

An Empirical Study on the Perceptions of Cryptocurrency Investors Towards Bitcoin

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Abstract

The perceptions held by cryptocurrency investors towards Bitcoin are influenced by a multifaceted interaction of various factors, encompassing its perceived value, level of risk, trustworthiness, and utility. Empirical research has revealed the existence of contrasting viewpoints among investors in the cryptocurrency community, encompassing both favourable and unfavourable perceptions. The objective of this study is to study the perspectives held by cryptocurrency investors, with a specific focus on Bitcoin, which is recognized as the most prominent and extensively utilized cryptocurrency. The study found that there is a consensus that Bitcoin will continue to maintain its dominant position in the cryptocurrency market. The respondents hold a firm belief that governmental regulation of Bitcoin is necessary to safeguard Bitcoin holders against potential theft and loss. Investors also trust in Bitcoin Technology and concerned about scalability and limited supply.

Keywords: *Cryptocurrency, Bitcoin, Investors Perception, Digital Currency, Crypto Market*

1. Introduction

Bitcoin is a decentralized digital currency, classified as a cryptocurrency, which came into existence in 2009. Its origins can be traced back to an individual or a collective entity operating under the pseudonym Satoshi Nakamoto, whose identity remains undisclosed. The currency in question represents the initial iteration of a decentralized digital form of monetary exchange, thereby signifying its operation in the absence of a central governing body or governmental oversight. Bitcoin functions on a technological framework known as blockchain, which is a

decentralized ledger system that documents all financial transactions conducted within a network of interconnected computers.

In contrast to conventional fiat currencies like the US dollar or the euro, Bitcoin does not derive its issuance or regulation from any central bank. Instead, the creation of cryptocurrency is achieved through a process known as mining, wherein high-performance computers engage in solving intricate mathematical problems to authenticate and document transactions on the blockchain. Bitcoin has experienced substantial growth in popularity and acceptance over time, appealing to both individual investors and institutional participants. Frequently employed as a means of preserving wealth, facilitating transactions, and engaging in speculative ventures. The price of Bitcoin has exhibited notable volatility, characterized by episodes of substantial expansion succeeded by abrupt contractions. The objective of the research is to study the Perceptions of Cryptocurrency Investors Towards Bitcoin. The limitation of the study includes the response of the respondents may or may not be biased, data collected electronically and there is no personal interview being conducted.

2. Literature Review

The literature review comprises of findings from the research study on the topic 'Investors perception towards Bitcoin.'

¹The users hold a favourable perception regarding the utilization of Bitcoin Green (BITG) as a sustainable blockchain solution. Furthermore, the value of this technology is primarily recognized for its ethical and technological attributes, with its perceived utilization primarily cantered around investment and coin offering purposes. Likewise, it is evident that users predominantly exhibit favourable sentiments towards BITG. ²Compatibility, awareness, and facilitating conditions exert a substantial influence on the investment behaviour of Malaysian Muslim communities in the Bitcoin market. ³There is presence of a correlation between media sentiment and the price of Bitcoin, as well as observed a proclivity among investors to exhibit excessive reactions to news within a limited timeframe.

⁴There was no statistically significant difference in the opinions of respondents across different age groups and levels of education regarding the perception of Bitcoins. However, when conducting an ANOVA test to assess the variation in respondents' opinions on the perception of Bitcoins across different professions, a statistically significant difference is observed in the

opinions of respondents based on their age. ⁵Investors in the field of cryptocurrency, including those specifically involved in Bitcoin, should exercise caution when employing this heuristic to assess the bid and ask values on cryptocurrency exchanges. This phenomenon has the potential to divert individuals from accurately predicting the future value, resulting in the sale of assets at undervalued prices or the purchase of assets at overvalued prices.

⁶Investors exhibit a lack of prudence in their selection of cryptocurrencies for investment, as their decisions are primarily based on technical support rationales, which predominantly revolve around technological advancements, innovative perspectives, and positive social media coverage. ⁷Investment in Bitcoin are determined by various variables, including gender, education, annual income, profession, and the opinions held by investors. The variable of age does not exhibit a statistically significant impact on investors' decision to invest in Bitcoin.

⁸Investors possess a satisfactory level of understanding and familiarity with the concept and advantages of Bitcoin, as well as the strategies employed in the management of a Bitcoin account. Furthermore, the results of the study indicate that various factors, including perceived ease of use, compatibility, awareness, and facilitating conditions, exert a substantial influence on the intention of Omani communities to engage in Bitcoin investment.

