

## **Public Perception and Trust: Investigating Indian consumers' attitudes and trust levels toward digital currency**

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### **Abstract**

This study explores public trust and perception of digital currencies in India, focusing on awareness, adoption, and confidence. It assesses consumer understanding of digital currencies, analyzes factors influencing trust—such as government regulation, security concerns, and volatility—and evaluates preferences between Central Bank Digital Currencies (CBDCs) and crypto currencies. A structured questionnaire reveals increasing awareness but highlights gaps in understanding and trust. Findings show a preference for CBDCs due to their perceived stability and regulatory oversight. The research underscores the importance of public education, robust security measures, and transparent policies to foster trust and adoption. These insights provide valuable recommendations for policymakers and stakeholders to encourage the safe integration of digital currencies into India's financial ecosystem.

Keywords: Digital Currencies, CBDC, Crypto currency, Trust, Adoption, India, Regulation, Public Perception.

### **1.Introduction**

The rise of digital currencies has significantly transformed the global financial landscape, offering an innovative alternative to traditional fiat currencies. Digital currencies, including cryptocurrencies and central bank digital currencies (CBDCs), provide faster transactions, lower costs, and enhanced financial inclusion (Nassiry, 2018). In India, the increasing

digitalization of financial transactions, government-led initiatives such as Digital India and the Unified Payments Interface (UPI), and the growing interest in blockchain technology have contributed to the expansion of digital currency adoption (Narayan & Sahadev, 2022). However, despite these advancements, public perception and trust remain critical barriers to the mainstream acceptance of digital currency (Mishra & Shukla, 2021).

Trust is a fundamental factor influencing financial transactions, and digital currencies, being relatively new, require a high degree of consumer confidence to achieve widespread adoption. Indian consumers' trust in digital currency is influenced by several factors, including regulatory clarity, cybersecurity concerns, technological literacy, and past experiences with digital financial services (Sharma & Gupta, 2020). Unlike traditional banking systems that are regulated by central authorities, cryptocurrencies operate on decentralized networks, which may raise concerns about their legitimacy, volatility, and security risks (Chakraborty & Dutta, 2023). Furthermore, incidents of cyber fraud, hacking, and the absence of clear legal frameworks have added to consumer skepticism about the reliability of digital assets (Singh & Patel, 2019).

Moreover, Indian consumers' attitudes toward digital currency adoption are shaped by demographic factors, perceived ease of use, awareness levels, and socio-economic background (Jain, 2021). Younger, tech-savvy individuals are more likely to adopt digital currencies due to their familiarity with digital payments and a higher risk appetite (Gupta & Banerjee, 2022). On the other hand, older individuals and those from rural areas may exhibit hesitancy due to a lack of digital literacy and concerns over government regulation (Mehta & Sharma, 2020). The government's stance on digital currencies has also played a crucial role in shaping public perception. For instance, while the Reserve Bank of India (RBI) initially expressed concerns over cryptocurrencies, it later introduced the Digital Rupee (CBDC) as a regulated alternative (RBI, 2023). These mixed signals have contributed to confusion and uncertainty among Indian consumers regarding the future of digital currency in the country.

Additionally, studies suggest that media influence and peer perceptions play a significant role in shaping public attitudes toward digital currency (Verma & Rajan, 2021). Positive news coverage and endorsements by financial experts can improve trust levels, whereas reports of fraud, regulatory crackdowns, or volatility can lead to skepticism. Given this

complex interplay of factors, it becomes essential to analyze Indian consumers' attitudes and trust levels toward digital currency, exploring both the opportunities and challenges that influence their adoption decisions.

## **2. Review of literature:**

The growing prominence of digital currencies has prompted extensive research into consumer perception, trust, and adoption patterns. Existing literature explores various dimensions of trust in digital finance, regulatory concerns, technological awareness, and socio-economic factors influencing digital currency adoption.

### **Trust and Consumer Confidence in Digital Currency**

Trust is a crucial determinant in the adoption of digital currencies, particularly in emerging economies like India. Studies indicate that trust in digital financial systems is influenced by security concerns, transparency, and regulatory oversight (Mishra & Shukla, 2021). For instance, Sharma and Gupta (2020) found that perceived risks associated with cybersecurity breaches and fraud significantly impact consumer willingness to use digital currency. Additionally, trust in government-backed financial institutions plays a key role in determining whether consumers prefer decentralized cryptocurrencies or state-backed Central Bank Digital Currencies (CBDCs) (Jain & Patel, 2022).

