



A STUDY ON INVESTORS' ATTITUDES TOWARDS DIGITAL CURRENCY AS AN INVESTMENT OPTION

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Abstract - A study on investors' attitudes towards digital currency as an investment option has been undertaken to understand how investors perceive and respond to this emerging form of investment. Digital currency has gained significant attention due to the rapid growth of cryptocurrencies and the increasing interest in central bank digital currencies. Despite its growing popularity, investors' attitude towards digital currency remains mixed because of factors such as high price volatility, regulatory uncertainty, security concerns, and technological complexity. The present study is descriptive in nature and is based entirely on secondary data collected from published research articles, journals, reports, and official websites. The study focuses on key factors influencing investors' attitude, including awareness, perceived risk, technological familiarity, and social influence. The analysis of existing literature indicates that while digital currency attracts investors due to its high return potential and technological innovation, concerns related to risk and lack of clear regulatory frameworks continue to affect investment decisions. The study highlights the importance of investor awareness and regulatory clarity in improving investor confidence and encouraging the responsible adoption of digital currency as an investment option.

Keywords: Digital Currency, Investor Attitude, Investment Option, Risk Perception, Technological Familiarity, Social Influence, Financial Innovation.

1.2 Introduction

Digital currency has emerged as a new kind of money and investment as a result of the global financial system being drastically altered by the quick development of digital technology. Fast, safe, and international transactions are made possible by digital currency, which includes cryptocurrencies and digital currencies issued by central banks. Investors have become more interested in digital currency over the last 10 years because of its creative nature, decentralised structure, and potential for large returns. Investors are progressively investigating digital currency as an alternative investment choice alongside conventional assets like stocks, bonds, and mutual funds as a result of the expansion of digital payment systems and rising levels of digital literacy. Nonetheless,

investors' perceptions of digital currency are still varied and ambiguous. Due to price volatility, cybersecurity risks, lack of regulation, and technological complexity, some investors consider digital currency to be extremely dangerous, while others see it as a lucrative and futuristic investment.

1.3 THEORETICAL FRAMEWORK AND LITERATURE REVIEW

The theoretical foundation of this study is based on Behavioural Finance Theory and the Technology Acceptance Model (TAM). Behavioural finance explains how psychological factors such as perception, attitude, risk preference, and herd behaviour influence investors' decision-making processes. Digital currency investments are largely influenced by speculative behaviour, emotional bias, and expectations of abnormal returns, making behavioural finance highly relevant. The Technology Acceptance Model emphasises perceived usefulness and perceived ease of use as key determinants of technology adoption. Investors' willingness to adopt digital currencies depends on their understanding of blockchain technology, ease of digital wallets, transaction security, and confidence in digital platforms. Several studies have examined investor behaviour towards digital currency. According to Baur, Hong, and Lee (2018), cryptocurrencies are perceived as high-risk and high-return investment instruments, attracting speculative investors rather than traditional long-term investors. Kumar and Goyal (2020) found that awareness and technological literacy significantly influence investors' participation in cryptocurrency markets. A study by Jain and Agarwal (2021) highlighted that Indian investors show curiosity towards digital currencies but remain cautious due to regulatory uncertainty and lack of legal backing. Another study by Narayanan et al. (2022) emphasised that trust, transparency, and security concerns play a major role in shaping investors' attitudes towards digital assets.

Overall, the literature indicates that while digital currencies offer innovative investment opportunities, investors' attitudes are mixed due to volatility, regulatory risks, and limited financial knowledge. This study builds on existing literature by



focusing on investor attitudes and perceptions in the context of digital currency investments.

1.4 METHODOLOGY

The present study is based on secondary data analysis. The research adopts a descriptive and analytical approach to examine investors' attitudes towards digital currency as an investment option. Relevant data has been collected from published research papers, financial reports, government publications, and online databases. The study analyses trends in digital currency adoption, investor perception, and challenges associated with digital currency investments. Secondary data sources were systematically reviewed to ensure reliability and relevance to the research objectives.

1.5 DATA SOURCES

The data for this study has been collected from the following secondary sources:

- Academic journals related to finance, investment, and fintech
- Research papers published in national and international journals
- Reports from financial institutions, RBI publications, and government websites
- Industry reports from consulting firms and fintech organizations
- Online databases such as Google Scholar, ResearchGate, and financial news portals

These sources provide comprehensive insights into digital currency markets and investor behaviour.

1.6 NATURE OF DATA

The study relies exclusively on secondary data. The data used is qualitative and quantitative in nature and covers the period from recent years to capture the latest developments in digital currency investments. The data includes:

- Investor perception and attitude studies
- Market trends and adoption rates of digital currencies
- Risk and return characteristics of digital currency investments
- Regulatory and policy-related information

1.7 DATA ANALYSIS TECHNIQUES

The collected data were analysed using the following techniques:

- Descriptive analysis to summarize investor attitudes and trends
- Comparative analysis to compare digital currency investments with traditional investment options
- Content analysis of research articles and reports to identify key themes and challenges The analysis helps in understanding patterns in investor behavior and identifying influencing factors.

1.8 SCOPE OF THE STUDY

The scope of the study includes:

- Understanding investors' attitudes towards digital currency investments
- Examining factors influencing investment decisions in digital currencies
- Analyzing risks and benefits associated with digital currency investments
- Studying the impact of technological awareness and regulation on investor behavior The study is limited to conceptual and secondary data analysis and does not involve primary data collection.

1.9 LIMITATIONS

- The study is based only on secondary data and does not include primary survey responses
- Findings depend on the accuracy and reliability of existing data sources
- Rapid changes in digital currency regulations may affect the relevance of certain data
- The study does not focus on specific cryptocurrencies or demographic groups.

1.10 KEY CHALLENGES AND POLICY & INDUSTRY IMPLICATIONS

Digital currency investments face several challenges, such as extreme price volatility, cybersecurity threats, lack of investor awareness, and uncertain regulatory frameworks. Many investors are hesitant due to the absence of legal protection and fear of financial loss.

From a policy perspective, there is a need for clear regulatory guidelines to protect investors and ensure transparency. Industry implications include the need for stronger security systems, investor education programs, and ethical trading practices. Financial institutions and fintech companies must focus on building trust and promoting responsible investment behavior.



1.11 FINDINGS

- Investors show growing interest in digital currency as an alternative investment option
- High return potential attracts speculative and young investors
- Risk perception and volatility discourage conservative investors
- Lack of regulatory clarity affects investor confidence
- Technological awareness plays a crucial role in investment decisions

- Reserve Bank of India (RBI). Reports on Digital Currency and Financial Stability.

1.12 SUGGESTIONS

- Government should establish clear regulatory frameworks for digital currency investments
- Investor education programs should be conducted to improve awareness
- Investors should diversify portfolios to manage risk
- Fintech platforms must strengthen security measures
- Financial literacy regarding digital assets should be promoted

1.13 CONCLUSION

Digital currency has emerged as a modern investment option driven by technological innovation and changing investor preferences. While investors are attracted by the potential for high returns and decentralization, concerns related to risk, volatility, and regulation significantly influence their attitudes. The study concludes that digital currency investments require cautious decision-making, adequate knowledge, and regulatory support. With appropriate policies, investor awareness, and technological safeguards, digital currency can become a viable component of diversified investment portfolios in the future.

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