

Abstract

This paper explores the perception and awareness of digital currency among the Pakistani populace. In an era where digital transactions are becoming increasingly prevalent, understanding how digital currency is perceived in a cash-dominant economy like Pakistan is crucial. This study investigates the levels of awareness, interest, and concerns associated with digital currencies, including cryptocurrencies, among various demographics in Pakistan. Utilizing a survey methodology with 140 respondents, the research reveals that while there is significant interest in digital currencies, there are notable concerns regarding security and volatility. The study also highlights the critical role of education and government regulation in enhancing the adoption and trust in digital currencies. Findings indicate a positive inclination towards learning about and using digital currencies, provided there are adequate informational resources and regulatory frameworks. The results underscore the potential of digital currencies to transform financial practices in Pakistan, provided there is strategic support from educational initiatives and governmental policies.

Key words: *Digital Currency, Cryptocurrency, Digital Payments, Blockchain Technology, Financial Education*

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Perception of Digital Currency in Pakistan

Introduction

In the world of money, a new player has arrived, and it's called digital currency. You might have heard about Bitcoin, cryptocurrency or other online coins. They're not like the money you can hold in your hand; instead, they exist in the digital world. This term paper is all about understanding what people in Pakistan think about this new kind of money.

Before delving into how it works, and what people think about it. We first need to know about the subject which is digital currency.

Digital money (or digital currency) refers to any means of payment that exists in a purely electronic form. Digital money is not physically tangible like a dollar bill or a coin. It is accounted for and transferred using online systems. One well-known form of digital money is the cryptocurrency Bitcoin.

Digital currency (digital money, electronic money or electronic currency) is any currency, money, or money-like asset that is primarily managed, stored or exchanged on digital computer systems, especially over the internet. Types of digital currencies include cryptocurrency, virtual currency and central bank digital currency

The Rise of Digital Currencies

The inception of digital currencies marked a departure from conventional financial systems. Decentralization is a cornerstone of these currencies, eliminating the need for intermediaries such as banks and governments. Blockchain technology, the backbone of most digital currencies, ensures transparency, immutability, and security of transactions. This decentralized and tamper resistant ledger has garnered widespread attention and support.

Advantages of Digital Currency

Global Accessibility: Digital currencies transcend borders, enabling seamless international transactions without the need for currency conversions or traditional banking processes.

Security: Cryptographic techniques ensure the security of transactions, reducing the risk of fraud and unauthorized access. Additionally, the decentralized nature of digital currencies makes them less susceptible to hacking.

Reduced Transaction Costs: With the elimination of intermediaries, digital currencies can significantly reduce transaction fees, making financial transactions more cost-effective.

Why does it matter?

Imagine if most of the money you used was online, not in your pocket. That's what might happen with digital currency. But here's the thing: in Pakistan, people mostly use physical cash. So, we want to know what everyone thinks about this digital money and if they're ready to use it. Pakistan is a place where most transactions happen with regular cash. Digital currency could be a big change, and we want to know how people feel about it. The government and banks are trying to figure out how to include more people in the financial system, and digital money might be part of that plan.

The Future of Digital Currency

As digital currencies continue to evolve, they are likely to play an increasingly prominent role in the global economy. Central banks are exploring the concept of central bank digital currencies (CBDCs), and private enterprises are developing innovative applications for blockchain technology beyond currency.

The journey toward widespread adoption of digital currencies is undoubtedly filled with challenges, but the potential benefits in terms of efficiency, accessibility, and financial inclusion make this a journey worth undertaking. As we stand at the intersection of finance and technology, digital currencies beckon us toward a future where the way we transact, store value, and engage in economic activities is forever transformed.

Literature Review

The advent of digital currency has significantly impacted global financial landscapes, challenging traditional notions of currency exchange and introducing innovative alternatives such as cryptocurrencies. As the world witnesses' rapid advancements in computing power, encryption

technologies, and changing economic paradigms, it becomes imperative to explore the perceptions of individuals and societies regarding digital currencies. This literature review aims to provide a comprehensive overview of existing research on the perception of digital currency in Pakistan, examining the key factors influencing public awareness, adoption likelihood, and future trends in the context of traditional, digital fiat, and cryptocurrency exchange mediums.

