

# STUDY OF INVESTMENT PATTERN TOWARDS GOLD V/S BITCOIN

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## Introduction

Recent years have seen a noticeable shift in investor behaviour, with many beginning to place more value on virtual currencies like Bitcoin. Gold used to be the top choice for all investors back in the day. Investment gurus, market experts, and financial supporters are taking notice of this abrupt shift in investor behaviour. Even they view the price of gold as being unstable, perceive saturation in the market, and do not anticipate significant price increases in the near future. However, virtual currencies like Bitcoin are becoming more and more popular as new investment opportunities. Gold is frequently used as a hedge against the volatility of the stock market. This has already shown to be an effective tactic, but a more recent choice is to look into a traditional sanctuary of refuge. This paper is an attempt to investigate the acceptability of Bitcoin as compare to Gold. The area of research is Moradabad.

***Kew Words*** : Block Chain, Bitcoin, Cryptographic, Crypto currency

## Comparison between Gold and Bitcoin

Although bitcoin was introduced a little over ten years ago and has only recently gained widespread recognition, gold has long held the position of refuge in the resource market. Below, we will compare these two venture options side by side:

### 1. Safe and legal

Gold has the best trading, forecasting and structuring settings. In any case, it is difficult to steal it, pass it off as real gold, or damage the metal. Due to its inconsistency, distributed nature, and computational complexity, Bitcoin is also difficult to hack, even if the necessary infrastructure does not yet exist.

### 2. Extraordinary

Bitcoin and gold are rare investments. The distribution of Bitcoin mining rewards ensures that all 21 million Bitcoins will remain in circulation until 2140. It has been shown that there are only 21 million Bitcoins in cir-

ulation, and it is unclear when the world field will mine all the gold that can be mined. World. Another theory is that the rock could also be used for gold mining, and some groups even hope to do so in the future.

### **3. Valuation**

Gold is actually used for many uses, from luxury items like gemstones to specialty items in dentistry to hardware, and the sky is the limit. In addition to the importance of blockchain innovation, Bitcoin itself is also quite useful.

### **4. Liquidity**

Both gold and Bitcoin are considered liquid trading units and cash is easily available when needed.

### **5. Unstable**

Bitcoin's volatility is a major concern for investors who see it as a safe haven for their money. Just look at Bitcoin's price history over the last two years to see evidence. In early 2018, the price of one Bitcoin was around \$20,000. A year later, the price of one Bitcoin fluctuated between \$4,000 and \$5,000. It has since partially recovered from those losses, but is still a far cry from its original, furious price. Investors looking for less leverage than Bitcoin may want to look for safety elsewhere in the digital currency market.

### **Data Analysis**

Most existing studies focus on the price performance of cryptocurrencies, and many focus on evaluating market volatility, meaning investors cannot obtain abnormal results by analyzing historical information. These studies can be clearly divided according to the different economic methods used to identify or reject the weak form activity of cryptocurrencies.

In their study titled "Cryptocurrencies as Financial Instruments: A Systematic Review", S. Corbet, B. Lucey, A. Urquhart, and L. Yarovaya divide the studies into five categories: bubble research, regulatory research, cybercrime research, diversity research, and market research.

In a survey titled "The Financial Economics of Gold A Survey", O'Connor, F.A., B.M. Lucey, J.A. According to Batten and D. G. Baur, gold is one of the best materials; It is a dense, conductive, indestructible, shiny and beautiful metal. These unique characteristics make it nearly impossible for its value to change over time, making it recognized worldwide as the hedge or other security that best represents asset volatility.

"Is Gold a Hedging Tool or a Safe Haven?" In his works called "Analysis of Stocks, Bonds and Gold" Ball and Lucey concluded that stocks are financial assets that are uncorrelated or negatively correlated with other assets. Additionally, assets are considered safe when they serve as a hedge against a large market.

In Böhme, R. , N. Christin, B. Edelman, and T Moore, in their study "Bitcoin: Economics, Technology, and Management", concluded that Bitcoin is a highly decentralized digital currency with almost no intrinsic value. It has good value and It is a new payment method. Bitcoin is an online communication system that allows the use of virtual currency, including elec-

tronic payments. Digital currencies offer some unique features that make them very popular, such as anonymity, low cost and fast transactions, leading to a huge debate on the digitalization of the monetary economy.

In the study “The Impact of Research on the Determinants of Markets, Uncertainty and Bitcoin Returns”, Panagiotidis, Theodore, Thanasis Stengos and Orestis Vravosinos argue that Bitcoin is valuable and is influenced by gold. Additionally, the findings show that oil, exchange rates and interest rates have positive effects on Bitcoin. Conversely, uncertainty is believed to reduce Bitcoin returns.

It is worth noting that the study showing these effects is based solely on the GARCH specification, whether it is the traditional GARCH model or more advanced models such as the multifractal asymmetric detrended cross-correlation model. The study by Panagiotidis et al is an exception. (2019) were estimated using vector autoregressive (VAR) and best augmented VAR (FAVAR) models.

## **Research Methodology**

### **Test Instrument**

This study used a self-administered quantitative sample questionnaire.

### **Data Collection and sampling**

To conclude the conclusions of this report, approximately 127 responses will be received. Based on the parameters of usability, functional equivalence, and representativeness, the samples for this analysis were chosen. In cross-national surveys, a sampling problem that is well explored is equivalence. There are no particular geographical constraints.

### **Objectives**

To study the investment preference between bitcoin and gold.

To study the major factors considered while making an investment

To study the impact of COVI-19 on Investment preference,

### **Hypotheses**

1. Ho: People prefer to invest in Bitcoin rather than Gold.
2. Ho: There is an impact of COVID-19 on the investment preference of people.
3. Ho: There is an impact of different factors while investing.

