

## ORIGINAL RESEARCH ARTICLE

# Digital assets for digital natives: Exploring familiarity and preference for cryptocurrency among millennials and Gen Z

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## ABSTRACT

Cryptocurrency has gained significant attention and popularity in recent years, leading to increased awareness and preference among individuals worldwide. This study explores the intertwined concepts of awareness and preference and reasons for buying cryptocurrencies among Chennai city's Millennials and Gen Z. This study did two things: a comprehensive but detailed systematic literature review on cryptocurrency and then conducted a survey, the study got 252 valid responses. After analysis, it has been observed that majority of the respondents are aware of cryptocurrencies and only a less percentage respondents own cryptocurrency. As individuals learnt about cryptocurrencies, their preference for these digital assets begins to take shape. Decentralized & transparent transactional system and financial inclusion and security & privacy emerge as significant factors driving preference, as individuals seek to escape the constraints of traditional financial systems and exercise direct control over their assets. Additionally, the potential for high returns attracts investors, drawing attention to the volatile but potentially rewarding nature of the cryptocurrency market. Global accessibility & speed and media & publicity are vital in promoting a sustainable and well-informed approach to the adoption and affinity for cryptocurrencies. This study holds the promise of exerting a positive influence on society by enabling better-informed decision-making, fostering greater financial and technological literacy, mitigating risks, and actively contributing to the responsible development of the digital asset industry.

**Keywords:** block chain; cryptocurrency; bitcoin; ethereum

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## 1. Introduction

A block chain is a digital transaction ledger that is protected from hacking and modification by a network of computers<sup>[1]</sup>. People can conduct safe transactions with one another using technology without the assistance of an intermediary, such as a bank or other third party. Cryptography links the expanding collection of data known as blocks. Each transaction is independently verified via peer-to-peer computer networks, time-stamped, and added to a growing chain of data. After it has been captured, it cannot be modified.

Bitcoin, Ethereum, and other cryptocurrencies have increased the popularity of blockchain technology, but it also holds great promise for the legal industry, real estate transactions, the medical field, and any other industry that needs to approve and record a series of actions or transactions. There are more than 400 cryptocurrency exchanges and over 11,000 crypto currencies<sup>[2]</sup>. The percentage of American adults who own cryptocurrency is around 14%, and many

more intend to do so. Several different currencies are available on the market, including USD (USDC), Bitcoin, Ethereum, Cardano, Tether, Binance Coin, Solana, XRP, Dogecoin, and Polkadot<sup>[3]</sup>.

As the use of cryptocurrencies increases, more companies are beginning to accept them as payment. Here are a few of the top businesses doing their part to enhance customer satisfaction and adjust to the evolving digital payment landscape. Starbucks, Microsoft, The Home Depot, Whole Foods, PayPal, AT&T, and so forth are a few examples.

Bitcoin has dominated the market for digital currencies. It is currently the most common and widely used digital currency. A lot of sizable businesses now recognise Bitcoin as an acceptable form of payment. They include Miami Dolphins, Dallas Mavericks, Wikipedia, Microsoft, AT&T, etc.

## 2. Review of literature

The bitcoin market's mechanism is rather complicated and hard to grasp<sup>[4]</sup>. Bitcoin, in instance, is real-time convertible to a traditional currency with a set value and this makes it more of a platform for payments than a currency<sup>[5]</sup>. The advantages of bitcoin is its security<sup>[6]</sup>, high return<sup>[7]</sup>, and minimal transactional charges<sup>[8]</sup>. The risks and disadvantages of using digital coin, are the lack of regulation<sup>[9]</sup>, lack of security<sup>[10]</sup>, anonymity and switching costs<sup>[11]</sup>. In context of portfolio analysis, risk management, and sentiment analysis, cryptocurrencies are distinct from other assets<sup>[12]</sup>. The acceptability of digital currency is its compatibility, awareness, and facilitation<sup>[13]</sup>.

The development of cryptocurrency is still on going. By establishing a fee-free, open-market trading environment, cryptocurrencies might revolutionise digital trade marketplaces<sup>[14]</sup>. New technologies are easily adopted by the younger generation, but older generations have more difficulty doing so<sup>[15]</sup>. India wouldn't be totally prepared to accept digital currencies for a few years<sup>[16]</sup>. The 18–24 age groups are conscious of cryptocurrency but hardly ever use it<sup>[17,18]</sup>. The review of literature shows that there are a few studies related to familiarity and preference for cryptocurrency in Indian context, hence this study helps to find out the behaviour of Millennials and Gen Z towards cryptocurrencies and digital assets.