The study by Mohammad Zainullah Khan et al. (2020) employs the Technique for Order of Preference by Similarity to Ideal Solution (TOPSIS) to compare traditional government-controlled currency, digital fiat, and cryptocurrency. The paper highlights the transformation of currency transfer and usage due to increased computing power and encryption breakthroughs. It emphasizes the competition between traditional and virtual currencies, focusing on the decentralization and peer-to-peer transaction features of cryptocurrencies. The research assesses the current awareness levels among the people of Pakistan, shedding light on their likelihood of adopting virtual currencies and employing forecasting techniques to identify future trends and security concerns.

Hin's (2020) research delves into current issues surrounding cryptocurrency and its applications in financial sectors. The author emphasizes the significant attention garnered by cryptocurrency and its adoption in various applications, such as smart grids and the Internet of Things. The study identifies scalability barriers for blockchain and outlines risks associated with decentralized, peer-to-peer financial networks, including fraud, suspicious trading, price volatility, regulatory uncertainty, and financial instability. The paper analyzes user expectations of the future of cryptocurrency in the financial sector, supported by statistical reports, offering insights into the evolving landscape of money regulation.

Mid and Jain's (2019) study explores the economics of digital currency, specifically focusing on cryptocurrency as a digital asset. The research delves into the binary nature of digital currencies, their use as a medium of exchange, and the security aspects ensured through cryptography. The paper scrutinizes popular cryptocurrencies like Bitcoin, Ethereum, and Peercoin, assessing their pros and cons. It further investigates the potential of cryptocurrency platforms to become the next currency platform and evaluates their safety for widespread use. The impact of demonetization on cryptocurrency is also considered.

Shah's (2017) paper provides an overview of digital currencies, with a specific focus on the Indian context following government-led demonetization schemes. The study highlights the

increased adoption of online banking, digital wallets, and digital currencies in response to these policy changes. It discusses the minimal knowledge about digital currencies like Bitcoin and explores the factors affecting their adoption. The paper further elucidates the real-life working of digital currencies, detailing the various transaction processes and enumerating the risks associated with such transactions.

This literature review synthesizes key findings from various studies to offer a comprehensive understanding of the perception of digital currency in Pakistan. By exploring the comparative analysis of traditional, digital fiat, and cryptocurrency exchange mediums, addressing current research issues, investigating the economics of digital currency, and providing insights from the Indian experience, this review contributes to the ongoing discourse on the future of currency in the digital age. The synthesized knowledge can serve as a foundation for the term paper project, informing discussions on the awareness, attitudes, and potential adoption of digital currencies within the Pakistani context.

Objectives

We chose Pakistan for our study because it's a place where most transactions happen with regular cash. Digital currency could be a big change, and we want to know how people feel about it. The government and banks are trying to figure out how to include more people in the financial system, and digital money might be part of that plan.

First, we want to see if people in Pakistan know about digital currencies. Not everyone has the same access to technology, so we want to know how familiar people are with this new kind of money. Second, we want to understand what people like and worry about when it comes to digital currency. Are they excited about using it, or do they have concerns?

- **Assessing Awareness Levels:** Determine the extent of awareness among the Pakistani public regarding digital currency, considering factors such as access to technology and exposure to digital financial platforms.
- **Examining Educational Impact:** Explore the correlation between educational levels and attitudes toward digital currency, investigating whether individuals with higher levels of education are more receptive to digital financial technologies.

- Predicting Future Trajectories: Assess the potential future trajectory of digital currency adoption in Pakistan based on current perceptions, identifying factors that may drive or hinder widespread acceptance.

Data Collection

The survey was conducted among 140 respondents, of which majority were female. We mainly focused on primary data. We collect the data through google form. It was consisted of multiple-choice questions (MCQs). Our main goal was to get information about, how much people know about it, if given the choice would they prioritize it. So, our questioner was consisted of many questions, few of them are:

Gender, Age, Level of Education, Know-How about Digital Currency, Reasons to choose it, Worries or Concerns about it, Are they Desperate to learn, Financial Education/Awareness campaigns and some more.