3. Research Methodology

The collection of primary data is facilitated by directly obtaining responses from the participants using Google Form. The collection of secondary data is derived from reputable sources such as Business and Finance Journals, Magazines, Websites, and Books. The research study possesses descriptive and empirical characteristics. The study employed a random sampling technique, with a total of 125 respondents selected for analysis. The research study employs Karl Pearson's correlation coefficient and the Wilcoxon-Test as the chosen hypothesis tests.

4. Data Analysis, Hypothesis Testing, and Interpretation

4.1 Perception of Investors towards Bitcoin

Perceptions towards Bitcoin	Agree	Strongly disagree	Strongly agree	Neutral	Disagree	Invalid
Dominance of Bitcoin in Crypto Market in Future	43	19	22	20	21	0

Bitcoin’s limited supply of 21 million coin.	48	6	35	30	6	0
Trust in Bitcoin's technology in the long term	58	4	38	22	3	0
The authorities should regulate Bitcoin to protect Bitcoin holders from potential thief and loss	36	3	68	13	5	0

Table 4.1 Perception of Investors towards Bitcoin (Source: Primary Data)

4.2 Hypothesis Testing - I

Null hypothesis	Alternative hypothesis
There is no association between the investor’s perception towards the scalability problem of the Bitcoin and limited supply of 21 million coin.	There is an association between investors perception towards scalability problem of the Bitcoin and limited supply of 21 million coin.

Correlation

	r	p (2-tailed)
Investors perception towards scalability problem of the Bitcoin and limited supply of 21 million coin.	-0.33	<.001

Covariance

	Scalability problem of bitcoin	Limited supply of 21 million coin
Scalability problem of bitcoin	2.8	-0.53
Limited supply of 21 million coin	-0.53	0.91

Interpretation

There is a medium, negative association between investors perception towards scalability problem of the Bitcoin and limited supply of 21 million coin in this sample. The result of the Pearson correlation showed that there was a significant correlation between investors perception towards scalability problem of the Bitcoin and limited supply of 21-million-coin $r(123) = -0.33, p = <.001$.

4.3 Hypothesis Testing - II

Null hypothesis	Alternative hypothesis
There is no difference between the variable investor’s perception of dominance of Bitcoin in crypto market in future and Trust in Bitcoin's technology in the long term	There is difference between the variable investor’s perception of dominance of Bitcoin in crypto market in future and Trust in Bitcoin's technology in the long term

Descriptive Statistics

	n	Mean	Median	Standard deviation
Dominance of Bitcoin in Crypto Market in future	125	2.62	2	1.48
Trust in Bitcoin's technology in the long term	125	1.98	2	1.08

Rank

	n	Mean Rank	Sum of Ranks
Trust in Bitcoin's technology in the long term - dominance of Bitcoin in crypto market	Negative Ranks	52	42.59
	Positive Ranks	23	27.63

	n	Mean Rank	Sum of Ranks
Ties	50		
Total	125		

Statistics for Wilcoxon-Test

Trust in Bitcoin's technology in the long term - dominance of Bitcoin in crypto market in future	
Z	-4.23
p (2-tailed)	<.001

Interpretation

Dominance of Bitcoin in crypto currency group had values (*Mdn* = 2) than the Trust in Bitcoin's technology in the long-term group (*Mdn* = 2). A Wilcoxon Test showed that this difference was statistically significant, *p* = <.001. This results in a p-value of <.001, which is below the specified significance level of 0.05. The result of the Wilcoxon test is therefore significant for the present data and the null hypothesis is rejected.

5. Findings and Conclusion

43 respondents out of 125 respondents agreed that Bitcoin is dominant in Crypto Market in future. 48 respondents agreed Bitcoin’s limited supply of 21 million coin is a problem. 58 Respondents Trust in Bitcoin's technology in the long term. 68 respondents strongly agreed that authorities should regulate Bitcoin to protect Bitcoin holders from potential thief and loss. The respondents possess a high level of technical and scientific knowledge regarding the various movements that take place within the cryptocurrency market. The respondents demonstrate a high level of attentiveness towards the current advancements and patterns in the domain of Bitcoin. Placing long-term trust in the technological capabilities of Bitcoin implies that investors have also placed their confidence in the cryptocurrency. While they concur with the issue of

scalability as well. The respondents hold a firm belief that governmental regulation of Bitcoin is necessary to safeguard Bitcoin holders against potential theft and loss. This perspective may be attributed to the occurrence of cryptocurrency market downturns. However, it should be noted that Cryptocurrency remains a form of decentralized digital currency. The value has surpassed 25 Lakhs (in INR). It currently maintains its position as the leading entity within the cryptocurrency market. There is a consensus that Bitcoin will continue to maintain its dominant position in the cryptocurrency market. It is imperative for investors to consistently monitor and analyse government regulations pertaining to the cryptocurrency market, as well as stay informed about any developments within the platform in which they have made investments.

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