CRYPTOCURRENCY: BUBBLE OR NEW STANDARD?

UNDER THE GUIDANCE OF

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ABSTRACT

Cryptocurrency has emerged as a disruptive force in the financial landscape, raising questions about its long-term sustainability and impact on traditional financial systems. This research report examines the debate surrounding cryptocurrency, focusing on whether it represents a speculative bubble or a new standard for digital assets. Through a comparative analysis of empirical evidence, theoretical frameworks, and expert opinions, this study aims to provide insights into the dynamics of cryptocurrency markets and their implications for the future of finance.

The research begins by reviewing the historical context of cryptocurrency, tracing its origins and evolution from the introduction of Bitcoin in 2009 to the proliferation of alternative cryptocurrencies and blockchain-based applications. It then explores the characteristics of financial bubbles and evaluates whether cryptocurrency exhibits similar patterns of speculative behavior, drawing on insights from economic theory and empirical research.

Next, the report examines the arguments supporting cryptocurrency as a new standard for digital assets, emphasizing its potential to democratize access to financial services, promote financial inclusion, and drive innovation in finance and technology. It analyzes the underlying principles of blockchain technology and explores its applications beyond cryptocurrency, such as decentralized finance (DeFi), smart contracts, and tokenization of assets.

The study also considers regulatory and policy implications surrounding cryptocurrency, highlighting the challenges faced by regulators in balancing innovation and investor protection. It reviews the regulatory approaches adopted by various jurisdictions and assesses their effectiveness in addressing concerns related to market integrity, consumer safety, and systemic risk.

Overall, this research report contributes to the ongoing discourse on cryptocurrency by providing a comprehensive analysis of its status as either a speculative bubble or a new standard for digital assets. By synthesizing empirical

evidence, theoretical frameworks, and expert opinions, it offers valuable insights into the potential opportunities and challenges posed by cryptocurrency for the future of finance and the global economy.

CHAPTER- 1 INTRODUCTION

STUDY BACKGROUND

Relevance of the topic: Cryptocurrency is a hot topic that often makes headlines due to its volatile nature and its potential to revolutionize the financial sector. Its relevance makes it an attractive subject for discussion and analysis.

Controversy: The debate over whether cryptocurrency is a speculative bubble or a legitimate new asset class is contentious. This controversy can spark engaging conversations and allow for exploration of various viewpoints.

Economic Implications: Cryptocurrency's rise has significant economic implications, potentially disrupting traditional financial systems and challenging existing monetary policies. Exploring whether it represents a bubble or a new standard involves delving into these implications.

Technological Innovation: Cryptocurrency is built on blockchain technology, which offers numerous possibilities beyond just digital currencies. This topic allows for exploration of the technology's potential applications and its impact on industries beyond finance.

Investment Considerations: Many individuals are interested in cryptocurrency as an investment opportunity. Discussing whether it's a bubble or a new standard can help investors make informed decisions and understand the risks involved.

Historical Context: Comparing cryptocurrency to past financial bubbles, such as the dot-com bubble or the housing market crash, can provide valuable insights into its current trajectory and potential future outcomes.

Overall, the goal is to understand if cryptocurrencies are just a fad or if they're going to become a regular part of our financial world, and what that might mean for investors and governments.

Despite of all its economic implications and technological innovations the government is not legalizing cryptocurrency due to following reasons:

Lack of Control: Cryptocurrencies are decentralized and not controlled by any central authority like a government or a bank. This makes it hard for governments to regulate and ensure they're used safely.

Risky Investments: Cryptocurrencies can be extremely volatile, meaning their prices can go up and down very quickly. This makes them risky for investors, and governments worry about people losing a lot of money.

Hard to Tax: Because cryptocurrency transactions can be anonymous and happen across borders, it's challenging for governments to track them and collect taxes on them properly.

Crime Concerns: Cryptocurrencies can be used for illegal activities like money laundering and buying drugs or weapons online. Governments worry that making them legal could make it easier for criminals to operate.

New Technology: Cryptocurrencies and the technology behind them, called blockchain, are still relatively new and not fully understood by many people, including governments. They want to understand them better before making any decisions.

CHAPTER – 2

CRYPTOCURRENCY RELATED TERMINOLOGIES, WORKING & ITS IMPACT

Cryptocurrency is a type of digital or virtual currency that uses cryptography for security and operates independently of a central authority, such as a government or bank. It is decentralized and typically relies on a technology called blockchain to record and verify transactions.

TYPES OF CRYPTOCURRENCIES -

- **Bitcoin (BTC):**
  Bitcoin is the first and most well-known cryptocurrency, created in 2009 by an anonymous person or group known as Satoshi Nakamoto.
  It's often referred to as digital gold and is used for online transactions, investments, and as a store of value.

- **Ethereum (ETH):**
  Ethereum is a decentralized platform that enables the creation of smart contracts and decentralized applications (DApps).
  Its cryptocurrency, Ether (ETH), is used to pay for transactions and computational services on the Ethereum network.

- **Ripple (XRP):**
  Ripple is a digital payment protocol that aims to facilitate fast and low-cost international money transfers.
  Its cryptocurrency, XRP, is used as a bridge currency for facilitating cross-border transactions between different fiat currencies.

- **Litecoin (LTC):**
  Litecoin is a peer-to-peer cryptocurrency created by Charlie Lee in 2011, based on the Bitcoin protocol but with some differences, such as faster transaction times and a different hashing algorithm.
  It's often referred to as the "silver to Bitcoin's gold" and is used for online transactions and as a medium of exchange.

PROS OF CRYPTOCURRENCY-

- **Decentralization:** Cryptocurrencies operate on decentralized networks, meaning they are not controlled by any single authority or government. This can increase transparency and reduce the risk of manipulation.

- **Security:** Cryptocurrencies use advanced cryptographic techniques to secure transactions and protect users' funds. Blockchain technology ensures that transactions are tamper-proof and transparent.

- **Accessibility:** Cryptocurrencies enable financial inclusion by providing access to financial services for unbanked and underbanked populations worldwide. Anyone with an internet connection can participate in the cryptocurrency market.

- **Lower Transaction Fees:** Cryptocurrency transactions often have lower fees compared to traditional financial systems, especially for international transfers. This can result in cost savings, particularly for cross-border transactions.

- **Fast Transactions:** Cryptocurrency transactions can be processed much faster than traditional bank transfers, especially for cross-border transactions. This can improve efficiency and reduce settlement times.

- **Innovation:** Cryptocurrencies have spurred innovation in finance and technology, leading to the development of new applications such as decentralized finance (DeFi), non-fungible tokens (NFTs), and smart contracts.

- **Potential for High Returns:** Investing in cryptocurrencies can potentially generate high returns, as the value of some cryptocurrencies has increased significantly over time. This has attracted investors seeking lucrative investment opportunities.

CONS OF CRYPTOCURRENCY-

- **Volatility:** Cryptocurrency markets are highly volatile, with prices often experiencing dramatic fluctuations in short periods. This volatility can lead to significant gains but also substantial losses for investors.

- **Regulatory Uncertainty:** Cryptocurrencies operate in a regulatory gray area in many jurisdictions, with laws and regulations varying widely. Regulatory uncertainty can create challenges for businesses and investors operating in the cryptocurrency space.

