



## **A Study on Crypto-Currency Investment behaviour of Young Indians**

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### **ABSTRACT**

Cryptocurrency has gained significant attention globally, particularly among young Indians, as evidenced by its growing adoption rates. However, this surge in interest brings forth both opportunities and challenges. While cryptocurrencies offer an alternative asset class and potential financial inclusion, they also pose risks due to market volatility and regulatory uncertainties. Understanding the investment behaviour of young Indians in the face of these challenges is crucial. This study aims to comprehensively investigate the cryptocurrency investment behaviour of young Indians, focusing on their motivations, risk perceptions, investment patterns, and the influence of socio-economic factors. Drawing upon existing literature and empirical studies, the research seeks to shed light on the factors driving cryptocurrency investment decisions among young Indians and their implications for financial markets and regulatory frameworks. The findings of this study could inform efforts to improve financial education and regulatory clarity in the cryptocurrency investment domain, thereby enhancing the financial well-being of young investors and promoting market stability.

**Key words:** Cryptocurrency, Investment behaviour, Young Indians, Motivations, Risk perceptions, Socio-economic factors, financial education

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### **INTRODUCTION**

Cryptocurrency has emerged as a disruptive force in the global financial landscape, offering a new paradigm for financial transactions and investment. Its rise to prominence has been particularly notable in recent years, with significant adoption seen across various demographics worldwide. Notably, India has emerged as a key player in the cryptocurrency market, with the youth population showing substantial interest and participation. The Chainalysis Global Crypto Adoption Index 2023 ranks India among the leading countries in cryptocurrency adoption, underscoring the nation's growing affinity for digital assets. This trend is further highlighted by reports from the Reserve Bank of India, which indicate a surge in cryptocurrency interest and engagement among Indians. Such heightened adoption among young Indians underscores the perceived financial potential of cryptocurrencies as an alternative asset class and a gateway to financial inclusion. However, alongside the opportunities presented by cryptocurrencies, there exist notable challenges. The inherent volatility of cryptocurrency markets poses significant risks for investors, particularly for those lacking adequate financial literacy or experience. Moreover, the regulatory landscape surrounding cryptocurrencies in India remains uncertain, casting shadows of doubt on investor confidence and market stability. Against this backdrop, this study seeks to delve into the investment behaviour of young Indians in the cryptocurrency market, aiming to understand how they navigate these challenges. Central to this inquiry are concerns regarding financial literacy, risk awareness, and regulatory clarity. By exploring these dimensions, the study endeavours to elucidate the factors shaping the investment decisions of young Indians in cryptocurrency and their ramifications for financial well-being and market dynamics. The impetus for this research lies in a profound curiosity about the evolving intersection of finance and technology. As cryptocurrencies continue to redefine traditional notions of money and investment, there arises a pressing need to comprehend how young Indians engage with this novel financial landscape. Moreover, this study aspires to identify potential avenues for enhancing financial education and regulatory transparency within the cryptocurrency investment domain, thereby bolstering the financial resilience of young investors and fostering market stability.

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### **STATEMENT OF PROBLEM**

The rapid change of cryptocurrency investment among young Indians presents a dynamic landscape with potential implications for financial markets, individual financial well-being, and regulatory frameworks. However, amidst this growing interest, there remains a gap in understanding the complex investment behaviours of this demographic. Therefore, the central problem motivating this research is to comprehensively investigate the cryptocurrency investment behaviour of young Indians. This entails understanding their motivations, risk perceptions, investment patterns, and the influence of socio-economic factors, with the overarching aim of providing insights into the factors driving cryptocurrency investment decisions among young Indians and their implications for financial markets and regulatory frameworks.

This research question delves into the intersection of socio-economic factors and investment behaviour among young Indian professionals, specifically focusing on their decisions regarding cryptocurrency versus traditional assets. By examining the influence of socio-economic variables such as income, education, and employment status, the study aims to uncover insights into the unique considerations and preferences shaping investment choices in the context of cryptocurrency.

