

Cryptocurrency with Investment in Financial Market: A Review

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Abstract: *New era in globally, because of technology based on financial market and payment is rapidly evolving. Today investors invest their investment through the online a virtually currency, this currency is called cryptocurrency. Which is being one of the fastest growing digital assets in the present day a invest in cryptocurrency. This paper compares, contrast and exploring the existing scenario as used by major cryptocurrencies, where they have comparable performance and assurance are demonstrated. The study analyzes the development of futures cryptocurrency assets, considering their costs, opportunities, benefits and its potential risks. Also find out the mistakes when investing investment on cryptocurrency in the financial market and looking at present context in various continent across the globally as the information of present statistics.*

Key words: Cryptocurrency, Digital technology, Investment, Futures, Crypto-market, financial market, Virtual payment, Blockchain.

INTRODUCTION

Financial investment has proliferated in the current era of globalization. Financial investments are usually made in stocks or bonds, along with the rapid development of globalization which gave birth to other financial derivative instruments such as options, futures, credit default swaps, debt obligations, warrants, etc. With this development, investors, and potential investors worldwide.

The latest developments in investment are based on cryptocurrencies based on blockchain systems, which are not only cryptographic virtual currencies used to buy and sell goods or services on the internet but are also popular assets commonly used for hedging and speculation. In addition, cryptocurrency is used as a technology that is often used as a digital currency. Digital money is different from conventional money in general. This type of money does not have a physical but is just a decentralized block of data on a network system that is almost impossible to be hacked or changed unilaterally.

The first cryptocurrency, eCash, was a centralized system owned by DigiCash, Inc. and later eCash Technologies. Although it was phased out in the late 1990s, the cryptographic protocols it employed avoided double spending. A blind signature was used to protect the privacy of users and served as a good inspiration for subsequent development. Shortly after the discovery of cryptography protocols, digital gold currency became popular, among which the most used was e-Gold. It was the first successful online micropayment system and led to many innovations, making transactions more accessible and more secure. However, the failure to address compliance issues finally resulted in its liquidation in 2008, despite an annual transaction volume of over US\$2 billion.

A Cryptocurrency is a peer-to-peer digital exchange system in which cryptography is used to generate and distribute currency units. This process requires distributed verification of transactions without a central authority. Transaction verification confirms transaction amounts, and whether the payer owns the currency they are trying to spend while ensuring that currency units are not spent twice. PayPal is an Online Money Transfer System established in 1998. PayPal provides users with an account, which can be linked with bank accounts and credit cards, and users can pay someone or receive payment through the PayPal accounts. PayPal does not have a its own currency. M-Pesa was established by Vodafone initially in Africa, which later spread to other continents.

The cryptocurrency was first introduced in 2008 through a white paper published under the pseudonym “Satoshi Nakamoto”, then officially launched in 2009. Among the existing cryptocurrencies, Bitcoin is the most popular and active in trading and exchanges. Bitcoin is the perfect form of money for the internet because of its fast, secure, seamless innovation from decentralized core technology, trust, and transparency. One of the characteristics of cryptocurrencies that attracts the interest of many investors and potential investors is that the price is constantly increasing over time, experiencing extraordinary price increases, as was the case with bitcoins worth less than 0.01 USD in 2010 to above 10,000 USD each. In 2019, and from a single bitcoin to over 1000 altcoins and crypto tokens, cryptocurrencies and blockchains have created more investment myths than anyone could have imagined.

However, Bitcoin is the technology used, namely using an algorithm (Proof of Work or PoW). Altcoins are Ethereum, Litecoin, Peercoin, Namecoin, Auroracoin, Blockcoin, Decred, Permacion, Ripple, Dash, Monero, Tether, EOS, and Stellar.

On the other hand, there is an increase in cryptocurrencies as well as the role of the mass media as it was recently discovered in February 2021 that there was a tweet from the Twitter account of the richest person in the world, namely Elon Musk, who made a statement regarding digital money Dogecoin. Then Tesla Inc. invested 1.5 billion USD in Bitcoin. Tesla Inc. also hinted at its intention to start accepting cryptocurrencies as a form of payment.