- **Security Risks:** While cryptocurrencies offer security benefits, they are not immune to security risks. Hacking, phishing attacks, and theft of funds from exchanges are persistent threats in the cryptocurrency ecosystem.

- **Lack of Consumer Protection:** Unlike traditional financial systems, cryptocurrencies are not backed by government guarantees or deposit insurance schemes. This means that users may have limited recourse in the event of loss or theft of funds.

- **Potential for Misuse:** Cryptocurrencies have been associated with illicit activities such as money laundering, fraud, and the financing of illegal activities due to their pseudonymous nature and decentralized structure.

- **Scalability Issues:** Some cryptocurrencies face scalability issues, meaning they may struggle to handle a large number of transactions efficiently. This can result in slow transaction processing times and high fees during periods of network congestion.

- **Environmental Concerns:** The energy consumption associated with cryptocurrency mining, particularly for proof-of-work cryptocurrencies like Bitcoin, has raised concerns about its environmental impact. Critics argue that the energy-intensive mining process contributes to carbon emissions and environmental degradation.

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WORKING OF CRYPTOCURRENCY

- Blockchain Technology: Cryptocurrencies like Bitcoin use a technology called blockchain. Think of blockchain as a digital ledger or record book that keeps track of all transactions made with the cryptocurrency. This ledger is decentralized and stored on thousands of computers around the world, making it secure and transparent.

- Peer-to-Peer Transactions: With cryptocurrency, you can send and receive money directly to and from other people without needing a middleman, like a bank. These transactions are called peer-to-peer transactions and are usually faster and cheaper than traditional bank transfers.

- Secure and Private: Cryptocurrency transactions are secure and private because they are encrypted. This means that your personal information is kept safe and your transactions are anonymous. However, it's important to remember that while cryptocurrency transactions are secure, they are not entirely immune to hacking or fraud.

- Mining: Cryptocurrencies like Bitcoin are created through a process called mining. Miners use powerful computers to solve complex mathematical problems, and when they solve these problems, they are rewarded with new coins. This process helps secure the network and ensures that transactions are valid.

- Diverse Ecosystem: In addition to Bitcoin, there are thousands of other cryptocurrencies, each with its own unique features and uses. Some cryptocurrencies, like Ethereum, allow for the creation of smart contracts and decentralized applications, while others, like Ripple, focus on fast and cheap international payments.

IMPACT OF CRYPTOCURRENCY ON –

Finance :

1. Removing Middlemen: Cryptocurrency cuts out the need for banks or payment processors in financial transactions. This means faster and cheaper transfers of money, especially across borders.

2. Financial Access: Cryptocurrency opens up financial services to people who might not have access to traditional banking systems. As long as you have an internet connection, you can participate in the cryptocurrency market.

3. Investment Opportunities: Cryptocurrency offers new investment options. While it can be risky due to its volatility, it has the potential for high returns, attracting investors looking for new opportunities.

4. Security and Transparency: Blockchain technology makes cryptocurrency transactions secure and transparent. Every transaction is recorded on a public ledger, reducing the risk of fraud and improving trust in financial transactions.

Technology :

1. **Blockchain Technology**: Cryptocurrency is built on blockchain technology, which is a decentralized and secure way of recording transactions. Blockchain has applications beyond just cryptocurrency, such as supply chain management, voting systems, and identity verification.

2. **Decentralization:** Cryptocurrency operates on decentralized networks, meaning there's no central authority controlling it. This decentralization increases transparency, reduces the risk of fraud, and empowers individuals to have more control over their data and finances.

3. **Innovation:** The emergence of cryptocurrency has spurred innovation in technology, leading to the development of new applications and solutions. This includes decentralized finance (DeFi), non-fungible tokens (NFTs), and digital identity solutions, among others.

4. **Data Security:** Blockchain technology makes cryptocurrency transactions secure and tamper-proof. Each transaction is recorded on a public ledger and cryptographically secured, reducing the risk of data breaches and unauthorized access.

Society :

1. **Financial Inclusion**: Cryptocurrency provides access to financial services for people who are unbanked or underbanked, meaning they don't have access to traditional banking systems. As long as they have an

internet connection, they can participate in the cryptocurrency market.

2. **Empowerment:** Cryptocurrency empowers individuals to have more control over their finances. With traditional banking systems, your money is controlled by banks or governments, but with cryptocurrency, you have more autonomy over your funds.

3. **Global Transactions:** Cryptocurrency enables fast and low-cost transactions across borders. This is especially beneficial for people who need to send money to family members in other countries or for businesses that operate internationally.

4. **Financial Innovation:** The emergence of cryptocurrency has spurred innovation in finance, leading to the development of new products and services such as decentralized finance (DeFi), non-fungible tokens (NFTs), and digital identity solutions. These innovations have the potential to democratize access to financial services and unlock new opportunities for financial growth.

Global Economy :

1. New Financial System: Cryptocurrency introduces a new way of managing money and conducting financial transactions. It operates on decentralized networks, meaning there's no central authority controlling it, unlike traditional currencies that are regulated by governments and central banks.

2. Borderless Transactions: Cryptocurrency enables fast and low-cost transactions across borders, without the need for intermediaries like banks or payment processors. This reduces barriers to international trade and commerce, making it easier for businesses to engage in global transactions.

3. Financial Inclusion: Cryptocurrency provides access to financial services for people who are unbanked or underbanked, particularly in regions with limited banking infrastructure. This increases financial inclusion by allowing individuals to participate in the economy, store value, and make transactions without relying on traditional banking systems.

4. Investment Opportunities: Cryptocurrency offers new investment opportunities for individuals and institutions seeking high returns. While it carries risks due to its volatility, it also presents opportunities for diversification and potential gains, attracting investors from around the world.

5. Innovation and Entrepreneurship: The emergence of cryptocurrency has spurred innovation in finance, technology, and entrepreneurship. This includes the development of new products and services such as decentralized finance (DeFi), non-fungible tokens (NFTs), and blockchain-based solutions, driving economic growth and job creation.

