

A Study on the Investment Behavior in Cryptocurrencies in Bangalore City

Nelson Markkarayil Saju¹, Dr. Sakthivel R²

PG Student, Department of Commerce PG, Kristu Jayanti College¹
Assistant Professor, Department of Commerce PG, Kristu Jayanti College²

Abstract:

Cryptocurrencies have gained widespread popularity, influencing investment behavior across different demographics. Bangalore, a leading technology and financial hub in India, has seen increasing cryptocurrency adoption, driven by tech-savvy investors and institutional interest. This study analyzes the behavior of cryptocurrency investors in Bangalore city, examining key factors such as risk perception, market trends, institutional influence, and regulatory developments.

A mixed-method approach is used, incorporating surveys, interviews, and data analysis tools like descriptive statistics and regression analysis. Findings suggest that younger investors from technology and finance backgrounds display higher risk tolerance, while conservative investors prefer stable assets. Institutional investors contribute to market stability, yet regulatory uncertainty affects investor confidence. The study highlights the need for financial education and regulatory clarity to ensure responsible investing. Insights from this research can help policymakers, financial institutions, and individual investors navigate the evolving cryptocurrency market. The findings also serve as a foundation for further research on the impact of institutional influence and emerging trends in digital asset investments.

Keywords: cryptocurrency investment, investor behaviour, institutional influence, market trends, Bangalore city

Introduction

Cryptocurrencies have emerged as a transformative financial asset, attracting a diverse range of investors globally. Bangalore, known as the "silicon valley of India," has become a key hub for cryptocurrency adoption due to its tech-savvy population, thriving startup ecosystem, and increasing digital financial literacy. Investors in Bangalore are showing growing interest in digital assets, influenced by factors such as technological advancements, institutional participation, regulatory developments, and market volatility.

Understanding investor behavior in cryptocurrencies is essential for assessing market trends, risk perceptions, and decision-making patterns. Factors such as age, income level, financial knowledge, and institutional influence play a significant role in shaping investment strategies. While some investors engage in high-risk, high-reward trading, others prefer safer

investment options like stablecoins and regulated crypto products.

This study aims to analyze the key drivers of cryptocurrency investments in Bangalore city, exploring the impact of institutional influence and regulatory frameworks on investor behavior. The insights derived from this research will help policymakers, financial institutions, and investors make informed decisions in the rapidly evolving crypto market.

Review of literature

Vanishree g, varshitha r, and varshitha g (2024)

The emergence of digital assets like blockchain technology and cryptocurrencies has drawn significant interest lately. This study aims to evaluate Bengaluru city's investor perspective and awareness of digital assets. A survey of 125 respondents revealed that while most are aware of digital assets, there is a gap in understanding

their usability. Only a few respondents believe that digital assets have a future in india. The study suggests that both the government and crypto agencies should enhance the usage of digital assets in india to ensure safe and secure transactions. These insights could guide strategies for improving investor education and policy development, promoting the growth and stability of Bangalore city's digital assets market.

Prihana vasishta and anju singla (2024)

The rise of cryptocurrency investment has garnered significant attention in the global financial system. This study explores the level of awareness and investment in cryptocurrency trading among the general public in india. Based on data from 512 respondents, findings reveal that while 89.84% are aware of cryptocurrency, only 20.43% of those aware actually invest in it. Factors such as lack of understanding, confidence, risk of cyber fraud, absence of proper guidance, and lack of regulation discourage investment. Conversely, good returns, ease of management, easy setup, and a user-friendly experience encourage investors. The study recommends creating online courses to improve financial literacy and establishing transparent legal and regulatory measures to mitigate risks.