### **Regulatory Uncertainty and Government Policies**

Regulatory clarity is a primary concern for digital currency adoption in India. While some governments worldwide have embraced cryptocurrencies, India has had an inconsistent regulatory stance, leading to confusion among consumers and investors (Singh & Mehta, 2020). The Reserve Bank of India (RBI) has warned against cryptocurrency risks, yet it has simultaneously introduced the Digital Rupee (CBDC) to offer a regulated alternative (RBI, 2023). This regulatory ambiguity contributes to low consumer trust and adoption hesitancy (Verma & Rajan, 2021).

### **Digital Literacy and Awareness Levels**

Consumer awareness and technological literacy significantly impact digital currency adoption. Research by Gupta and Banerjee (2022) highlights that younger, tech-savvy individuals are more open to using digital currencies, while older consumers and those from rural areas exhibit

higher levels of skepticism due to a lack of digital financial knowledge. Jain (2021) further emphasizes that education and targeted awareness programs can enhance consumer trust in digital assets. Perceived Benefits vs Risks

Digital currency adoption is influenced by the perceived trade-off between benefits (such as faster transactions, financial inclusion, and decentralization) and risks (volatility, fraud, and loss of investment) (Chakraborty & Dutta, 2023). Studies suggest that consumers are more likely to adopt digital currencies if they perceive tangible benefits, such as lower transaction fees and ease of use (Mishra & Shukla, 2021). However, high volatility and market manipulation concerns deter many potential users (Singh & Patel, 2019).

#### Social Influence and Media Representation

The role of social influence and media coverage in shaping public perceptions of digital currency is significant. Verma and Rajan (2021) found that positive media portrayals and endorsements by financial influencers contribute to greater consumer interest and trust. Conversely, reports of cryptocurrency scams and regulatory crackdowns create negative sentiment, leading to distrust and reluctance to invest (Sharma & Gupta, 2020).

### **3. Research Gap**

Despite the growing body of research on digital currencies, several gaps remain in understanding the Indian consumer's trust and perception:

#### Limited Studies on Trust in CBDCs vs. Cryptocurrencies

While there is research on consumer perception of Bitcoin and Ethereum, there is limited empirical evidence on how Indian consumers perceive the Digital Rupee (CBDC) and how their trust in it compares to decentralized cryptocurrencies (Jain & Patel, 2022).

#### Lack of Comprehensive Studies on Regulatory Influence

While regulatory uncertainty is widely recognized as a barrier to adoption, few studies have quantified its impact on consumer trust and decision-making in India (Singh & Mehta, 2020).

#### Demographic-Based Analysis of Digital Currency Adoption

Most existing studies focus on general adoption patterns, but there is a lack of research on how different age groups, income levels, and regions within India perceive and trust digital currency (Gupta & Banerjee, 2022).

## Influence of Digital Payment Experience on Digital Currency Trust

With India's success in UPI and digital banking, an unexplored area is how prior experience with digital payments affects consumer trust in decentralized cryptocurrencies and CBDCs (RBI, 2023).

### Behavioral Factors Influencing Trust

Current studies focus on technological and regulatory aspects, but psychological and behavioral factors influencing digital currency trust, such as risk appetite, financial literacy, and socio-cultural influences, are underexplored (Verma & Rajan, 2021).

## 3. Research Methodology

### 3.1. Research design

**Statement of the Problem:** The research analyzes Indian consumers' attitudes and levels of trust towards digital currency, investigating drivers of adoption, security concerns, and regulatory trust. It seeks to determine key drivers of public confidence and potential hindrances, offering insights for policymakers and business leaders to boost digital currency acceptance in India's changing financial landscape.

### 3.2. Objectives

1. To assess the awareness and understanding of digital currencies among Indian consumers.
2. To analyze the key factors influencing trust and adoption of digital currencies in India.
3. To evaluate consumer preferences between Central Bank Digital Currencies (CBDC) and cryptocurrencies.
4. To examine the impact of government regulations and media on public perception of digital currencies.

**Significance of the Study:** The research on public attitudes and trust in digital currency among Indian consumers is important as it investigates attitudes, levels of trust, and barriers to adoption. Addressing these issues assists policymakers, financial institutions, and companies in improving digital currency regimes, security, and public trust in digital transactions, promoting economic digitization.