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## REVIEW OF LITERATURE

Xi et al. (2019) explored the characteristics of cryptocurrency investors and the factors influencing their investment decisions in Initial Coin Offerings (ICOs). Utilizing a Multinomial Logit model, the study conducted a revealed preference survey among Australian and Chinese blockchain and cryptocurrency followers. Findings revealed differences between Australian and Chinese investors, particularly in deterrence factors and investment strategies.

Park and Chai (2022) focused on information asymmetry in the bitcoin market, analysing the impact of privileged knowledge and investing sentiment on price fluctuations. Their study highlighted the significance of privileged information and its influence on market prices, alongside the impact of investing sentiment on unskilled traders' transactional actions.

Hackethal et al. (2023) characterized the investing behaviour of individuals using structured retail products to invest in cryptocurrencies. Their analysis of administrative data revealed that bitcoin investors tend to have risky portfolios, engage in active trading, and exhibit biases in their investments. The study also noted an increase in trading activity and portfolio shifts towards riskier securities following initial bitcoin purchases.

Almeida (2023) conducted a comprehensive analysis of investor behaviour in the crypto market, synthesizing findings from a sample of published papers. The study highlighted the prevalence of herding behaviour, driven by social influences and market sentiment. Additionally, it identified market inefficiencies and uncertainties surrounding crypto fundamentals as key factors influencing investor behaviour.

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## RESEARCH GAP

The existing literature on cryptocurrency investment behaviour lacks a specific focus on young Indians, despite acknowledging their growing interest in this asset class. Most studies generalize results across age groups, overlooking the unique socio-economic context and cultural factors influencing investment behaviour among young Indians. Additionally, there is a notable gap in understanding the influence of socio-economic factors, such as income level, educational background, and employment status, on cryptocurrency investment decisions in this demographic. Furthermore, research on the regulatory impact remains inadequate, particularly concerning how government policies affect young investors' risk perception and investment behaviour. Given the regulatory uncertainty surrounding cryptocurrencies in India, understanding this interplay is crucial for assessing the market's long-term sustainability and growth potential. Comparative analysis between cryptocurrency investments and traditional asset classes is also lacking, especially concerning young Indians' investment portfolio allocation strategies. Insights into the risk-return trade-offs and diversification strategies employed by young Indian investors could provide valuable guidance for both investors and regulators. Moreover, limited examination of information sources, particularly the role of social media platforms and online communities, presents another research gap. Understanding how these sources influence young Indians' investment decisions is essential for designing targeted investment education initiatives and regulatory frameworks conducive to investor protection and market stability. Addressing these research gaps would significantly contribute to a more comprehensive understanding of cryptocurrency investment behaviour among young Indians and inform policy interventions aimed at fostering financial literacy and market resilience.

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## OBJECTIVE OF THE STUDY

The objective of this research is to comprehensively examine the cryptocurrency investment behaviour of young Indians and its underlying determinants. With a focus on individuals aged between 18 to 35 years, this study aims to elucidate the investment patterns, motivations, risk perceptions, and risk management strategies prevalent among this demographic. By delving into factors such as socioeconomic background, technological awareness, and regulatory environment, the research seeks to uncover the nuanced influences shaping cryptocurrency investment decisions among young Indians.

