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+91 9940572462 +91 9940572462 ijarasem@gmail.com www.ijarasem.com

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# An Empirical Study on the Integration of Banks and Crypto Currency in a Demonetized World

**Bhuvana M, Manasa B C, Prof Prithwiraj Das**

AIMS IBS Business School, India

**ABSTRACT:** The present study investigates the effects of the integration of banks and crypto currency in a demonetized world. In a demonetized world, the integration of banks and crypto currencies plays a vital role in economy development. Banks play a key role in facilitating the use of crypto currencies by providing added security for a variety of financial transaction, it helps to make the banks to engage in other activities, providing the easy transfer and conversion of fiat currency. This increases the convenience of crypto currencies, making it easier for individuals and businesses to adopt and use them for everyday transaction. Crypto currencies bring the plenty opportunities, such as accessing the new market and customer segments, faster payments and lower fees than banks. It improves the effectiveness and efficiencies of process which the bank undergoes. The integration of banks and crypto currencies would be a gradual process, with initial adoption being led by early adopters and gradually becomes more widespread overtime.

## I. INTRODUCTION

The integration of banks and crypto currencies in a demonetized world is a complex and rapidly evolving topic. Demonetization refers to the process of removing the status of legal tender from some or all of a country's currency. In a demonetized world, cash transactions become more difficult or impossible, and digital payment methods become essential.

Crypto currencies are a relatively new form of digital payment that operates independently of central banks and governments. They use block chain technology to secure and verify transactions, and their value is determined by supply and demand in the market.

The integration of banks and crypto currencies could offer several benefits in a demonetized world. For one, it could help to expand access to financial services to people who are unbanked or under banked. Crypto currencies could also provide a fast and secure way to transfer funds across borders, without the need for intermediaries like banks.

At the same time, integrating crypto currencies into the banking system would also bring challenges. For example, crypto currencies are highly volatile, and their value can fluctuate rapidly. Banks would need to find ways to manage this volatility and ensure that their customers' funds are safe.

Moreover, crypto currencies are often associated with illicit activities such as money laundering and terrorism financing. Banks would need to find ways to ensure compliance with anti-money laundering (AML) and know-your-customer (KYC) regulations, while also preserving the privacy and anonymity that are central to crypto currencies.

Overall, the integration of banks and crypto currencies in a demonetized world is an area of ongoing exploration and innovation. As more and more people move away from cash transactions and towards digital payments, finding ways to integrate these two worlds will be critical for the future of finance.

It also brings the many benefits, such as greater access to financial services for unbanked population. However, it can also include challenges, such as complexity in increased regulations and the bank as to update the systems to accommodate digital asset. Ultimately, the success of integration will depend on the willingness of banks to embrace new technologies and the ability of regulators to provide clear guideline for the use of crypto currency.

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## II. LITERATURE REVIEW

1. "Crypto currency and Banks: Friend or Foe?" by Shubhangi Chandra and Shalini Sharma (2019)
   The study examines the relationship between banks and crypto currency and their potential for coexistence in a demonetized world. The authors found that while crypto currencies offer many benefits, they also pose significant risks for banks, including increased regulatory burdens and reputational risks. However, they suggest that banks could leverage block chain technology to improve their own operations.
2. "Integration of Crypto currency in Banking System" by Jaimin Vyas and Sunil Kumar (2020)
   The authors examine the potential for banks to integrate crypto currencies into their operations, arguing that this could help reduce transaction costs and increase financial inclusion. However, they also note the challenges banks may face in terms of regulation and risk management.
3. "Banking in a World Without Money" by David Birch (2016)
   The author explores the potential for a world without physical currency, in which crypto currencies and digital payment systems have replaced traditional banking methods. He argues that banks will need to adapt to this new reality and find ways to integrate these new payment methods into their operations.
4. "The Integration of Block chain Technology into Banking Systems" by Charis J. Ntounis and Stefanos D. Giannakis (2019)
   The authors examine the potential for block chain technology to transform the banking sector, including the integration of crypto currencies. They argue that block chain-based systems can help reduce transaction costs, increase transparency and security, and improve financial inclusion.
5. "Crypto currencies and the Future of Money" by Campbell R. Harvey and Ashwin K. Acharya (2019)
   The authors examine the potential impact of crypto currencies on the future of money, including their potential to disrupt the traditional banking sector. They suggest that banks will need to adapt to this new reality, embracing new payment methods and technologies to stay competitive.
   In conclusion the integration of banks and crypto currency in a demonetized world is an area of increasing interest and importance. While there are many potential benefits to integrating crypto currencies into banking operations, there are also significant risks and challenges that must be addressed. As the research suggests, banks will need to adapt to this new reality, embracing new payment methods and technologies to stay competitive in a rapidly changing landscape.