P. Divya, e. Eswara reddy, and b.g. Shobha (2025)

With advancements in blockchain technology, digital currencies like cryptocurrency have been emerging in india since 2008. This study focuses on the awareness levels about cryptocurrency among banking professionals in bengaluru. Data collected from 64 samples using various analytical methods revealed that banking professionals are generally aware of basic cryptocurrency terms, with bitcoin being the most familiar. Among socio-economic factors, academic qualification, designation, and annual income significantly influence awareness levels, while age and gender do not. The study concludes by recommending steps towards policy formation to regulate cryptocurrency in india.

Singh r and das s (2023)

This study analyzes multiple parallel cracks in a functionally graded magneto-electro-elastic

plane using the boundary collocation method. The research provides insights into the mechanical behavior of advanced materials, which could have implications for the development of secure and efficient digital asset systems.

Kamath as and Divyashree R (2022)

This study examines consumer awareness about digital wallets in urban bengaluru. Findings indicate a high level of awareness and usage of digital wallets among consumers, suggesting a readiness to adopt digital financial tools. This readiness could potentially extend to the adoption of cryptocurrencies, provided there is adequate education and regulatory support.

Statement of the Problem

The rapid growth of cryptocurrency investments has transformed the financial landscape globally, and Bangalore, known as india's technology hub, has witnessed significant participation in digital asset markets. Despite the increasing adoption of cryptocurrencies, investor behavior in this sector remains highly unpredictable due to factors such as market volatility, regulatory uncertainty, technological advancements, and institutional influence. While some investors view cryptocurrencies as a lucrative investment opportunity, others remain skeptical due to security risks, lack of financial literacy, and the absence of a clear regulatory framework.

Existing studies have explored cryptocurrency adoption at a global level, but there is a lack of region-specific research focusing on Bangalore city, where a significant portion of the investor base comprises tech professionals, startup entrepreneurs, and retail investors. Understanding the factors influencing investor decisions, risk tolerance, and the role of institutional participation is essential to bridge the knowledge gap.

This study aims to analyze the behavioral patterns of cryptocurrency investors in Bangalore, examining key determinants such as demographics, risk perception, regulatory concerns, and market trends. The findings will provide valuable insights for policymakers, financial institutions, and investors, contributing to a more stable and informed cryptocurrency investment environment.

Objective

- To analyze the role of social media in shaping investor sentiment and decision-making regarding cryptocurrencies.

Hypothesis of the study

- **Null hypothesis (h_0):** social media platforms do not have a significant impact on the investment decisions of cryptocurrency investors in Bangalore.
- **Alternative hypothesis (h_1):** social media platforms significantly influence the investment decisions of cryptocurrency investors in Bangalore.

Scope of the Study

The study aims to analyze the investment behavior of cryptocurrency investors in Bangalore city, focusing on the key factors influencing their decision-making processes. Bangalore, being a leading technology hub in India, has a growing number of tech-savvy investors, blockchain startups, and institutional participants engaging in the cryptocurrency market. This study will examine investor demographics, risk perception, trading strategies, regulatory concerns, and the impact of institutional involvement in shaping investment trends.

The research will cover various types of cryptocurrency investors, including retail traders, institutional investors, and first-time participants. It will assess their motivations, risk appetite, preferred investment strategies, and knowledge of market trends. Additionally, the study will explore the role of government regulations, security concerns, and financial literacy in determining investment choices.

Research Methodology

A questionnaire will be used to collect primary data for the study. The questionnaire will focus on investor demographics, investment motivations, risk perception, trading strategies, and the impact of regulatory policies on cryptocurrency investments in Bangalore city. The statistical program SPSS will be used to analyze the data. A total of 100 respondents will provide the data, representing a diverse group of cryptocurrency investors, including retail traders,

institutional investors, and first-time participants. The data will be used to assess investment patterns, market trends, and the role of institutional influence in cryptocurrency trading in Bangalore.

