

A Study on Perception of Bitcoin and Their Awareness and Impact among investors in Asset Management Company With Reference To Bangalore City

***Eshwari B**

**** Adeeba Ahamed**

Abstract

The revolution of financial investment globally has given birth to too many crypto currencies. the first amongst them is Bit coin. Investors and non investors around the world are gathering information about Bit coins. They work on the concept of crypto currency which runs on advanced mathematics and algorithms and strives to make Bit coin secure through digital signature. The current study tells about the awareness of Bit coin and the impact of Bit coin among investors of Asset Management Company. As Asset Management company deals in various investments for their investors. The study also helps to find out if Bit coins are introduced in the portfolios managed by Asset Management Company, the possible impact of their implications on portfolios. The study also analyses the impact of investing in Bit coins on stock markets. The study is carried out by taking a survey of 25 respondents by non probabilistic snowball sampling method in Bangalore city by using structured questionnaire and interview technique. The researcher found out Bitcoin influences the portfolios of investors in Asset Management Companies in Bangalore city.

Keywords: crypto currency, Bit coin, digital signature, portfolio.

Introduction

Investment can be referred to mechanism used for generating future income this includes purchase of bonds, stocks and real estate property Over the years investment also given a way for introduction of crypto currencies as such innovation of crypto currencies bit coins is one among them . Bit coins are a digital asset and payment system it is commonly called as decentralised digital currency. As it is digital currency which serves as decentralized financial open source software and provides an optimal combination of cryptography hence, the term crypto currency for Bitcoin is also apt, digital encryption, online transactions and peer-to-peer networking. It can be used for transaction of money or as a protective cache or depository of digital money and is free of service charges. Bitcoin has emerged as the most successful cryptographic currency in history. Within two years of its quiet launch in 2009, Bitcoin grew to comprise billions of dollars of economic value. Here the transactions that are computationally impractical to reverse thereby protect sellers from fraud. Bit coins have

* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore

gained great popularity in recent times and in countries like Japan there is a growing trend of businesses accepting Bitcoin as a form of payment. However in India there is uncertainty about its legal acceptance as the apex bank is pessimistic about regulating it. Despite it we have lacs of customers dealing in bit coins in India. In our study the researchers are typically focusing on the awareness and perception of the investors and the impact which has occurred in the recent past due to the origin of bit coins in India.

Review of Literature

1. Mr Avinash Kumar Singh (2006) as conducted a the study analyzed the investment pattern of people in Bangalore city and Bhubaneswar & analysis of the study was undertaken with the help of survey method. After analysis and interpretation of data it is concluded that in Bangalore investors are more aware about various investment avenues & the risk associated with that. All the age groups give more important to invest in equity & except people those who are above 50 give important to insurance, fixed deposits and tax saving benefits
2. Mr Prasad in 2009 as conducted a study on the perception of the investors and their awareness on various investment alternatives available. A sample of 100 investors has been taken from the twin cities of Hyderabad and Secunderabad. The result of findings showed 75% Net traders were using online stock trading requiring strong technology base whereas Traditional traders felt online trading not an acute process of stock trading and they didn't participate in net trading due to risk of a system failure.
3. Kapil Sharma, Harshita Gupta, Leena Soni in 2017 in their paper "Role of Bit coin in Indian Economy-A brief study" focuses on the Bitcoin adoption in India and mentions brief information on the Bitcoin crypto currency, the scope of the adoption of Bitcoin in the country and some challenges to Bitcoin adoption concerning Rupee exchange as well as security and privacy concerns. It is an exploratory study. A sample of 50 respondents was taken which consists of sample pool consists of economic and financial professionals of Bitcoin phenomenon from over the world, executives of financial firms in India. From there paper it is inferred that Bitcoin can serve as a great tool from social, economic and financial point of view, but it also has drawbacks like every new technology does.

* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore

4. Rajshri Suresh , Rahul Batra , Seema Ghosh in 2017 as conducted a research on 'Bitcoin – The Currency of the Future' Their paper talks about the future of Bitcoin, its awareness and its perception as a future currency the perception of these people regarding Bitcoin, it was observed that a majority of them consider it to be user-friendly, safe, and reliable and also a strong future investment. Their study reveals that although people think Bitcoin are advantageous in a few ways, they are not too sure about the implications of it being a legal currency.

