

# Factors influencing Cryptocurrencies investment intention: A study on the customer perception in Sultanate of Oman

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## Abstract

*E-governance which is a recent technology plays in a significant role around the world which includes blockchain approach. The topic of cryptocurrency is discussed by numerous research scholars and analysed accordingly to identify the profitable cryptos as it comprises of lots of risk factors. Implementation of block chain in a country governs rules and administration in bureaucratic country. This study would help to understand e-governance and related literature to explore the probable value, risks components and its own restrictions in Sultanate of Oman. Early years in the country regarding the blockchain technology bear cost elements, accuracy matters and reliability aspects, transparent issues and accountable services. Centralization of delegated authority is obligatory to set new guidelines in the Sultanate to resolve the issues relating to block chain methodologies using manpower who are dynamic to frame tax laws. The objective of this article is to understand the concept of cryptocurrency around the world in general and in particular in Sultanate of Oman. The study also would analyze the regulation of cryptocurrencies in Oman and also to comprehend the perception of the general public and investors around the Muscat City. Cryptocurrencies have not been explored much in gulf region and this study would also help us to discover more of cryptocurrencies through a questionnaire which has been collected from investors and general public. The findings of the study have been interpreted with the help latest research statistics.*

*Key words: Cryptocurrency, Bitcoin, awareness, regulation and governance.*

## Introduction

Satoshi Nakamoto is a person who introduced Bitcoin has circulated the bitcoin algorithm for the first time during the year 2009 along with blockchain database (The Week 2017). The conception of the bitcoin was to construct a decentralized way of protection and transparency, the cryptocurrency has endured a major progression over time (Kharif Olga 2019). By this system individuals can send and receive payments directly which do not require the other part to be commercial dealer. This process facilitates a lot in the economic world as dispenses with paper currencies by saving time, effort in transportation, and less cost for exchange (Fortune 2019). Cryptocurrencies exist as entries of database and all transactions are recorded in public ledger (Bearman Sophie 2017). It known as cryptocurrency because it depends on encryption to verify transaction to provide security and safety for users. Bitcoin is the first digital currency in the world was established in 2009 and stands as the best one until this day. Interested people trade in cryptocurrency market to get profit from market fluctuations. In this study it is decided to understand the awareness level and the extent of the knowledge of citizens and residents in this area on the possibility of using this type of currency for

daily transactions in Sultanate and the regulations of cryptocurrencies in Oman exploring through various journals, articles and websites relating to Sultanate of Oman.

### **Significance of the study and Statement of the problem**

In today's world, almost half the world population might have heard the word cryptocurrency or bitcoin. Since 2013, seven cryptocurrencies were only known to the public and today active cryptocurrencies are accounted for over 20,000. The cryptocurrency market cap is worth more than 800 billion dollars collectively. It is important to understand the concept of cryptocurrencies that are digital currency invested by high end to amateur traders. It is the significant the citizens and residents of Oman should know the pros and cons of the cryptocurrencies which are viable for the hackers and criminal for the illegal activities operated in the dark side. It is also significant to identify the regulations of the country to have safe, transparent and secured transactions as per the rules for the increasing investors around the security weakness (Tech Target 2023). This study would help the readers to identify the different type of bitcoins among the cryptocurrencies and its regular trading activities along with the regulations. The study has used secondary sources of data from various websites of the related cryptocurrencies, articles published in the academic and trading backgrounds, journals of finance and cryptocurrencies to identify the knowledge of the different cryptocurrencies, awareness level of the cryptos among the educated bachelors and amateur traders entering the dealings of the similar kind.