Globalization and the development of financial markets have increased people's ability to invest in securities and financial instruments as they are no longer bound by national borders (Lim 2013). Cryptocurrency and the technology that underpins them, namely blockchain technology, are developing into popular investment instruments and are transforming the way financial services operate and accelerating the pace of digitalization. digital currencies were not used as a medium of payment, many investors switched their investments to cryptocurrencies in the hope of profiting, despite the fact that they were not backed by economic fundamentals. Alternatively known as digital or virtual currencies or tokens, cryptocurrencies are developed or mined and privately traded for transactions by individuals or organizations. However, regulators in many countries do not recognize cryptocurrency. Despite the total ban on the usage of cryptocurrency in many countries, cryptocurrency is gaining popularity in the recent years as a number of countries have started accepting and regulating cryptocurrency. Additionally, the interest in cryptocurrency is gaining momentum as many blockchain start-up companies are using cutting-edge blockchain innovation in developing economies to enhance the efficiency of the current banking system.

Cryptocurrency has a different nature from the conventional currency. Conventional currencies such as dollars and euro are highly dependent on the state and global economic conditions, such as inflation, trade, crises, politics, and so on, so they can be calculated more precisely. However, the price and fluctuations of Cryptocurrency are more difficult to determine. Demand and supply are an important factor in the formation of the price of Cryptocurrency, in addition to paying attention to the rumors that contribute to the movement of Cryptocurrency prices.

RESEARCH METHODOLOGY

The study focuses on the stated objectives, a systematic literature review was employed in order to clarify the cryptocurrency and characteristics as well as operation structure of cryptocurrency, to provide an overview of the existing theory. The present study was a conceptual survey with exploratory cum descriptive in nature. This research follows the analytical research methodology.

OBJECTIVES OF THE STUDY

- To compare investment trends between futures and cryptocurrency.
- To compare the risks of investing futures and cryptocurrency
- To compare the benefits of investing futures and cryptocurrency

SOURCES OF DATA:

The research study was completely based on secondary data. Data has been collected from various Books, articles from national and international journals, blogs of authors, Government and private organization Reports and websites, Etc.

REVIEW OF LITERATURE

Małkowska et al, (2021). Digitalization has a powerful influence on various financial service industries worldwide, influencing many spheres of every-day life and work. he has said about digital market effectively impact to our life's. as a digital market bring the bunch of service direct to homes, there is no need to go to offline market. Digitalization provide not only service behind that gives huge investment opportunity in the financial markets.

Gomber et al., (2018). Deposit and lending services and peer-to-peer (P2P) lending, investment, risk management, and the financial markets are all affected by FinTech innovation and cryptocurrency blockchain technology. The author says that today overall the markets depend on digital technologies. Where the day-to-day transaction always carry the virtual currencies of the financial instruments.

Ciaian, Rajcaniova and Kanacs (2014). the price of Bitcoin is determined by three things, namely the interaction between demand and supply, attractiveness to investors and macroeconomic conditions and financial developments. As the virtual currency of bitcoin prices is varies from the different economic factors in the crypto markets. Such factors arise from the systematic and unsystematic risks of market conditions. When demand is increasing than prices are automatically goes up, demand is decreasing prices are goes down this situation shows the inversion proposition of economic conditions in the digital market.

Puschmann, (2017). Financial technology, or FinTech, represents the expansion of an enormous transformation in terms of information technology. Electronic channels have increased over the preceding years, which has resulted in changing consumer behavior in the context of information technology. The paragraph said that today digital technology changes for consumer behaviors vastly with it through the electronic channels. As of now this financial technology more impact on cryptocurrency market over the world.

Lee and Shin (2018). identified six dimensions of FinTech business models that characterized its success or failure, namely payment, wealth management, crowdfunding, lending, the capital market, and insurance services. They said that financial technology has been help and provide to the different dimensions of service for society, those services called online investment, virtual payment and crowd funding, etc. it will be having both failure and success, sometime get success and get failure which was shows the two faces of coin in the financial market.

Gai et al., (2018). The cyber risk may occur due to unknown participation, unreliable trust, and an unforeseen number of users in the system. There are also challenges related to the technical weaknesses of newly introduced systems due to wireless networks. He said that when we invest for crypto currency through the online which appears like the intangible operations. In that processing not able to seen peoples, the moment in comes our mind negative thoughts about the systems how should we trust them and also have been faces the lot of risk regarding to the crypto market it is not only operating particular domain, which will operate across the globally.