**Sources of the Information:** Primary and Secondary sources

**Scope of the Study:** The research investigates Indian consumers' trust and attitudes towards digital currency, as well as factors that drive adoption, perceived risk, regulatory issues, and demographic differences. It seeks to evaluate public attitudes, determinants of trust, and policy implications for policymakers, businesses, and financial institutions in India's digital economy.

### **Sources of Data Collection:**

#### **Questionnaires and Surveys**

**Primary Data:** Design a well-structured questionnaire for Indian consumers. Queries can be regarding their awareness about digital currencies, confidence levels, usage rate, worries, and perception about the government and the regulatory system.

**Sampling Method:** Random sampling or stratified sampling (in consideration of various demographic parameters such as age, income, and education).

#### **Government Policies and Reports**

**Public Documents:** Read Indian government reports, regulatory documents, and central bank or finance ministry speeches regarding digital currencies.

**Press Releases:** Official announcements or public consultations on the regulation and implementation of digital currency.

#### **Existing Literature and Case Studies**

**Academic Research:** Gather data from existing journal articles, academic research, and books on digital currencies in India, trust, and public perception.

**International Studies:** Review research conducted in other countries with similar socio-economic factors to compare findings.

#### **Official Statistics and Surveys**

**Consumer Surveys by RBI:** The Reserve Bank of India (RBI) may have data or publications regarding public opinion on digital currencies, especially around RBI's digital rupee (e₹).

**National Statistical Data:** Government data from surveys of the Ministry of Statistics and Programme Implementation (MoSPI) on financial inclusion, internet penetration, and mobile wallet usage.

**Sample Framework of the Study:** The study will investigate the perceptions and trust of Indian consumers toward digital currency through a mixed-methods design. A quantitative survey will

measure the levels of trust, attitudes, and determinants of digital currency adoption across different population groups. Qualitative interviews will yield in-depth understanding of consumer opinions. Descriptive statistics and thematic analysis will be used to analyze data and identify patterns and key themes. The study seeks to determine barriers to trust and enable the formulation of consumer-friendly policies on digital currency.

Statistical Tools Used for Data Analysis: The data analysis based graphs, charts and diagrams

### **Limitations of the Study:**

**Knowledge of Digital Currency:** Consumers might not fully understand digital currencies. Misconception or ignorance of how digital currencies operate might result in false impressions or biased findings.

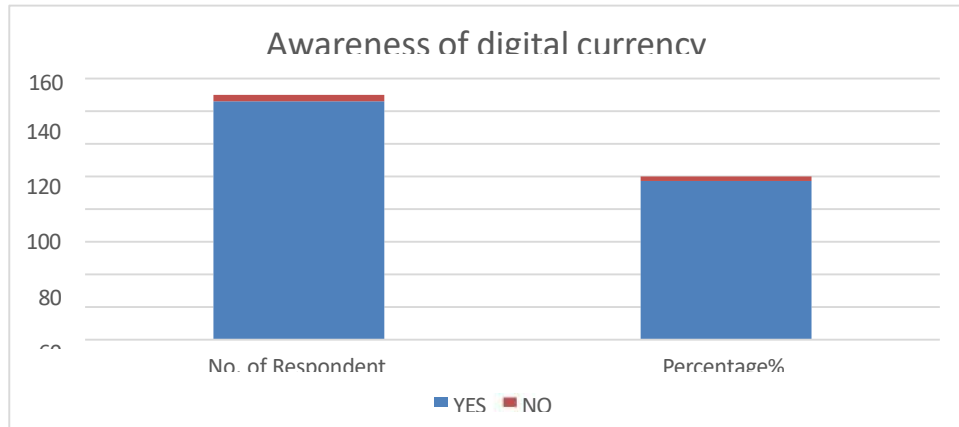
**Access to Technology and Internet Penetration:** The research could be constrained by the reality that adoption and perception of digital currency are affected by technology access and internet penetration, which differ between rural and urban India.

**External Factors:** Political, economic, and regulatory developments can quickly shift public opinion and confidence towards digital currencies. The research can be influenced by external factors like government moves on cryptocurrency regulation, which may bias results if they take place during the data collection process.

**Measurement Tool Limitations:** Measurement tools or instruments employed to assess attitudes and trust (e.g., questionnaires or scales) might not effectively capture the complexity of consumer attitude, resulting in limitations in terms of accuracy or depth of information gathered.