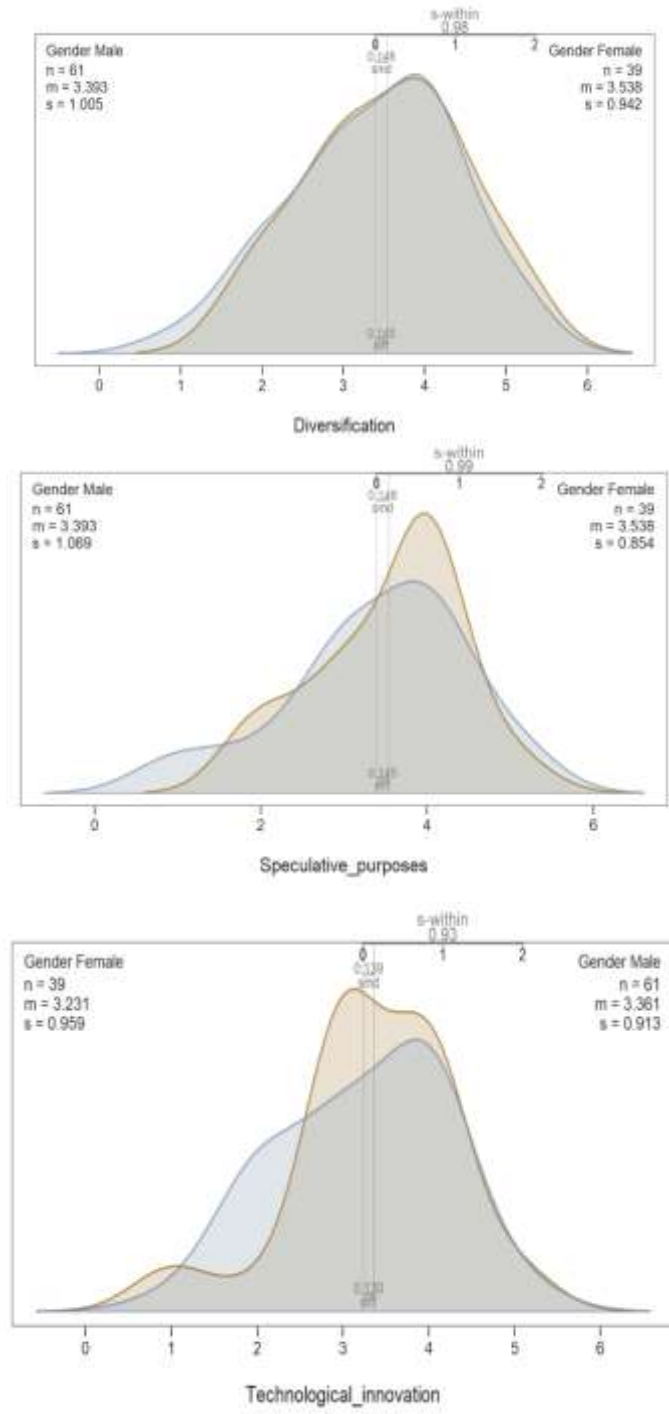
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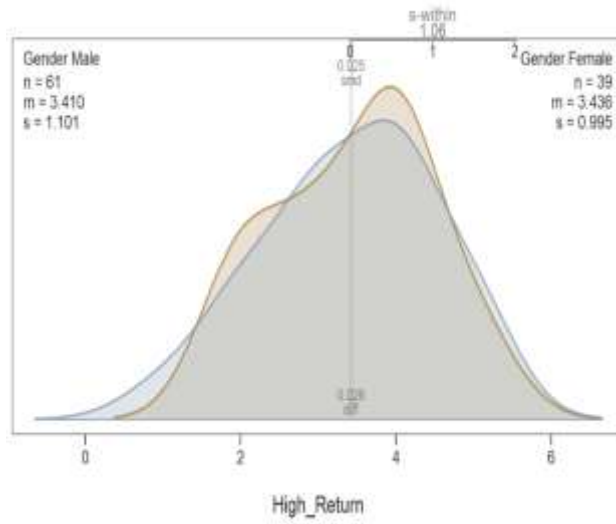
## RESEARCH METHODOLOGY

The study employs a quantitative approach, utilizing a structured questionnaire as the primary instrument for data collection. A sample of 100 participants is selected through Convenience sampling to ensure diversity across demographic groups. Closed-ended queries and the Likert scale are employed to facilitate quantitative analysis and address uncertainties regarding young individuals' investment behaviour in cryptocurrency. Variables under examination include demographic factors (age, gender, education level, income) and cryptocurrency investment behaviour (investment frequency, preferred cryptocurrencies, strategies, risk perception, and attitudes). The t-test is utilized as the primary statistical technique for hypothesis formation, aiming to discern significant differences in investment behaviour among demographic segments. Descriptive analysis and questionnaire survey methodology complement the t-test for a comprehensive understanding of cryptocurrency investment behaviour among young individuals. Through this methodology, the study endeavours to provide valuable insights into the attitudes, preferences, and decision-making processes of young investors in the cryptocurrency market