Wu and Pandey (2014). the effect of Bitcoin in the investment portfolio, that there is an increase in portfolio effectiveness when Bitcoin is allocated. He says if the virtual currency of bit coin is investing in portfolio that becomes earn more profit relating to the investment assets, even it could be a successful in the financial market. Which means to say here digital currency called cryptocurrency as leads the portfolio to right paves of getting profit in the market.

Markowitz (1952). A portfolio selection model is serves to maximize return and minimize risk, by diversifying into some form of Cryptocurrency assets. This model is often used to determine the allocation of assets in the portfolio, but very rarely involve Cryptocurrency in the diversification. He found that his mode helps to investing in cryptocurrencies. Portfolio selection model impact on diversifying of cryptocurrency with reduces the risk and maximize the profit of investors who invest in crypto market in the financial market.

Gandals and Halaburda (2016). try to see the existing competition of the many types of Cryptocurrencies that are now circulating. His findings state that Bitcoin was the winner in the virtual currency competition within the timeframe of the study. He is compared cryptocurrency each other's which of them was there in the market. Among them one of the is very effective currency as bitcoin it is beats another price of the cryptocurrency and its prices very high also compare to another one. This currency having a good price in the crypto market.

Burniske and White (2016). calculated the correlation between Bitcoin with S & P 500, Gold, US Bonds, US Real Estate, Oil, and Emerging Market Currencies. Bitcoin will grow and become a differentiator among other assets and can potentially transform the financial world. They said that bit coin is one of the most familiar crypto assets in the digital world. That was very easy to covert and invest in different assets in financial market. This the currency appears differently to the view of us bonds, US real estates, oil sectors over the emerging market.

Baur, Hong and Lee (2016). analyzed the return and correlation of Bitcoin compared to 16 other assets including stocks, bonds, energy, currency, and precious metals. The result is that Bitcoin has the highest return and standard deviation compared to other assets of 7.6%. Associated with the correlation, similar to many previous studies, they found no significant correlation between Bitcoin and other assets. They are compared the bitcoin to other assets that was having a highest standard deviation. bitcoin is considered as the investors point of view which the currency has beats other currencies and it could be highlight among the 16 assets in the financial market.

Eisl, Gasser and Weinmayer (2015). analyzed the effect of Bitcoin in the portfolio. Assets used include stocks, fixed income, money market, property, and commodities. From the historical data determined, the highest asset allocation of Bitcoin is 7.69% is in the portfolio where the load of each asset is the same. This paragraph say bitcoin is used in the portfolio market there would be impact on stocks, commodities and also money market over the globally. The final result of bitcoin is as the view of investors more effect to the portfolios.

Singh and Faisal (2019). highlighted the various challenges in cryptocurrency adoption in the minds of Indians, among which are security threats, money laundering, absence of internet knowledge, and differences in cryptocurrency market value. The authors said that cryptocurrency it would be compare to Indian origin where the faces lot of challenges regarding the crypto markets and arises money laundering problems why because without presence of internet or digital knowledge whereas get so many problems comes from of us. This is the facts explained it.

Thangavel et al (2021). The youngest generation in India, is more passionate about online behavior than other generations. He said that in India, there people having different kind of behavior relating to the online marketing especially present generation compare to past generation. As the compare to other country peoples in India was live highest younger generation, they are all having different dimension and opinion of the online marketing also they have participate enthusiastically investing in cryptocurrency in the financial markets.

Desjardins, (2018). The younger generation looks forward to continuous development with a clear need for safety and security. He says the about younger generation is an asset of countries if compare to old age people they don't have needs than the younger generation also expectations are decreasing from the peoples. But younger generations having different kind of expectations with safety and security. They having passion of their life's these all the reasons want to invest asset in different channels in that may also having intention of cryptocurrency their minds.

General background about futures and crypto currency

Every Cryptocurrency system that we have studied incorporates a distributed public ledger called the Blockchain. Each verified transaction is accumulated in a block. Each block consists of a variable number of verified transactions. The maximum size of a block is fixed in each Cryptocurrency system, providing an upper bound to the number of transactions included. For instance, the maximum size of a Bitcoin block is 1MB.

Bitcoin also has a weakness, namely the absence of control from any institution or government. Bitcoin uses a blockchain database that cannot be controlled by any party but is open to the public that it is impossible to fake transactions on the blockchain. Bitcoin uses a peer-to-peer network technology where each user can receive transactions without intermediary parties at any time and with an anonymous identity. The existence of anti-double-spending technology means others cannot claim Bitcoin if it is. In addition to Bitcoin, there are alternative cryptocurrencies that have a similar design and are emerging.