#### 4.Data Analysis and Interpretation

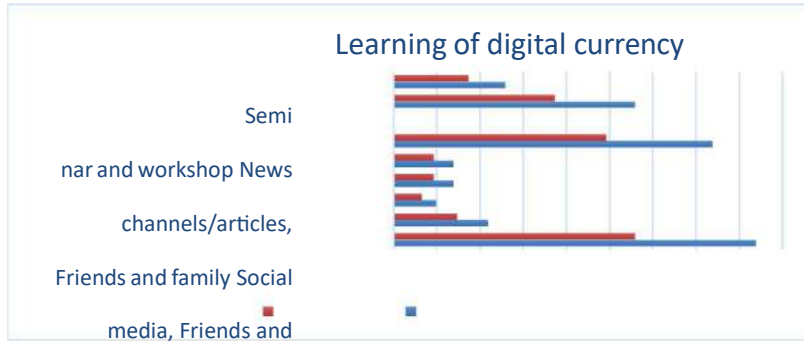
**Table 4.1: Awareness of digital currency**



(Source: Primary data)

Interpretation: The above table shows the awareness of digital currency. Many respondents opted for the options available such as Yes and No and respondents chose 97% and 3% respectively. The table was compared with the respondents' opinions.

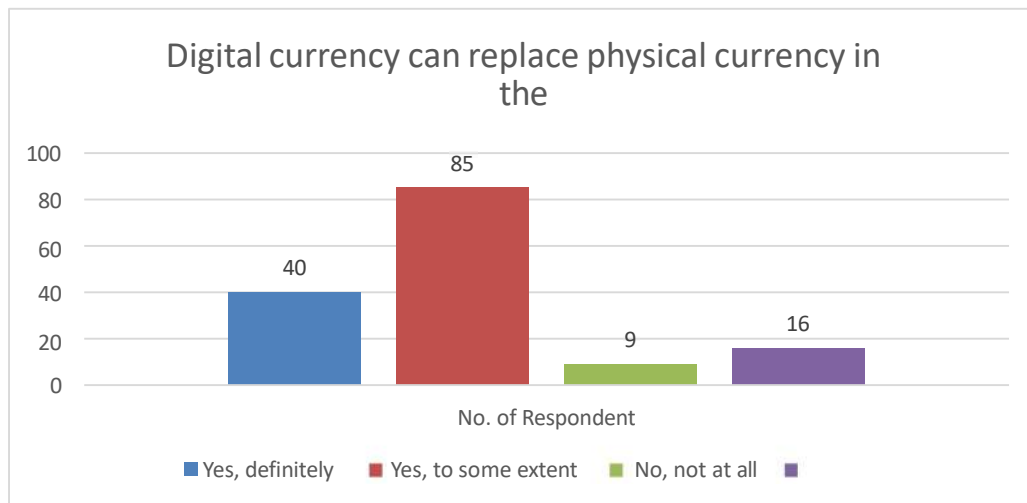
**TABLE 4.2: Learning of digital currency**



(Source: Primary data)

**Interpretation:** The above table represents the learning of digital currency of the respondents based on available platforms such as social media, Social media and News channels/articles, Social media, News channels/articles, Friends and family, Social media, News channels/articles, Friends and family, Seminar and workshop, Social media, Friends and family 28%, 7%, 3%, 5%, 5%, and 12% respectively. The other comparison is based on News channels and articles, News channels/articles, Friends and family, Friends and family, seminars and workshops 24%, 0%, 18%, and 8% respectively.