**ANALYSIS AND INTERPRETATION**

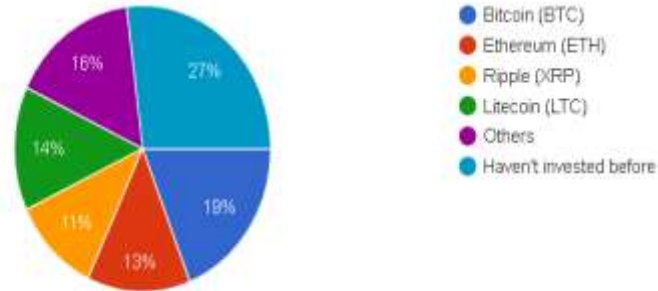
The below are the outcome of the responses collected from the respondents and it has been represented through pie chart, Bar Graphs with a detailed interpretation.



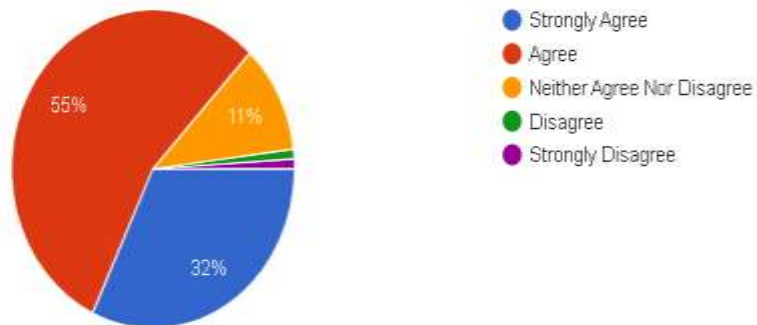


If yes, which cryptocurrencies do you invest in?