We got very positive response; everyone gives there best according to their knowledge. We got very important insight by analyzing our data, upon which our conclusion depends.

Data Interpretation and Analysis

From our survey, among 73 persons were female and 67 were male. The majority of respondents (58%) use digital payment platforms daily, while 28% use them monthly and 22% use them rarely or never.

The most popular digital payment platforms in Pakistan are cash (37%), debit/credit cards (47%), and digital currencies (56%). However, there is still a lack of awareness and understanding of digital currency, with 38% of respondents saying they have never heard of them before.

The top two concerns that people have about digital payment platforms are security risks (78%) and volatility in value (24%). However, the majority of respondents (98%) are interested in learning more about digital payments.

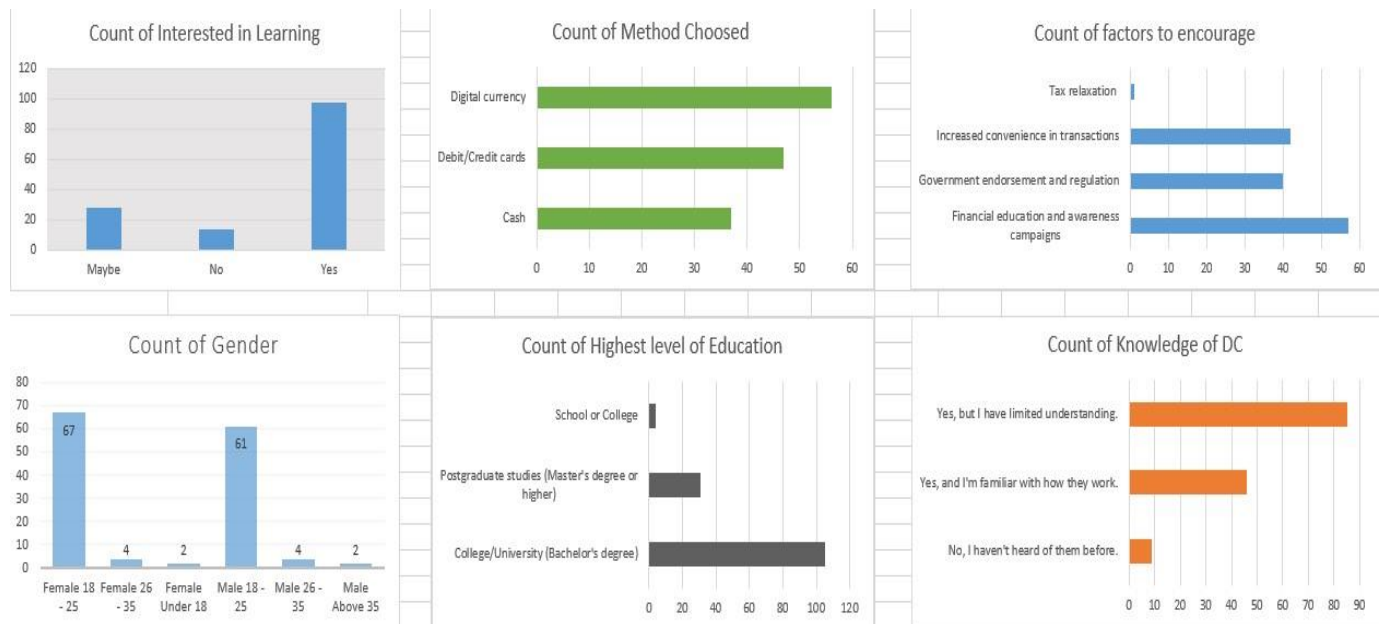
| Row Labels | Count of Gender | Row Labels | Count of How frequently do you use digital payment platforms (e.g., mobile wallets, online banking)? | | | | |
|--|-----------------|---|--|---|-------------------------------|--|--|
| Female | 73 | Daily | 58 | | | | |
| 18 - 25 | 67 | Monthly | 28 | | | | |
| College/University (Bachelor's degree) | 52 | Rarely/Never | 22 | | | | |
| Postgraduate studies (Master's degree or higher) | 15 | Weekly | 32 | | | | |
| 26 - 35 | 4 | Grand Total | 140 | | | | |
| Postgraduate studies (Master's degree or higher) | 4 | | | | | | |
| Under 18 | 2 | Method Chooed | Count of Method Chooed | | | | |
| College/University (Bachelor's degree) | 1 | Cash | 37 | | | | |
| School or College | 1 | Debit/Credit cards | 47 | | | | |
| Male | 67 | Digital currency | 56 | | | | |
| 18 - 25 | 61 | | | | | | |
| College/University (Bachelor's degree) | 49 | Knowledge of DC | Count of Knowledge of DC | worries or concerns | Count of worries or concerns | | |
| Postgraduate studies (Master's degree or higher) | 9 | No, I haven't heard of them before. | 9 | Lack of regulation (government ban/restriction) | 38 | | |
| School or College | 3 | Yes, and I'm familiar with how they work. | 46 | Security risks (hacking, fraud) | 78 | | |
| 26 - 35 | 4 | Yes, but I have limited understanding. | 85 | Volatility in value | 24 | | |
| College/University (Bachelor's degree) | 2 | | | | | | |
| Postgraduate studies (Master's degree or higher) | 2 | Interested in Learning | Count of Interested in Learning | factors to encourage | Count of factors to encourage | | |
| Above 35 | 2 | Maybe | 28 | Financial education and awareness campaigns | 57 | | |
| College/University (Bachelor's degree) | 1 | No | 14 | Government endorsement and regulation | 40 | | |
| Postgraduate studies (Master's degree or higher) | 1 | Yes | 98 | Increased convenience in transactions | 42 | | |
| Grand Total | 140 | | | Tax relaxation | 1 | | |

