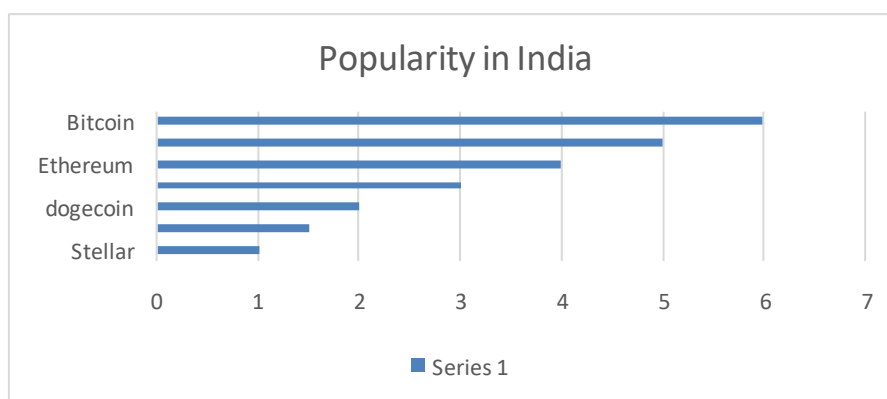
key has been compromised, it can be used to access the database in both a hub-and-spoke setup and a distributed database.

**Zhang et al. (2021)** ponder the prospect of retaining crypto assets and generating greater profits despite greater downside risk. By using "bitcoin cross-sectional regression analysis" and "portfolio level analysis," it can be seen that expected earnings and downside risk have a favourable "cross-sectional correlation" in the cryptocurrency market. They pinpointed the causes of the "upside risk premium," the "future risk premium," and the temporal correlation between potential future gains and potential downside risk.

**Colon et al (2021)** examined how the bitcoin market is affected by political and monetary uncertainties. They concentrated on developing 25 cryptocurrencies and noticed that the market for cryptocurrencies was well-hedged against geopolitical concerns. But it can serve as a safe haven and a vulnerable buffer against monetary policy uncertainty..

### Analysis & Interpretations

The below graph shows the interpretations as follows-



Bitcoin is becoming more and more well-known in India among all of the virtual currencies.

Litecoin is currently increasing in India after the Bitcoin. The only crypto currency with the lowest popularity is stellar.

### Findings

Only 56% of investors think that cryptocurrencies could be the future of financial services, and 52% have invested in cryptocurrencies in an effort to generate a good income that will enable them to raise their living standards. Around 15% of Indians traded cryptocurrencies in the last six months, according to a Ku Coin survey. The majority of individuals will seize the chance to deal with cryptocurrencies if given the chance.

### Conclusions

The industrialists and other traders in India will enhance the use of crypto currency. It is currently too small to be controlled. The following factors contribute to the rise in currency fluctuations:

A few nations have already legalised these types of coins, and there will be touch coin future trade as well.

The depository banking firm of India and the finance ministry have warned investors, traders, and others handling these currencies against using them because doing so may lead to speculating and concealing at their own risk. The majority of virtual currency use is illegal almost everywhere in the world. While some nations have fully outlawed them, others have accepted them into their economies. More nations may control virtual currencies as their acceptance grows, though this is not the case at the moment, since few are proposing outright bans on them. A legislative basis and regulating authority are needed, there needs to be more awareness about the use of wallets, there are more challenges with transaction processing, and the risks associated with virtual currency transactions are increasing as a result of the growing user base and recent increase in Bitcoin's value, which is one of the most well-known virtual currencies available. Therefore, it may be claimed that cryptocurrencies have a good chance of becoming a global medium of exchange. Even in nations where the use of technology is outright forbidden by the government, it remains difficult to completely restrict employment without internet restriction. Thus, it will be established that integrating virtual currencies in legal frameworks and the current financial system has a significant growth potential and benefits. The blockchain and distributed ledger technologies can be used by the Indian finance and banking industries to handle transactions.. Within the next several years, there will probably be more discussion surrounding digital currencies about their acceptance and legality. This article discusses the major legal concerns that surround cryptocurrencies. These are the topics that governments should be most concerned about when writing laws for virtual currencies.

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