A Bitcoin Block consists of five fields:

- ✓ Magic number—which is fixed
- ✓ Block size
- ✓ Block Header—which contains the hash of the previous block, the time stamp, the block version number, the hash based on all the transactions in the block, and the nonce.
- ✓ Transaction counter—which is the number of transactions included in the block.
- ✓ Transactions—the enumerated set of verified transactions added by the block

Cryptocurrency has its own currency and functions of Cryptocurrencies as follows:

- The user has a wallet with a generated address. This address acts as a public key.
- The wallet also contains a generated private key, which is used to sign transactions, proving ownership.
- The payer sends money to the payee's address, and signs it using the payer's private key.
- The transaction is verified by mining

Some cryptocurrencies are very familiar in the worldwide such are as follows:

Bitcoin: Bitcoin mining uses Proof of Work. The Proof of Work algorithm in use is called Hash cash. In Hashcash1, the miner is required to find a nonce, which, when hashed along with the hash of the

previous blocks, would yield a hash with a specified number of zeroes at its front. The number of zeroes determine the difficulty metric. Mining a block is difficult because the SHA-256 hash of a block's header must be lower than or equal to the target in order for the block to be accepted by the network. A target is a 256-bit integer shared by all Bitcoin clients; the Lower the target, higher the difficulty. Mining is more efficient on GP-GPU than in CPUs. Application Specific Integrated Circuits (ASICs) have also been developed to mine Bitcoin.

Bitcoin mining works as follows:

- ✓ A miner selects transactions he/she wishes to verify.
- ✓ He/she uses transactions to build a Merkle Tree.
- ✓ Extracts root block hash from the Merkle tree.
- ✓ Adds a nonce, hashes the block header.
- ✓ Keeps incrementing the nonce and hashing until the desired result is obtained.
- ✓ This result is the Proof of Work.

Other users agree/verify that the proof matches. Then the transaction is validated and new Bitcoins are introduced. Successful mining of coins using SHA-256 often requires hash rates at a giga hashes per second (GH/s) range or higher the current average time needed to mine a Bitcoin Block with SHA-256 is ten minutes [.

Litecoin: Litecoin was the first Cryptocurrency to use Scrypt for mining. Scrypt was originally a key-derivation function (KDF) developed by Percival and published in 2012. Scrypt's strength lies in the time-memory trade off; that is, an attacker would need more memory to complete the attack faster, and Scrypt's memory requirement makes it expensive, hence slowing down any attack. Scrypt has also been successfully implemented as a Proof-of-Work verification; Litecoin was the first system to do so.

Peercoin: Peercoin uses Proof of Work and introduces the concept of Proof of Stake in its mining system. For Proof of Work, it uses the double-SHA-256 algorithm. Proof of Stake also tries to reach a consensus and prevent double spending. Instead of requiring the miner known as the prover in Peercoin to perform a certain amount of computational work, a Proof of Stake system requires the prover to show ownership of a certain amount of currency. Miners protect their own stake in this approach. With Proof of Stake, the resource compared is the amount of currency a miner holds

Proof of Stake is highly energy efficient. It still has to have a block selection policy, inclusive of the following:

- ✓ Randomized block selection
- ✓ Coin-age-based selection,
- ✓ Velocity-based selection, and
- ✓ Voting based selection.

Proof of Stake, however, is said to be vulnerable to the Nothing-at-Stake Problem in which miners have nothing to lose if they vote for a wrong or invalid transaction.

Ethereum: Ethereum was crowdfunded in 2014. Ethereum also relies on Proof of Work but it does not use a preexisting hash algorithm. The designers developed their own hashing algorithm, EtHash (see Section VII). The principal objective for constructing a new Proof of Work function instead of using an existing one was to mitigate the problem of mining centralization, in which a small group of hardware companies or mining operations can acquire a disproportionately large amount of power to impact or manipulate the network. EtHash is ASIC-resistant, and has the property of memory hardness (that is, it relies on how fast the memory can move data)

Ripple: Ripple does not use mining in its truest sense. Released in 2012, it uses a trust-based system to attain consensus. The goal of consensus is for each server to apply the same set of transactions to the current ledger. A new ledger is created every few seconds and the last closed ledger contains a perfect record of all Ripple accounts and previous transactions. A transaction is any proposed change to the ledger; it can be introduced by any server in the network. Servers try to reach consensus about a set of transactions to apply to the ledger, creating a new last closed ledger.

