

## IMPACT OF BITCOIN AMONG INVESTORS IN COIMBATORE CITY

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### ABSTRACT

This study explores the impact of Bitcoin among investors in Coimbatore, focusing on their awareness, investment behaviour, and risk perception. Using a random sampling technique, the research ensures a diverse representation of investors across different demographics. The findings highlight that while Bitcoin is gaining popularity as a high-return asset and a portfolio diversifier, concerns over volatility, regulatory uncertainty, and security risks remain significant. Factors such as profit potential, media influence, and institutional adoption play a crucial role in shaping investor decisions. As Bitcoin adoption grows, clearer regulations, improved security, and greater investor education will be essential for its mainstream acceptance. This study provides insights into Bitcoin's evolving role in investment portfolios and its future in financial markets.

**Keywords:** Bitcoin, Crypto currency, Block chain

### INTRODUCTION

Cryptocurrency is changing the way people think about money by introducing digital assets that don't rely on banks or governments. Bitcoin, created in 2009, was the first and remains the

most popular cryptocurrency. It runs on blockchain technology, which keeps transactions secure and transparent. Unlike regular money, Bitcoin has a limited supply of 21 million coins, making it rare and valuable. Many see it as "digital gold" and use it for both payments and investment. Over time, Bitcoin has inspired thousands of other cryptocurrencies and gained acceptance from major companies, helping shape the future of digital finance.

However, Bitcoin also faces challenges like price swings, unclear regulations, and concerns about the energy used in mining. Governments are figuring out how to regulate it, and some are even developing their own digital currencies. Meanwhile, new technology, like the Lightning Network, is making Bitcoin transactions faster and cheaper. Despite these uncertainties, Bitcoin's key strengths being decentralized, transparent, and scarce continue to make it an important part of the evolving financial world.

## **STATEMENT OF THE PROBLEM**

This study examines how Bitcoin influences investment decisions in Coimbatore, where investors are drawn to its potential for high returns but face risks due to its volatility, lack of regulation, and limited understanding. It explores factors like financial knowledge, risk tolerance, and perceptions of Bitcoin's benefits and risks. The research also looks at whether investors rely on professional advice or self-learning and how market fluctuations affect their confidence. The goal is to understand the sustainability of Bitcoin investments and the need for investor education and regulatory measures.

## **SCOPE OF THE STUDY**

This study will explore how Bitcoin investments affect individual investors in Coimbatore, focusing on factors like investors' knowledge, risk perceptions, and motivations to invest. It will examine different demographic groups based on age, income, and education to identify any patterns in Bitcoin investment choices. The research will also assess the influence of Bitcoin's price volatility and lack of regulation on investment decisions and analyze its potential impact on the local economy. Challenges such as security concerns, market stability, and legal issues will also be explored to provide insights into Bitcoin's role in personal financial planning.

## **OBJECTIVES OF THE STUDY**

1. To assess the familiarity and knowledge of bitcoin among investors in Coimbatore city.
2. To study how bitcoin influences investors decision making and risk tolerance.
3. To understand the perceived risks and benefits of bitcoin investment among investors.

## **RESEARCH METHODOLOGY**

This study will use a mixed-method approach, combining surveys, case studies, and secondary data from academic journals, government reports, and cryptocurrency platforms. Statistical tools will be used to analyze the data and provide insights into the impact of Bitcoin on investors. The research will also explore investor behavior, risk perceptions, and motivations.

## **SOURCES OF DATA**

### **1. Primary data**

Collected through questionnaires to gather information on investment behaviour, knowledge, risk perception and impact.

### **2. Secondary data**

Gathered from existing reports, articles, research papers and documents related to bitcoin.

**AREA OF THE STUDY:** The study was conducted in Coimbatore city, Tamil Nadu.

**SAMPLE SIZE:** The sampling size which is used in the study in 150 respondents.

**SAMPLING TECHNIQUE:** Random sampling technique is used, this approach helps get a fair and balanced representation of the population.

## **LIMITATIONS OF THE STUDY**

1. The study focuses only on individual investors in Coimbatore.
2. Limited access to data.
3. Investors in the study might have varying levels of understanding, potentially leading to inconsistencies in responses.
4. Inaccurate self-reporting of Bitcoin gains and losses can create a distorted perception of market performance, impacting investment decisions.

