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A Study on Cryptocurrency and Its Impact on Investors Investment Decesions

Mrs. Nutan Singh, Esupuram Sangeetha

CMR Institute of Technology, Hyderabad, Telangana, India.

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ABSTRACT

This study explores the growing influence of cryptocurrency on investors' investment decisions, with a focus on understanding the concept of cryptocurrency, identifying key influencing factors, and analyzing its overall significance in financial choices. Through a structured survey conducted within an organization, it was observed that while a considerable number of individuals have shown interest in cryptocurrency investment, its direct impact on broader financial decisions remains moderate to low. The Chi-Square test revealed a strong correlation between cryptocurrency awareness and investment behavior, indicating that investors who understand crypto are more likely to consider it in their portfolios and refer it to others. However, the findings also highlight the need for enhanced financial literacy, particularly in emerging investment domains like cryptocurrency. The study concludes that as digital assets continue to evolve and integrate into mainstream finance, improving investor awareness and addressing psychological biases are crucial for promoting responsible and informed investment behavior.

Keywords: Cruptocurrency, Investemnt Decisions, Correlation.

INTRODUCTION

In recent years, cryptocurrency has emerged as a revolutionary form of digital asset, transforming the global financial landscape. Built on blockchain technology, cryptocurrencies like Bitcoin, Ethereum, and many others operate in a decentralized manner, allowing peer-to-peer transactions without the need for traditional financial intermediaries such as banks. This innovative technology has attracted the attention of both individual and institutional investors due to its high return potential, market transparency, and global accessibility.

The investment behavior of individuals is influenced by various factors including risk tolerance, return expectations, financial knowledge, and market trends. With the growing popularity of digital currencies, investors are increasingly considering cryptocurrency as an alternative or complementary component of their investment portfolios. However, its volatility, regulatory uncertainty, and lack of widespread acceptance continue to pose challenges.

This study aims to understand the concept of cryptocurrency and analyze how it influences the investment decisions of investors. It also seeks to examine the factors that motivate or discourage investors from entering the crypto market. By assessing awareness levels, behavioral patterns, and decision-making strategies, the study provides insights into the evolving role of cryptocurrency in personal and organizational investment planning.

Li, X., & Wang, C.A. (2019)

This study analyzes factors influencing Bitcoin's exchange rate, focusing on both economic and technological aspects. Using an ARDL model, it finds that short-term rates respond to market conditions, while long-term rates—especially after the Mt. Gox closure—are more influenced by economic fundamentals than technology. Mining technology impacts price, but mining difficulty matters less over time. Overall, investor decisions are shifting toward economic indicators in valuing Bitcoin.

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Baur, D.G., Hong, K., & Lee, A.D. (2020)

This study finds that Bitcoin is mainly used as a speculative investment rather than a medium of exchange. It is largely uncorrelated with traditional assets, and investors are drawn to its return potential over transnational use, reinforcing its role as a speculative asset in portfolios.

Johnson, M.J., et al. (2022)

This study uses bank and credit card data to show that gains in wealth significantly impact household spending, with an MPC of $0.09 per dollar—higher than from other assets. Crypto gains also lead to increased investments in other assets, highlighting a broader wealth effect. These findings suggest that crypto valuations influence household financial decisions and overall economic activity.

Almeida, J., & Gonçalves, T.C. (2023)

This literature review analyzes 166 peer-reviewed articles on crypto investor behavior using VOS viewer for biblio metric analysis. It finds that herding and irrational behavior, driven by sentiment over fundamentals, are common. Demographic factors and market inefficiencies also influence decisions. The study highlights the need for stronger regulation and investor protection.

Lynn, M. (2024)

This study explores how information sources affect U.S. investors' cryptocurrency decisions using 2021 survey data. It finds that media and social networks boost investment intentions, while advice from financial professionals lowers them. Investor confidence encourages investing, while risk perception deters it. Consulting multiple sources also increases intentions, highlighting the role of information diversity and the need for better financial literacy and guidance.