Namecoin: Namecoin is known to be the first branch of Bitcoin. It is a branch in the sense that Namecoin utilizes the same code and mining algorithm as Bitcoin. Unlike Bitcoin, Namecoin can store data in its own Blockchain Transaction Database. The Bitcoin Blockchain shows the posted transactions only; the related information is stored in a separate database.

Auroracoin: Auroracoin is from Iceland. It uses Scrypt (Proof of Work) as its mining algorithm.

BlackCoin: Black Coin secures its network through a process called minting, which is a Proof of Stake system that validates a transaction in lesser time and is independent of Proof of Work.

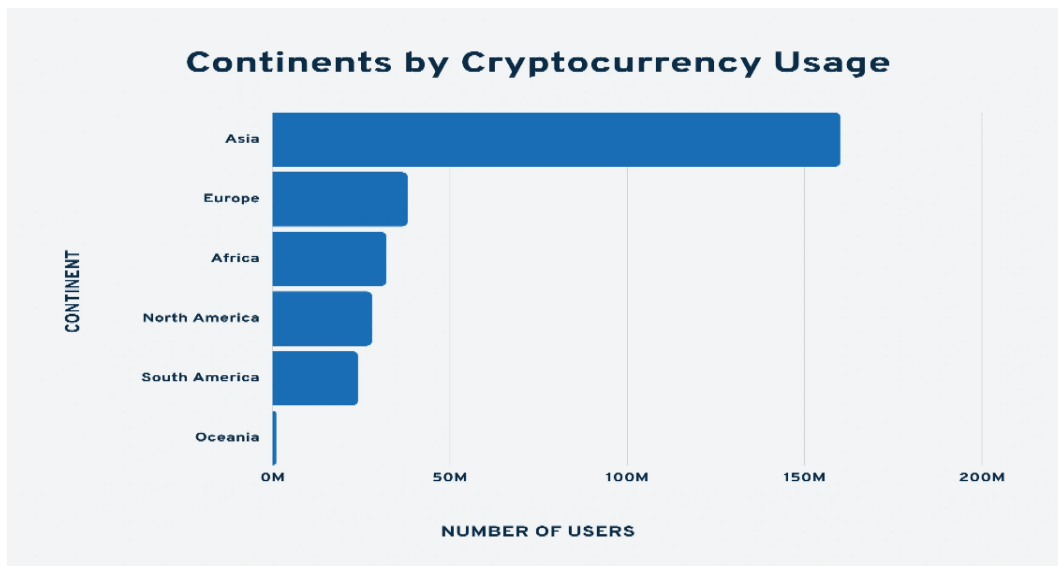
Dash: Dash (formerly Darkcoin) uses a system called Darksend to add transaction privacy. Unlike other Cryptocurrencies, transaction information is not public. It uses a new Proof of Work algorithm called X11 for mining that is exclusive to Dash and is a chained hashing protocol. It is claimed to be more energy efficient than Scrypt.

Decred:Decred uses a hybrid Proof-of-Work/Proof of-Stake system with both miners and voters to achieve consensus. It uses Blake 256 as its mining algorithm, which is a cryptographic hash function based on the ChaCha stream cipher.

Permecoin: While Permecoin is theoretical, without any known implementation at present, it introduces a new concept of Proof of Retrievability. This scheme requires that the miner store some useful information (of considerable size) and present a proof to the verifier that it exists.