## 3. Scope of the study

In an era of rapid technological advancement and digital financial innovation, a critical knowledge gap exists concerning the familiarity levels, and preferences of Millennials and GenZ towards cryptocurrencies and digital assets. As these generations comprise a substantial portion of the global population and are poised to play a significant role in the future of finance, it is imperative to understand the key challenges. There is a prevailing lack of comprehensive understanding and awareness of cryptocurrencies and digital assets among Millennials and Gen Z. This knowledge gap hinders their ability to make informed financial decisions in an increasingly digitized world. Cryptocurrency markets known for their volatility and lack of regulatory oversight, younger generations may be exposed to substantial financial risks if they choose to invest without adequate knowledge. Understanding their risk perception and investment behavior is crucial. The adoption of cryptocurrencies may lead to cultural shifts in how money is perceived and used. It is unclear how these generational cohorts view the intersection of technology, finance, and culture. The growing interest in cryptocurrencies among Millennials and Gen Z has the potential to disrupt traditional financial systems. Cryptocurrency has the potential to promote financial inclusion, but barriers such as digital literacy and access must be addressed. Understanding how Millennials and Gen Z view cryptocurrency's role in financial inclusion is vital. Policymakers and regulatory bodies face the challenge of creating frameworks that protect consumers while fostering innovation in the cryptocurrency space. Understanding the preferences and needs of younger demographics is essential for crafting effective regulations. Only few studies are there about familiarity and preference for cryptocurrency among millennials and Gen z in Indian context.

## 4. Objectives of the study

The study's core objective is to assess the level of familiarity that Millennials and Gen Z possess regarding cryptocurrency, analyze the prevailing rates of adoption and cryptocurrency ownership among them, and delve into the underlying preferences and motivations driving their interest in cryptocurrency within the urban context of Chennai city.

## 5. Research methodology

The descriptive research design was used and data were collected using questionnaire. The respondents were contacted and asked to complete a questionnaire. They were briefed on the research's purpose. They were told to be free to respond in an unbiased, genuine, and realistic manner. The target population for this study is Chennai. The researchers distributed 300 questionnaires using stratified sampling design and received 276 completed questionnaires from the respondents. Following review, the unfilled filled-in questionnaires were rejected due to incompleteness, errors, and insufficient information. Finally, 252 completed questionnaires were used in the current study to understand the awareness and preference for cryptocurrencies.

## 6. Result and discussion

**Table 1** shows the demographics of the responders that Male (45.24%) and Female (54.76%). Respondents of Millennials are 51.19% and Gen Z is 48.81%. Graduates make up 63.10% of educational qualifications, while Post Graduates make up 36.90%. According to the respondents' stream of education, management (10.71%), the arts (18.25%), engineering (37.3%), medicine (26.59%), and science (7.14%) were the popular fields.

**Table 1.** Demographics of the responders.

Description		Percent
Gender	Male	45.24
	Female	54.76
Age	Millennials	51.19
	Gen Z	48.81
Education	Graduate	63.10
	Post graduate	36.90
Educational stream	Management	10.71
	Arts	18.25
	Engineering	37.3
	Medicine	26.59
	Science	7.14

The occupations and awareness of Generations Y and Z are shown in **Table 2**. According to their occupation, Millennials respondents are currently doing UG (14.0%), PG (34.1%), working (23.3%), and searching for Job (28.7%). The percentages of people who are aware of cryptocurrencies are as follows: aware (32.5%), just heard about it (45.7%), and never knew about it (21.7%). According to source of awareness data, the respondents' primary information sources are friends (24.75%), news articles (17.82%), social media (37.62%), and television (19.80%).

The occupation of Gen Z respondents reveals that they are currently doing UG (2.44%), PG (71.54%), working (13.01%), and job-seeking (13.01%); awareness of cryptocurrencies shows that: aware (50.41%),

just heard about it (39.02%) and never heard about it (10.57%). The participant’s awareness data indicate that they learned about it from friends (40.91%), news articles (19.01%), social media (29.09%), and television (10.91%).

**Table 2.** Occupation and awareness of Millennials and Gen Z.

Description		Generation	
		Y %	Z %
Occupation	Currently doing UG	14	2.44
	Currently doing PG	34.1	71.54
	Working	23.3	13.01
	Searching for job	28.7	13.01
	Total	100	100
Awareness	Aware of it	32.5	50.41
	Just heard about it	45.7	39.02
	Never heard about it	21.7	10.57
	Total	100	100
Source of awareness	Friend	24.75	40.91
	News articles	17.82	19.09
	Social media	37.62	29.09
	Television	19.8	10.91

**Table 3** reveals that 11.51% of respondents own cryptocurrency, the most popular ones being Bitcoin (3.2%), Dogecoin (1.6%), Ethereum (1.6%), Monero (1.2%), Shiba inu (1.6%), Filecoin, (1.2%), Polygon (1.2%).