### **Cryptocurrencies around the world**

The adoption rates of cryptocurrency among nations are drastically varies. Southeast Asian is considered the highest nations who adopt cryptocurrency as well as United States of America with 1 in every 5 American are owning a digital currency. About 295 million people worldwide are using any form of cryptocurrency as a payment option or owning a share in stock market (Statista, 2023). In addition, businesses are using cryptocurrency as a payment option and crypto ATMs are installed in major cities such as New York and Amsterdam. However, about 20% of world's countries banned any form of cryptocurrency as a legit currency to hold value and not to be used as a payment option within its economy (Howarth, 2022). According to (Statista, 2023), the number of cryptocurrencies users are expected to increase to 53.20 million users by 2027 in America, which suggests the cryptocurrency without a doubt is going to be used more frequently for daily transactions in the next few years. Nevertheless, the user penetration of cryptocurrency is expected to hit 5.1% by 2027 as it were 4.5% in 2022. Furthermore, cryptocurrency is trending significantly, specifically bitcoin among American young adults. Recent reports indicates that about 55% of young adults are interested in buying or owning a bitcoin by 2025. In addition, a recent study conducted by Coinbase showed that there is a relatively sufficient demand for any form of cryptocurrency among college students in the US. According to, (Statista, 2023), About 18 percent of college students owned any form of cryptocurrency in 2018, which indicates that there is a positive trend for cryptocurrency among young generation, which potentially enable them to become major owners of any form of cryptocurrency once they gained access to formal source of income.

### **Awareness of Cryptocurrencies high in Oman as ownership grows**

The term crypto is very much familiar and fast spreading around the globe in the recent past. The awareness on the crypto currencies among Omani citizens and residents increasing day by day viz., bitcoin, Ethereum, and few other crypto currencies as per the recent survey results. Recent survey conducted by Omani investing society namely souq analyst shows that the knowledge of crypto is growing at a faster phase. The survey observed that 97,9% of respondents who are Omani adults have an idea about crypto currencies signaling knowledge and awareness on the crypto currencies. Triple

A and souq analyst have concluded in a report during 2023 that 65000 people at Sultanate invest and own cryptocurrencies that which accounts 1.9% of Oman's total population. Saudi Arabia has 1.6% contribution to crypto, 0.9% contribution each from Qatar and Bahrain. It is surprising around 90% of investors in cryptos of on are between the age category of 18 and 44 years and only 8% are above the age of 45 years. The founder of Souq analyst has indicated that digital currency acceptance cannot be underrated and the stage of knowledge familiarity, ideas and engagement in Sultanate of Oman is not less than the rest of the world. This concept and approach have impact on economic financial assessment among the global scenarios (Muscat Daily 2023).

It is also worth noting around 66% of the investors in Sultanate has minimum of Bachelor's degree education and around 25% of the investors belongs to the category of high school graduates. Bitcoin among different crypto currencies was highly known among crypto owners in Oman. It is also observed among total investments in crypto currencies around 55% of cryptos in the form of bitcoin and 48% of investments belongs to Ethereum category. Ethereum stood in the second place among crypto investments and ripple (XRP), tether and other coins follows the ranks respectively. The crypto currency which are in digital form has been believed and trusted by majority of investor like the traditional currencies. The study of Souq analyst revealed 12% of crypto owners possess more than 10,000 worth of crypto currencies. The study also revealed 62% of the respondents of survey have showed their concern to enhance the investment in the current year, which includes 62% of the owners invest for long term investment's purpose, 25% of the crypto owners invested for knowledge and educational purpose and around 23% of the investors invest for trading daily basis (Oman Observer 2020).

### **Regulation of Cryptocurrencies in Oman**

Regulation of digital currencies on Bitcoin and crypto currencies and blockchain technologies were issued by Central Bank of Oman during 2017 indicating the cryptocurrencies are not legal tender in Sultanate of Oman and warned Omani citizens and residents to act cautiously on the risk factors of crypto currencies transactions. During 2020 Oman has issued a notice that the crypto transactions are legal but not regulated. It is by notice of banking law No.1148/2000 issued a legal notice by Central Bank of Oman that holding, and trading of crypto currencies are not guaranteed by Oman central and not protected by banking act. Most of the crypto regulations in different countries are line with the governing bodies that legality of various cryptocurrency mining is still not clear. According to financial crimes enforcement network crypto mining are money transmitter as per the governing rules of the respective nations (Conrad Prabhu (2022)).