Almansour, A., et al. (2025)

This study explores how psychological biases like loss aversion, herd behavior, and optimism influence investment decisions. It finds that emotions and social factors often drive investor behavior more than rational analysis, leading to speculative strategies. The research highlights the need for awareness of these biases and the integration of behavioral insights into financial advice.

Bashar Yaser Almansour, Sabri Elkrghli, Ammar Yaser Almansour

This study examines how behavioral finance factors influence Gulf investors' decisions in the cryptocurrency market. Using survey data from the UAE, Kuwait, Qatar, and Saudi Arabia, it analyzes the impact of biases such as herding, heuristics, prospect theory, market sensitivity, familiarity, and self-attribution. Findings show that herding and heuristics strongly shape investor behavior. Prospect theory is influential in KSA and Qatar but not in the UAE and Kuwait. Investors in the UAE and Qatar tend to be more cautious and risk-averse, while familiarity bias varies by country. The study provides useful insights for investors and institutions to better understand and manage behavioral influences in investments.

Haidong Zhao, Lini Zhang

This study investigates how financial literacy and investment experience influence cryptocurrency investment behavior, using data from the 2018 US National Financial Capability Study. Through hierarchical logistic regression and mediation analysis, the study finds that while both factors are positively linked to investment, investment experience—especially with risky assets—has a stronger impact and mediates the effect of financial knowledge. These insights help inform researchers, financial professionals, and policymakers aiming to promote more informed crypto investment decisions.

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Dingli Xi, Timothy Ian O'Brien, Elnaz Irannezhad

This study examines the demographic traits and decision-making factors of individual cryptocurrency investors in Australia and China, focusing on their choices in Initial Coin Offerings (ICOs). Using a web-based survey and a Multinomial Logit model, it finds that factors like age, gender, education, occupation, and investment experience influence investment choices. Notable differences exist between Australian and Chinese investors in how they evaluate ICO attributes, deterrents, and strategies.

Henny Rahyuda

This study examines how financial literacy, herding behavior, and risk perception influence cryptocurrency investment decisions among students in Bali. Survey results from 179 students show that financial literacy positively impacts investment decisions, both directly and through herding and risk perception. The findings stress the importance of improving financial literacy and recognizing behavioral biases in crypto investments.

Scope of the Study

- The study examines how psychological biases such as loss aversion, herd behavior, and optimism influence crypto investment.
- It uses a behavioral finance approach to show that emotions and social influence often guide investor decisions.
- Traditional financial theories are inadequate to explain crypto market behavior.
- The study stresses the need to understand these biases for better investment guidance.

Objectives of the Study

- To understand the concept of cryptocurrency
- To study the factors considering by the investors to influence them while investing in cryptocurrency
- To analyse significance of Cryptocurrency on the investment decisions

Need of the Study

- Cryptocurrency's rapid rise is changing traditional investment approaches.
- It is especially popular among young, tech-savvy investors.
- There is limited research on how investors perceive and use cryptocurrencies in their portfolios.
- This study aims to explore psychological, informational, and financial factors influencing cryptocurrency investment decisions.
- It also assesses investor awareness, trust, and risk appetite toward cryptocurrencies.
- The findings will offer insights for financial educators, policymakers, and investment advisors.

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RESEARCH METHODOLOGY

Data Collection

Primary Data: Researchers gathered primary data with a questionnaire consisting of 15 yes/no questions. The survey covered demographics, crypto knowledge, investment behaviour, risk levels, and perceptions. Responses were in multiple-choice format for ease of analysis

Secondary Data:

Secondary data came from journals, articles, and trusted online sources including JSTOR, Google Scholar, and financial websites. These supported the study with context and theoretical grounding

Sample Size:

