

TO STUDY THE FACTORS AFFECTING PEOPLE'S INVESTMENT BEHAVIOR REGARDING INVESTMENT IN CRYPTOCURRENCY.

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ABSTRACT

The cryptocurrency market is risky, volatile, and a huge level fluctuating market. but, however, investors invest their money in that market. This study analysis investors' behavior. this study will investigate the investors to the investment time which behavioral factors are considered more used in an investment, and understand to do which factors affect at the time investment. It also defines how the decision is changed according to the factors affect. This study the factors affecting people's investment behavior regarding investment in cryptocurrency using 285 participants using the survey method of data collection and using SPSS software for chi-square and correlation test data interpretation.

Keywords: Investments Behavior, Cryptocurrency, Blockchain, Investment Platforms.

INTRODUCTION

In the past history of human investment behavior, we know that humans were investing their excess money into gold or valuables, and other investment instruments, etc. then as development progressed the human invests their money into gold, valuables, real estate, various financial instruments, instances such as bonds, stocks, mutual funds, derivatives, forex, OTC (Over the Counter), and other investment instruments, etc. this all follow the government rules and regulation and every time government is focus and planning how to develop these investment instrument. This we also call an old investment instrument.

But on the other side day by day as development progresses in the world, similarly the means of investment also increases. It contains old investment instruments but some investment instruments are newly created. That new investment instrument is digital currencies. digital currencies are virtual currency and cryptocurrency. The decision to invest in this is entirely up to the investors.

So now let's see what cryptocurrency is and how it works. The digital currency existed in 1980 but was in real use in the 2009 launching of Bitcoin as a decentralized cryptocurrency (Sharma & Britto, 2022). The name meaning of cryptocurrency crypto means secrete or cryptic and currency means a system of money in general use. cryptocurrency is a digital currency. it's used for investment and helps to buy and trade things. cryptocurrency is changing the money conversion rules of the foreign exchange markets. It means that every country has its own currency, for instance, Dollars, Euros, Pounds, Rupees, etc., and its conversion rules also change as per the country's currency. On the opposite, cryptocurrency works as one world the one currency. Some popular cryptocurrencies instance is Bitcoin, Ethereum, Doge, Ripple, etc.

In the online world, there are two methods used for money transfer one Unified Payments Interface (UPI) and another cryptocurrency. In the Unified Payments Interface (UPI) method, the bank is an intermediary between the sender and the receiver. The bank always verifies the sender and receiver and then transfers the money and the cryptocurrencies

there is no need to bank. They are using peer-to-peer systems or network, which directly transfers money into the sender's send and receiver's receive wallet, and it's stored digitally.

The cryptocurrency uses blockchain technology which provides the user with distributed ledger technology, immutable records, and smart contracts. With this technology, all the processes are done quickly and very fast. Every transaction is connected to each other that's why no one can erase it. Those who maintained this ledger properly are called miners. miners also get remuneration for their work. In blockchain technology, every block is connected to each other and it's called a node. The distributed ledger records all transaction which is tangible or intangible.

Also, the cryptocurrency is decentralized which is no one can operate with its limited supply limited supply just like gold. In the crypto market government are not interfere. The government's role is only to ban or adopted crypto because the price is decided and operated by the demand for crypto. If demand is huge then the price is more and if demand is low price is low but the supply is fixed.

To invest the cryptocurrency, you have to have multiple platforms available such as Binance, OKEX, and CoinDCX, CoinSwitch, Wazirx, Huobi Global. They help to invest your excess money into cryptocurrencies. You want to register yourself into that platform .and create your account and complete all KYC. After that, you are eligible to purchase and sell cryptocurrency. also, these accounts help you to purchase things because a number of the company is adopted cryptocurrencies as payment methods countries are also adopting cryptocurrency as a legal tender, countries such as Brazil, Argentina, and Venezuela and day by day country adoption of cryptocurrency is increasing.

Investment is called the action or process of investing money for profit or loss. Investment is the word we hear then our brain is searching for various methods for investment. In human nature, we invest our money into our business and get a profit or loss. but if you want to invest your money into the other business you search for many ideas, logic, and things and do a lot of deliberation.in investment, our mind and brain are searching various methods or platforms because the investment affects directly our money. This impact may be short-term or long term or you face losses.

But you want to get your money in future value, interest, and more benefits. Then you have to must invest. There are various sources to invest the money. Cryptocurrencies are one of the sources, so what are the factors to consider while investing money in them?

In investing behavior attempts to define the psychology of the investors while making an investment decision. In investing behavior, people use their minds and logic to investing any investment. The people's investing behavior safety, growth, income, tax exemption, liquidity, and fight against inflation, etc. objectives like these are used in investing

There are two factors included in investing behavior one is an Internal factor and another is an External factor. The internal factor is in the investors hands and is also called the control factor, the Internal factor is an emotional attachment, attitude, personality, income level, past experience, return on investment, etc.