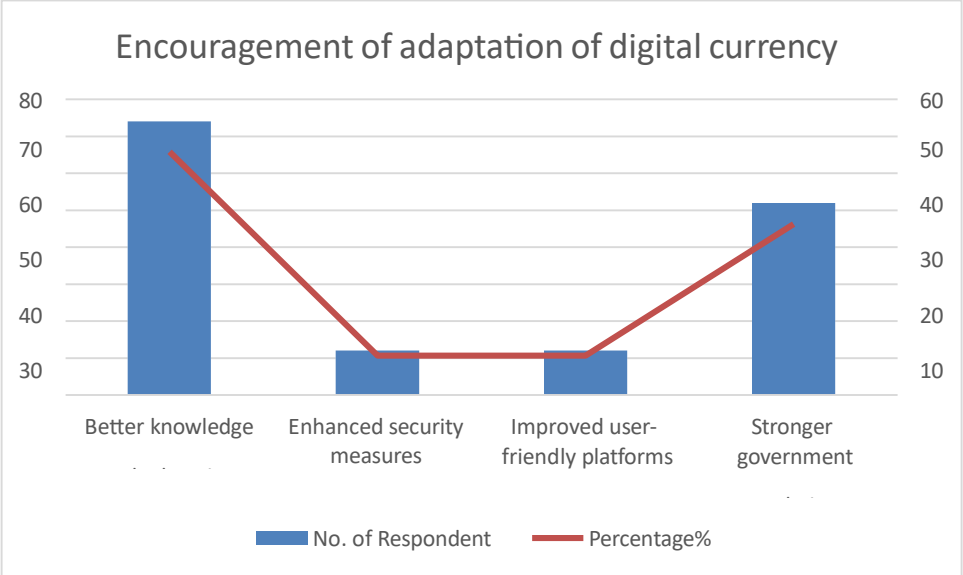
**TABLE 4.3: Digital currency can replace physical currency in the future**



(Source: Primary data)

Interpretation: The above table shows that Digital currency can replace physical currency in the future as the respondents provide their opinions many of them adopt that Yes, to some extent.the currency can be replaced based on the percentage of 85% and the other as such like currency many replaced or not Yes, definitely, No, not at all and unsure based on the percentage of 40%, 9% and 16% respectively.

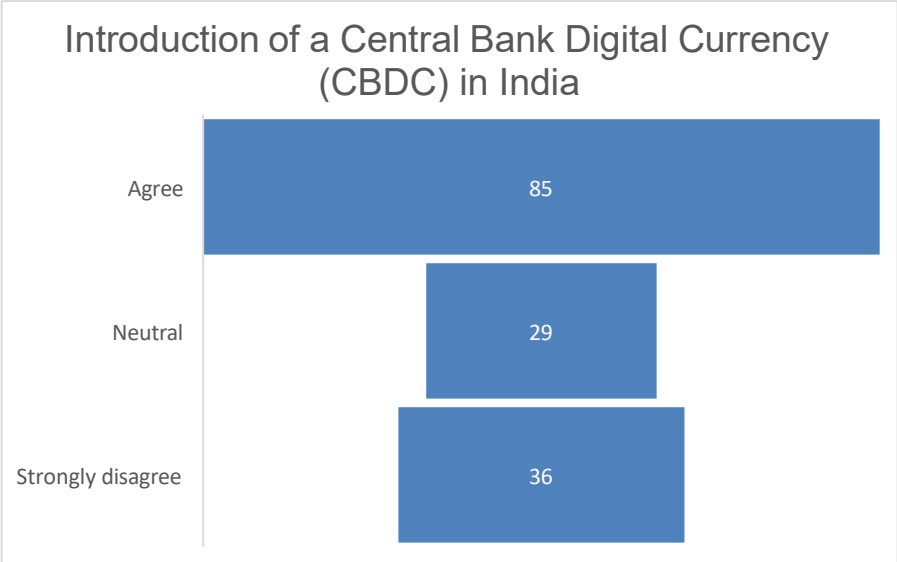
**TABLE 4.4: Encouragement of adaptation of digital currency**



(Source: Primary data)

Interpretation: The above table represent as Encouragement of adaptation of digital currency as respondents state that as the Better Knowledge and education required about the currencies as 74 respondents, as enhanced security and improved user-friendly platform as the equal respondents as 12 respectively, Stronger government regulations as the 52 respectively, as compared between better knowledge and education and stronger government regulations the better knowledge and education as the highest responses.

