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A Study on Perception of Millennials on Fintech and Cryptocurrency

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Abstract:
Millennials are shaking up the investment and fintech industry. Whereas in the past, they played a passive role, they are now driving some of the hottest fintech trends. Many hot investment industries are led by millennials. For instance, Robin hood, a company started by millennials, is shaking up the stock market and investing industry. The Federal Reserve's expansionary policies during Covid-19 led to massive growth in cryptocurrencies and other asset classes. The Fed responded to inflation and deflation by cutting interest rates and launching a quantitative easing programme which pushed its balance sheet up to over $8,5 trillion. As a result, many millennials turned to alternative assets that offered higher returns than cash. Cryptocurrencies have become one of the most sought-after assets among millennials.

Keywords: Millennials, Cryptocurrency, Investment, Stock market, Fintech

Fintech and Cruptocurrency:
Fintech can be broken down into several subsectors: Payment B2B C2C Lending B2B/B2C P2P Insurance WITM Governance and regulation Stock trading Digital currencies Trade/personal finance Cross-border payments Open/neo banking Digital money transfers Although bitcoin and blockchain are often mistaken for fintech, this is not the case. Bitcoin, the world's first decentralised digital currency, is powered by a distributed ledger technology called blockchain. But its use isn't limited to crypto applications. Governments are currently paying close attention to central bank digital currency, or CBDC. Distributed ledger technology is steadily and stealthily building a strong foundation that will soon change the way people interact with each other.It allows for peer-to-peer transactions without the need for a single, trusted third party. It also ensures the security and integrity of the information stored in these transactions. Because of these features, DLLs have moved beyond financial transactions and are now used in a wide range of industries, such as supply chain management, health care, ownership and royalty, smart property, IoT, decentralised applications, and decentralised Autonomous Organisations.
The FinTech market will account for a significant portion of transactions by 2023 and is expected to reach $158 billion by 2023, after growing at a CAGR of 100% over the past few years. People who own a smartphone but don't have a bank account can use cryptocurrencies to access financial and fintech services, and around 1 billion people fall into the "unbanked" category. This presents a massive opportunity for fintech services powered by cryptocurrencies to deliver goods and services to their consumers that were previously inaccessible. Crypto transactions are much more attractive than traditional money transfers because, unlike traditional currencies, they don't need to go through a

financial institution on either side of the transaction. They can be traded much faster, and the cost is significantly lower when an intermediary (in this case, a middleman) is removed. The foundation of cryptocurrencies is distributed ledgers. Fintech innovation depends on the ability to provide transactions that are easy, fast, and transparent.

Cryptocurrency:

Cryptocurrencies, crypto-currencies, or crypto are a collection of binary data that is designed to function as a means of exchange. The individual coin ownership information is stored in a ledger. A ledger is an automatic database that uses robust cryptography to store transaction information, manage the introduction of additional coins, and confirm the switch of Coin Ownership. Cryptocurrencies are usually fiat currencies because they are no longer subsidised through or convertible directly into commodities. Some crypto programs employ validators to own the cryptocurrency. In a proof of stake (PoS) model, owners position their tokens as security. In exchange, they get ownership of the token in proportion to the number of tokens they stake. These token stakers typically gain additional Ownership over inside the token over time via community fees, freshly minted tokens, or other similar valuation mechanisms.

Types of Cryptocurrencies:

Cryptocurrencies are designed to be used as payments, transferring value across a decentralized network. Many altcoins are classified in this manner and may sometimes be referred to as value tokens. Blockchain-based tokens are designed to serve a purpose other than that of money. A token issued in an Initial Coin Offering (ICO) that is a stake in a Blockchain or Decentralized Finance (DeFi) project. If the tokens are tied to the value of a company or a project, they are called security tokens. Other tokens have a specific use case or function.

1. Ethereum (ETH)

Ethereum (ETH) is the first Bitcoin alternative on this list. It’s a decentralized software platform for building and running smart contracts and decentralized apps (dApps) without downtime, fraud, controls, or third-party interference. Ethereum’s goal is to build a decentralized ecosystem of financial products that everyone in the world can access, regardless of where they live, who they are, or what religion they follow. This makes it even more attractive for people in some countries who don’t have access to banks, credit cards, insurance, or many other financial products. The applications run on ether, Ethereum’s platform-specific crypto token. Ethereum launched its presale for ether in 2014, which was met with a huge response. In December 2020, the Ethereum network changed its consensus algorithm from PoW to PoS. The goal of this change was to run the network with much less energy and faster transaction speeds, and to create a more deflationary economy.