## REVIEW OF LITERATURE

**D. Mythili and M. Ganeshwari (2025)<sup>1</sup>** in “**An Empirical study on investor awareness and the impact of cryptocurrency**” examines the level of awareness and perception of cryptocurrencies among investors in Coimbatore, India. The authors highlight the necessity for enhanced educational initiatives and clearer regulatory frameworks to bridge this knowledge gap, thereby enabling investors to make informed decisions in the evolving digital financial landscape.

**Kishore Kumar Das and Tania Guharay (2024)<sup>2</sup>** in their study on “**Future trends of cryptocurrency in India: A perception study**” examines the awareness and perceptions of cryptocurrencies among individuals in Odisha. These findings suggest that while interest in digital currencies exists, significant efforts are needed to enhance public understanding and address concerns to facilitate broader adoption in India.

**Sangita Choudhary, Ripsy Bondia, Vibhava Srivastava, and Pratap Chandra Biswal (2024)<sup>3</sup>** in their study on “**Uncovering the bitcoin investment behavior: An emerging market study**” examine factors influencing Bitcoin investment in India using a sample of 439 individuals. The study finds that inaction regret aversion, risk affinity, profit expectancy, ease of investing, and social media influence shape investment attitudes, with profit expectancy being the strongest factor. It highlights the role of psychological biases, social influence, and perceived security in investor confidence. The findings suggest that better financial literacy and regulatory frameworks could enhance Bitcoin adoption in emerging markets.

**Sehgal and Singh (2024)<sup>4</sup>** in their study on “**Dynamic Interrelationships among Bitcoin, Bonds, and Sectoral Indices in India: Evidence from Pre- and Post-COVID-19**” examines Bitcoin’s correlation with bond markets and 13 sectoral stock indices in India (2017–2023) using the Maximal Overlap Discrete Wavelet Transform. It finds a minimal negative correlation before COVID-19, indicating low interdependence, but a significant positive correlation post-pandemic, reflecting increased market interconnectedness. This shift highlights COVID-19’s impact on financial asset relationships and the need for adaptive diversification and risk management.

**ANALYSIS AND INTERPRETATION****TABLE 4.1.1****Demographic factors of the respondents**

<b>Category</b>	<b>Factors</b>	<b>No. of respondents</b>	<b>Percentage</b>
Gender	Male	104	69.3
	Female	46	30.7
Age	18-25 years	86	57.3
	26-35 years	38	25.3
	36-45 years	16	10.7
	46-55 years	7	4.7
	56 years and above	3	2
Educational Qualification	Higher education	12	8
	Under graduate	95	63.3
	Post graduate	42	28
	Other	1	.7
Occupational Status	Student	61	40.7
	Employed	58	38.7
	Self employed	28	18.7
	Retired	3	2
Monthly Income	Up to ₹30000	59	39.3
	₹30001-₹75000	30	20
	₹75001-₹150000	40	26.7
	Above ₹150000	21	14
<b>Total</b>		<b>150</b>	<b>100</b>

**Source:** Primary data

## Interpretation

The table indicates that 69.3% of the respondents are male, 57.3% of the respondents are from the age group of 18-25 years, 63.3% of the respondent's educational qualification is up to Under graduate level, 40.7% of the respondents are students and 39.3% of the respondents earn up to ₹30000.

**Table 4.1.2**

### Level of Bitcoin knowledge

S.No	Knowledge level	No. Of Respondents	Percentage
1	Very High	30	20
2	High	62	41.3
3	Moderate	41	27.3
4	low	11	7.3
5	Very Low	6	4
<b>Total</b>		<b>150</b>	<b>100</b>

**Source:** Primary data

## Interpretation:

The Above Table indicates that 41.3% of respondents have high knowledge of bitcoin, 27.3% of respondents have moderate knowledge of bitcoin, 20% of respondents have very high knowledge of bitcoin, 7.3% of respondents have low knowledge of bitcoin and 4% of respondents have very low knowledge of bitcoin.