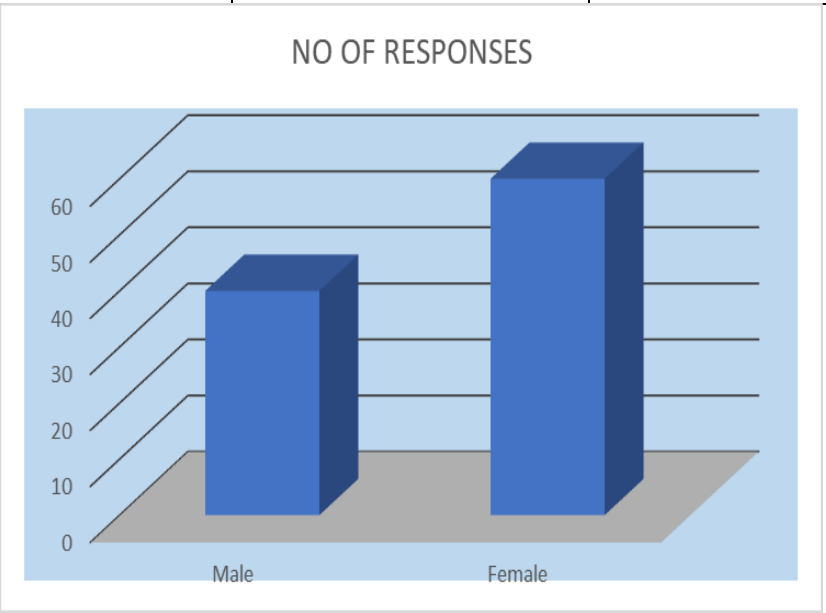
A total of 100 employees from one organization participated, selected via convenience sampling. The sample included individuals from various job levels.

Data Analysis and Interpretation

A structured survey was administered to a sample of **100 investors** within a selected organization to gather data relevant to the research objectives. The questionnaire was designed to assess investor perceptions, motivations, risk tolerance, and factors influencing their decisions regarding cryptocurrency investments.

1Q) What is your gender?

RESPONSES	NO OF RESPONSES	% OF RESPONSES
Male	40	40
Female	60	60



Interpretation

Out of the 100 respondents, 60% were female and 40% were male. This suggests a higher participation of female employees in the organization's investment-related survey. It may also reflect growing awareness or interest among women in financial and cryptocurrency-related topics, which traditionally see higher male participation. The balanced response provides gender-diverse perspectives for analysis.

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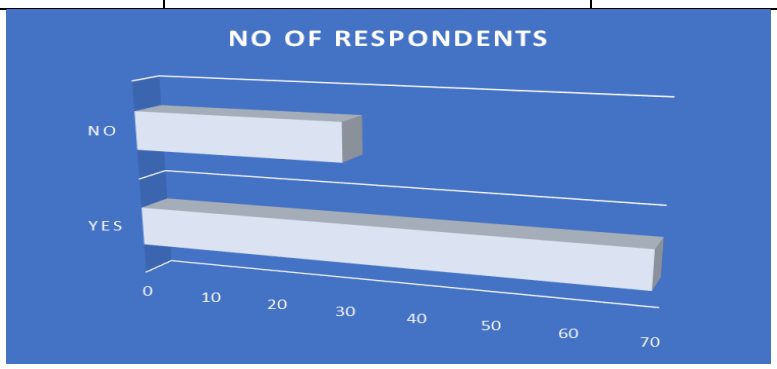
2Q) **Does cryptocurrency effect your overall investment decisions?**