2. Litecoin (LTC)

Launched in 2011, Litecoin (LTC) was one of the first cryptocurrencies to emulate Bitcoin and is often referred to as "the silver to Bitcoin's gold". Litecoin is a decentralized global payment network that does not have a central authority controlling it. It uses Scrypt as its Proof of Work (PoW) algorithm, which is decoded by consumer-grade Central Processing Units (CPUs). Although Litecoin is similar to Bitcoin in many aspects, it has a much faster block generation rate, resulting in a much quicker transaction confirmation time. As of December 2022, LTC has a market cap of $10 billion with a per token price of around $148. It is currently the 18th largest cryptocurrency in the world.

3. Cardano (ADA)

Cardano(ADA) is a Proof-of-Stake (PoS) cryptocurrency developed using a research-driven methodology by engineers, computational scientists, and cryptography professionals. The Cardano team developed its blockchain through a combination of trial and error and peer reviewed research. The Cardano researchers have written over 120 papers related to blockchain technology on a variety of topics. This research is the foundation of Cardano (ADA). Cardano is the 6th largest market capitalization cryptocurrency as of December 2022.

4. Polkadot (DOT)

DOT is a proof-of-stake (PoS) cryptocurrency designed to provide interoperability between blockchains. The protocol is used to link permissioned and non-permissioned blockchains and oracles to enable systems to interoperate under the same roof. The core of the protocol is the relay chain, which enables the interoperability between different networks. DOT has a market cap of approximately $25 billion as of December 2022.

5. Bitcoin Cash (BCH)

BCH is one of the most significant hard forks in altcoin history. It is one of the first and most popular hard forks in the history of Bitcoin. In the world of cryptocurrencies, a fork occurs as a result of discussions and disputes between the developers and miners. Because digital currencies are decentralized, wholesale changes must be made to the code that underpins the token or coin in question due to the need for consensus. BCH has a total market capitalization of approximately $8.2 Billion as of December 2022.

6. Stellar (XLM)

The Stellar (XLM) blockchain network is designed to connect financial institutions to provide enterprise solutions for large transactions. Big bank and investment firm transactions, which typically take several days, involve multiple intermediaries, and cost a lot of money, can now be completed almost immediately with no middlemen. Stellar Lumens has a market cap of $6 billion at December 2021.

7. Dogecoin (DOGE)

DOGE (DOGE stands for Shiba Inu) is a cryptocurrency that uses an image of a Shiba Inu dog as its avatar. Dogecoin has been accepted as a payment form by some well-known companies, such as the Dallas Mavericks and Kronos, as well as, perhaps most notably, Elon Musk’s American aerospace manufacturer, SpaceX. Dogecoin currently has a market capitalization of $22,8 billion as of December 2022, making it the twelfth-largest cryptocurrency.

8. Binance Coin (BNB)

What is Binance Coin? BNB stands for Binance Network, and it’s a utility cryptocurrency. It’s used as a form of payment for Binance Exchange fees. Binance users who use Binance as a way to pay for their exchange trades at a discounted rate. Binance Coin is currently the 3rd-largest cryptocurrency in terms of market capitalization as of November 2022. Binance Coin currently has a market capitalization of $91,5 billion. The value of one BNB is $545.

9. Tether (USDT)

USDT (USDT) is one of the earliest and most well-known stablecoins. A stablecoin is a type of cryptocurrency that attempts to stabilize its market value to a specific currency or other external benchmark in order to reduce volatility. In essence, a stablecoin allows users to use a blockchain network and associated technologies to trade in traditional currencies while reducing the volatility and complexity of digital currencies. Tether is currently the 4th largest cryptocurrency by market cap, with a market capitalization of $73,8 billion as of December 2022.