## III. ANALYSIS AND INTERPRETATION

The integration of banks and crypto currency in a demonetized world is a complex and multifaceted topic that requires careful analysis and interpretation. On the one hand, banks have long been the primary institutions for managing money and conducting financial transactions, and they have established relationships with governments and other financial institutions that give them significant power and influence in the global financial system. On the other hand, crypto currencies represent a new and rapidly evolving technology that has the potential to disrupt traditional banking and financial systems, and which operates on a decentralized and often anonymous basis.

One potential benefit of integrating banks and crypto currencies is the ability to leverage the strengths of each system to create a more efficient and secure financial system. For example, banks could use block chain technology to improve their record-keeping and transaction processing, while crypto currencies could offer greater privacy and security for users. Additionally, integrating crypto currencies into the banking system could provide greater access to financial services for individuals who may not have access to traditional banking systems.

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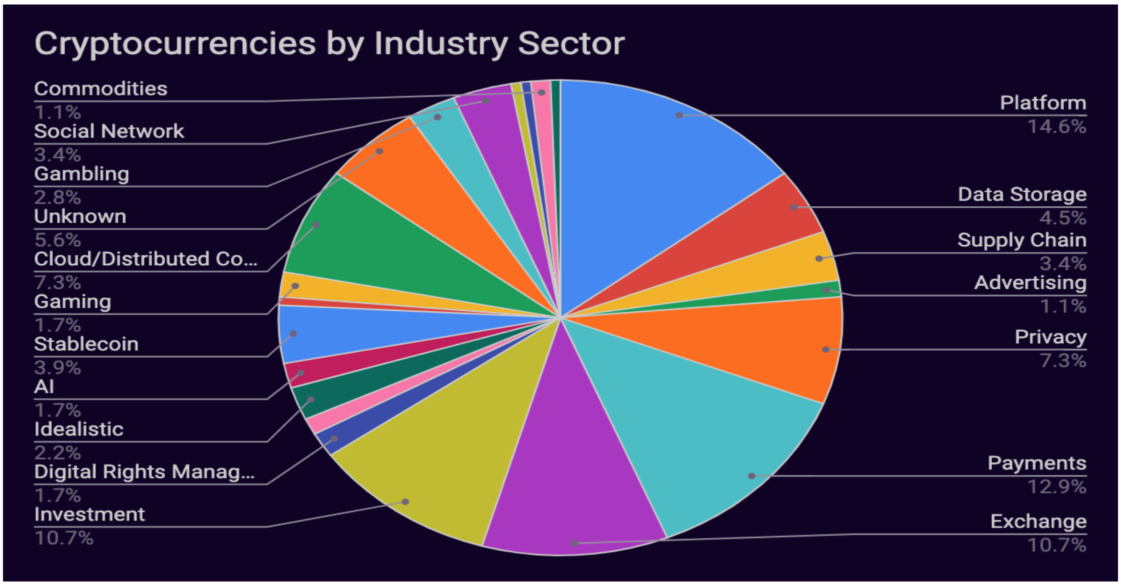
However, there are also significant challenges and risks associated with integrating banks and crypto currencies. For one, crypto currencies are currently highly volatile, which makes them a risky investment and can create uncertainty in the financial system. Additionally, crypto currencies have been used for illegal activities such as money laundering and terrorist financing, which could put banks at risk of being implicated in these activities if they are not careful.