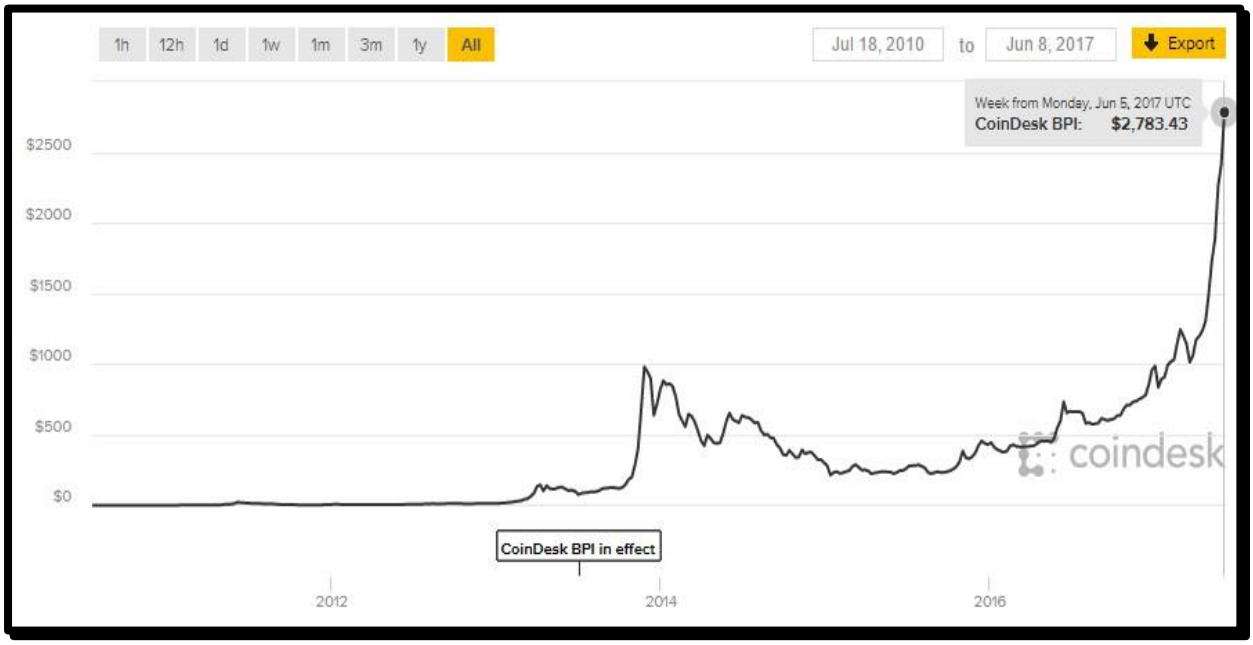
Bitcoin Pricing

Since pricing in bitcoin transactions is demand based, it is exceptionally volatile. Volumes of trading happen every second. The price of a bitcoin is largely dependent on the trading i.e. demand and supply factors. More the demand, higher is the price.

The prices remained under the range of US$ 300 until late 2015 In the following year, around June 2016, in a positive hunch, the price rose to US$ 755. After March 2017 the prices have only increased. The more than 11 percent decline marked the lowest price observed on the BPI since Nov. 26 when bitcoin hit a low of $8,757 However, the price soon rebounded, with buy orders beginning to appear again around $9,300, according to exchange data service BitcoinWisdom.

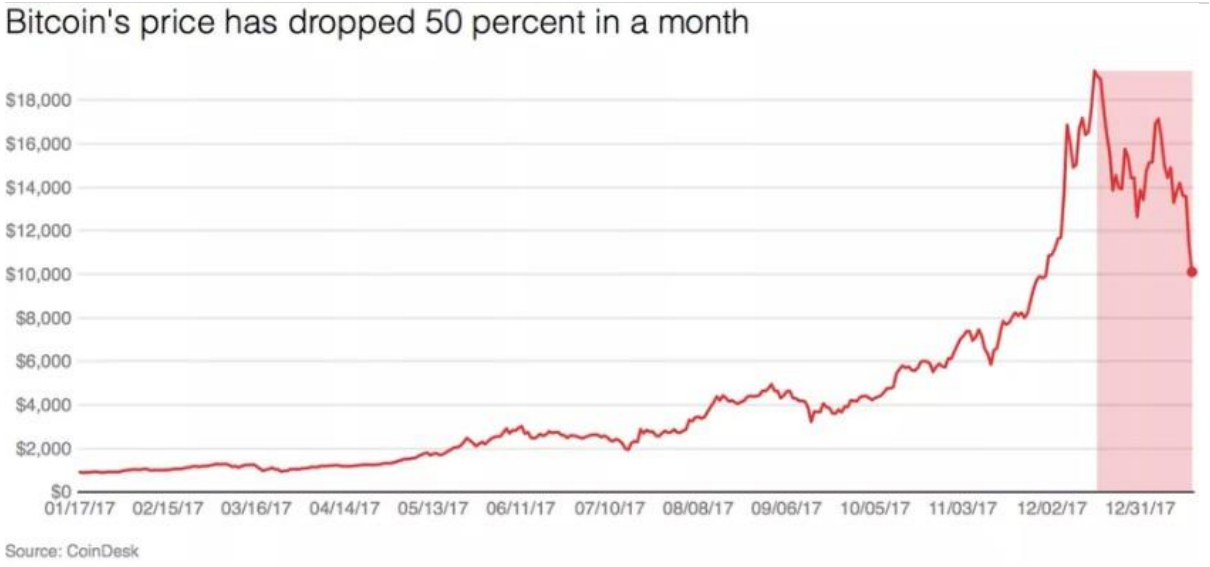
At press time, the price of bitcoin is $9,651.

Chart 1.1

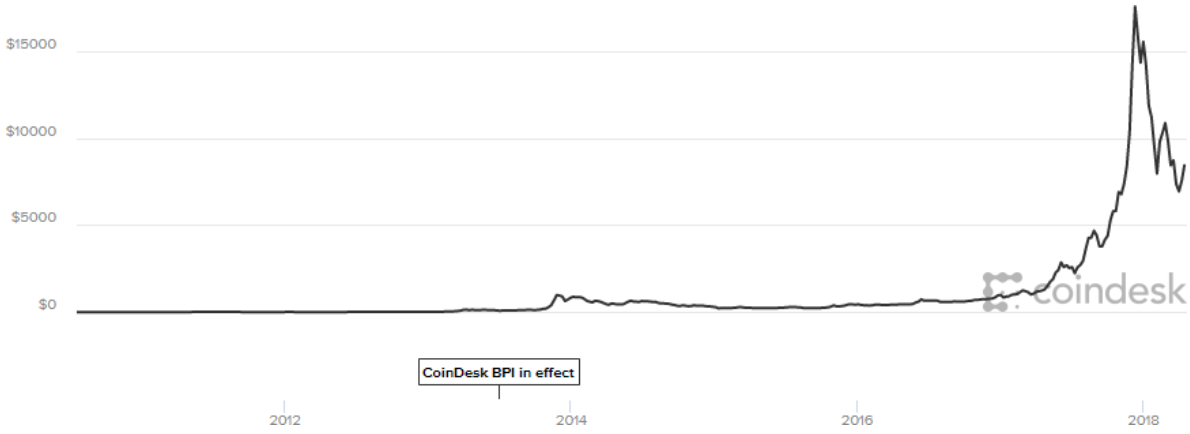


Following similar trend, price of bitcoin in Indian crypto-market has recently gained remarkably in recent months.

Chart 1.2



When bitcoin crossed above $10,000 late last year, it was seen as a watershed moment for the cryptocurrency, which is moving from the fringes to a mainstream force that Wall Street and venture capital have to confront.



