

“A Study on Investors’ Awareness and Perception towards investment in Digital assets with special reference to Bengaluru City.”

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Abstract

In the present scenario, digital assets have gained popularity when compared with traditional assets. The present study is focused on investors' awareness and perception of investing in digital assets and their understanding of the risk associated with and opportunities involved in investing in digital assets. Furthermore, the study aims to find out the factors influencing investment in digital assets. This study is based on primary data collected from individual investors of Bengaluru city through a questionnaire. The data has been analysed by using Descriptive Statistics, Correlation, and Regression Analysis.

The study revealed that, with the rapid evolution of digital technologies and the emergence of cryptocurrencies and other digital assets, investors are increasingly considering these novel investment avenues as part of their portfolios. Further, the study has shown that digital assets have prospects over traditional assets due to their nature and convenience. The study found that investors' awareness has a significant impact on their risk perception. The present study is limited only to the data collected from individual investors of Bengaluru city.

Keywords: *Digital assets, Investors’ awareness and perception, Technological Innovation, Financial Literacy.*

Introduction

Technological disruptions led to new asset classes for investment, enabling investors to invest with convenience, ease of access, and high safety. Digital assets refer to those assets that are in digital form and have some monetary value attached to them. These assets can be created, saved, and traded in a digital environment. Conduciveness, security, and ease of accessibility are the influencing factors for investment in digital gold & gold ETFs, and found that gold is the safest avenue for investment, and the electronic mode is feasible for investment. (Gurbaxani et al., 2023). Further investors require some basic awareness about how to invest in these new assets, Gen Z are people not convinced by digital assets, and they require awareness of investing in digital assets. (Król & Zdonek, 2023).

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Before the emergence of Blockchain technology and other similar technologies, the categories of digital assets included photos, documents, videos, books, audio or music, animations, manuscripts, logos, metadata, social media accounts, gaming accounts, etc. Since the emergence of blockchain technology, the term digital asset has expanded to include various types of investable assets such as non-fungible tokens (NFTs), stablecoins, security tokens, central bank digital currency (CBDC), cryptocurrencies, asset-backed tokens, and tokenized real estate. The emergence of investable digital assets within a financial system represents a wide opportunity for investment by investors in a fast-growing area backed by technology that can be scaled to digitally transform businesses and assets. The high-net-worth and educated people may adopt crypto payments soon. (Parashar & Rasiwala, 2018). Awareness and aspirations to invest in cryptocurrency are increasing. (Bhilawadikar & Garg, 2020).

As, these new blockchain-backed digital assets have become more widely adopted and are primarily focused on assets that are backed by a distributed ledger rather than digital media files, many physical assets such as real estate and commodities, can be tokenized to create a digital asset for trading, opening new possibilities for digital assets.

Types of Digital Assets

Non-fungible tokens: NFTs are blockchain-based tokens that hold pieces of art, video, digital content, or media. **Stablecoins:** Stablecoins are cryptocurrencies whose value is tied to other assets such as fiat currency or gold. **Security tokens:** A security token is a digital asset that acts as proof of ownership of underlying assets. **CBDC:** Central bank digital currency is the digital form of fiat money issued and regulated by the country's central bank. **Cryptocurrencies:** Cryptocurrency is a digital currency secured by cryptography. **Asset-backed tokens:** Asset-backed tokens are the digital representation of real-world assets on blockchain technology. **Tokenised real estate:** Tokenised real estate is the digital tokens of real estate assets that represent fractional ownership and facilitate investors' investment in portions by buying the tokens without purchasing the entire building.