Furthermore, the integration of banks and crypto currencies raises important questions about regulation and oversight. Crypto currencies have largely operated outside of traditional financial regulatory frameworks, and bringing them into the banking system could require significant changes to existing regulations and oversight mechanisms.
In summary, the integration of banks and crypto currencies in a demonetized world presents both opportunities and challenges, and will require careful analysis and interpretation to ensure that the benefits of integration are maximized while the risks are minimized.




## IV. SUGGESTIONS AND LEARNINGS

The integration of banks and crypto currencies in a demonetization world can be a complex issue. Here are some suggestions and leanings that could be helpful in this context:

Regulatory framework: The first step towards the integration of banks and crypto currencies is to create a regulatory framework that enables this integration. This framework should ensure that banks and other financial institutions comply with anti-money laundering (AML) and know your customer (KYC) regulations while dealing with crypto currencies.

Education and awareness: It is important to educate bank employees and customers about crypto currencies to increase their understanding of this new asset class. Banks can conduct training sessions or webinars to educate their employees and customers about crypto currencies and how they can be integrated into the existing financial system.

Collaboration with crypto currency exchanges: Banks can collaborate with crypto currency exchanges to enable the buying and selling of crypto currencies. This collaboration can also help in the development of secure and reliable infrastructure for the storage and transfer of crypto currencies.

Integration with existing banking systems: Banks can integrate their existing banking systems with crypto currency networks to enable seamless transactions. This integration can be done using application programming interfaces (APIs) and can help in the development of a more secure and efficient financial system.

Use of stable coins: The use of stable coins can help in the integration of crypto currencies with banks. Stable coins are crypto currencies that are pegged to a stable asset like a fiat currency. They offer a stable value and can be used for payments, remittances, and other financial transactions.

Risk management: Banks need to develop effective risk management strategies to deal with the risks associated with crypto currencies. This includes developing robust cyber security protocols, ensuring the safety of customer funds, and implementing effective fraud detection mechanisms.

In summary, the integration of banks and crypto currencies requires a collaborative effort between banks, crypto currency exchanges, regulators, and other stakeholders. It is important to develop a regulatory framework that enables this integration while ensuring compliance with AML and KYC regulations. Banks also need to educate their employees and customers, collaborate with crypto currency exchanges, integrate their existing banking systems with crypto currency networks, use stable coins, and develop effective risk management strategies to deal with the risks associated with crypto currencies.

## V. CONCLUSION

The integration of crypto currencies with the banking system in a world that is increasingly moving towards demonetization can have both positive and negative consequences. On the one hand, the use of crypto currencies can offer a number of benefits, including increased efficiency, reduced costs, and increased security. Crypto currencies also have the potential to bring financial services to those who are currently unbanked, which could be a major step towards financial inclusion.

On the other hand, the integration of crypto currencies with the banking system could also bring a number of challenges. Crypto currencies are highly volatile, which could create risk and uncertainty for both consumers and financial institutions. Additionally, the lack of regulatory oversight in the crypto currency space could lead to potential financial crimes, such as money laundering and terrorist financing.

To mitigate these risks, financial institutions will need to carefully consider how they integrate crypto currencies into their existing systems and ensure that appropriate risk management strategies are in place. They will also need to work closely with regulatory authorities to ensure that crypto currencies are used in a safe and responsible manner.

Overall, the integration of crypto currencies with the banking system in a demonetized world has the potential to transform the financial landscape, but it will require careful consideration and planning to ensure that the benefits are maximized and the risks are minimized.

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