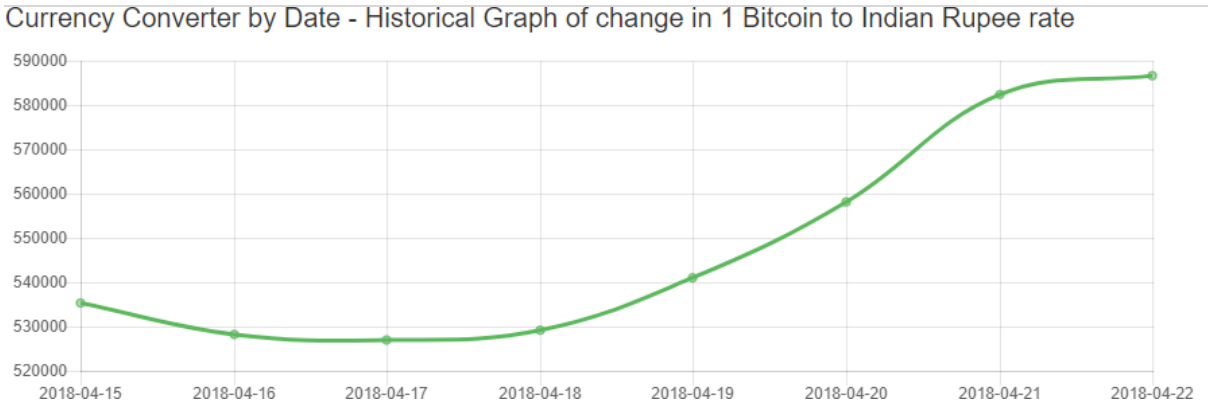
Toronto's housing market, dubbed one of the riskiest housing bubble cities by UBS Group AG, has slumped over the past few months amid government rules and harsher mortgage guidelines aimed at curbing demand. That's coincided with a sharp increase in supply with new listings up 37 per cent from a year earlier. Yet, the data are now indicating the lower prices have also begun to boost demand and fuel sales.

Market Capitalisation of bitcoins

Table 2.1

Market Capitalisation	Volume (24h)	Circulating Supply	Maximum Supply
$46,476,054,493	$1,629,280,000	16,377,437 BTC	21,000,000 BTC
(16,377,437 BTC)	(578,813 BTC)		

Market capitalization of bitcoin as on 8 June 2017 has been computed to come up at US$ 46,476,054,493, while the maximum supply in the market is limited to 21,000,000 BTC as of now.



Bitcoin Exchanges

Typically, a bitcoin exchange is a business platform that facilitates exchange of bitcoins for another currency including a fiat currency, thereby allowing the users to trade and make profit. Bitcoin exchanges quickly spread in the market in early 2011, as more and more people started exchanging bitcoins, mostly for speculative purposes. Given the high volatility and a ready market without any regulatory intervention, people find it suitable to trade, invest and hold and make profits out of the same. Also bitcoins are not backed by any particular asset or security, because of which its value is not driven by any factor but demand and supply in the market.

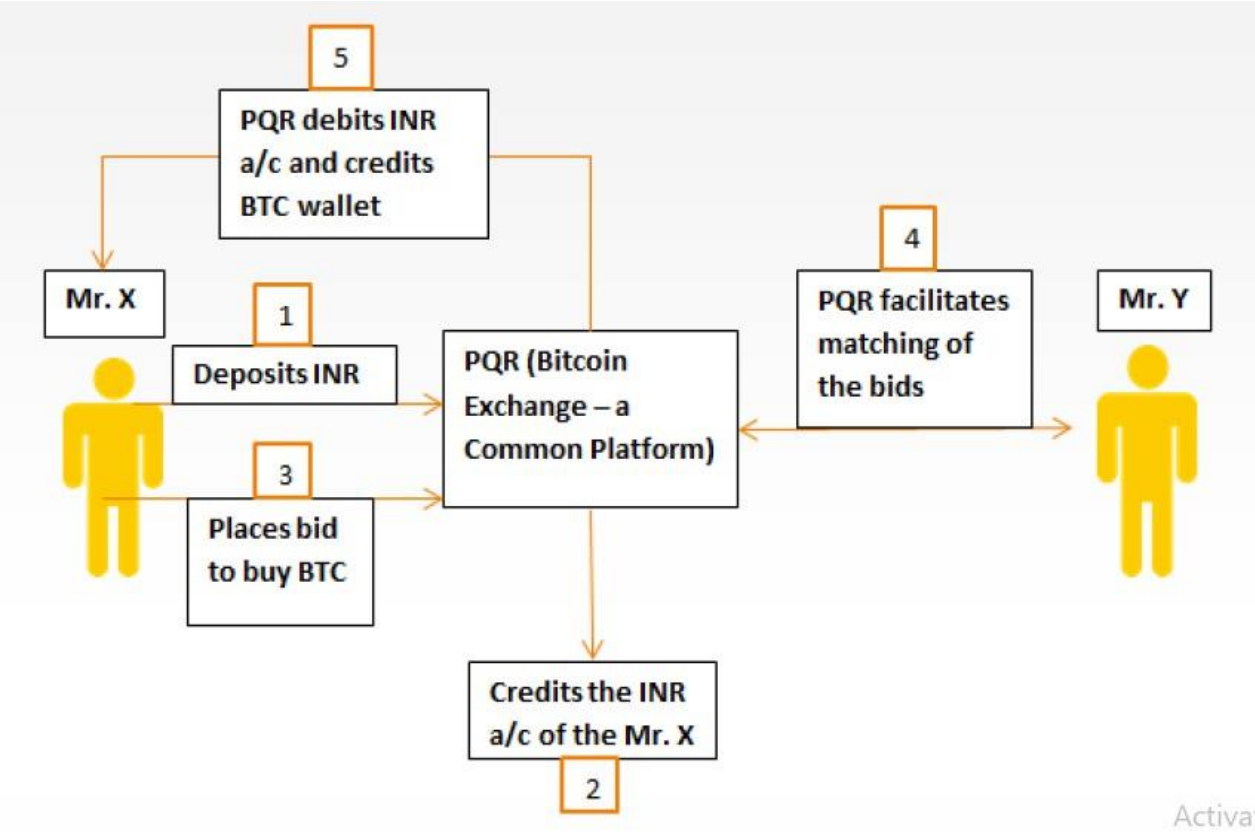
Business Model

Not much later after the inception of bitcoins, bitcoins exchanges quickly spread into the market. Since then several bitcoin exchanges in India and elsewhere have come into picture.

At a preliminary level, a bitcoin exchange is simply a common platform to the users for the purpose of buying and selling while matching mutual needs, in order to earn profits.

For instance take an idea of a stock exchange, where a person has an account and he buys stock, by paying consideration in money, from a person who wants to sell it. Stock exchanges provide a place for buyers and sellers where they can trade. On similar lines, a bitcoin exchange works by essentially providing ‘service’ to its users, however unlike stock trading where a broker may as well come into picture and charge commission in return for his services, in case of bitcoin exchanges, there is no third party involvement, this service is provided by the exchange itself which thereby charges commission for the trade conducted and earns revenue. A basic business model of a bitcoin exchange is reiterated in the chart below. (Chart 6.1 below)

Chart 6.1: Bitcoin Exchange trading



The model explained above is the basic model adopted by most of the exchanges operating in the market. In addition to trading services in bitcoins, these exchanges also facilitate the users to hold or own bitcoins, for which they provide the basic service of arranging a wallet which is nothing but an account.

Services provided by bitcoin exchanges in India

Amongst the plethora of services (including core and non-core services and including those driven by profit or not) provided by different exchanges in India, following are the services that are common in the market:

1. Storing bitcoin in a bitcoin wallet after deposit/receipt of the same in the wallet.
2. Exchange of bitcoin with other currency like a fiat currency.
3. A Merchant gateway service used to pay to merchants in bitcoins and acceptance by them thereon.
4. Mobile application providing ease of accessing bitcoin wallets.
5. Sending bitcoins stored in the wallet to another wallet/withdrawing.