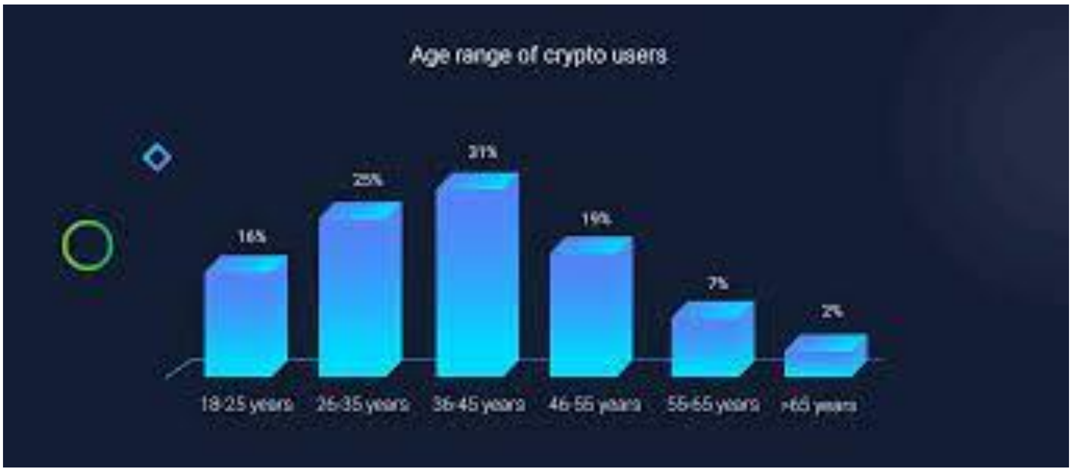
10. Monero (XMR)

XMR (short for Monero) is an open-source cryptocurrency that is 100% private, 100% traceable, and 100% donation-based. It was first released in April 2014 and quickly attracted the attention of the crypto community and enthusiasts. XMR currently has a market cap of $3,2 billion and a price per token of $1 as of December 2022.

Cryptocurrency in india:

Cryptocurrency prices fluctuate very often and remain highly unpredictable. Even if you only look at the most popular crypto tokens, such as bitcoin, ether, dogecoin, litecoin and ripple, there is a lot of fluctuation in their prices. Bitcoin is the most popular and oldest crypto token. It is also one of the most popular investment options today. Dogecoin, which was originally a joke about a dog named Doge, is one of the most well known cryptocurrencies today. Dogecoin is a dog-themed cryptocurrency with the symbol DOGE.**Millennial perception on Cryptocurrency and Fintech:**

While many in the investing world remain skeptical about cryptocurrencies, many millennials are embracing this emerging asset class, according to Bankrate’s latest survey. Nearly half of all Americans (49%) say they are at least moderately comfortable investing in digital assets like Bitcoin, compared with 37 percent in Generation X and just 22 percent in Baby Boomers. Millennials (25-40) feel the most comfortable investing in cryptocurrencies, with about 15 percent saying they are very comfortable, compared with just 7 percent in Generation X (41-56), and just 4 percent in Baby Boomers (57-75). More than half of all young Americans (25-40), not only are they comfortable with crypto, but they believe it is the best place to invest money over the next decade. About 12 percent of Millennials say Bitcoin or other cryptocurrencies are the best way for them to invest money they will not need for the next decade or more..



Source: Secondary Data

Issues on Cryptocurrency:

Taxes

If you make a profit on a trade, you owe capital gains taxes, just like you would on any other asset. The Internal Revenue Service (IRS) is now much more focused on those who may be attempting to avoid taxes through cryptocurrency. This is a major area of tax enforcement right now, and that information needs to be included in your annual tax return, or else you risk lying to the IRS. It's not only traders who can create tax liabilities if they engage in crypto trading. Even if you simply bought something with cryptocurrency, you may have created a tax liability if it was worth more than you paid for it.

Scams

Cryptocurrency has been associated with ransomware attacks in the past, but individuals can also fall victim to lesser-known scams. Indeed, a surprisingly large number of people have already been scammed. According to a CryptoVantage survey of over 1,000 cryptocurrency owners, nearly 33 percent of them have been defrauded.

Methodology

SSRS conducted this study for Bankrate through phone interviews. The interviews took place from May 25 – 30, 2023 and included 1,008 adult respondents. The data is weighted and intended to represent the entire adult population in the U.S., and thus is subject to sampling errors.

Conclusion:

Cryptocurrencies are one of the hottest topics in the world financial system. The exchange rates of cryptocurrencies are highly volatile. Therefore, trading these cryptocurrencies comes with a high risk. Cryptocurrencies have attracted the attention of speculators because they are easily transferable. They are in their early stages of development and it is uncertain when they will maturely be traded in the global markets. There are many different cryptocurrencies that have attracted the attention. Some countries have started issuing national cryptocurrencies. It is quite probable that in the near future, the bitcoins may have a path for cryptocurrencies to thrive. It has given an alternative currency to the less advanced countries and opened the door for economic transformation. It has given more options to the individuals in managing their finances. Regardless of whether or not bitcoins accomplish these lofty transformations, it is clear that cryptocurrencies are entering the financial phase and changing the world financial landscape forever.

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