In Israeli holding and trading crypto currencies is legal business and the returns on the crypto transactions are legal. In India and neighborhoods countries crypto regulations with risk announcement whereas the Canada and US are much friendly crypto transactions. It is also worth noting some countries with the jurisdiction banned crypto transactions. Non fungible tokens refer to digital currencies that are transacted around Sultanate is trillion global crypto ecosystems has explored the growth of the crypto currency. Capital market authority has launched consultancy services to advise the authorities on the reviewing and executing governance on regulatory framework for digital transactions along with licensing procedures, supervisory activities and regulations of service providers of legislative and regulatory framework. Digital transactions that are a virtual asset can be used for trading and investment purposes. The regulations does not restrict crypto currency, bitcoin and Ethereum, but also asset backed virtual securities (Freeman law (2023)). \

Central Bank of Oman has warned the general public that not all agencies and banks are allowed to trade in crypto in Sultanate. Central Bank of Oman through various ministry applications and notices issued suggestions and cautious on financial, legal and operational security risk for the users, traders

and holders of crypto currencies. It is also important to note there are very few customers protection mechanism on crypto currencies trade as it is a new innovative virtual methodology, and it requires time to understand and to proceed accordingly. Central Bank of Oman has announced two phases of advisory activities for their users, investors and traders that would concentrate making an apt framework as part of regulation to virtual transactions along with guidelines for the economic growth and the phase 2 would concentrate on offering different training activities, extended technical support through capital marketing authorities on execution and implementation methodologies (Terence Zimware 2023).

There are huge regulations followed to pay and sell cryptocurrency on blockchain. Each transaction is recorded into blocks and time stamped and require two factors. For example, you must enter username and password for your account then receive code by SMS or personal call. All these processes to save cryptocurrency from hackers. Although all these processes, cryptocurrency have been hacked many times for that need to improve and save blockchain by make rules and develop a new technology to run it. According to consumer reports, investing in it is very risk compared to other markets. On the other hand, it makes a high profit as well. For example, the price of Bitcoin in 2018 was approximately 2800 USD while its price today about 16000 USD (Unlockbc.com (2020).

### Data Analysis and Discussion - Reliability and Validity Test

Reliability and Validity are two important terms in the field of research and ensures the measurement of particular assessment. Consistency is measured with the help of reliability test and accuracy is measured with the help of validity. When Quantitative research approach is used, it is also important to assess the reliability and validity in the research design in order to plan the methodology, interpreting results failing which would result with bias.

**Table No.1**

Case Processing Summary			
		N	%
Cases	Valid	235	100
	Excluded <sup>a</sup>	0	0
	Total	235	100.0

**Source: Questionnaire**

The above table No.1 shows the case proceeding summary of the samples 235 respondents.

**Table No.2**

Reliability Statistics	
Cronbach's Alpha	No of Items
.921	15

**Source: Questionnaire**

The above table No.2 shows the reliability statistics of Cronbach's Alpha of 0.921 with 15 number of times

**Table No.3**

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Total Correlation	Item-Cronbach's Alpha if Item Deleted
Cryptocurrencies are subjective in nature	46.23	163.893	.504	.920
Cryptocurrencies creates high profit expectation	46.76	155.567	.772	.911
Cryptocurrencies are very good investment for future	46.80	154.287	.775	.911
Cryptocurrencies creates eagerness to understand the system	47.00	158.742	.686	.914
Cryptocurrencies are memorable	46.76	159.674	.616	.916
Cryptocurrencies creates high profit expectation	46.76	155.567	.772	.911
Cryptocurrencies are very good investment for future	46.80	154.287	.775	.911
Cryptocurrencies creates eagerness to understand the system	47.01	158.292	.704	.914
Cryptocurrencies create enthusiasm to earn	46.65	162.058	.579	.917
Cryptocurrencies are fast medium of transactions	46.28	167.199	.448	.921
Cryptocurrencies have high risk of loss	46.26	162.925	.595	.917
Cryptocurrencies are difficult to follow up	46.87	160.533	.614	.916
Cryptocurrencies need experts' knowledge	46.51	159.272	.617	.916
Cryptocurrencies are not regulated by government	46.87	165.609	.500	.920
Cryptocurrencies trading is very much restricted	47.22	160.111	.541	.919