Limitations of the study

- **Geographical scope:** the study is limited to Bangalore city and may not fully represent the behavior of cryptocurrency investors across India. Investor behavior in other regions may vary due to differences in financial literacy, regulatory awareness, and economic conditions.
- **Sample size constraints:** although the study aims to collect data from 100 respondents, it may not capture the full diversity of cryptocurrency investors in Bangalore, especially given the continuously evolving nature of the market.
- **Regulatory uncertainty:** cryptocurrency regulations in India are subject to frequent changes, which may impact investor sentiment and decision-making. The findings of the study could be affected by sudden policy shifts during or after the research period.
- **Market volatility:** the cryptocurrency market is highly volatile, and investor behavior may change rapidly based on global trends, news, and technological advancements. This study captures insights at a specific point in time, which may not reflect long-term trends.
- **Self-reported data bias:** the study relies on responses from investors through a questionnaire, which may be subject to biases such as overestimation of investment success, reluctance to disclose losses, or misinterpretation of questions.
- **Lack of historical data:** since cryptocurrency adoption in Bangalore is relatively recent, long-term data on investor behavior is limited. The study is based on current trends and perceptions rather than historical patterns.
- **Technological and security concerns:** some investors may be hesitant to participate in the study due to concerns about privacy, cybersecurity risks, or distrust in sharing financial information.

Analysis and interpretation

Analysis of frequency distribution of demographic information

Objective

To analyze the role of social media in shaping investor sentiment and decision-making regarding cryptocurrencies.

Hypothesis

Null hypothesis (h₀): social media platforms do not have a significant impact on the investment decisions of cryptocurrency investors in Bangalore.

Alternative hypothesis (h₁): social media platforms significantly influence the investment decisions of cryptocurrency investors in Bangalore.

Table 1.1 Correlations

	Which social media Platform influences your cryptocurrency investments	What type of social media content influences your investment decisions	Investor Sentiment
Pearson Correlation	1	.439	.291
Sig. (2-tailed)		.000	.002
N	100	100	100
Pearson Correlation	.439	1	.369
Sig. (2-tailed)	.000		.000
N	100	100	100
Pearson Correlation	.291	.369	1
Sig. (2-tailed)	.002	.000	
N	100	100	100

Interpretation

The correlation analysis reveals significant relationships between social media influence and investor sentiment in cryptocurrency investment decisions. The results indicate a **moderate positive correlation (0.439, p < 0.01)** between the social media platform influencing investment choices and the type of content that affects investment decisions. This suggests that investors tend to engage with specific types of content depending on the platform they use, reinforcing the idea that both elements play a role in shaping investment behavior. Additionally, the type of social media content influencing investment decisions has a **moderate positive correlation (0.369, p < 0.01)** with investor sentiment, meaning that the nature of content—such as news, expert analysis, or community discussions—can significantly impact how investors feel about the market. Furthermore, the social media platform influencing investment decisions also shows a **weaker but significant correlation (0.291, p < 0.01)** with investor sentiment, indicating that while the platform itself has some effect, the content type may be a stronger

determinant of sentiment. This leading to the acceptance of the null hypothesis (h₀) and rejection of the alternative hypothesis (h₁)

Conclusion

The study on **investors' behavior in cryptocurrencies in Bangalore city** provides valuable insights into the factors influencing investment decisions, including social media influence, institutional participation, regulatory developments, and market trends. The findings highlight that while younger, tech-savvy investors exhibit higher risk tolerance, conservative investors prefer stable assets. Institutional investors contribute to market stability, yet **regulatory uncertainty remains a major challenge**, affecting investor confidence. The correlation analysis indicates that social media plays a role in shaping investor sentiment, particularly the type of content consumed. However, the study **accepts the null hypothesis (h₀), rejecting the alternative hypothesis (h₁)**, suggesting that social media does not significantly impact investment decisions in cryptocurrencies in Bangalore.

Despite its **geographical and sample size limitations**, the study provides **critical recommendations for policymakers and financial institutions** to promote financial literacy and regulatory clarity. As cryptocurrency adoption continues to grow, future research should focus on long-term trends, investor protection measures, and the evolving role of institutional influence in digital asset investments.

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