Major exchanges operating in India

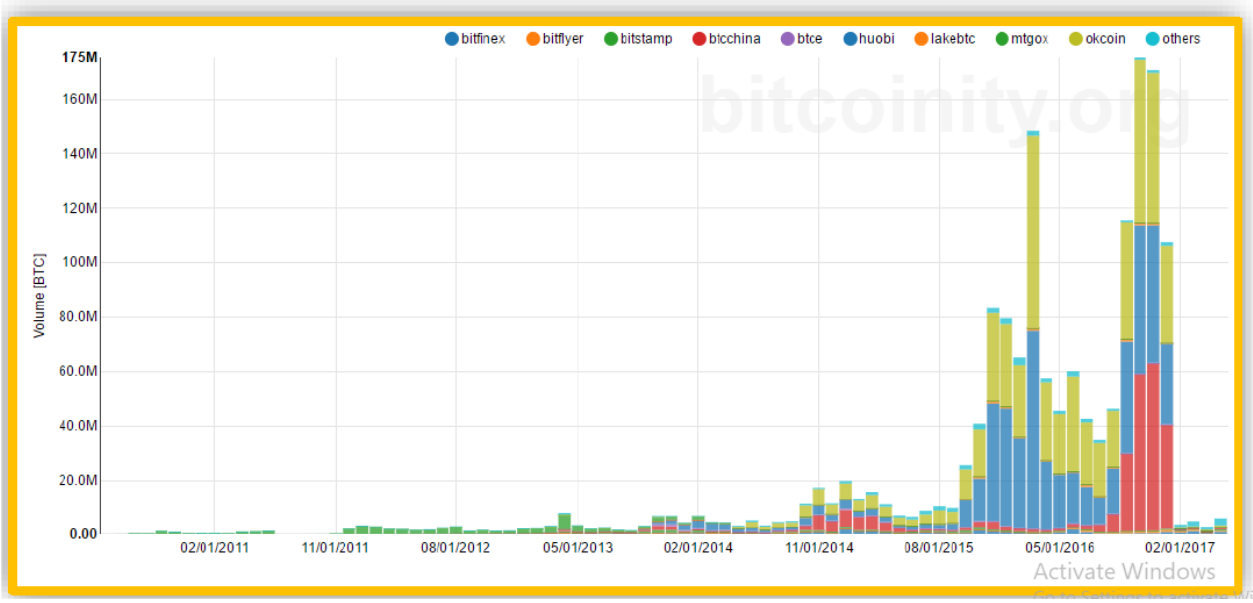
India has seen a positive growth in the cryptocurrency market vis-à-vis other countries. In line with recent growth in the global markets, bitcoin exchanges in India are very much operational and successful. Their business models range from basic trading platforms to comprehensive service providers. The type of services being offered in the current market is listed in one of the above sub-topics (supra).

Volumes of Trading in Bitcoins

Chart 6.2: Trading Volume in Local Bitcoins in INR

Local Bitcoins is an internationally renowned bitcoin exchange, primarily used for trading purposes by users round the globe. Presented in chart 6.2 above is data showcasing volume of trading in bitcoins in Indian Rupee (INR) in the given exchange since the beginning till June 27, 2017. As on the date, the aggregate volume in trades is equivalent to almost INR 2.5 million. Evidently, high trading volumes can be ascertained in late 2015 compared to pre 2015, however the numbers reduce and then move on a normal pace while gradually increasing up to the beginning of the year 2017, where excessive trading is evident. Trading came up abnormally in the year 2017 in India and everywhere else too.

Chart 6.3: Volume of trading in exchanges outside India



Data above forms part of the volume in trading over exchanges outside India since 2011 till Jan 2017. Similar to the Indian trends, it is evident from chart 6.3 above that trading volumes spiked during 2016 and 2017.

▪ Either bitcoin has to be physical and movable, and fungible. It is movable and fungible but not physical.

▪ Electronic money or digital cash may include bitcoin but then it needs a legal backing from an authorized entity, which is not the case in India as of now.

Legal and Taxation Issues

Regulatory Status in India

The Reserve Bank of India has neither declared bitcoins as illegal in India nor has it accepted bitcoins as a currency. The RBI has only stated the risks that are associated with virtual currencies and cautioned that people dealing in it should do so at their own risk.

CHAPTER-3
REVIEW OF LITERATURE

Nouriel Roubini, an economist known for predicting the 2008 financial crisis, has been a vocal critic of cryptocurrency, often referring to it as a speculative bubble.
Roubini argues that cryptocurrency lacks intrinsic value, is highly volatile, and susceptible to manipulation, characteristics that are typical of financial bubbles.
He highlights the absence of fundamental drivers for cryptocurrency prices and warns of the risks posed to investors and financial stability.
Whereas,
Jamie Dimon, CEO of JPMorgan Chase, has expressed skepticism about cryptocurrency, calling Bitcoin a "fraud" in the past.
While Dimon acknowledges the potential of blockchain technology, he remains cautious about the speculative nature of cryptocurrencies and their regulatory uncertainties.
Dimon's views reflect concerns about the lack of regulatory oversight, investor protection, and potential for illicit activities associated with cryptocurrency.

Paul Krugman, a Nobel laureate in economics, has also voiced skepticism about cryptocurrency, characterizing it as a bubble.
Krugman argues that cryptocurrencies like Bitcoin do not fulfill the functions of money and lack stability as a store of value, making them unsuitable for mainstream use.
He emphasizes the speculative nature of cryptocurrency markets and warns of the risks of investing in speculative assets.

On the other hand, proponents of cryptocurrency and blockchain technology argue that they represent a new standard for digital assets and financial systems.
Authors such as Andreas M. Antonopoulos and Vitalik Buterin advocate for the transformative potential of blockchain technology in decentralizing finance, promoting financial inclusion, and enhancing security and transparency.
They emphasize the innovative features of cryptocurrencies, such as decentralization, immutability, and programmability, which differentiate them from traditional assets and payment systems.

CHAPTER – 4

RESEARCH METHODOLOGY

RESEARCH DESIGN

A research design is a frame work or blue print for conducting research procedure is necessary for obtaining information to solve the problem. Research designed to assist the decision maker in determining, evaluating and selecting the best course of action to take in a given situation. Descriptive studies are usually the best methods for collecting information that will demonstrate relationships and describe the world as it exists. Descriptive studies are designed primarily to describe what is going or what exist.
The research design that will be used is **Descriptive Research.**

- Involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data.
- Uses description as a tool to organize data into patterns that emerge during analysis.
- Often uses visual aids such as graphs and charts to aid the reader.

OBJECTIVES OF THE STUDY

1. To study the view of government and general public perspective towards cryptocurrency.
2. Can we replace the Indian financial system through cryptocurrency?
3. To check how much cryptocurrency is affecting the Indian financial system.

SOURCE OF DATA

PRIMARY DATA

The data which is collected directly from the respondent to the base of knowledge and belief of such research are called primary data.

SECONDARY DATA

When data are collected and compelled from the published nature or any other's primary data is called secondary data. We have not collected any information from any sources. So, we have not used secondary data for our research.