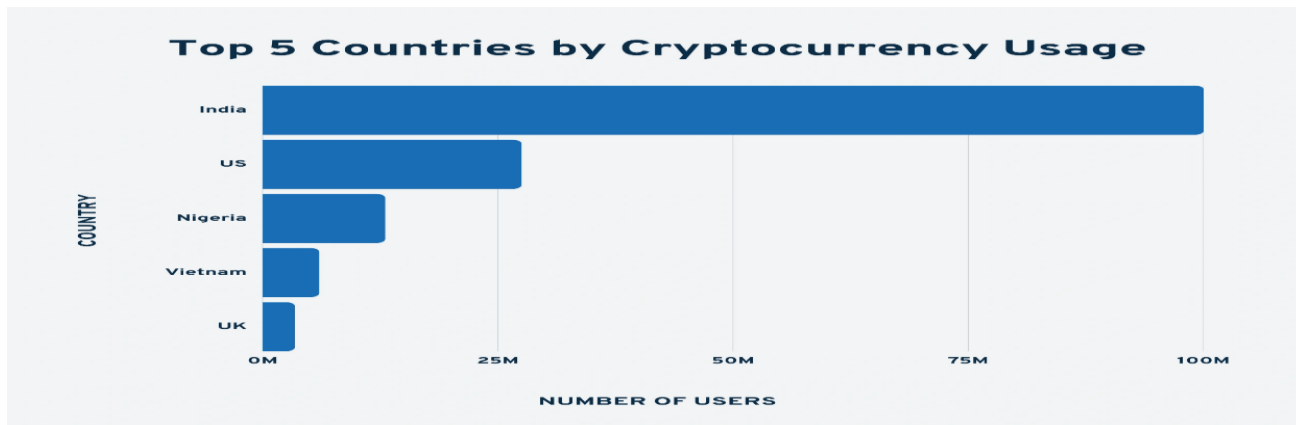
As we finding the statistics information of using cryptocurrency in various continents across the world. Below the table shows the size of population use cryptocurrencies in different continents:

Continents by cryptocurrency usage:



- **1. Asia** - Approximately **160 million** crypto users
- **2. Europe** - Approximately **38 million** crypto users
- **3. Africa** - Approximately **32 million** crypto users
- **4. North America** - Approximately **28 million** crypto users
- **5. South America** - Approximately **24 million** crypto users
- **6. Oceania** - Approximately **1 million** crypto users

Top five countries by cryptocurrency usage:



- **1. India** - Approximately **100.7 million** crypto users
- **2. US** - Approximately **27.5 million** crypto users
- **3. Nigeria** - Approximately **13 million** crypto users
- **4. Vietnam** - Approximately **6 million** crypto users
- **5. UK** - Approximately **3.4 million** crypto users

futures contracts made sense for many commodities, including foods, oil, and metals. However, they soon went beyond their practical reasons to conquer all financial markets, including cryptocurrencies. Today, most commodity price quotes you see on financial portals involve futures, usually with a monthly expiry date.

A futures contract is an agreement between two parties to either buy or sell an asset, such as digital currency, on a predetermined date, at a predetermined price. The contract tracks an underlying asset, be it a commodity, stock, or cryptocurrency. It is basically a form of bet on the future price movement.

1. Investments in futures and crypto currency

Cryptocurrency futures are contracts between two investors that bet on a cryptocurrency's future price. They allow investors to gain exposure to select cryptocurrencies without purchasing them. Crypto futures resemble standard futures contracts for commodities or stocks because they allow you to bet on the price trajectory of an underlying asset.

Cryptocurrency futures allow investors to speculate on the future price of cryptocurrencies. Investors can choose from a variety of venues to trade monthly cryptocurrency futures. Some are regulated; others are not. Cryptocurrency is known for its volatile price swings, which makes an investment in cryptocurrency futures risky.

To investigate whether cryptocurrencies are a new investment opportunity, we will take the perspective of an institutional investor where diversification and hedging are of paramount importance. Furthermore, we presume that investors perceive the volatility encompassing cryptocurrencies as excessive and therefore are unwilling to invest significant amounts of capital in cryptocurrencies. Considering this, we confine cryptocurrencies as an investment opportunity to diversification or hedging purposes.

Alternative investments are widely seen in portfolio management presently and include commodities, real estate, private equity (PE), hedge funds, and others, such as artworks. Typically, alternative investments have a lower historical correlation to conventional asset classes, such as stocks, bonds, and cash equivalents, and thus provide good diversification to the portfolio.

Trading cryptocurrency futures is no different from other trading forms, and the difficulty level depends on the leverage we pick. we should follow most of the valid rules when trading the spot

markets or other derivatives. Most of the rules have to do with risk management and finding the best entry and exit points.