**Source: Questionnaire**

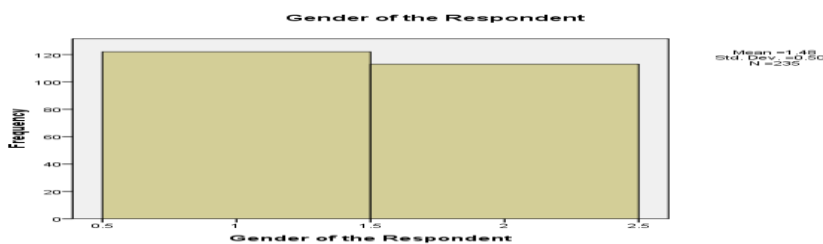
The above table No.3 shows the mean value of the data if item deleted, variance if item deleted, corrected correlation total and Cronbach's Alpha if item deleted. The above table No.2 of reliability statistics shows Cronbach's Alpha with 0.921 which shows internal consistency is excellent. It helps to understand the number of items included in the questionnaire are reliable or not reliable by assessing different elements of the similar construct.

**Frequency Distribution**

**Table No.4**

Gender of the Respondent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	122	51.9	51.9	51.9
	Female	113	48.1	48.1	100.0
	Total	235	100.0	100.0	

**Source: Questionnaire**



**Figure No.1**

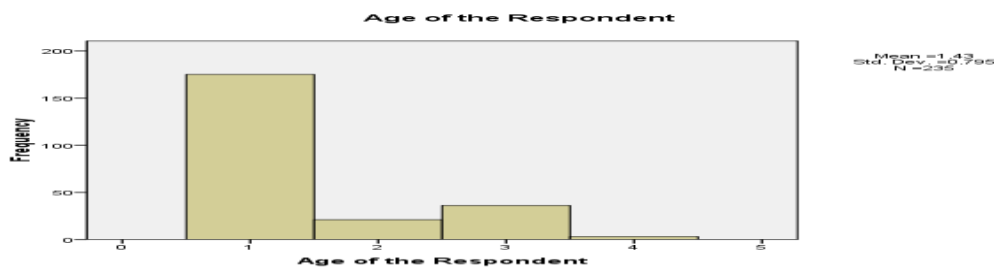
**Source: Questionnaire**

The above table number 4 shows the majority of the respondents around 51.9 percent are male and the rest of the respondents are female.

**Table No.5**

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Below 25 years	175	74.5	74.5	74.5
25 to 30 years	21	8.9	8.9	83.4
31 to 40 years	36	15.3	15.3	98.7
Above 40 years	3	1.3	1.3	100.0
Total	235	100.0	100.0	