Research Instruments

I have collected the data through **QUESTIONNAIRE** by personal meeting and table–calling with people.

Sampling area :- The sampling area to collect the data is common people near about

Delhi NCR area.

Sample size :- 29 respondents

Sample technique :- Convenient technique

Limitations of the Study

- The responses given by respondents may not be true
- Area of study is limited
- Time of study is also limited

HYPOTHESIS TESTING

In statistical hypothesis testing, the null hypothesis (H0) typically represents the default or no-effect scenario, while the alternative hypothesis (Ha or H1) proposes a specific effect or relationship.

Null Hypothesis (H0):
Cryptocurrencies exhibit no significant difference in their behavior compared to traditional financial assets, and any observed fluctuations in prices are random and not indicative of a bubble or new standard.

Alternative Hypothesis (Ha or H1):
Cryptocurrencies demonstrate either characteristics of a speculative bubble or qualities indicative of a new standard in the financial system, with observed price fluctuations driven by factors beyond random chance.

In other words:

Null Hypothesis (H0): Cryptocurrencies do not show signs of being in a bubble or becoming a new standard; any changes in their prices are just random fluctuations.

Alternative Hypothesis (Ha or H1): Cryptocurrencies either show clear signs of being in a speculative bubble or are on their way to becoming a new standard in finance; changes in their prices are not just random, but driven by specific factors.

CRYPTOCURRENCY: BUBBLE OR NEW STANDARD?

Cryptocurrency as a Bubble:

- Volatility: The extreme price fluctuations experienced by cryptocurrencies, particularly Bitcoin, have led some critics to label the entire market as a speculative bubble. The rapid and unpredictable price movements raise concerns about the stability and sustainability of cryptocurrencies as an investment.

- Lack of Intrinsic Value: Critics argue that cryptocurrencies lack intrinsic value, as they are not backed by tangible assets or regulated by central authorities. Instead, their value is based solely on market demand and speculation, making them susceptible to bubbles and market manipulation.

- Speculative Behavior: The proliferation of initial coin offerings (ICOs) and the emergence of numerous altcoins have fueled speculative behavior, with investors often buying into projects based on hype rather than fundamentals. This speculative frenzy has led to the creation of numerous "pump-and-dump" schemes, further reinforcing the perception of a bubble.

- Regulatory Uncertainty: The lack of clear regulatory frameworks and the inconsistent stance of governments and regulatory bodies towards cryptocurrencies add to the perception of uncertainty and instability. Regulatory crackdowns and bans in certain jurisdictions have contributed to market volatility and investor apprehension.

Cryptocurrency as a New Standard:

- Technological Innovation: Proponents argue that blockchain technology, the underlying infrastructure of cryptocurrencies, represents a groundbreaking innovation with the potential to revolutionize various industries beyond finance. The transparency, security, and efficiency offered by blockchain have far-reaching implications for supply chain management, healthcare, voting systems, and more.

- Financial Inclusion: Cryptocurrencies have the potential to democratize access to financial services, particularly in regions with limited banking infrastructure or unstable fiat currencies. By eliminating intermediaries and reducing transaction costs, cryptocurrencies can provide unbanked and underbanked populations with access to secure and affordable financial services.

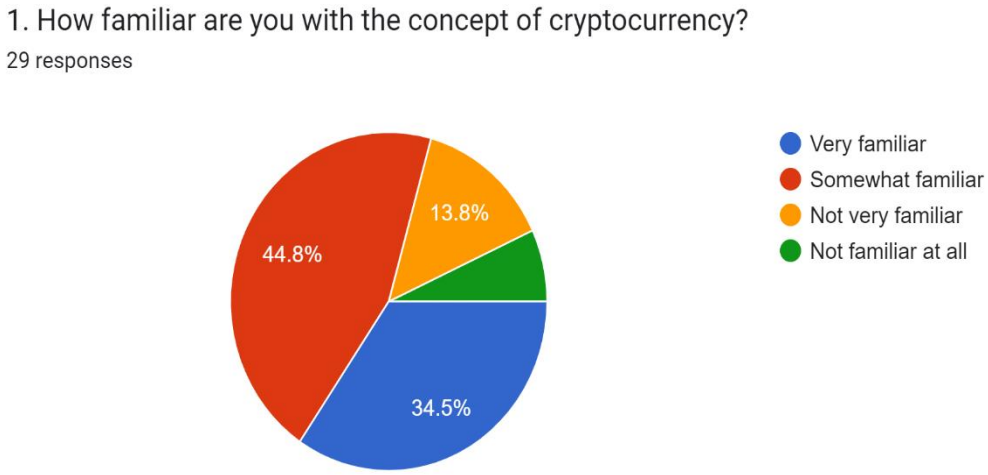
- Hedge Against Inflation: In an era of unprecedented central bank stimulus measures and fiat currency debasement, some investors view cryptocurrencies, particularly Bitcoin, as a hedge against inflation and currency devaluation. The fixed supply of Bitcoin and its decentralized nature offer a store of value that is immune to government manipulation.

- Institutional Adoption: The growing acceptance and adoption of cryptocurrencies by institutional investors, financial institutions, and corporations signal a shift towards mainstream acceptance. Institutional involvement brings legitimacy, liquidity, and stability to the cryptocurrency market, paving the way for its integration into traditional financial systems.

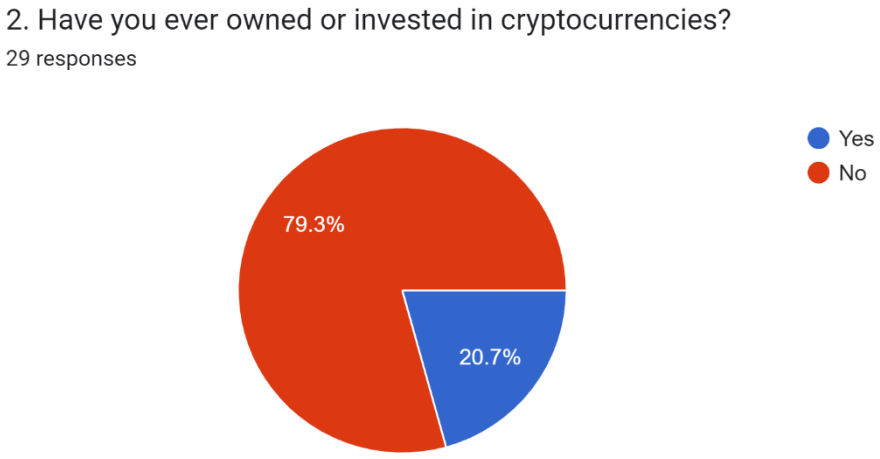
CHAPTER – 5

DATA ANALYSIS & INTERPRETATION

Cryptocurrency facts takes a simplified look at digital currencies like Bitcoin to help explain what cryptocurrency is, how it works, and its implications. Cryptocurrency is a digital currency that uses encryption (cryptography) to generate money and to verify transactions. Transactions are added to a public ledger – also called a Transaction Block Chain – and new coins are created through a process known as mining.