### **Data Analysis**

Age of Respondents

### **Analysis and Interpretation**

It is observed that out of the sample of 127, 63.3% of the respondents belongs to the age group of 18-25 years, 24.5% of the respondents belong to the age group of 26-40 years and only 12.2% of the respondents belong to the age group of above 41 years... The Analysis shows that majorly the respondents belong to the age between 18-25 years which belong to the age group of youth.

## Source of information

### Analysis and Interpretation

It is observed that out of the sample of 127, 64.3% of the respondents use the news as a source of information before investing, 13% of the.

### Analysis and Interpretation

Ho: People prefer to invest in Bitcoin rather than Gold.

H1: People will not prefer to invest in Bitcoin rather than Gold.

Test of Homogeneity of Variances					
	Levene Statistic	Df1	Df2	Sig.	
What is your investment Preference	3.95	4	122	.005	

  

ANOVA					
	Some of Squares	df	Mean Square	F	Sig.
What is your investment Preference	9.30	4	2.33	9.65	.000
Between Groups	29.41	122	.24		
Within Groups	38.71	126			
Total					

### Analysis and interpretation

In statistics, one-way ANOVA is a method that can be used to compare the means of two or more samples using the distribution. We are using one-way ANOVA in this analysis to find out the relationship between the dependent and independent variables. ANOVA test will help in knowing the investment preference for a different group of people.

#### Here the:

#### Independent variable: Do you invest?

Dependent variable: What is your investment preference?

The table shows the output of the ANOVAs test. The respective "F" value of each statement is with "People will prefer in Bitcoin rather than Gold" with a value of 9.65. The hypothesis is rejected because the value is less than 0.05.

Therefore it is concluded that people prefer to invest in Gold rather than Bitcoin due to various reasons like safety and more awareness about Gold and bitcoin.

### One Way Anova for COVID Impact

Ho: There is an impact no of COVID-19 on the investment preference of people.

H1: There is an impact of different factors while investing.

Test of Homogeneity of Variances					
	Levene Statistic	Df1	Df2	Sig.	
Does Covid 19 Affected you choice of investment	3.00	4	122	.021	
ANOVA					
	Some of Squares	df	Mean Square	F	Sig.
Does Covid 19 affected your choice of investment					
Between Groups	.16	4	.04	.61	.656
Within Groups	8.20	122	.07		
Total	8.36	126			

### Analysis and interpretation

In statistics, one-way ANOVA is a method that can be used to compare the means of two or more samples using the distribution. We are using one-way ANOVA in this analysis to find out the relationship between the dependent and independent variables. ANOVA test will help in studying the impact of COVID 19 on investment preference for a different group of people.

**Here the:**

**Independent variable: Do you invest?**

**Dependent variable: Does COVID 19 affect your choice of investment.**

The table shows the output of the ANOVAs test. The respective "F" value of each statement is with "There is the impact of COVI-19 on investment Preference "with a value of 0.61. The hypothesis is accepted because the value is more than 0.05.

Therefore it is concluded that COVID-19 has impacted the investment decision of people due to uncertainty and volatility in the market. People were confused and in fear of loss started evaluating their investment.

### One Way Anova for Factors affecting investment decision

**Ho:** There is no impact of different factors while investing.

**H1:** There is an impact of different factors while investing.

Test of Homogeneity of Variances					
	Levene Statistic	Df1	Df2	Sig.	
What are the factors you consider for making investment	2.26	4	122	.066	
ANOVA					
	Some of Squares	df	Mean Square	F	Sig.
What are the factors you consider for making investment					
Between Groups	3.91	4	.98	.76	.545
Within Groups	154.28	122	1.26		
Total	158.19	126			

## **Analysis and interpretation**

In statistics, one-way ANOVA is a method that can be used to compare the means of two or more samples using the distribution. We are using one-way ANOVA in this analysis to find out the relationship between the dependent and independent variables. ANOVA test will help in finding out the different factors which affect investment decisions. Here the:

### **Independent variable: Do you invest?**

### **Dependent variable: What are the factors you consider for main investment?**

The table shows the output of the ANOVAs test. The respective "F" value of each statement is with "There is the impact of different factors while investing" with a value of 0.76. The hypothesis is accepted because the value is more than 0.05.

Therefore it is concluded that different factor affects the investment decisions. People used to invest considering different factors, for example, Gold is a more safe investment as compared to Bitcoin whereas Bitcoin is the rarest investment option as compared to Gold.

## **Conclusion**

In order for Bitcoin to become more than just a novelty and establish itself as legitimate currency, its daily value needs to stabilise in order for it to function as a reliable store of significant value and a unit of record in commercial marketplaces. The unwarranted volatility that emerged is more consistent with the behaviour of a speculative endeavour than money. As previously mentioned, among other things, bitcoin encounters difficulties due to its peculiar decimal valuation of everyday household goods, the dearth of traders that accept it, and the cumbersome process of buying bitcoin from a seller. The somewhat low level of PC knowledge required to use bitcoin addresses another barrier to its widespread adoption.

Without acceptance into this framework, bitcoin has shown itself defenceless against fraud, theft, and interference by skilled computer programmers. However, proponents of bitcoin argue that it avoids the significant flaws in traditional financial security models, which have led to widespread instances of mass fraud and associated problems for traditional customers of traditional businesses. In the absence of acceptance into this framework, bitcoin has proven to be powerless. Finally, there is a long-term underlying financial problem with bitcoin, which is related to the complete breaking point of 21 million units that can ever be distributed. There is no way to extend the supply of bitcoin past the year. As the currency supply will not increase in the show with financial development, bitcoin would have a deflationary effect on the economy if it proves to be extremely effective and overthrows national fiat monetary norms. In the current environment, most experts would have to regularly accept compensation reductions.

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