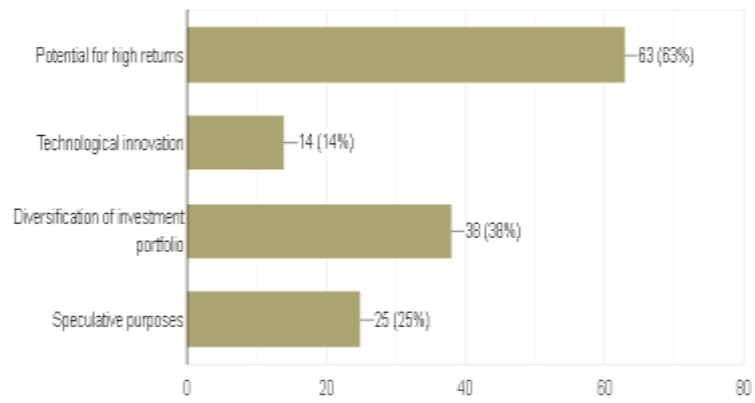
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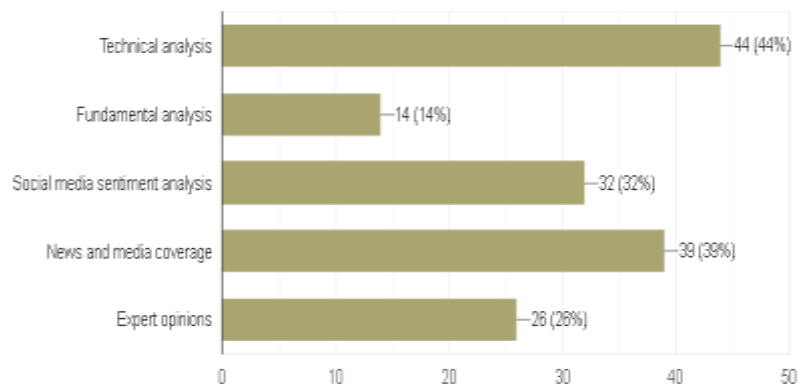
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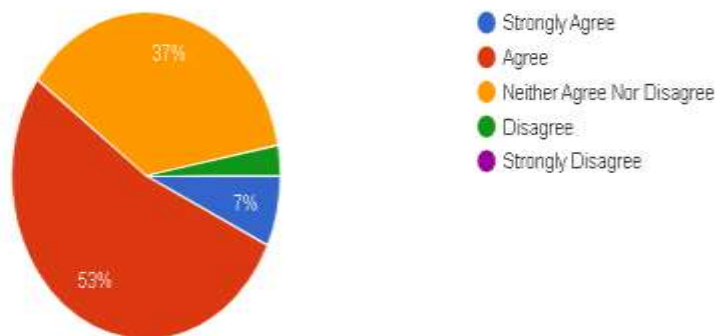
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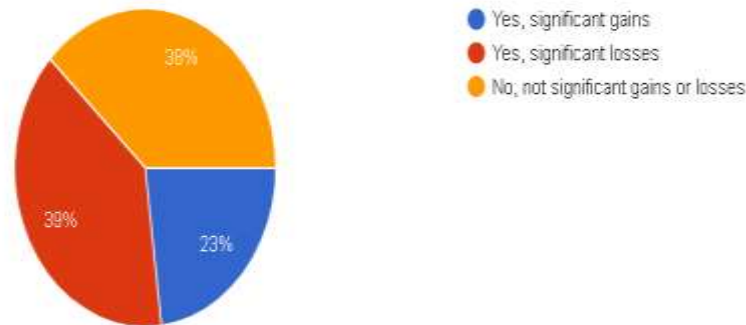
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The analysis reveals several key insights into the cryptocurrency investment landscape among respondents. Firstly, the study employs hypothesis testing to evaluate mean differences in various aspects of investment behaviour between different groups, finding no statistically significant distinctions in diversification, speculative purposes, technological innovation, or high returns between these groups. Secondly, the distribution of respondents' cryptocurrency preferences showcases diverse interests, with Bitcoin emerging as the most popular choice among investors. Furthermore, perceptions regarding the relationship between social influence and cryptocurrency adoption indicate a general consensus among respondents, with the majority expressing agreement with the positive influence of social factors on adoption. Motivational factors driving cryptocurrency investment primarily revolve around the potential for high returns, followed by the diversification of investments and speculative purposes. Additionally, research methods utilized by respondents highlight the prevalence of technical analysis and news coverage in evaluating investment opportunities. Moreover, perceptions regarding the relationship between perceived risk and cryptocurrency adoption indicate a majority agreement on the negative association between perceived risk and adoption. Lastly, experiences with cryptocurrency investments vary, with a significant proportion of respondents reporting significant gains or losses, emphasizing the volatile nature of the cryptocurrency market. These findings collectively underscore the complex dynamics and diverse motivations driving cryptocurrency investment behaviour among respondents, highlighting the importance of understanding market trends and implementing risk management strategies for investors navigating this rapidly evolving landscape.

## **CONCLUSION**

The research on cryptocurrency investment behaviour among young Indians sheds light on the intricate interplay of demographic factors, educational backgrounds, motivations, and informational sources influencing investment decisions in this emerging asset class. The study underscores the pronounced interest among young adults aged 22-25, predominantly male, and with a majority holding Master's degrees, indicating a correlation between higher education and cryptocurrency investment. Despite varying employment statuses, a significant portion of students actively participates in cryptocurrency investment, reflecting a growing trend among the younger demographic. Motivations for investment primarily revolve around potential high returns, technological innovation, and diversification of investment portfolios. Moreover, the reliance on lectures, seminars, social media, and news sources for market insights highlights the importance of information dissemination in shaping investment behaviour. While there is consensus on the positive relationship between social influence, price value, and regulatory frameworks with cryptocurrency adoption, there exists uncertainty regarding the perceived risk associated with such investments. Overall, the study underscores the need for tailored educational initiatives to enhance understanding and awareness of cryptocurrency investments among young Indians, ensuring informed decision-making in this rapidly evolving financial landscape.

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