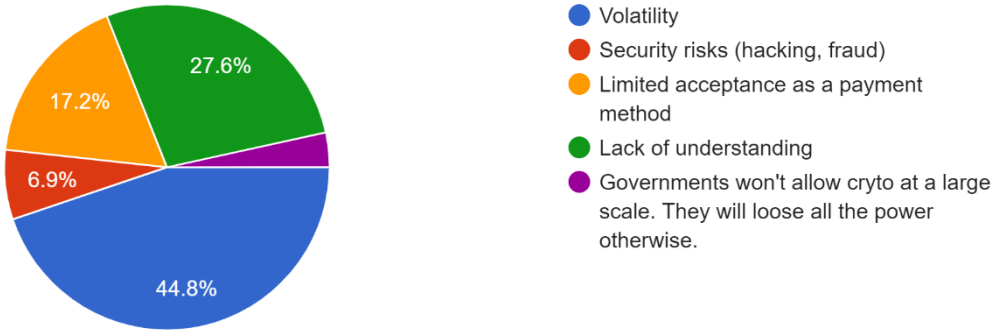
Interpretation : From the survey we come to know that 34.5% people are familiar with the concept of cryptocurrency while others are either not very familiar or not familiar at all.



Interpretation :From the survey we come to know that 79.3% people have owned or invested in cryptocurrencies while remaining have never done so.

3. What are your main concerns or reservations about investing in cryptocurrencies?

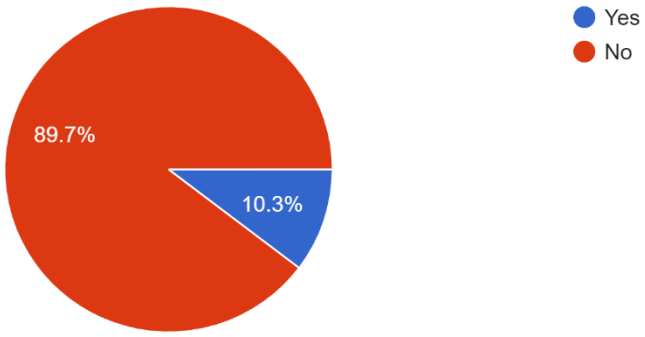
29 responses



Interpretation :From the survey we come to know that 44.8% people think that volatility is the main concern about Investing in cryptocurrencies while the remaining have other opinions.

4. Have you ever used cryptocurrencies for transactions or purchases?

29 responses

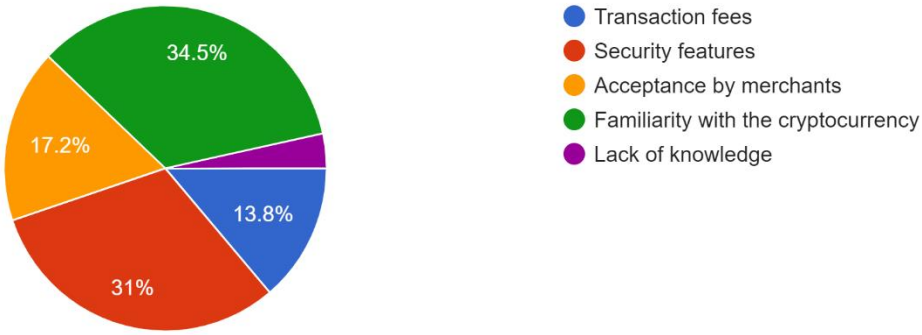


Interpretation: From the survey we come to know that 89.7% people have never used cryptocurrencies for transactions or purchase.

Interpretation : From the survey we come to know that 34.5% people are of the opinion that familiarity with the cryptocurrency can influence their decision to use or not use cryptocurrencies while the decision of remaining people are influenced by other factors.

5. What factors influence your decision to use or not use cryptocurrencies for transactions?

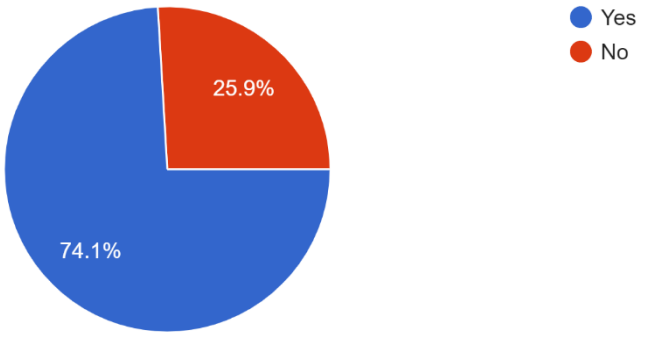
29 responses



Interpretation : From the survey we come to know that 58.6% people see the future of cryptocurrencies as increased
regulation leading to stabilization heading in the next 5-10 years while the remaining percentage of people see the future of cryptocurrencies in some other way.

7. Are you considering investing in cryptocurrencies in the near future?

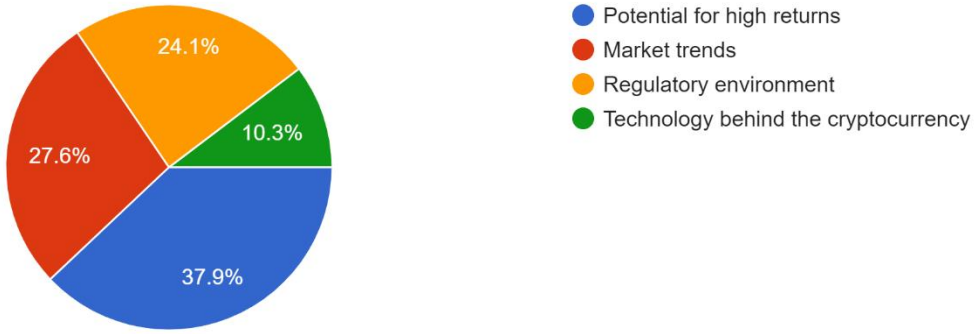
27 responses



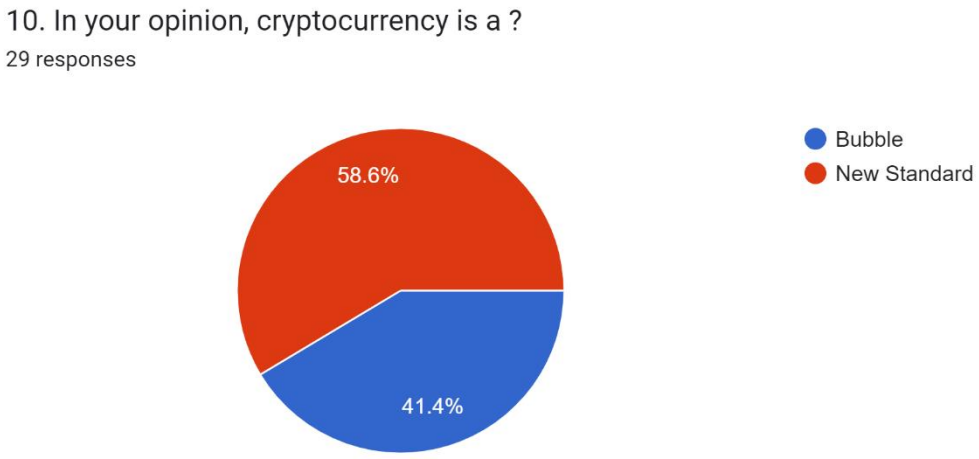
Interpretation : From the survey we come to know that 74.1% people are considering to invest in cryptocurrencies in the near future while the remaining don't consider investing in cryptocurrencies .