Review of literature

(Dr. Neha Parashar, Ms. Farida Rasiwala, 2018), in their research work, A study on investors' awareness and perception regarding investment in Cryptocurrency with special reference to Bitcoin: analysed the inter-relationship between Digital banking and investors' awareness and the impact of digital banking on investment decision-making. The study found that digital banking led to the investor's awareness and improved the investment decision-making process. (Bhilawadikar, Vibha Suhas; Garg, Ema, 2020), In their research, Green Finance and Fintech Adoption Services among Croatian Online Users: How Digital Transformation and Digital Awareness Increase Banking Sustainability: examined the Influence of Green Finance on Fintech Adoption, digital transformation, and digital awareness on the banking sustainability in the Croatian banking industry. It found that green finance has a significant influence on Fintech adoption and digital awareness. (Ayush Pandey, Durgesh Kumar Patel, et al. 2023), In their survey, Role of Digital Banking in Investors' Awareness and Investment Decision-Making, they analysed the inter-relationship between Digital banking and investors' awareness, and the impact of digital

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banking on investment decision-making. It revealed that digital banking led to the investors' awareness and improved the investment decision-making process. (Rattapol Kasemrat, Tanpat Kraiwanit, 2023), In their research work Acceptance of Cryptocurrency in Thailand: they aimed to understand the perception of Thailand investors about cryptocurrency, and revealed that demographic factors such as age, gender, and income influence the adoption of cryptocurrency in Thailand's digital assets market. (Haruthai Kasemharuethaisuk, Taweesak Samanchuen, 2023), Factors Influencing Behaviour Intention in Digital Investment Services of Mutual Fund Distributors Adoption in Thailand: This study aimed to identify the factors influencing the Thailand individual investors to use digital investment services offered by brokers. It revealed that the new digital service platform plays a significant role in determining the investors' intention. (Made Vera Kristanti Dewi, Ketut Gede Sri Diwya, 2024), The Effect of Return Expectations and Perceived Risk on Intention to Invest in Crypto Assets: Evidence from Indonesian Investors: This study focused on finding out the effect of return and perceived risk to invest in crypto assets. It revealed that return expectation and risk perception have a positive and significant effect on investment in crypto assets. (Olusegun Felix Ayadi, et. al 2024), A survey of attitudes, behaviors, and experiences of Nigerian investors in cryptocurrencies: This study investigated the level of awareness, attitude, risk tolerance, and reasons for investing in digital assets. It found that most of the young male investors are not fully financially literate about investing in digital assets. (Hrvoje Serdaruši, Mladen Panci, et. al 2024), Green Finance and Fintech Adoption Services among Croatian Online Users: How Digital Transformation and Digital Awareness Increase Banking Sustainability. This study examined the influence of green finance on Fintech adoption, digital transformation, digital awareness on the banking sustainability in the Croatian banking industry. It found that green finance has a significant influence on Fintech adoption and digital awareness. (Deepankar Roy, Ashutosh Dubey et. al 2024), in their study, Conceptualizing an Institutional Framework to Mitigate Crypto-Assets' Operational Risk: examined the operational risk associated with the crypto assets and they mentioned that a well-structured Crypto Operational Risk Management is necessary to map and measure specific controls for operational risk mitigation. (August Keshav, Dr. Ashish Ranjan Sinha, 2024), in their research work Digital Money in the Indian Context: An In-depth Exploration of its Evolution, Implications, and Future Prospects within the Framework of Central Bank Digital Currency: aimed to Understand the future prospects of digital assets in India and found that blockchain technology ensures safety, security, and trust on digital currency in India and enables real-time transactions.

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(Deepak Mishra, Naveen Agarwal, et. al 2024), Digital Financial Literacy and Its Impact on Financial Decision-Making of Women: Evidence from India: This study aimed to promote digital financial literacy and fintech adoption for women in India by examining the effects of digital financial literacy on financial decision-making. It found that financial attitude leads to higher financial decision-making. (Chalimatuz Sa'diyah, Bambang, et. al 2024), Cryptocurrency investment: Evidence of financial literacy, experience, and risk tolerance: This focused on examining how financial literacy factors impact investment decisions and risk tolerance. It revealed that enhanced financial literacy positively influences investment decisions and risk tolerance. (B J Santiyano, V F Tanty, et. al 2025), In their survey, Assessing the impact of macroeconomic and environmental concerns on Bitcoin in lower-income countries: they investigated the effects of macroeconomic and environmental factors on Bitcoin return. They mentioned that there is a significant negative relationship between carbon dioxide emissions and Bitcoin return, and investors are concerned about Bitcoin's environmental impact.

