

Master of Business Administration Programme

LCMB7035 - Dissertation

Dissertation Proposal

**CRYPTOCURRENCIES AS AN INVESTMENT VEHICLE IN
THE UK- ADOPTION AND PERCEIVED RISKS**

Table of Contents

1. Introduction	3
2. Literature Review	4
2.1 Risks in Cryptocurrency Investment	4
2.2 Regulatory Environment	5
2.3 Customer Demand and Behaviour.....	5
2.4 Theoretical Framework	5
2.5 Literature Gap.....	6
3. Methodology.....	6
3.1 Research Philosophy.....	6
3.2 Research Approach	6
3.3 Research Design	6
3.4 Data Collection	7
3.5 Data Analysis.....	7
3.7 Ethical Considerations	7
4. Expected Findings.....	8
5. Limitations	8
6. Timeframe	9
7. Conclusion	9
References.....	10

1. Introduction

The cryptocurrency has reshaped the financial landscape in the entire world making it one of the disruptive innovations that change the manner in which people invest or fund financial systems. The use of technological innovation and decentralised financial systems have gained popularity among investors in the United Kingdom as far as digital assets such as Bitcoin and Ethereum are concerned (Rana, Audi and Ali, 2025). The question of the adoption of cryptocurrencies is a complicated one, even in the context of its further increase in popularity because it is conditional on the level of economic risk, regulatory as well as some customer demand factors. Economic risk has also been a significant issue when it comes to determining whether to invest in cryptocurrencies since the volatility rates, and the speculative behaviour are likely to scare away risk-averse investors (Stupak, 2025). In addition, institutional and technological benefits of adoption like security of transactions and technological literacy, have immense impact on the pace of adoption in different economic environments.

These factors increase the level of uncertainty and contribute to the ambivalence of the investors to the legitimacy of investing in cryptocurrencies as a safe investment. The regulatory status of the UK is also another critical consideration in the adoption patterns. The concern of monetary authorities has been on the issue of consumer protection, money laundering and absence of clearly defined governance structures. Jegerson *et al.* (2025) stated that such issues impact trust in investors and do not allow further penetration of cryptocurrencies into standard finance. Moreover, another factor that is related to investment behaviour is the advisory services and professional financial advice since individuals using services of financial advisors are in a better position to make a decision on the cryptocurrency investment (Brockbank et al., 2025).

Research Aim:

This research paper seeks to investigate the role played by risks, regulatory barriers and customer demand on the application of cryptocurrencies as means of investments in the UK.

Research Objectives:

- To identify the key risks facing cryptocurrency investments among the UK investors
- To identify the contribution offered by regulatory frameworks towards investor confidence and uptake

- To analyse the level of customer demand and to invest in cryptocurrencies
- To examine the associations among the perceived risks, regulatory awareness and investment behaviour

Research Questions:

- Which risks are the most significant when it comes to cryptocurrency investment in the UK?
- What is the impact of the regulatory policies on investor confidence and adoption?
- What influences or prevents the demand for cryptocurrency investments among customers?
- Do Perceived Risk, Regulatory Understanding and Investment Intention correlate?

2. Literature Review

The increase in academic interest in risk perception, regulatory frameworks, and customer behaviour is reflected in the literature on cryptocurrency adoption as an investment avenue. The issue of the factors complicated by scholars in determining the choice of investors to adopt cryptocurrencies has been analysed based on the economic, social, and technological determinants.

2.1 Risks in Cryptocurrency Investment

The concept of risk perception is still the key to the analysis of cryptocurrency investment behaviour. According to Guo et al. (2025), other discouraging factors like excessively high volatility of the market, speculative trade, and lack of asset backing scare away many investors. Both economic and social risks such as exposure to manipulation of the market and cyber theft increase uncertainty further. Bitcoin price volatility and the rise in retail trading activity also make markets unstable which can easily result in herd behaviour and irrational decision-making that is a characteristic of speculative bubbles. Nazir et al. (2025) also remind investors that there is a high level of operational and regulatory uncertainty in participating in cryptocurrency markets, which enhances their perception of the investment risk in other activities and affects their entry choice. All these influence investor trepidation and reluctance to invest in cryptocurrencies as safe investment instruments.

2.2 Regulatory Environment

Regulation is a significant factor to the rate of adoption of the cryptocurrency. Singh and Yadav (2025) argue that the UK has adopted a conservative model of regulation, which is balanced in terms of protecting investors and the promotion of innovation. The *Financial Conduct Authority* (FCA) enforces the principles of anti-money laundering and financial stability. However, it does not possess the holistic clarity, which gives rise to the legal ambiguity concerning investors. The comparison of the UK case and incentives that are more progressive in Hong Kong implies that the UK has more conservative policy in terms of regulation of investment activities as compared to Hong Kong (Burgess and Liu, 2025). The cryptocurrency institutional adoption in the UK is limited by the unfriendly attitude of marketing and derivatives. This also lacks a unified international system that complicates compliance and international purchases and sales further.

2.3 Customer Demand and Behaviour

The motivational research on consumer behaviour suggests that demographic and psychological factors are critical in adopting cryptocurrencies. On comparing between millennial and pre-millennial investors, Osakwe et al. (2025) found that millennials are more likely to use it as they are more digitally literate and willing to adopt technological innovations. Their integrative behavioural model recognises perceived ease of use, trust and financial knowledge as important predictors of investment behaviour. The same is affirmed by Guo et al. (2025) that indicated that technological awareness and social influence have positive impacts on adoption and perceived risks; on the contrary, they reduce adoption. Auer et al. (2025) noted that in many cases, retail involvement in crypto markets is driven by speculative reasons, and not financial planning in the long term. Such results indicate that market sentiment and regulatory stability have a close association with demand.