Statement of the problem:

The recent boom of Bitcoin has lead to a lot of curiosity among investors as the new investment with its own set of pros and cons. Therefore, there is a need to understand about Bitcoin before exploiting it as an investment. Hence, there is a need to know the level of awareness and its perceived impact on portfolio among investors

Objectives:

- To study the awareness and perception of Bitcoin among investors of Asset management company
- To study the impact of Bitcoin among investors of Asset management company
- There is significance relationship between investors income and the inclusion of Bitcoin on their investment portfolio

Hypothesis

1. **H₀1- There is no awareness and perception of Bitcoin among investors of Asset management company,**
2. **H₀2- There is no impact of Bitcoin among investors of Asset Management Company.**
3. **H₀3- There is no significant relationship between investors income and the inclusion of Bitcoin on their investment portfolio**

Importance of study:

* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore

To analyse the awareness of Bitcoin among investors of AMC. Also to study their impact on the portfolios of investors. This study helps us to know if the investors are ready to embrace bitcoin in the near future considering its risk and impact perceived by them

Methodology

The study is empirical in nature and is based on both the primary and the secondary data. Secondary data was collected from various sources such as; the websites, books and journals, while primary data is collected through structured questionnaire from 25 investors from Bangalore on the basis of snowball sampling the data were analyzed and interpreted with the help of SPSS software. Statistical tool is Factor analysis which measured using 5 point scale (SA, A, N, DA, SDA) and logistic regression is used to study the impact of bit coins in asset management company. To study the relationship between income and investment portfolio towards Bitcoin among investor chi square test is used.

To study the awareness and perception of Bitcoin among investors of Asset management company

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.621
Bartlett's Test of Sphericity	Approx. Chi-Square	161.695
	Df	45
	Sig.	.000

Kmo=0.621 >0.6; and Bartlett's test of Sphericity is also positive and all the variables are significantly co related each other hence it is appropriate to carry out factor analysis.

In this study all the variables communality values are more than 0.4 which indicate that all the variables are significantly contributed to the data.

The number of factor to be chosen is based on the Eigen values of the factors (>1) and the total variables explained by such factors (>60%). In the present work we take 3 factors for future analysis since they have Eigen value >1 and total variance explained is 76.991% which is quite high.

* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.192	51.921	51.921	5.192	51.921	51.921	2.870	28.703	28.703
2	1.397	13.967	65.888	1.397	13.967	65.888	2.627	26.274	54.977
3	1.110	11.102	76.991	1.110	11.102	76.991	2.201	22.014	76.991
4	.715	7.149	84.140						
5	.549	5.493	89.632						
6	.385	3.845	93.478						
7	.301	3.010	96.487						
8	.219	2.186	98.673						
9	.095	.947	99.620						
10	.038	.380	100.000						

To find the new factors and the variables associated with them

Rotated Component Matrix

Factors	Awareness and perception	1	2	3
Awareness	Bitcoin are not safe investment	.823		
	Highly liquid	.807		
	Better investment avenues	.567		
Perceptions of investment	Investment will increase in coming future		.970	
	Potential to overcome other avenues		.699	
	Better returns		.590	
Explore towards Bitcoin	Curious to explore			.906
	Shift towards Bitcoin			.827

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 7 iterations

Thus the latent factors from 8 variables brought out by factor analysis are

* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore

- Awareness
- Perception
- Explore towards Bitcoin

H₀	There is no awareness and perception of Bitcoin among investors in Asset management company	Rejected
H_a	There is awareness and perception of Bitcoin among investors in Asset management company	Accepted

To study the impact of Bitcoin among investors of Asset management company

Dependent factor	Impact of Bitcoin among investors
Independent factor	Increase investment, increase tax burden, cashless economy, existing avenue ,balance risk portfolio
Walden test	40
Hit ratio	92%
R²	0.78%
Significance level	0.01

The above table clearly show that all the variables seems to be significant by waldens test for significant of variables the Hit ratio of accuracy of prediction is 92% which is greater than 75% indicates that the model will be predicted with an average accuracy of 78% and also R² value = 0.73% is more than 60% and significant value is 0.01 so the researcher reject the null hypothesis and accept the alternative hypothesis.