**TABLE 4.1.3****Familiarity of bitcoin aspects**

S.No	Aspects of bitcoin	No. Of Respondents	Percentage
1	How bitcoin transactions work	79	52.7
2	Bitcoin mining	44	29.3
3	Bitcoin regulation and legal status	16	10.7
4	Potential investment risks and returns	11	7.3
<b>Total</b>		<b>150</b>	<b>100</b>

Source: Primary data

**Interpretation:**

The above table indicates that 52.7% of respondents are aware of how Bitcoin transactions work, 29.3% of respondents have knowledge about Bitcoin mining, 10.7% of respondents are familiar with Bitcoin regulation and legal status, only 7.3% of respondents understand potential investment risks and returns.

**TABLE 4.2.1****Satisfaction ratings of Potential for high returns compared with benefits of bitcoin**

	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied	Total
<b>Decentralization</b>	0 (0.0)	0 (0.0)	5 (25.0)	5 (25.0)	10 (50.0)	20
<b>Portfolio Diversification</b>	0 (0.0)	0 (0.0)	3 (7.5)	22 (55.0)	15 (37.5)	40
<b>Potential for High Returns</b>	1 (1.1)	0 (0.0)	4 (4.4)	46 (51.1)	39 (43.3)	90
<b>Total</b>	1	0	12	73	64	150

### Chi-square tests

Value		DF	Asymptotic Significance
<b>Pearson Chi-Square</b>	12.580	6	.050
<b>Likelihood Ratio</b>	22.132	6	.001
<b>No. of respondents</b>	150		

Source: Primary data

### Interpretation

Since  $p = 0.05$  is exactly at the significance level, we can reject the null hypothesis but with caution. It means the evidence against the null is weak but still statistically significant. This means there is statistically significant association between potential for high returns and benefits of bitcoin.

**TABLE 4.2.2**

### Satisfaction ratings of Security of bitcoin investment platform compared with risks associated with bitcoin

	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied	Total
<b>Lack of Government Regulation</b>	0 (0.0)	0 (0.0)	5 (27.8)	9 (50.0)	4 (22.2)	18
<b>Market Volatility</b>	0 (0.0)	0 (0.0)	7 (9.0)	45 (57.7)	26 (33.3)	78
<b>Potential Technology Failures</b>	0 (0.0)	0 (0.0)	1 (33.3)	2 (66.7)	0 (0.0)	3
<b>Security Risks</b>	1 (2.0)	0 (0.0)	5 (9.8)	25 (49.0)	20 (39.2)	51
<b>Total</b>	1	0	18	81	50	150



### Chi-square tests

Value		DF	Asymptotic Significance
<b>Pearson Chi-Square</b>	10.383	9	0.320
<b>Likelihood Ratio</b>	20.669	9	0.014
<b>No. of respondents</b>	150		

Source: Primary data

### Interpretation

Since  $p = 0.320$  for the Pearson Chi-Square test, is greater than 0.050 we accept the null hypothesis. This means there is no statistically significant association between security of bitcoin investment platforms and risks associated with bitcoin.

### FINDINGS

- Majority (69.3%) of the respondents are male.
- Majority (57.3%) of the respondents are from the age group of 18-25 years.
- Majority (63.3%) of the respondents are under graduates.
- Most (40.7%) of the respondents are students.
- Most (39.3%) of the respondents earn up to ₹30000.
- Majority (52.7%) of respondents are aware of how Bitcoin transactions work.
- Most (41.3%) of the respondents have high knowledge of bitcoin.
- $P = 0.050$  is equal to 0.05, we reject the null hypothesis but with caution.
- $P = 0.320$  is much greater than 0.05, we accept null hypothesis.

### SUGGESTIONS

- Enhancing Investor Awareness Through Educational Initiatives
- Introducing Clearer Regulatory Guidelines for Bitcoin Investments
- Strengthen security measures on crypto exchanges, monitor fraudulent platforms, and educate investors on scam prevention.

- Promote balanced investment strategies that combine Bitcoin with traditional assets like stocks and mutual funds to reduce risk.

## **CONCLUSION**

The study shows that more people are becoming interested in cryptocurrency, but there are also challenges like price fluctuations, lack of clear regulations, and security risks. Younger and tech-savvy investors are more open to Bitcoin, while traditional investors remain cautious. While Bitcoin has great potential, its future success will depend on stronger regulations, better awareness, and stable market conditions. A balanced approach that encourages both innovation and investor protection will help Bitcoin grow in a sustainable way in Coimbatore.