**Table 3.** Ownership of Crypto currencies.

Description	Percent	
Own crypto currencies	Yes	11.51
	No	88.49
Various coins owned by respondents	Bitcoin	3.2
	Dogecoin	1.6
	Ethereum	1.6
	Monero	1.2
	Shiba inu	1.6
	Filecoin	1.2
	Polygon	1.2

**Table 4** displays the preferences and motivations of Generations Y and Z when purchasing cryptocurrencies. According to Millennials respondents’ preferences, 70.30% prefer to buy, while 29.70% do not. Decentralized & transparent transactional system (15.4%), financial inclusion (6.21%), security & privacy (20.07%), high returns (11.22%), global accessibility & speed (14.1%), media & publicity (3.3%) are the motivators for Millennials respondents to make a purchase. According to Gen Z respondents’ preferences to buy, 89.09% of them do so, while only 10.91% do not. Decentralized & transparent transactional system (20.77%), financial inclusion (11.67%), security & privacy (24.63%), high returns (12.33%), global accessibility & speed (13.66%), media & publicity (6.03%) are the motivating factors for Gen Z respondents

to make a purchase. Millennials respondents' reasons for not preferring to purchase the item include No idea about how to buy it (3.3%), no regulation & legal protection (8.3%), limited acceptance and usability (6.6%), complexity and technical barriers (4.3%), lack of tangibility (7.2%). Gen Z respondents' reasons for not wanting to purchase are no idea about how to buy it (1.33%), no regulation & legal protection (3.34%), limited acceptance and usability (1.34%), complexity and technical barriers (3.5%), lack of tangibility (1.4%).

**Table 4.** Preference and reasons for buying Crypto currencies.

<b>Description</b>		<b>Generation</b>	
		<b>Y %</b>	<b>Z %</b>
Preference to buy	Yes	70.30	89.09
	No	29.70	10.91
	Total	100.00	100.00
Reason for preference to buy	Decentralized & transparent transactional system	15.4	20.77
	Financial inclusion	6.21	11.67
	Security & privacy	20.07	24.63
	High returns	11.22	12.33
	Global accessibility & speed	14.1	13.66
	Media & publicity	3.3	6.03
	Total	70.3	89.09
	Reasons for not preferring	No idea about how to buy it	3.3
No regulation & legal protection		8.3	3.34
Limited acceptance and usability		6.6	1.34
Complexity and technical barriers		4.3	3.5
Lack of tangibility		7.2	1.4
Total		29.7	10.91

## 7. Conclusion

The preference for cryptocurrency represents a paradigm shift in individuals' financial choices. Financial sovereignty, the possibility for high returns, security, transparency, financial inclusion, and skepticism of traditional systems all contribute to the growing interest and preference for cryptocurrencies. While risks and challenges remain, the evolving attitudes towards cryptocurrencies highlight the essential for continued education, regulatory clarity, and responsible investment practices to ensure the long-term viability and attainment of this transformative technology. The findings shows that Gen Z has greater knowledge about cryptocurrencies and it was discovered that almost 11% of the participants trade cryptocurrencies. Each of them has a different favourite coin. Modern technology has attracted Gen Z since it appeals to the younger generation, who are more interested in it. The usage of cryptocurrency is expanding in Chennai.

## 8. Limitations and future recommendations

This research has certain limitations. This research included respondents of Millennials and Gen Z and both gender from Chennai city, however, may not have explored the factors related to age and gender to its fullest capacity. This study was focused only Chennai city in India, therefore replicating the study in all cities of India may assist the research community, policy makers in understanding the significant difference between the users of cryptocurrency in India.

## Author contributions

Conceptualization, RSL and KJ; methodology, SV (S. Vijayakanthan); software, SV (S. Vijayakanthan); validation, RSL, KJ, SV (S. Vijayakanthan); formal analysis, GN; investigation, KD; resources, SV (S. Vasantha); data curation, RSL; writing—original draft preparation, RSL; writing—review and editing, KJ; visualization, SV (S. Vijayakantha); supervision, SV (S. Vasantha); project administration, KD; funding acquisition, GN. All authors have read and agreed to the published version of the manuscript.

## Conflict of interest

The authors declare no conflict of interest.

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