Here are the main steps to start crypto futures trading:

- **Set aside some funds** – one of the most critical risk management recommendations is you should never invest more than you are ready to lose. And never borrow to trade unless we're speaking about the technical borrowing used in margin trading.
- **Dedicate time** – you shouldn't treat your crypto futures trading as a hobby if you plan to turn it into a lucrative activity. Make sure to dedicate time to learn futures trading, find the right entry points, and monitor your open positions.
- **Trade on a demo account** – you can start trading with virtual funds on a demo account. It usually mimics the spot price of Bitcoin or any other cryptocurrency before going to futures. Try to trade on Bybit's demo account for free here.
- **Choose a futures trading platform** – reputation is a key when selecting a crypto exchange. So, if you are a beginner, start trading on a reputable exchange, and you should always start small.

We have known the basic guidelines before investment in cryptocurrency such as follows:

Invest before you know the risk: There are always the dangers associated with crypto trading even if you are aware of it. Therefore, you should calculate the percentage of risk and how much it could have a negative impact on the capital. Also, if the risk is well calculated and you agree to carry the risk, then such traders can go for this type of trade.

Put your investment in different coins: Warren Buffet had previously quoted - "don't put all your eggs in one basket", and that's certainly true in the cryptocurrency market. Therefore, you should invest in different coins and avoid investing in only one coin to avoid major risks.

Every trade cannot guarantee a profit: Since cryptocurrency is almost identical to other CFDs such as forex or commodities, there is also a chance of losing it again, and no one can promise to benefit from every trade.

Avoid fear and greed factors: Fear and greed are two emotions that need to be eliminated by all means because these two are dealing with bad trade. Still, it is impossible to eradicate these things.

Trade with a plan only: Failure to plan is planning to fail" is a popular saying used in the crypto trading market as well. You need to use a precise, accurate step-by-step system to get the best results while trading crypto currencies.

Use the risk mitigation tools TP/SL: There is a risk reduction plan across all platforms where you can lock the risk and profit. If you only buy crypto currencies, then you have the option to wait, or you can use it for your own purpose, but if you sell speculative, you will have to have entry prices and exit points. By following this, it helps you to recover and keep in the trading business.

2. Benefits of investing in futures and crypto currency

The main advantage of trading Bitcoin futures contracts is that they offer regulated exposure to cryptocurrencies. In a volatile ecosystem with wild price swings, that is a significant point. Bitcoin futures contracts at CME are regulated by the Commodities Futures Trading Commission (CFTC). This offers a measure of confidence and recourse to institutional investors, who comprise a majority of traders in such contracts.

However, most people do not think about trying to invest or trade in crypto currency. Meanwhile, recent history shows that frequency can be a very good idea. After all, cryptocurrency is risky - just like any other high-yield investment. However, there are obvious benefits are as follows:

Simplicity: Bitcoin futures also simplify the process of investing in Bitcoin. The investor does not need to create a Bitcoin wallet or put money into custody solutions for storage and security while trading because there is no physical Bitcoin exchange. An added benefit of cash-settled contracts is eliminating the risk of physical ownership of a volatile asset.

Safer Than Owning Crypto: Bitcoin futures contracts are relatively safer for dabbling in Bitcoin without getting burnt because futures contracts have position and price limits that enable investors to curtail their risk exposure to the asset class.

Position Limits: Position limits differ between exchanges. For example, CME allows a maximum of 2,000 front-month futures contracts and 5,000 contracts across different maturities. Finance, the world's biggest cryptocurrency exchange by trading volume, has a position limit adjustment feature that enables manual reconfiguration of limits based on past trading history and margin amounts.

Trading Volume: Trading volumes in cryptocurrency futures can mimic those of its spot markets counterpart. Price fluctuations can also be high, especially during volatile stretches regarding price. During these times, cryptocurrency futures may appear to follow spot market prices or trade at a significant premium or discount to spot prices.

High liquidity: It is thus easier to buy or sell cryptocurrencies in a liquid market since buy or sell orders will be filled more quickly due to the larger number of market participants. Essentially, this means it is possible to enter or exit a trade at any moment, given the fast-paced nature of the cryptocurrencies markets.

Favorable forecasts: In this segment we have to easily forecast which one cryptocurrency is getting more profit in futures among available of virtually currency in the financial market. It would be help to the investors for investing in different cryptocurrencies in futures have to getting profit at lower risks.

Independent alternative: here we have to easily find the independent currency and its alternative opportunities available in the financial market. Whereas number of cryptocurrencies are progressing in online market, in this cryptocurrency future gives best option among them for choosing best virtual currency.