	No of respondents	% 0f Respondents
YES	70	70
NO	30	30
Total	100	100

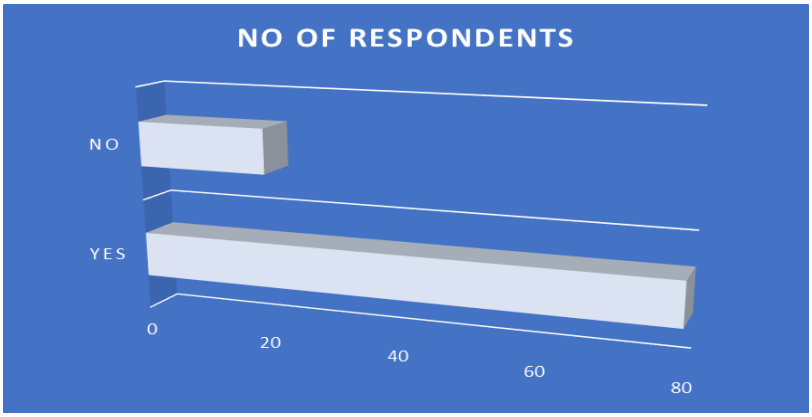


Interpretation

70% of the people say that cryptocurrency effect their overall investment decisions where 30% of people say that it does not effect there investment decisions.

3Q) **Do you refer others to invest in cryptocurrency?**

	No of respondents	% 0f Respondents
YES	80	80
NO	20	20
Total	100	100



Interpretation

80% of the people refer others to invest in cryptocurrency where 20% people do not refer others to invest in cryptocurrency.

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Statistical Analysis

Chi-Square Test

1Q) Does cryptocurrency affect your overall investment decisions?

	Yes	No	Total
Male	30	10	40
Female	40	20	60
Total	70	30	100

STEP 1: Hypothesis

H_0 - Cryptocurrency has significantly impacted the investment decisions of investors.

H_1- Cryptocurrency hve least impact on investment decisions of investors

STEP 2: Calculation of CHI SQUARE

observed frequency(O)	Expected frequency	O-E	$(O-E)^2$	$(O-E)^2/E$
30	28	2	4	0.142
40	42	-2	4	0.095
12	12	-2	4	0.333
20	18	2	4	0.222
				0.792

Step 3: Level of significance is 5%

i.e 0.05

Step 4: Degrees of freedom

no of rows =2 (R-1) (C-1) =(2-1)(2-1)

No of columns =2

Step5: calculation of chi square table value

Tabulated value is 0.372998

Step6: conclusion

Tabulated value < calculated value

If calculated value is grater than tabulated value, we accept H_1- Cryptocurrency have least impact on investment decisions of investors.

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Results						
	yes	No				*Row Totals*
Male	30 (28.00) [0.14]	10 (12.00) [0.33]				40
Female	40 (42.00) [0.10]	20 (18.00) [0.22]				60
Column Totals	70	30				100 (Grand Total)

The chi-square statistic is 0.7937. The *p*-value is .372998. The result is *not* significant at $p < .05$.

2)Do you refer /suggest others to invest in cryptocurrency?

	Yes	No	Total
Male	30	10	40
Female	50	10	60
Total	80	20	100

STEP 1: Hypothesis

H_0 - Investors refer others to invest in cryptocurrency

H1- Investors does not refer others to invest in cryptocurrency.

STEP 2: Calculation of CHI SQUARE

observed frequency(O)	Expected frequency	O-E	$(O-E)^2$	$(O-E)^2/E$
30	32	-2	4	0.125
10	8	2	4	0.5
50	48	2	4	0.083
10	12	-2	4	0.333
				1.038

Step 3: Level of significance is 5%

i.e 0.05

Step 4: Degrees of freedom

no of rows =2 (R-1) (C-1) =(2-1)(2-1)

No of columns =2

Step5: calculation of chi square table value

Tabulated value is 0.307434

Step6: conclusion

Tabulated value < calculated value

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If calculated value is grater than tabulated value, we accept H1- Investors does not refer others to invest in cryptocurrency.

Results						
	yes	No				*Row Totals*
Male	30 (32.00) [0.12]	10 (8.00) [0.50]				40
Female	50 (48.00) [0.08]	10 (12.00) [0.33]				60
Column Totals	80	20				100 (Grand Total)

The chi-square statistic is 1.0417. The *p*-value is .307434. The result is *not* significant at $p < .05$.