Statement of problem

The rapid growth of digital assets, including cryptocurrencies, non-fungible tokens (NFTs), central bank digital currency (CBDC), and other blockchain-based financial instruments, has changed the global investment landscape. Despite their increasing popularity, many potential and existing investors still face challenges related to awareness, understanding, and perception of digital assets. Factors such as market volatility, regulatory framework, security concerns, and misinformation contribute to the hesitancy surrounding digital asset investments. The present study aimed to understand investors' awareness and perception of investing in digital assets, identify the factors that influence investment behaviour, and explore the prospects of investing in digital assets.

Objectives and methodology

To understand investors' awareness and perception of digital assets

To know the factors influencing investing in digital assets

To analyse the prospects of investment in digital assets

To attain these objectives, the study follows the descriptive methodology, and primary data collected through a questionnaire from investors is used for the study.

Scope of the Study

The present study is based on the responses collected from individual investors of Bengaluru city, and researchers may get different outcomes based on the demographic factors.

Hypothesis

H₀: There is no significant impact of Investors' Awareness on Risk Perception.

H₁: There is a significant impact of Investors' Awareness on Risk Perception.

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Data Analysis and Discussion

To test the hypothesis sample of 100 respondents was collected, of which 6 respondents were unaware of digital assets. Hence, those responses were removed during the process of cleaning the data. Further, the data has been tested for reliability (Cronbach's α), which showed reliability of 0.75, and then the data has been tested for descriptives, later Correlation and regression.

Table 1:

Table showing the correlation between variables under the study.

	Do you think investment in digital assets is subject to high price fluctuations and volatility?
How much do you know about digital assets as an Investment avenue?	-0.341
To what extent do market trends and news impact your investment decision in digital assets?	-0.341
Do you think digital assets have the potential to become a mainstream investment option in the future?	0.348

As shown in Table 1, the correlation coefficient value revealed that there is a moderate degree negative relationship between investors' awareness of digital assets as an investment avenue and their risk perception. Investors who think that digital assets are highly volatile tend to have less information about digital assets. There is a moderate negative correlation between how market trends and news impact their investment decisions and their risk perception. The investors who rely on the Market price fluctuation of digital assets and news will have less awareness of digital assets as an investment avenue. The correlation coefficient value revealed that there is a moderate degree positive correlation between the prospects of digital assets as a mainstream investment avenue and investors' risk perception. Investors who consider digital assets to have future potential tend to have a lot of information about digital assets as an investment avenue.

Table 2:

Regression of Investors' awareness of digital assets as an investment avenue and their Risk Perception towards investing in digital assets.

Intercept (α)	Beta (β)	Regression Equation	Significance Level (0.05)	Null Hypothesis
4.374	-0.470	$Y = 4.374 - 0.470x$	<.001	Rejected

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AS shown in Table 2, the regression between investors' awareness of digital assets as an investment avenue and their risk perception towards investing in digital assets. Regression revealed that at 95% confidence level null hypothesis is rejected and the alternative hypothesis is accepted as the p-value is less than 0.05. There is a significant impact of Investors' Awareness on Risk Perception.

H₀: There is no significant impact of Investors' Awareness on Risk Perception.

H₁: There is a significant impact of Investors' Awareness on Risk Perception.

Table 3:

Table showing the regression of how market trends and news impact investment decisions and investors' perception of market volatility.

Intercept (α)	Beta (β)	Regression Equation	Significance Level (0.05)	Null Hypothesis
4.374	-0.470	$Y = 4.374 - 0.470x$	<.001	Rejected

As shown in Table 3, the regression between how market trends and news impact investment decision and their perception of market volatility. Regression revealed that at 95% confidence level null hypothesis is rejected and the alternative hypothesis is accepted as the p-value is less than 0.05. There is a significant impact of Investors' Awareness on Risk Perception.

H₀: There is no significant impact of Investors' Awareness on Risk Perception.