1. **Emotional attachments:** Emotional attachment refers to feelings of closeness and affection instance in this my father's emotion is included.
2. **Attitude:** Attitude means what you think, behave, and feel. It means some are risk takers or some are not risk takers.
3. **Personality:** This means how I am different from others like I purchase high-quality or high-value things.
4. **Income level:** The income level is most important because what amount is invested depends on that. and what are the savings in his hand? All investment decision is dependent on income level.
5. **Past experience:** Sometimes people use their past history records for the investment and then they put to invest the decision.

6. **State of mind:** This means what is the state of mind in the investment time. it means positive or negative it includes state of mind.
7. **Objective of investment:** The objective of invest is included growth, safety, return on investment, increase in the future value of the investment, reduce losses, tax saving, etc.
8. **Return on investment:** This is an important part of investment behavior .what is the profit, interest, losses, and periods that are included in the return on investment.

The External factor is not in the investors' hands and is also called the uncontrol or uncontrollable factor, the external factor is a social group, market movements, the company's financial position, economic situation, Government policy, etc.

1. **Social group:** The social group is much impact on your investment behavior because you follow that. It includes friends, family pressure, groups of investors, and colleagues.
2. **Market movements:** The position of the market movement also influences the investor's behavior because the market is every time fluctuates a lot.
3. **Company financial position:** The company's financial position is more impact on the investment decision because the company's financial position is good the investor easily agrees to the investment.
4. **Economic situation:** This means the overall country's economic situation is positive or negative is more impact on the investor's behavior toward the investment.
5. **Government policy:** Government policy also affects the investment decision because the government is banned or charges tax on investment that time investor does not invest.

PURPOSE OF THE STUDY

A new generation new investing systems arose named cryptocurrency. this market is very risky and volatile and people invest their money in this market. in that time what is their method of investment behavior?. And what basis do they invest? in today's competitive world saving is necessary but saving is not getting extra income if you want extra income then your investment is necessary. This study will help investors, people, researchers as well as companies, that which factors are more important at the time of investment, and how they are impacted by investment behaviors this will help to understand.

Objective

1. To study the awareness of cryptocurrencies.
2. To study the income level of people.
3. To study the various platform of cryptocurrencies.
4. To evaluate internal and external factors of people's investment behaviour.

Hypothesis

- H1:** *There is an association between the period of investment and investment risk tolerance.*
H2: *There is a positive relationship between awareness, income level, and investment decision.*

Research Gap

It was observed that most of the researchers studied Cryptocurrency Investments, the cryptocurrency market, a study investigating individual investors, Behavioural Finance Perspective, Investors attitude towards Cryptocurrency-based on Gender, Examining the predictors of crypto investor decisions, Investor's Behavioural Intention of Cryptocurrency Adoption. In this study, a detailed investigation and evaluation will be done on investment behaviors regarding investment in cryptocurrency. and focused on investment behaviors. This study result will be suggested which factor is more influenced by investment behavior and which one is more useful to the investment decision.

LITERATURE REVIEW

Lammer et al., (2019) studied that and found that cryptocurrency investors are active traders, prone to investment biases, and hold risky portfolios. In line with attention effects and anticipatory utility and also found the average cryptocurrency investor substantially increases log-in and trading activity after his or her first cryptocurrency purchase. His results document that investors are more likely to adopt new financial products and help inform regulators about investors' vulnerability to cryptocurrency investments.

Keller & Scholz (2019) study Bitcoin exchange trading and examine what factors influence the behavior of different cryptocurrency investor types and he is identifying indicators driving investors' actions and contributes to recent research by explaining the trading behavior on cryptocurrency markets and its impact on exchange rates.

Boxer & Thompson (2020) studied a survey of 130 active cryptocurrency investors, he has empirically examined the factors which influence attitudes and behaviors. his results indicate that perceived behavioral control, social norms, and propensity to imitate others, a dimension of herd behavior, strongly influence attitudes towards cryptocurrency behavior and subsequent behaviors and these findings provide new insights into some of the psychological factors involved in the decision to invest in cryptocurrency and help to understand the unpredictable cryptocurrency market environment.

Echchabi et al., 2021 these researchers studied the factors that might increase the investment in cryptocurrencies among Moroccan investors, and he is used a survey questionnaire to collect data from a sample of 200 respondents. And he is founded that the revealed that attitude, subjective norms and perceived behavioral control have a significant impact on the intention to invest in cryptocurrencies.

Bui (2022) study that the main objective is that to investigate the determinants that affect individual investors adoption intention of Bitcoin. And he is founded that the results also showed a significant correlation toward the technology acceptance model. Nonetheless, the study lacked empirical evidence to support market characteristics steering private investors' adoption intention.