Higher potential profits: When trading crypto futures with leverage, the gains are typically more substantial. On By bit, you can set the leverage up to 100x, meaning that you can enter a position worth \$1,000 with only \$10 as capital. However, you should know that the risks of loss are also higher when using leverage.

Flexible trading strategies: The implementation of trading strategies works much better with crypto futures than trading actual cryptocurrencies, especially when it comes to intra-day trading. Also, crypto futures allow you to go short without any blockers. Hence, there are more rooms for you to deploy different trading strategies to maximize profits.

Convenient: Trading futures is easy even for beginners than trading actual cryptocurrencies, which requires you to access a liquid market and have a secure digital wallet. In fact, this is why the trading volume in crypto futures is two to three times larger than spot trading volumes.

3. Risks of investing in futures and crypto currency

The risks of futures cryptocurrencies are mainly related to its flexibility. They are very risky and speculative, and it is important that you understand the risks before you start trading.

1. Crypto futures having margin products. Therefore losses (or gains) are magnified. Client acknowledges that Client could lose Client's entire investment and that possible losses are not limited to the funds and equity deposited in the account. Client may be required to pay additional funds to Interactive Brokers to cover losses in Crypto Products.
2. Cryptocurrencies are a "virtual" currency that is not controlled by any sovereign country and value of which may not be based on any tangible commodity, security, economic measure or legal obligation of a company or government. Apart from the law of supply and demand, there may be no fundamental or economic basis for valuation of cryptocurrencies and their prices may move randomly.
3. The underlying "cash" markets for cryptocurrencies are largely unregulated and many are offshore. Underlying cryptocurrency markets may not be subject to registration, licensing or fitness requirements, audit trail or trade reporting rules, market integrity rules, wash sale, spoofing or other anti-fraud rules, disaster recovery or cybersecurity requirements, surveillance requirements, or anti-money laundering rules. Because of these factors, Cryptocurrency markets may be unusually susceptible to fraud and manipulation, which could adversely affect the price of Crypto Products.

4. Cryptocurrency prices, including for Bitcoin and Ether, have been highly volatile historically, with sudden and unexpected upward and downward price swings. This increases the risk of trading Crypto Products.
5. If you have a "short" position in a Crypto Product and market price for that Crypto Product rises, your potential loss is not limited. Depending on how quickly the underlying cryptocurrency prices rise, you may be unable to close your short position and therefore you may be unable to stop or limit the losses.

With the above risks behind that also have been makes some mistakes. Before investing would be known the them. let, we getting the ability to facing risks of investing in cryptocurrency trading. Such mistakes are as:

Unrealistic profit expectation: There is a risk reduction plan across all platforms where you can lock the risk and profit. If you only buy crypto currency, then you have the option to wait, or you can use it for your own purpose, but if you sell speculative, you will need to have prices and exits. By following this, it helps you to recover and keep in the trading business.

Misinterpreting risk: There are always risks in such trading as the market price is not a cent for any party because the market power assigns it. Most vendors do not have arithmetic risk and control strategies.

Untested trading plan: In many cases, few traders get caught up in profitable trading schemes, leading to huge losses in the end. Therefore, you should know the trading strategy of your choice, before starting on a live account.

Believing rumors: There is some news light in the market, which is not real, and traders get caught while entering or exiting a trade.

Unappropriated guidance/reference: The best counsel-or always makes the best results. However, if our reference or the seller is not well equipped to trade, then it may bring you loss. Therefore, you should only look for official and authentic links.

CONCLUSION

The present study contributes significantly to the existing theoretical base of domain as it paves the way for newer dimension in context to the cryptocurrency about classification of cryptocurrency, virtual operation of digital currency and its operating structure of virtual mode. Moreover, when the try to made the investment through the online for cryptocurrency were have to follow some guidelines of its investment and trading, as so as at what are the risk factors affecting for online cryptocurrency futures investments. Although the globally has peoples using vastly as cryptocurrency investment from various continents in the globally, such the information has to examining and it is leads to huge development in futures cryptocurrency. New sustainable financial systems are being developed, implemented and tested on a regular basis. Some of them offer new ideas that can be used one day to create real money with digital currency. the world can look forward to integration into mobile technology, daily payments, and all other digital transactions with significantly reduced discounts.

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