**Source: Questionnaire**



**Figure No.2**

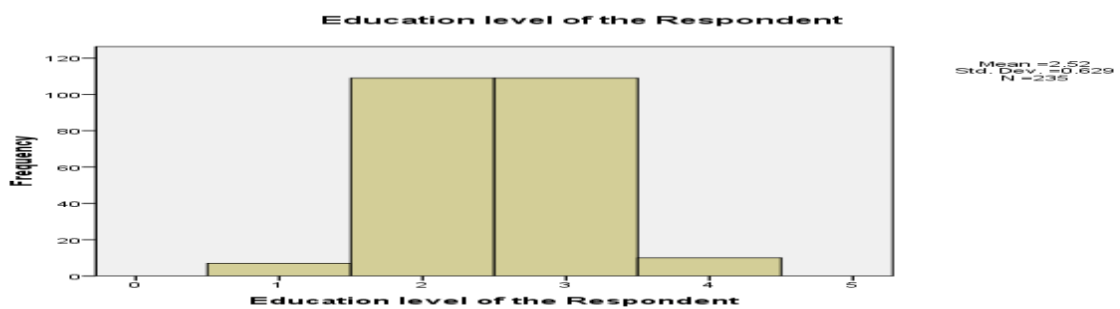
**Source: Questionnaire**

The above table number five shows the age of the respondents of the study, majority of the respondents accounting to 74.5% belongs to the age category of less than 25 years.

**Table No.6**

Education	Frequency	Percent	Valid Percent	Cumulative Percent
School	7	3.0	3.0	3.0
Diploma	109	46.4	46.4	49.4
Bachelor	109	46.4	46.4	95.7
Others	10	4.3	4.3	100.0
Total	235	100.0	100.0	

**Source: Questionnaire**



**Figure No.3**

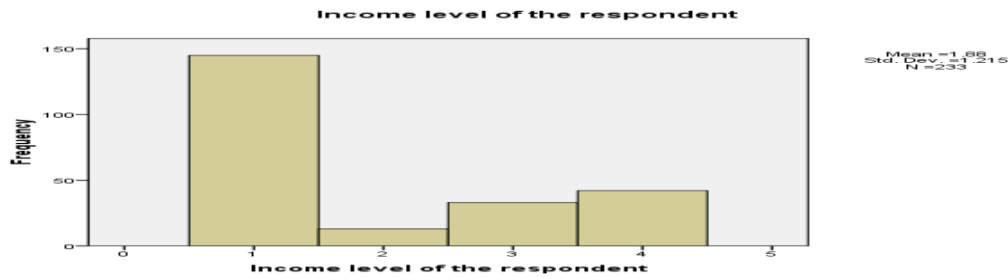
**Source: Questionnaire**

The above table No.6 shows the education details of the respondents, majority of the respondents to the study have diploma as well as bachelor degree.

**Table No.7**

Income	Frequency	Percent	Valid Percent	Cumulative Percent
Below 750 OMR	147	62.5	62.5	62.2
750 to 1000 OMR	13	5.5	5.6	67.8
1001 to 1250 OMR	33	14.0	14.2	82.0
Above 1250 OMR	42	17.9	18.0	100.0
Total	235	100.0	100.0	

**Source: Questionnaire**



**Figure No.4**

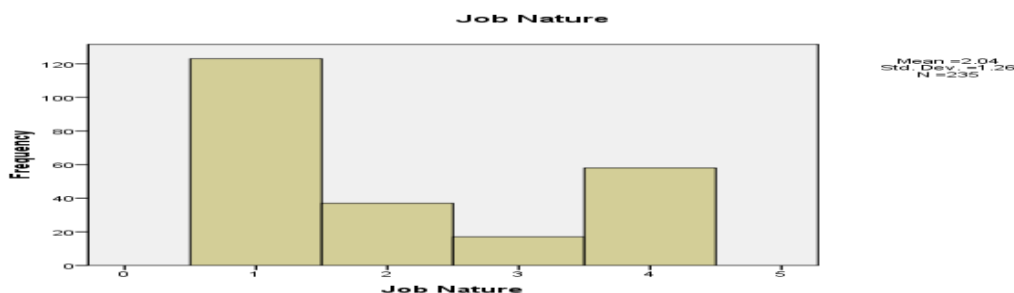
**Source: Questionnaire**

The above table No.7 shows the income level of the respondents to the study and the majority of the respondents who invest in the cryptocurrencies in Oman belongs to the salary level of less than 750 rials per month.

