



CRYPTO CURRENCY CHALLENGES IN E COMMERCE

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1. ABSTRACT

Due to the fastest development of information and communication techniques many transactions are moved to online mode and become more flexible and comfortable. Huge growth of online users enhanced the development of this sector and also created some new concepts in it. Nowadays the use of digital currency has become more popular. But it has some limitations too. This study analyses the fast growing of digital currency and its difficulties.

Index Terms: Crypto currency

2. INTRODUCTION

Cryptocurrencies are usually built using blockchain technology. Blockchain describes the way transactions are recorded into "blocks" and time stamped. It's a fairly complex, technical process, but the result is a digital ledger of cryptocurrency transactions that's hard for hackers to tamper with. Cryptocurrencies are usually built using blockchain technology. Blockchain describes the way transactions are recorded into "blocks" and time stamped. It's a fairly complex, technical process, but the result is a digital ledger of cryptocurrency transactions that's hard for hackers to tamper with. Cryptocurrency introduction helps to protect the economic transactions in the current scenario. Cryptocurrency, sometimes called crypto-currency or crypto, is any form of currency that exists digitally or virtually. Cryptocurrencies don't have a central issuing or regulating authority, instead using a decentralized system to record transactions and issue new units. Instead of being physical money carried around and exchanged in the real world, cryptocurrency payments exist purely as digital entries to an online

database describing specific transactions. When you transfer cryptocurrency funds, the transactions are recorded in a public ledger. Cryptocurrency is stored in digital world.

Cryptocurrency received its name because it uses encryption to verify transactions. This means advanced coding is involved in storing and transmitting cryptocurrency data between wallets and to public ledgers. The aim of encryption is to provide security and safety. When comparing different platforms, consider which cryptocurrencies are on offer, what fees they charge, their security features, storage and withdrawal options, and any educational resources. Cryptocurrencies are usually built using blockchain technology. Blockchain describes the way transactions are recorded into "blocks" and time stamped. It's a fairly complex, technical process, but the result is a digital ledger of cryptocurrency transactions that's hard for hackers to tamper with. Nowadays many companies are support this digital currency. Several companies that sell tech products accept crypto on their websites, such as newegg.com, AT&T, and Microsoft. Overstock, an e-commerce platform, was among the first sites to accept Bitcoin. Shopify, Rakuten, and Home Depot also accept it.

3.OBJECTIVES OF THE STUDY

*To evaluate the Crypto currency challenges in E Commerce.

*To explore the remedies to solve the difficulties of digital currency during commercial transactions.

World has transforming into cash less transactions through innovating and making transactions by digital money. One of the tremendous innovation in money that is crypto currency it is digital money, not regulated by any authority and central bank, universal currency, at the same time there are some problems associated with this new currency.

4. RESEARCH METHODOLOGY

Researcher have been selected analytical research methodology for this study. To satisfy the objectives of the research, researcher used secondary data from various publications by financial websites, government of India, journals, newspapers, books and magazines etc.

5. SOURCES OF DATA COLLECTION

Secondary data The secondary data necessary for completing the investigation will be collecting from the published sources in the academic libraries, web sites, books, journals, magazines, etc.

6. PERIOD OF THE STUDY

The study period covers December 2021 to February 2022.

World has transforming in to cash less transactions through innovating and making transactions by digital money. One of the tremendous innovation in money that is crypto currency it is digital money, not regulated by any authority and central bank, universal currency, at the same time there are some problems associated with this new currency. Several studies and cryptocurrency platforms and also observed some cryptocurrency selling forums in order to explore challenges and issues that are exist in such virtual phenomenon. The main problems and impacts of cryptocurrency can include:

SECURITY THREATS

Hackers and malicious users can create as much as they want from virtual currency if they break the system and know the method of virtual currency creations. This will lead to the ability to create fake virtual currency or steal virtual currency by just changing the accounts balances. For example, selling in-game virtual items and virtual currency is against World of Warcraft (WoW) game policies. Therefore, many users log into WoW gold selling websites to buy virtual gold in order to pay for virtual items that they need. Many of WoW gold selling websites are not reliable and they are vulnerable to hacking and many users are complaining about paying real money for nothing or for fake virtual currency.

COLLAPSE CONCERNS IN CRYPTOCURRENCY SYSTEMS

Unlimited issuing of virtual currency in the variety virtual communities will lead to economic problems since its issuing is not based on the demand and supply. It is possible for some providers such as Second Life to issue unlimited Linden Dollars and increase their virtual items prices in order to gain more real revenues. On the other hand, it will suffer from inflation and economic issues leading to collapse in the virtual currency system

IMPACT ON REAL MONETARY SYSTEMS:

Since some virtual currency systems are connected with real world monetary systems, they may affect the demands and supply facilities of reaworld money. For example, enabling users to purchase virtual and real goods and services with virtual currency in some platforms may reduce the demands on real money. Users will no longer depend on real money to buy what they want and they will use virtual money instead. On the other hand, some platforms enable users to exchange their virtual currency with real currency and this will increase the demands on real world currency. This fluctuation will affect on the real monetary systems

GOLD FARMING RISKS

Gold farming term is very popular in China and developing countries. Gold farmers are players who play in social games such as World of Warcraft in order to gain gold, which is virtual currency of the game, and then sell it for real money. The targeted buyers are the players who do not have enough time to play and compete for gaining virtual currency. In fact, huge cash

flow is generated from gold farming process and it is not controlled and regulated. This will increase fraud and financial risks where virtual currency is exchanged with real money in unreliable environment.

FLUCTUATION IN VIRTUAL CURRENCY VALUE

According to Chow and Guo study, it is observed that when the popularity of a virtual community drops, the value of its virtual currency will be devalued. For example, users who own 1000 units of virtual currency can buy from variety of 100 items. In case the provider of that virtual currency drops, users can only buy from 10 items with their 1000 units since dropping will be reflected in fewer goods and services especially in closed virtual communities.

MONEY LAUNDERING

Money laundering is one risk that is very likely to rise with the use of VC especially with platforms that enable users to exchange virtual currency with real money. In practical case occurred in Korea in 2008, the police arrested a group of 14 persons for laundering \$38 million obtained from selling virtual currency. The group converted the amount of \$38 million, which is generated by gold farming, from Korea to a paper company in China as payments for purchases.

UNKNOWN IDENTITY RISKS

Since creating an account in most of virtual currency platforms such as social games and social networks is not authenticated, financial transactions cannot be monitored very well. Gamers and users can create more than one account with unknown identities and use them for illegal transactions. There is no way to recognize the source of creating or cashing out the virtual currencies. This leads to inability to track the transactions in case of money laundering suspicion. Moreover, unknown identity will enable criminals to get paid with virtual currency for their crimes.

GOVERNMENT REGULATION IS INEVITABLE

Government reactions to cryptocurrencies have ranged from aggressive to indifferent, with investors and speculators cautiously monitoring international developments. Just recently, Head of the International Monetary Fund, Christine Lagarde, stated that regulatory action from the international community on cryptocurrencies is "inevitable".

FINDINGS

Today the use of digital currency is increasing day by day. But it has some challenges during commercial transactions like security threats, collapse concerns in, impact on real currency system, gold farming risks, fluctuations in the currency value, money laundering etc. The main

difficulty faced by the commercial parties are security issues. There is a chance for hacking their accounts. Anyhow the prospects of Crypto currency can expect more in the coming years.

CONCLUSION

The study attempts to present the challenges and suggestions in order to boost the crypto currency system. The challenges in digital world should resolve in order to expand its growth. Only we can open a free virtual platform for the conduct of commercial transactions.