RESEARCH METHODOLOGY

Sampling

Studying the factors affecting people's investment behaviours regarding investment in cryptocurrency is a descriptive study and uses the qualitative method of data collection. This study used the random sampling method. As the calculation basis the sample size is 285 random sampling methods, that is this is our target sample or audience.

Data Collection

In this topic, the data was collected in two ways. The data collection method first is primary data collection and the second is secondary data collection. The Primary data is collected by using door-to-door & online survey methods. Create a questionnaire and circulated these questionnaires to 285 people who know the cryptocurrency. And 10 minutes were given for each person to fill out the questionnaire. The secondary data is collected from various books, websites, and journals. This paper there is the used chi-square, correlation test for data representation and interpretation.

Data Interpretation

H1: *There is an association between the period of investment and investment risk tolerance.*

Chi-square statistics were used to examine the association between categorical variables. there is a significant association at a 5% significance level between the period of investment and investment risk tolerance of respondents(Pearson Chi-Square=231.414, df=9, Asymp. Sig. (2-sided) =0.00). Hence, H1 was supported Table 1 to 9.

Table No. 1 STATISTICS						
		Income level	Awaerness	Investment descion	Period of investment decisions	Investment risk tolerance
N	Valid	285	285	285	285	285
	Missing	0	0	0	0	0

Table No.2 INCOME LEVEL					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10000-20000	54	18.9	18.9	18.9
	20001-30000	109	38.2	38.2	57.2
	30001-40000	7	2.5	2.5	59.6
	40000 above	115	40.4	40.4	100
	Total	285	100	100	

Table No.3 AWAERNESS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	193	67.7	67.7	67.7
	No	92	32.3	32.3	100
	Total	285	100	100	

Table No.4 INVESTMENT DESCION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	198	69.5	69.5	69.5
	No	87	30.5	30.5	100
	Total	285	100	100	

Table No.5 PERIOD OF INVESTMENT DECISIONS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Short Term	54	18.9	18.9	18.9
	Short Term	109	38.2	38.2	57.2
	Long Term	7	2.5	2.5	59.6
	Very Long Term	115	40.4	40.4	100
	Total	285	100	100	

Table No. 6 INVESTMENT RISK TOLERANCE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	54	18.9	18.9	18.9
	Average	126	44.2	44.2	63.2
	High	7	2.5	2.5	65.6

	Very High	98	34.4	34.4	100
	Total	285	100	100	

Table No.7 CASE PROCESSING SUMMARY						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Period_of_investment_decisions * Investment_risk_tolerance	285	100.00%	0	0.00%	285	100.00%

Table No.8 PERIOD OF INVESTMENT DECISIONS							
			Investment_risk_tolerance				Total
			Low	Average	High	Very High	
Period_of_investment_decisions	Very Short Term	Count	32	7	8	8	55
		Expected Count	10.4	19.5	6	19.1	55
	Short Term	Count	7	76	9	6	98
		Expected Count	18.6	34.7	10.7	34	98
	Long Term	Count	8	11	7	7	33
		Expected Count	6.3	11.7	3.6	11.5	33
	Very Long Term	Count	7	7	7	78	99
		Expected Count	18.8	35.1	10.8	34.4	99
	Total	Count	54	101	31	99	285
		Expected Count	54	101	31	99	285

Table No. 9 Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	231.414	9	0
Likelihood Ratio	220.092	9	0
Linear-by-Linear Association	102.489	1	0
N of Valid Cases	285		

Table 10&11 Correlations statistics were used to examine the positive relationship between awareness, income level, and investment decision. In the result of, Correlations statistics, there is no positive relationship between awareness, income level, and investment decision because the significant value is greater than 0.01. Hence, H1 was rejected and accepted the H0 NULL Hypothesis.

Reject: *H1: There is a positive relationship between awareness, income level, and investment decision.*

Accept: *H0: There is no positive relationship between awareness, income level, and investment decision.*

	Mean	Std. Deviation	N
Income_level	2.64	1.192	285
Awaerness	1.32	0.468	285
Investment_descion	1.31	0.463	285

		Income Level	Awaerness	Investment Descion
Income_level	Pearson Correlation	1	0.05	0.105
	Sig. (2-tailed)		0.4	0.076
Awaerness	Pearson Correlation	0.05	1	562
	Sig. (2-tailed)	0.4		0
Investment_descion	Pearson Correlation	0.105	562	1
	Sig. (2-tailed)	0.076	0	

Correlation is significant at the 0.01 level (2-tailed).

CONCLUSION

The study concluded that investment behavior is necessary to use in every financial decision and it also reduces the risk, increases safety, etc., and also concluded that the market of new and old investments is available and the day-by-day adoption of cryptocurrencies is increasing and the investing time the investors check their investment level, and after that, they invest according to their income level.

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