The top two factors that would encourage people to use digital payment platforms more often are financial education and awareness campaigns (57%) and government endorsement and regulation (42%).

Demographics

The first graph shows that the majority of respondents (120) are interested in learning about digital currency. Only a small minority (10) are not interested. This is consistent with the findings of other surveys, which have shown that there is a high level of interest in digital currency in Pakistan.

These findings suggest that people are more likely to learn about digital currency if they believe that it is endorsed and regulated by the government, if they are able to avoid paying taxes on their digital currency earnings, and if they can use digital currency to make purchases and payments.



The majority of respondents have a college or university degree (60%), while a minority have a school or college degree (20%) or postgraduate studies (20%). This is not surprising, as digital currency is a relatively complex topic and people with higher levels of education are more likely to have the skills and knowledge to understand it.

Other factors that encourage learning include financial education and awareness campaigns. Findings suggest that people are more likely to learn about digital currency if they have access to information about it and if they have the ability to purchase it using fiat currency or other payment methods.

The majority of respondents are female (60%), while a minority are male (40%). This is somewhat surprising, as women are typically underrepresented in the financial sector. However, it is possible that women are more interested in digital currency because they see it as a way to achieve financial independence.

Conclusions

The findings of this study illuminate the prevailing perceptions and attitudes toward digital currency among respondents in Pakistan, offering valuable insights into the factors influencing interest and engagement with this emerging financial paradigm. The following key observations and implications emerge from the analysis

The majority of respondents express a strong interest (120) in learning about digital currency, aligning with broader survey trends indicating a widespread curiosity about this financial technology in Pakistan. Consistency with other survey results reinforces the notion that there is a notable and sustained level of interest in digital currency within the Pakistani population.

Respondents are more inclined to learn about digital currency when they perceive government endorsement and effective regulation. This underscores the significance of regulatory frameworks in shaping public perceptions and fostering confidence in digital currency.

The correlation between higher education levels and interest in digital currency suggests that individuals with college or university degrees (60%) are more likely to engage with this complex topic. This underscores the importance of educational attainment in enhancing the understanding of digital currency concepts.

Financial education and awareness campaigns emerge as crucial factors that encourage learning about digital currency. Access to information and the ability to purchase digital currency using conventional fiat or alternative payment methods play pivotal roles in shaping individuals' understanding and engagement.

These findings suggest that there is a significant opportunity to promote digital currency in Pakistan. The government could play a key role in this by endorsing and regulating digital currency, and by providing tax breaks for digital currency investors. Businesses could also play a role by accepting digital currency as payment.