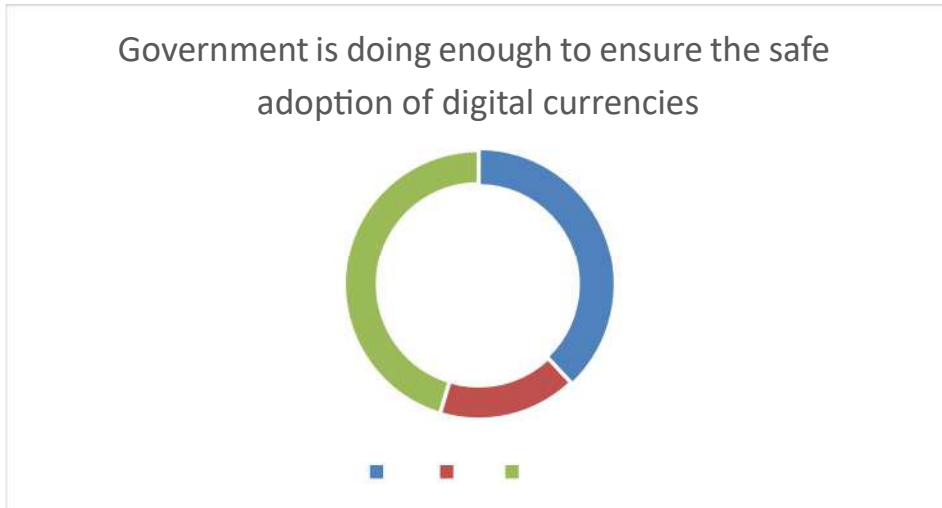
**TABLE 4.5: Introduction of Central Bank Digital Currency (CBDC) in India**



(Source: Primary data)

Interpretation: The above table represents the introduction of central bank digital currency (CBDC) in India as the respondents 85 people had agreed with CBDC, 29 people had neutral about agreed or strongly disagreed they don't have idea about the currency, 36 people had strongly disagreed about the CBDC, comparable of all three the agreed people are more to neutral and strongly disagreed.

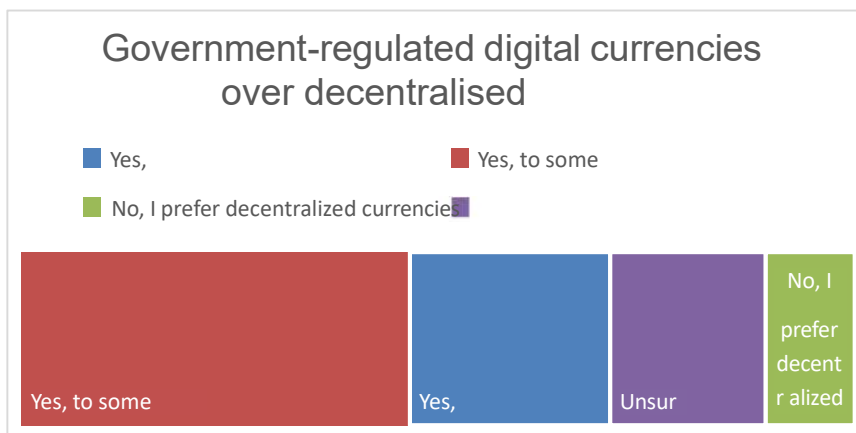
**TABLE 5.6: Government is doing enough to ensure the safe adoption of digital currencies**



(Source: Primary data)

Interpretation: The above chart represents the Government is doing enough to ensure the safe adoption of digital currencies as the Respondents opinion is the government is not to up to mark for the safety assurance the respondents provided 45% has provide the response for the may be and the remaining Respondents has provided Yes and No of 38% and 17% respectively, The respondents had don't trust about the safety adoption of digital currency.

**TABLE 5.7: Government- regulated digital currencies over decentralised cryptocurrencies**



(Source: Primary data)

Interpretation: The above chart represents the Government-regulated digital currencies over decentralised cryptocurrencies has the respondents share their opinion of Yes, to some extent of 70 respondent, the Yes always as responses of 36 respondent, the unsure and No I prefer decentralized currencies as the respondents response such as 28 and 16 respectively as more in the Yes, to some extent.

## **6. Findings Based on Objectives**

### **6.1 Awareness and Understanding of Digital Currencies Among Indian Consumers**

**Finding 1:** A significant majority (97%) of respondents were aware of digital currencies, indicating a high level of familiarity. However, understanding of the concept varies.

**Finding 2:** The primary sources of learning about digital currencies were social media (28%), news channels/articles (24%), and peer influence (18%), highlighting the role of media and social circles in shaping public knowledge.

**Finding 3:** Despite awareness, knowledge gaps persist regarding the technical aspects and implications of digital currencies, necessitating targeted education initiatives.

### **6.2 Key Factors Influencing Trust and Adoption of Digital Currencies in India**

**Finding 4:** Trust in digital currencies is heavily influenced by security concerns, government regulations, and user experience. Respondents emphasized the need for enhanced security measures and user-friendly platforms (12%).