The data analysis, conducted using the Chi-square test, revealed the following:

The first test statistic ($\chi^2 = 0.792$, $p = 0.372998$) indicated that the result was not statistically significant. Hence, **we accept the alternative hypothesis (H1)** Cryptocurrency have least impact on investment decisions of investors.

The second test statistic ($\chi^2 = 1.038$, $p = 0.307434$) also showed no significant result, supporting **the acceptance of H1**: Investors does not refer others to invest in cryptocurrency.

FINDINGS

Female employees showed greater participation (60%) in the survey than males, reflecting growing interest among women in cryptocurrency topics.

Most respondents (75%) are aged between 25–45, a financially stable group likely to consider alternative investments.

Senior and mid-level professionals dominate the sample, indicating that the data represents individuals with higher financial literacy and decision-making power.

A majority of respondents earn ₹25,000–₹1,00,000 per month, making them potential retail investors with disposable income for cryptocurrency investment.

Only 16% of respondents consider themselves experts in cryptocurrency, showing knowledge gap despite high interest.

48% have already invested in cryptocurrency (either currently or in the past), indicating significant exposure within the organization.

Peer influence is the top source of cryptocurrency awareness (34%), followed by online platforms (27%) and media (21%).

The primary reason for investing is portfolio diversification (40%), not just high returns, showing a strategic mindset.

As per the above graph 70% of the people say that cryptocurrency effect there overall investment decisions where 30% of people say that it does not effect there investment decisions.

Past performance and public perception are the most influential factors in choosing a cryptocurrency, highlighting behavioral biases.

Most employees have low to moderate risk appetite, suggesting caution despite market hype.

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Majority prefer medium to long-term investment horizons, indicating that speculative

Suggestions

Introduce financial literacy programs within schools, colleges, and workplaces to educate individuals about cryptocurrencies and investment fundamentals.

Develop structured guidance frameworks within investment firms or financial advisory services to assist investors in making well-informed decisions.

Create educational campaigns focusing on common psychological biases (like herd mentality, FOMO, and overconfidence) that effect cryptocurrency investment behavior.

Encourage collaborations between regulators, educational institutions, and platforms to spread accurate and balanced information about cryptocurrency investments.

Promote the use of demo trading platforms and simulations to help new investors gain practical exposure before committing real funds.

Suggest the inclusion of cryptocurrency and block-chain related courses in formal education to prepare the next generation of informed investors.

Recommend regular updates and transparent communication from platforms to build investor trust and reduce misinformation.

Limitations of the Study

1. Limited Sample Size and Scope: Only one organization with 100 respondents was studied which could mean the results do not fully match the wider range of investors present in different industries or locations.
2. Time Constraints: The study was conducted over a short period, which limited the depth of data collection and analysis. Longitudinal trends and evolving perceptions could not be captured.
3. Lack of Qualitative Insights: The research was based solely on quantitative data. Qualitative data such as interviews or open-ended responses could have provided deeper understanding of investor attitudes.
4. Potential Response Bias: Since the data was collected through self-reported questionnaires, there may be chances of social desirability bias or inaccurate reporting by participants.

Changing Market Dynamics: Cryptocurrency markets are highly volatile and influenced by global trends. The findings of this study may become outdated quickly due to rapid changes in regulations, technology, or investor sentiment.

CONCLUSION

The survey concludes that, employees in the surveyed organization's investment decisions have been significantly impacted by cryptocurrencies, albeit not significantly. However, a sizable percentage of respondents have made cryptocurrency investments or intend to do so.

The Chi-Square test revealed a strong correlation between cryptocurrency and investors' investment decisions and their perceptions of its impact on the markets as a whole. The majority of respondents said that cryptocurrency has a moderate to low overall influence on financial decisions.

To assist investors in making well-informed decisions, the study emphasizes the necessity of enhanced financial literacy and organized guidance within organizations. Raising awareness and addressing psychological biases will be crucial as cryptocurrencies continue to grow and become more integrated into traditional finance.

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