



Consciousness and Examination on Cryptocurrency and its Challenges

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Abstract: *Cryptocurrencies are Virtual Currencies that operate on the internet without regulatory bodies. many they Centralised are introduced. into the online environment and are mainly used outside of the conventional banking System. They are utilised for value! exchange. transfer through the internet Cryptocurrency is a digital currency which is created for the purpose of transaction as a normal currency. It uses Cryptography and Blockchain technology to secure its exchanges and limit the production of a particular type of cryptocurrency and keep track of each and every transaction in the whole network. The Cryptocurrency laden with so much new age technologies and a huge market presence all over the world, but still, even after a decade of its existence, it has not attained an established image as a new age currency system among majority of the countries in the world and people are still sceptical about its worth.*

Keywords: Cryptocurrency, Taxed

I. INTRODUCTION

Money is something which keeps a great value in the life of any living human being on this planet and its history dates back to ancient times when Gold, Silver and other metal coins were used for buying goods and other essential items. Actually, before the dawn of the Monetary System, the Barter System was the main mode of transaction i.e., people were exchanging goods in exchange for other goods of their specific need or requirements. Gradually, the Barter System got replaced by the Monetary System and later on different currencies came into existence which were adopted by different countries of the world. The metal coins which were predominantly used for exchange were overshadowed by Paper Money as it was easy to carry from one place to another and presence of big denominations in printed paper form helped big businesses to carry out big transactions. Gradually, the use of cash transactions started fading away due to the invention of Plastic money by the mid-20th century as it was resolving the security issues like stealing or theft of carrying large amounts of cash. It became easy for people to keep a card made of plastic to use for various transactions instead of keeping huge amounts of cash.

Later on, progressive development of computers and invention of the Internet gave birth to Internet banking and due to further advancement of mobile phone technology, we can easily avail the facilities like mobile banking or mobile payment gateways where all transactions will be done just through one click in our mobile. Now, we do not have to carry anything but just a smart mobile phone and rest will be taken care of by all the advanced technology. Till here, we need a particular count of cash printed or minted by the Government and it will be kept in a bank through which we carry out all our transactions, which is a form of centralised system but now we have gone one step



ahead and Decentralised form of currency has emerged which is being used in transactions for various purposes, known as CRYPTOCURRENCY. A digital currency known as a crypto currency was developed utilising encryption methods as a substitute. For traditional money, cryptocurrency can act as a medium of exchange and a decentralised accounting technology system because encryption gates are used. A cryptocurrency wallet is required to use Cryptocurrencies.

II. RESEARCH METHODOLOGY

By utilising encryption technology, cryptocurrencies can act as both a medium of exchange and a virtual accounting system. You need a cryptocurrency wallet in order to use cryptocurrencies. A digital currency, or cryptocurrency, is an alternative payment method developed utilising encryption methods to conduct financial transactions without utilising banks or governments as a sole source of funding. Bitcoin was the first cryptocurrency ever made. People can now conduct financial transactions without only depending on banks or governments thanks to the invention of Bitcoin.

- **Future:** The Operation of Bitcoin Futures. Futures contracts for bitcoin provide insurance against price fluctuations and volatility. It also serves as a stand-in tool for traders to make predictions about Bitcoin's future prices. If you anticipate that the price of Bitcoin will increase, you can take a long position with a Bitcoin futures contract.
- **Cost:** At the moment, the price of one bitcoin is US\$20,486.79, and its 24-hour trading volume is \$58.65 B. BTC has lost 1.03% in the previous day. Its current distance from its seven-day high of \$21,464.34 and its seven-day low of \$20,062.62 is -4.55% and 2.11%, respectively. 19.2 million bitcoins are now in circulation, with a maximum supply of 21 million.
- **Total Number:** Currently, there are 19,198,706.25 bitcoins in circulation. When fresh blocks are mined, this number is updated around every 10 minutes. Currently, 6.25 new bitcoins are placed into circulation with each new block.
- **Creator: Nakamoto Satoshi:** The person or people who contributed to the creation of the initial bitcoin software and published the 2008 paper that popularised the idea of cryptocurrencies are known by the moniker Satoshi Nakamoto. Up until around 2010, Nakamoto was still involved in the development of bitcoin and the blockchain, but he hasn't been seen or heard from since.
- **Privacy and Fungibility:** Bitcoin is a pseudonymous currency, therefore funds are associated with bitcoin addresses rather than actual people or organisations. Although the owners of bitcoin addresses are not expressly disclosed, all blockchain transactions are open to the public. Additionally, transactions can be connected to people and businesses through "idioms of use" (for instance, transactions that use coins from multiple inputs suggest that the inputs may belong to the same owner) and by correlating public transaction data with information on the owners of specific addresses. [56] In addition, bitcoin exchanges, where bitcoins are traded for conventional currencies, may be required by law to collect personal information. To increase financial privacy, it is important to ensure that transactions are not linked to specific people or companies.