H₁: There is a significant impact of Investors' Awareness on Risk Perception.

Table 4:

Table showing the regression of potential prospects of digital assets to become mainstream investments and investors' perception about the safety of investment.

<i>Intercept (α)</i>	<i>Beta (β)</i>	<i>Regression Equation</i>	<i>Significance Level (0.05)</i>	<i>Null Hypothesis</i>
<i>1.336</i>	<i>0.193</i>	<i>$Y=1.336+0.193x$</i>	<i>0.013</i>	<i>Rejected</i>

As shown in Table 4, the regression of how potential prospects of digital assets to become mainstream investments and investors' perception about the safety of investment. As the p-value (0.013) is less than 0.05, the null hypothesis is rejected, and the alternative hypothesis is accepted. The potential of digital assets to become a mainstream investment avenue has a positive impact on the safety perception of investors.

H₀: There is no significant impact of Investors' Awareness on Risk Perception.

H₁: There is a significant impact of Investors' Awareness on Risk Perception.

Table 5:

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Table showing the regression of the potential of digital assets to become a mainstream investment avenue and the market price volatility perception of investors

Intercept (α)	Beta (β)	Regression Equation	Significance Level (0.05)	Null Hypothesis
1.336	0.267	$Y=1.336+0.267x$	0.002	Rejected

As shown in Table 5, at 0.05 significance level, it is interpreted that the potential of digital assets to become a mainstream investment avenue has a positive impact on the market price volatility perception of investors. The null hypothesis is rejected, and the alternative hypothesis is accepted.

H₀: There is no significant impact of Investors' Awareness on Risk Perception.

H₁: There is a significant impact of Investors' Awareness on Risk Perception.

Table 6

Table showing the regression of digital assets have the potential to become mainstream investment avenue and risk perception of the investors.

Intercept (α)	Beta (β)	Regression Equation	Significance Level (0.05)	Null Hypothesis
2.097	0.158	$Y=2.097+0.158x$	0.05	Rejected

As shown in Table 6, at 95% confidence level, it concluded that the digital assets have the potential to become mainstream investment avenue has a significant impact on the risk perception of the investors, as the p-value is equal to 0.05. The null hypothesis is rejected, and the alternative hypothesis is accepted.

H₀: There is no significant impact of Investors' Awareness on Risk Perception.

H₁: There is a significant impact of Investors' Awareness on Risk Perception.

Table 7

Table showing the factors influencing investment in digital assets.

Factors	Percentage
High Returns, Technology, Liquidity	1.06
High Returns, Technology, Safety	2.13
High Returns	25.53
Safety	19.15
High Returns, Safety	4.26
High Returns, Technology	4.26

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Liquidity	9.57
High Returns, Safety, Liquidity	3.19
High Returns, Technology, Safety, Liquidity	6.38
Technology, Safety, Liquidity	2.13
Technology	10.64
High Returns, Liquidity	3.19
Technology, Liquidity	2.13
High Returns, Technology, Liquidity	4.26
Safety, Liquidity	2.13

As shown in Table 7, high returns is one of the most influential factors to invest in digital assets; at the same time, other factors such as safety, liquidity, and technology also influence the investors to invest in digital assets.

Conclusion

The study aimed to understand investors' awareness and perception of digital assets. Findings revealed that investors' awareness of digital assets has a significant impact on their perception of digital assets as an investment avenue, and factors such as high returns, safety, liquidity, and technology are influencing them to invest in digital assets. Further, investors considered the risk and volatility to make their investment decisions, and those investors who believed that digital assets have the potential to become a mainstream investment avenue in the future have a positive opinion about investing in digital assets. Investors with more awareness of digital assets are not that concerned about the risk and volatility involved. But, whereas the investors with less awareness are more concerned about the risk and volatility involved with investing in digital assets.

This study is limited to the responses collected from the investors of Bengaluru city. Further, the study can be extended to different cities in India, and a time series study can also be conducted to know how investors' awareness and perception of digital assets change over a period.

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