8. What factors would influence your decision to invest in cryptocurrencies?

29 responses



Interpretation : From the survey we come to know that 37.9% people think that potential for high returns can influence their decision to invest in cryptocurrencies while the remaining have their different reasons.



Interpretation: From the survey we come to know that 41.4% people will allocate less than 5% of their investment portfolio to cryptocurrencies while the remaining have their different percentage of allocation.

CHAPTER – 6 FINDINGS, CONCLUSION & SUGGESTIONS

FINDINGS:

- From the survey we comes to know that 85% of the citizen of india do not supports cryptocurrency and 15% of citizen of india support cryptocurrency.
- From the survey we come to know that, 73% people increase their interest in using cryptocurrency and 27% people decrease their interest in using cryptocurrency.
- From the survey, we come to know that main reason behind that the government is not supporting the cryptocurrency,70% of the people thought it is untrackable,20% of the people thought that it reduces the power of ministry of finance & 10% of people thought that it increases the illegal activities.
- From the survey, we come to know that 20% of the people thought that govt approach is positive towards cryptocurrency& 80% of the people thought that government approach is negative towards cryptocurrency
- From the survey, we come to know that 50% people interest has been increased in using cryptocurrency by considering the less fees to operate & 50% people interest has been decreased in using cryptocurrency by considering the less fees to operate.
- From the study we come to know that,45 % people thought that their interest is increasing in using cryptocurrency & 55% people thought that their interest is decreased in using cryptocurrency.
- From the survey, we come to know that 35% people thought that cryptocurrency diminish the value that you perceive about the currency & 65% people thought that cryptocurrency not diminish the value that you perceive about the currency.
- From the study we come to know that, 30% people are interested in using cryptocurrency & 70% people is not interested in using cryptocurrency.
- From the study, we come to know that 60% people have invested in cryptocurrency and 40% people have not invested in cryptocurrency.

CONCLUSION

In conclusion, the debate surrounding cryptocurrency as either a speculative bubble or a new standard for digital assets reflects the complex and evolving nature of this emerging technology. While critics raise concerns about the speculative behavior and volatility of cryptocurrency markets, proponents highlight its potential to revolutionize finance, promote financial inclusion, and drive innovation in technology.

Our comparative analysis of empirical evidence, theoretical frameworks, and expert opinions suggests that cryptocurrency exhibits characteristics of both a speculative bubble and a new standard. On one hand, the rapid price fluctuations and speculative trading activity in cryptocurrency markets resemble patterns observed in historical financial bubbles, raising questions about market sustainability and investor protection.

On the other hand, the underlying principles of blockchain technology and the growing adoption of cryptocurrency by individuals, institutions, and governments signal its potential as a transformative force in the global economy. Cryptocurrency offers unique benefits, such as decentralized control, transparency, and efficiency, which differentiate it from traditional assets and payment systems.

While the regulatory landscape surrounding cryptocurrency remains uncertain, policymakers face challenges in balancing innovation and investor protection. Effective regulatory frameworks should aim to mitigate risks associated with cryptocurrency while fostering innovation and market integrity.

In light of these findings, it is clear that cryptocurrency represents a disruptive force in finance and technology, with implications for the future of money, markets, and economic systems. Whether cryptocurrency ultimately proves to be a speculative bubble or a new standard will depend on a variety of factors, including regulatory developments, technological advancements, and market dynamics.

SUGGESTIONS

- **Comprehensive Literature Review:** Begin by conducting a thorough review of existing literature on cryptocurrency, including studies examining its market dynamics, technological foundations, regulatory landscape, and socio-economic impacts. This will provide a solid foundation for your research and help identify gaps or areas requiring further investigation.

- Empirical Analysis: Conduct empirical research to analyze the dynamics of cryptocurrency markets and assess whether they exhibit characteristics of a speculative bubble or represent a new standard for digital assets. This could involve quantitative analysis of market data, such as price movements, trading volumes, and market capitalization, as well as qualitative analysis of factors influencing market sentiment and investor behavior.

- Case Studies: Explore case studies of specific cryptocurrencies or market events to illustrate key themes and trends in the cryptocurrency landscape. Case studies could focus on notable examples of price

volatility, regulatory interventions, technological innovations, or adoption trends, providing valuable insights into the dynamics of cryptocurrency markets.

- Expert Interviews: Interview experts in the fields of finance, technology, regulation, and economics to gather diverse perspectives on the debate surrounding cryptocurrency. Experts could include academics, industry professionals, policymakers, and thought leaders, offering valuable insights and nuanced viewpoints on the topic.

- Regulatory Analysis: Examine the regulatory frameworks governing cryptocurrency markets in different jurisdictions and assess their impact on market dynamics, investor behavior, and technological innovation. This could involve comparative analysis of regulatory approaches adopted by different countries and evaluation of their effectiveness in addressing risks and promoting market integrity.

- Future Outlook: Provide recommendations and insights into the future trajectory of cryptocurrency, considering factors such as technological advancements, regulatory developments, market trends, and macroeconomic factors. This could include projections of cryptocurrency adoption rates, potential market scenarios, and implications for the broader economy and financial system.

- Policy Implications: Discuss the policy implications of your findings and recommendations for policymakers, regulators, industry stakeholders, and investors. This could involve proposals for regulatory reforms, industry best practices, risk management strategies, and investor education initiatives aimed at fostering a more sustainable and resilient cryptocurrency ecosystem.

- Limitations and Future Research: Acknowledge the limitations of your research and identify areas for future research and exploration. This could include topics such as the impact of emerging technologies (e.g., blockchain scalability solutions, decentralized finance) on cryptocurrency markets, cross-border regulatory challenges, and the socio-economic implications of cryptocurrency adoption.

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ANNEXURE

QUESTIONARRIE

1. How familiar are you with the concept of cryptocurrency **?**

(A) Very familiar (B) Somewhat familiar (C) Not very familiar (D) Not familiar at all

2. Have you ever owned or invested in cryptocurrencies**?**

A) Yes B) No

3. What are your main concerns or reservations about investing in cryptocurrencies ?

(A) Volatility (B) Security risks (hacking, fraud) (C) Limited acceptance as a payment method (D) Lack of understanding

4. Have you ever used cryptocurrencies for transactions or purchases?
(A)Yes (B) No

5. What factors influence your decision to use or not use cryptocurrencies for transactions?

(A) Transaction fees (B) Security features (C) Acceptance by merchants (D) Familiarity with the cryptocurrency

6. Where do you see the future of cryptocurrencies heading in the next 5-10 years?

A) Mainstream adoption as a payment method (B) Increased regulation leading to stabilization C) Decline in popularity

7. Are you considering investing in cryptocurrencies in the near future?
A) Yes B) No

7. What factors would influence your decision to invest in cryptocurrencies?
(A) Potential for high returns (B) Market trends (C) Regulatory environment

8. What percentage of your investment portfolio, if any, would you allocate to cryptocurrencies?

A) Less than 5% (B) 5-10% (C) 10-20% (D) More than 20%

9. In your opinion, cryptocurrency is a?
A) Bubble B) New Standard