**Table No.8**

Nature of the Job	Frequency	Percent	Valid Percent	Cumulative Percent
Ministry related Job	123	52.30	52.30	52.3
Private related Job	95	40.42	40.42	92.72
Self Employed	17	7.2	7.2	75.3
Total	235	100.0	100.0	

**Source: Questionnaire**



**Figure No.5**

**Source: Questionnaire**

The above table No.8 shows the nature of the job of the respondents to the study, majority of the respondents to the study are working in ministry related jobs and the rest from private and self-employed nature.

### Hypothesis 1

Ho: There is no association between income of the respondents and awareness level of the respondents on cryptocurrencies

H<sub>1</sub>: There is association between income of the respondents and awareness level of the respondents on cryptocurrencies

**Table No.9**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	66.973 <sup>a</sup>	54	.111
Likelihood Ratio	71.097	54	.059
Linear-by-Linear Association	6.952	1	.008
N of Valid Cases	235		

a. 58 cells (76.3%) have expected count less than 5. The minimum expected count is .03.

**Source: Questionnaire**

The above No.9 shows that p value is 0.111 which is less than five percent level of significance level, hence it fails to reject the null hypothesis and it is concluded that there is no association between income of the respondents and awareness level of the respondents on cryptocurrencies.

### Hypothesis 2

Ho: There is no association between income of the respondents and motivation level of the respondents on cryptocurrencies

H<sub>1</sub>: There is association between income of the respondents and motivation level of the respondents on cryptocurrencies

**Table No.10**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.131E2 <sup>a</sup>	57	.000
Likelihood Ratio	113.970	57	.000
Linear-by-Linear Association	.336	1	.562
N of Valid Cases	235		

a. 68 cells (85.0%) have expected count less than 5. The minimum expected count is .06.

**Source: Questionnaire**

The above No.10 shows that p value is 0.000 which is less than five percent level of significance level, hence it rejects the null hypothesis and it is concluded that there is association between income of the respondents and motivation level of the respondents on cryptocurrencies.



### Hypothesis 3

Ho: There is no association between education level of the respondents and barriers on cryptocurrencies

H<sub>1</sub>: There is association between education level of the respondents and barriers on cryptocurrencies

**Table No.11**

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	57.820 <sup>a</sup>	57	.445
Likelihood Ratio	66.003	57	.194
Linear-by-Linear Association	1.161	1	.281
N of Valid Cases	235		

a. 56 cells (70.0%) have expected count less than 5. The minimum expected count is .06.

**Source: Questionnaire**

The above No.11 shows that p value is 0.445 which is more than five percent level of significance level, hence it fails to reject the null hypothesis and it is concluded that there is no association between education level of the respondents and barriers on cryptocurrencies.

### Conclusion

Cryptocurrencies adoption by individuals are growing every day and every country has commenced to adopt the different cryptocurrencies across the globe. Customers, business and various ministries are trying to create innovative regulations to handle the cryptocurrencies due to the difficulties faced by each of them through attacks from cyber nature and other security issues. The study would help the readers, traders and investors of cryptocurrencies to understand the security issues as the cryptos are used for illegal transactions and criminal uses. This is the need of the hour for everyone to have understanding, knowledge and awareness on the subject to play safe. It is easy to enter the crypto game and easy to lose money, thus it requires the awareness and education on the subject matter to have better understanding. This study would help to have an overview on the subject matter. The research study used reliability and validity test which shows Cronbach's Alpha values that are excellent proving the questionnaire used shows internal consistency is excellent. The study has also used latest SPSS software to assess the frequency distribution and Chi-square test to test the hypothesis framed. The first hypothesis shows that there is no association between income of the respondents and awareness level of the respondents on cryptocurrencies. Second hypothesis that there is association between income of the respondents and motivation level of the respondents on cryptocurrencies. The last hypothesis shows there is no association between education level of the respondents and barriers on cryptocurrencies.

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