

A STUDY ON THE PROBLEMS FACED BY CRYPTOCURRENCY TRADERS DURING THE PERIOD OF DIGITAL TRANSFORMATION IN CHENNAI

Dr. D. Unika, S Vinoth Kumar

Associate Professor & Head
PG & Research Department of Commerce,
Patrician College of Arts and Science, Chennai.

Research Scholar
PG & Research Department of Commerce,
Patrician College of Arts and Science, Chennai.

Abstract

Consumption is the beginning of all economic activities. Wants are the foundation of human behaviour when it comes to purchasing and consuming goods. For all these desires of human beings, money is the backbone to satisfy them. Money is the primary need that cannot be avoided. This money may be in paper form as well as in virtual form. We are running in a world that is transforming totally into a digital platform. The future banking sector will be modernized because new technology will boom in the total banking system used nowadays for a trading cryptocurrency called blockchain technology. This research will be useful to overcome the problems raised by the pump-and-dump people as well as by the multi-level marketing people which are faced by the cryptocurrency traders. Both primary and secondary data are used in this investigation. At last, we come to know how blockchain technology will eliminate human errors in the digital era.

Keywords: Cryptocurrency, Blockchain technology, MLM, Pump and Dump

INTRODUCTION

In the earlier stage, money was used as a medium of exchange. But in modernization world, money is used for every activity. Humans used money as an object to satisfy their needs. Money has various dimensions used by different countries. Due to the development of technology, the virtual form of money was changed into a digital form. This digital transformation is taken place with the help of Blockchain technology. Recently the word Cryptocurrency is becoming more popular only with the help of this technology. This cryptocurrency has also various dimensions namely Bitcoin, Ethereum, Binance, and other coins and tokens. Even though there are various dimensions of cryptocurrency, Bitcoin is the one that is becoming the highest tradeable value. This bitcoin was introduced in the year of 2009, by Satoshi Nakamoto. Moreover, some countries, like India, Italy, France, and Australia, still have not approved cryptocurrency as a centralized one.

OBJECTIVES OF THE STUDY

- The main objective of the study is to identify the problems faced by cryptocurrency traders in the period of digital transformation.
- The secondary objective of the study is to know about the level of satisfaction of cryptocurrency traders with their cryptocurrency earnings.
- To study the background overview of cryptocurrency traders.

HYPOTHESIS OF THE STUDY

Ho: There is no significant difference between gender and trading problems

H1: There is a significant difference between gender and trading problems

RESEARCH METHODOLOGY

The word research is a combination of two words which is Re and Search. This research is adding something new to an existing stack of knowledge. The main objective of the research was to formulate new theories and identify a new problem. For the sake of the researchers, the research was been classified into several types. In this article, we have gone through descriptive research. This article describes the fact-finding investigation

which helps to interpret the conditions that exist. Here the Information is collected through a questionnaire. Primary data was been used in this article. Data are collected from the general public who are working in schools, colleges, bank employees, and IT professionals. Here, the probability sampling technique is used to overcome this research. Probability sampling entails random selection procedures to ensure that each unit of the sample is chosen at random.

SYSTEMATIC OVERVIEW OF THE STRATEGIES IN THE CRYPTO MARKET

The following are the strategies that have been consistently used in the cryptocurrency market.

- ❖ Blockchain Technology
- ❖ Pump and Dump Strategies
- ❖ MLM Strategies

5.1 BLOCKCHAIN TECHNOLOGY

Blockchain is a digital data storage system that uses cryptography to store special notes. Satoshi Nakamoto created the first Blockchain, which was integrated into Bitcoin. All information submitted into the database will be kept on a system of computers comprised of thousands of these nodes. Without information, there is no business. Therefore, the Blockchain is perfect for providing that information because it offers instant, shareable, and fully transparent data kept on a digital ledger that is only viewed by users of the permission network. The following are the steps on how the blockchain will start to work.