**Finding 5:** Better knowledge and education (74 respondents) and stronger government regulations (52 respondents) were identified as key motivators for digital currency adoption.

**Finding 6:** Respondents were divided on whether digital currencies could fully replace physical currency. While 85% believed it could happen to some extent, only 40% believed in complete replacement.

**Finding 7:** The perception of government efforts in ensuring the safe adoption of digital currencies was mixed 45% were uncertain, 38% believed the government was doing enough, and 17% felt it was inadequate.

### **6.3 Consumer Preferences Between CBDCs and Cryptocurrencies**

**Finding 8:** A majority of respondents (85) supported the introduction of Central Bank Digital Currency (CBDC), while 36 respondents strongly disagreed, indicating varied perceptions

about its benefits.

**Finding 9:** Preference leaned towards government-regulated digital currencies over decentralized cryptocurrencies—70 respondents supported CBDCs to some extent, while only 16 preferred decentralized alternatives.

**Finding 10:** The regulated nature of CBDCs was seen as a key advantage, while concerns over volatility and lack of oversight deterred trust in decentralized cryptocurrencies.

#### **6.4 Impact of Government Regulations and Media on Public Perception**

**Finding 11:** Government policies and media coverage significantly influence consumer trust. Regulatory uncertainty remains a key barrier to widespread digital currency adoption.

**Finding 12:** Media portrayal—whether positive or negative—shapes public perception, with reports of security breaches or regulatory challenges leading to skepticism.

### **7. SUGGESTION**

Based on the findings of this study, the following suggestions can help improve public trust and perception of digital currencies in India:

#### **Enhancing Public Awareness and Education**

Government agencies, financial institutions, and technology firms should collaborate to create structured educational programs on digital currencies.

Awareness campaigns through social media, workshops, and seminars can help bridge the knowledge gap, especially in rural areas.

#### **Strengthening Regulatory Frameworks**

A well-defined, transparent regulatory framework can enhance public trust and reduce uncertainties surrounding digital currencies.

The government should introduce policies that clearly differentiate Central Bank Digital Currencies (CBDCs) from decentralized cryptocurrencies, ensuring consumer protection.

#### **Improving Cybersecurity and Fraud Prevention**

Strengthening security protocols and implementing advanced fraud detection systems will help build consumer confidence. Introducing mandatory Know Your Customer (KYC) and Anti-

Money Laundering (AML) measures can mitigate risks associated with digital currency transactions.

#### Promoting the Adoption of Central Bank Digital Currencies (CBDCs)

Since CBDCs are perceived as more stable and trustworthy, promoting their benefits through targeted campaigns can encourage wider adoption.

Providing incentives such as transaction fee waivers or cashback offers can boost consumer confidence in CBDC usage.

#### Encouraging Collaboration Between Banks and Fintech Companies

Traditional banks should integrate digital currencies into their services to provide a seamless transition for users. Partnerships with fintech companies can enhance accessibility and innovation in digital financial services.

#### Addressing Public Concerns Through Transparent Policies

Regular updates from the Reserve Bank of India (RBI) and other financial authorities regarding digital currency developments can reduce misinformation and speculation.

Clear guidelines on taxation, legal status, and dispute resolution mechanisms should be provided to consumers.

#### Leveraging Social Influence and Media Representation

The media plays a crucial role in shaping public perception. Positive coverage on successful digital currency adoption cases can enhance trust. Financial experts and influencers should be engaged to educate the public and dispel myths about digital currencies.

## CONCLUSION

This study highlights the growing awareness of digital currencies among Indian consumers, yet trust remains a critical barrier to widespread adoption. The findings indicate that while people recognize the potential of digital currencies, concerns regarding security, regulation, and technological literacy hinder their acceptance. The preference for Central Bank Digital Currencies (CBDCs) over decentralized cryptocurrencies suggests that regulatory backing and stability are key factors influencing trust.

To foster greater adoption and confidence in digital currencies, stakeholders—including policymakers, financial institutions, and technology providers—must take proactive steps in enhancing education, ensuring strong regulatory frameworks, and improving cybersecurity. The study underscores that a well-structured approach to digital currency integration, supported by public trust and clear policies, can accelerate India's transition toward a more digitized financial ecosystem.

By addressing these concerns and leveraging digital innovation, India can position itself as a leader in the digital financial revolution, ensuring that digital currencies contribute to financial inclusion, economic growth, and technological advancement.

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