H₀	There is no impact of bitcoins among investors of asset management company.	Rejected
H_a	There is impact of bitcoins among investors of asset management company.	Accepted

There is significance relationship between investors income and inclusion of bitcoin in investment portfolio

Chi-Square Tests

* Assistant professor, commerce dept. Indian academy degree college, Bangalore

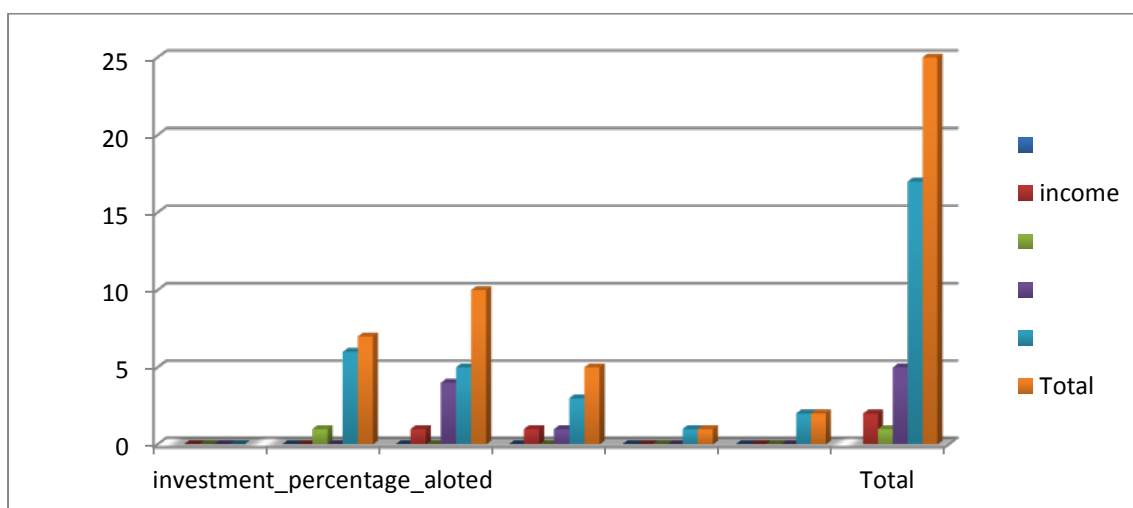
** Assistant professor, commerce dept. Indian academy degree college, Bangalore

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.620	2	.649
Likelihood Ratio	11.636	2	.475
Linear-by-Linear Association	.046	1	.831
N of Valid Cases	25		

The above table shows the income and percentage of investment portfolio of investors are selected to check whether there is significant relationship between investors income and investment portfolio and the above table shows the chi square value 9.620 and table value is 0.649 and also significant value is 2 which is more than 0.05, so we reject the null hypothesis and accept the alternative hypothesis. This shows there is significant relationship between investors income and investment portfolio towards Bitcoin.

	Investment percentage allotted					Total
	Yes	no	3.00	4.00	5.00	
income >1 lakh	0	1	1	0	0	2
1-2 lakh	1	0	0	0	0	1
2-5 lakh	0	4	1	0	0	5
>5 lakh	6	5	3	1	2	17
Total	7	10	5	1	2	25

From the above table clearly shows the investor whose income ranging more than 5 lakh is are wishing to invest more in the Bitcoin therefore researchers concludes that the higher income group of investors wishes to take more risk .



H₀	There is no significance relationship between investors income and	Rejected
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* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore

	inclusion of Bitcoin in investment portfolio	
Ha	There is significance relationship between investors income and inclusion of Bitcoin in investment portfolio	Accepted

Suggestions

Suggestions were taken from 25 investors of asset management companies in and around Bangalore city. All the investors based on 4 factors which are risky, regulatory body, shift towards investment pattern, and potential to overcome other avenues. In which majority of the investors are recommending Bitcoin to be regulated by a regulatory body in India.

Major finding

1. Investors are aware about Bitcoin of Asset Management Company.
2. All the investors' perceptions towards Bitcoin are more focusing on better returns which will be the reason to overcome other investment avenues in future.
3. There is impact of Bitcoin in asset management company because of emergence of Bitcoin in the economy
4. Higher bracket investors are more focusing in investing on Bitcoin rather compared lesser bracket group
5. All the investors prefer Bitcoin to be regulated by regulatory body in India so which investment can be increased.
6. The insight of investors prefer Bitcoin are highly risky

Conclusion

The current study tells about the awareness of Bit coin and the impact of Bit coin among investors of Asset Management Company. As Asset Management company deals in various investments for their investors. The possible impact of their implications on portfolios. The revolution of financial investment may give enough of scope towards the Bitcoin in the country in the coming future.

* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore

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* Assistant professor, commerce dept. Indian academy degree college, Bangalore

** Assistant professor, commerce dept. Indian academy degree college, Bangalore