1. A transaction is demanded and approved.
2. A block corresponding to that transaction is created.
3. Every member of the network receives the block.
4. The transaction is confirmed by the participants.
5. Participants are rewarded for submitting evidence of their work.
6. The block is finally added to the already-existing blocks.

5.2 PUMP AND DUMP STRATEGIES

Pump and dump strategies include those in which the price of a security rises as an outcome of fraudulent practices. These fraudulent schemes began in the initial days of the stock market and are now rapidly spreading in the cryptocurrency market. Using wrong information, misguide others into believing an investment has high potential. In latest years, more crypto hackers have begun to introduce fake cryptocurrency values using this pump-and-dump strategy. The principal reason for this crime was the reality that several developing nations still refused to approve this currency as a centralized one. The steps below will help you to avoid and identify the crypto pump and dump scheme. [1]

- ❖ New cryptocurrencies would be receiving a lot of attention.
- ❖ Those cryptos will be promoted by celebrities.
- ❖ Identical messages will be received about the new crypto
- ❖ At last, a sudden hike in the price level

These pump-and-dump operators typically use social media as a platform to defraud cryptocurrency traders. In this research article, Telegram is the social media platform where most traders are cheated.

5.3 MLM (MULTI-LEVEL MARKETING) STRATEGIES

The term Marketing is a technique utilized by organizations to sell their products and services. Marketing may be classified into two major categories one is direct marketing and another one is Indirect marketing. MLM comes in the first type of marketing. Which is selling the products to the customers indirectly by direct marketing. Multi-level marketing is also called network marketing because it creates more networks in an orderly manner. These networks are used to sell the products as well as to recruit the participants. Cryptocurrencies are popularised only by the use of a multi-level marketing strategy. Because In network marketing, cryptocurrency can function both as a product and a payment method. if one person starts to use the product it will be referred to another one and it will be continued. It is a chain of activities.

FINDINGS AND SUGGESTIONS

6.1 FINDINGS

- ❖ For the analysis purpose the chi-square test was used to find out the significance level of the hypothesis.
- ❖ Data was collected from 100 respondents from various sectors out of this 57 are male respondents and 43 are female respondents.
- ❖ From this study, compared to other sectors, IT people and educational institution employees are the major traders of cryptocurrencies

- ❖ Therefore, there is no relationship between gender and the problems faced by cryptocurrency traders.
- ❖ Hence, we fail to reject the null hypothesis.

6.2 SUGGESTIONS

The following suggestions are based on the study which will helpful to cryptocurrency traders for safeguarding from problems while trading,

- ❖ Before going into crypto trading kindly have a basic knowledge of cryptocurrency.
- ❖ Choose the best trading coins which will have a futuristic value.
- ❖ Don't accept all the terms and conditions without readings.
- ❖ Don't upload all your details without verifying the software.
- ❖ Be aware of the pump and dump scammers.
- ❖ Don't use the MLM strategy when trading.

CONCLUSION

Digital currencies are the future currencies that will be carried forward by the nations. Every country's development is based on its GDP. So far, this was calculated based on export and imports as well as on the income earned by a single person in a country. In the future, cryptocurrencies will have a significant impact on a person's overall income. So far, the cryptocurrency was a decentralized one but it will compulsorily change in the future. The technology which is used in cryptocurrency is going to be used in the entire banking system in India. Even though cryptocurrencies are not authorized by the government, the interest of crypto traders should be protected from crypto scammers.

REFERENCES

- [1] www.google.com
- [2] Amsyar, I., Christopher, E., Dithi, A., Khan, A. N., and Maulana, S. (2020). The Cryptocurrency Challenge in the Digital Revolution: A Systematic Literature Review. Aptisi Transactions on Technopreneurship (ATT), 2(2), pp. 153-159.
- [3] <https://www.ibm.com/in-en/topics/what-is-blockchain>
- [4] <https://vpnoverview.com/privacy/finance/crypto-pump-and-dump/>
- [5] <https://consumer.ftc.gov/articles/multi-level-marketing-businesses-pyramid-schemes>