2.1 Economic and Legal Concerns

At least eight Nobel Memorial Prize in Economic Sciences laureates have referred to bitcoin and other cryptocurrencies as economic bubbles, including Robert Shiller,[188] Joseph Stiglitz,[282], and Richard Thaler. Paul Krugman, an economist and columnist, has called bitcoin "a bubble wrapped in techno-mysticism inside a cocoon of libertarian ideology,"[179] and economist Nouriel Roubini of New York University has referred to bitcoin as the "mother of all."

2.2 Use in Illegal Transactions

The media, governmental agencies, law enforcement, and financial authorities have all taken notice of how criminals are using bitcoin. The potential to use bitcoins to buy unlawful items, according to a number of news sources, is what makes them so popular.[185][294] Nobel Prize-winning economist Joseph Stiglitz claims that bitcoin's anonymity fosters money laundering and other crimes.

Supply

The network as a whole permits the successful miner who discovers the new block to keep all transaction fees from transactions they put in the block as well as a set reward of freshly minted bitcoins. [46] This reward is presently 6.25 newly minted bitcoins every block as of May 11, 2020. [47] A unique transaction known as a coinbase is added to the block with the miner listed as the payee in order to receive this reward. [6]:ch. 8 This kind of transaction has produced all bitcoins that are now in circulation. Every 210,000 blocks, according to the bitcoin protocol, the reward for adding a block is cut in half (approximately every four years). The award will eventually be rounded down to zero and the limit.

Associated Ideology

The successful miner who finds the new block is allowed by the network as a whole to keep all transaction fees from transactions they added to the block as well as a predetermined reward of newly created bitcoins. [46] As of May 11, 2020, this incentive amounted to 6.25 freshly created bitcoins every block. [47] To obtain this payment, a special transaction called a coinbase, with the miner specified as the payee, must be added to the block. [6]:ch. 8 All of the bitcoins that are now in use were created through this type of transaction. According to the bitcoin protocol, the reward for contributing a block is decreased by half every 210,000 blocks (approximately every four years). Eventually, the prize will be reduced to zero.

Austrian Economics Roots

The Austrian school of economics, particularly Friedrich von Hayek's book *Denationalisation of Money: The Argument Refined*, which advocates a completely free market in the production, distribution, and management of money to end the monopoly of central banks, is where the decentralisation of money offered by bitcoin has its theoretical roots, according to the European Central Bank.



Anarchism and Libertarianism

The New York Times claims that the philosophical underpinning of bitcoin appealed to libertarians and anarchists. Roger Ver, a pioneering proponent of bitcoin, said: "Initially, practically everyone who participated did so for philosophical reasons. We thought that using bitcoin to decouple money from the government was a brilliant idea." According to *The Economist*, bitcoin is "a techno-anarchist initiative to build an online version of cash, a method for people to exchange without the possibility of meddling from bad governments or banks." According to economist Paul Krugman, cryptocurrencies like bitcoin are "something of a cult" built on "paranoid illusions" about the authority of the government.

The *Social Life of Bitcoin* by Nigel Dodd asserts that the fundamental goal of the bitcoin philosophy is to liberate money from social and governmental control. Roger Ver, Jeff Berwick, Charlie Shrem, Andreas Antonopoulos, Gavin Wood, Trace Meyer, and other proponents of bitcoin read *The Declaration of Bitcoin's Independence* in a YouTube video that Dodd cites. The following statements are part of the declaration's crypto-anarchist message: "The anti-establishment, anti-system, and anti-state nature of bitcoin is intrinsic. Bitcoin is fundamentally humanitarian, which makes it a threat to governments and organisations."

III. CONCLUSION

From the above Findings, it can be concluded that people in general are aware of the Cryptocurrency and they would like to see it as part of their investment portfolio as it provides good return. But they are not willing to invest in Cryptocurrency due to lack of regulation from Government and regulatory authorities. If the Government of India and its regulatory authorities come forward to regulate its use and transaction in the financial market, it can play a major role in the entire investment portfolio. As it is well known that Cryptocurrency is the product of all new age innovative technologies, and many countries of the world have already regulated its use in day to day business and many countries are coming forward to regulate its transaction in the financial market. So, the Indian Government and its regulatory authority should come forward and take steps to regulate the transactions of Cryptocurrency as investment options.

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