2.4 Theoretical Framework

Technology Acceptance Model (TAM) and Behavioural Finance Theory are useful frameworks that can explain the behaviour of investors in cryptocurrency markets. TAM emphasizes the role played by the perceived usefulness and ease of use in the individual decision-making process of adoption, especially on the tech-conscious investors. Cognitive and emotional biases influencing investment decisions in the cryptocurrency market Behavioural Finance Theory identifies psychological processes like overconfidence, herd behaviour, and risk perception to engage in cryptocurrency

markets in spite of volatility, which are useful in explaining cognitive and emotional biases and investment decisions in digital currencies.

2.5 Literature Gap

In spite of the available literature discussing the cryptocurrency risk, regulation, and consumer behaviour, limited empirical research has been conducted to determine the interaction of these variables in the specific UK investment setting. There is minimal effort given as of now in the absence of UK-specific data to establish the relationship between perceived risk and trust in regulations and investor demand (Singh and Yadav, 2025). The current research, therefore, fills this gap by providing an idea about the association between risk perception, regulatory awareness and adoption intentions.

3. Methodology

3.1 Research Philosophy

The study will take the positivism philosophy because the research endeavours to find objective and measurable relationships between risk perception, regulatory barrier and customer demand in cryptocurrency adoption. Positivism encourages the implementation of quantifiable data and systematic response as opposed to interpreting. Gamage (2025) points out that positivist research will allow testing of a hypothesis by use of evidence and statistics. This philosophy meets the application of secondary quantitative data by validated academic and institutional sources to be objective and reproducible of results.

3.2 Research Approach

The deductive approach of quantitative nature will be used, starting with the well-known theoretical backgrounds, including Technology Acceptance Model (TAM) and Behavioural Finance Theory. The hypotheses will be formulated using these frameworks and tested using secondary datasets. According to Haque (2022), quantitative methods allow properly assessing relationships among variables with the help of a statistical tool. Through the review of current literature, report, and data, this study will support the theoretical premise on the effect and impact of risk and regulation on cryptocurrency investment behaviour in the UK.

3.3 Research Design

This research will be based on a qualitative descriptive design, which is a cost-effective and efficient way of exploring new research questions based on available or

already published data. This design suits well when and why risk, regulation, and customer demand are connected without paying attention to subjective meanings. According to Susilawati et al. (2025), qualitative designs focus on organized and replicable approaches that contribute to increasing reliability and validity. The design will, therefore, entail screening, extraction, and analysis of academic journal articles, institutional report and data to be fetched from authentic online sources to gather relevant qualitative information in line with research objectives.

3.4 Data Collection

The research will be based solely on secondary data to be collected from scholarly articles, government reports, and financial magazines. Haque (2022) states that the secondary data collection enables the researcher to investigate general trends in a cost-effective and reliable way. The credible sources will include Google Scholar, besides IMF, FCA, OECD, Scopus, and ScienceDirect. All data related to the work will be obtained within the period of 2018 to 2025. The qualitative data, including, but not limited to adoption rates, risk measures, and regulatory indices, will be classified into three basic themes, encompassing the risk perception, regulatory framework and customer request.

3.4.1 Population and Sampling

The sample of the study will consist of the prior literature and institutional reports regarding cryptocurrency investment and adoption in the UK and other similar economies. The most relevant and credible sources will be selected with the help of a purposeful sampling technique. According to Bouncken et al. (2025), purposeful sampling can be used to find information that directly answers the research problem. Approximately 30 to 50 publications that fit into the inclusion criteria of recency, validity and empirical evidence will be analysed in order to be robust and focused.

3.5 Data Analysis

The data obtained will be interpreted through thematic analysis in order to determine the re-occurring patterns and themes of the existing literature. This method will aid in classifying results that will be associated with risk perception, regulatory schemes, and investment intents, and offer systematic perspective of the joint impact of these variables on cryptocurrency adoption in UK investment environment.

3.7 Ethical Considerations

Ethical risks are low since the study will involve secondary data that are publicly available. However, to ensure compliance with ethical standards, maintaining

transparency, recognizing the sources and preventing the case of plagiarism will be ensured. To promote the idea of academic integrity and credibility, the data will be managed carefully in line with the policies of GDPR (2018) and the ethical principles of conducting research in the university.

4. Expected Findings

It is thought that the research will reveal that the network perceptions of risk and regulatory ambiguity will play a major role in influencing the willingness of the investor to adopt the cryptocurrencies in the UK. People are interested in investing in cryptocurrencies, yet will exercise caution due to the fear of market fluctuations, fraud, and the inability to be formally secured. It is transparent that Jain (2025) explains the perception of the perception market risks and the trust in the institutional framework affect the level of investor satisfaction and the perception. In addition, the regulatory trust will also be made a moderating variable because, when critical regulations and policy stability are high, investor confidence becomes stronger. The adoption of cryptocurrency in the globe as explained by Sergio and Wedemeier (2025) is solidly coupled with positive regulatory structures and spatial awareness of technological growth. The research will inform policy makers and other financial institutions about safe and informed cryptocurrency investments.

5. Limitations

The research will also have a weakness in using secondary sources because the current state of the cryptocurrency market may not have been adequately reflected in existing journal articles and research papers. It may be publicated bias towards studies with significant findings, and ignore conflicting results. Most of the published studies are cross-sectional and therefore they do not provide a follow-up on the changing market trends and investor behavior. Also, it is possible that aggregated data based on multiple sources are not consistent in the methods of measurement and definitions. The systematic literature reviews and meta-analyses may help in future studies to summarize the results in a more comprehensive manner across various research works.

6. Timeframe

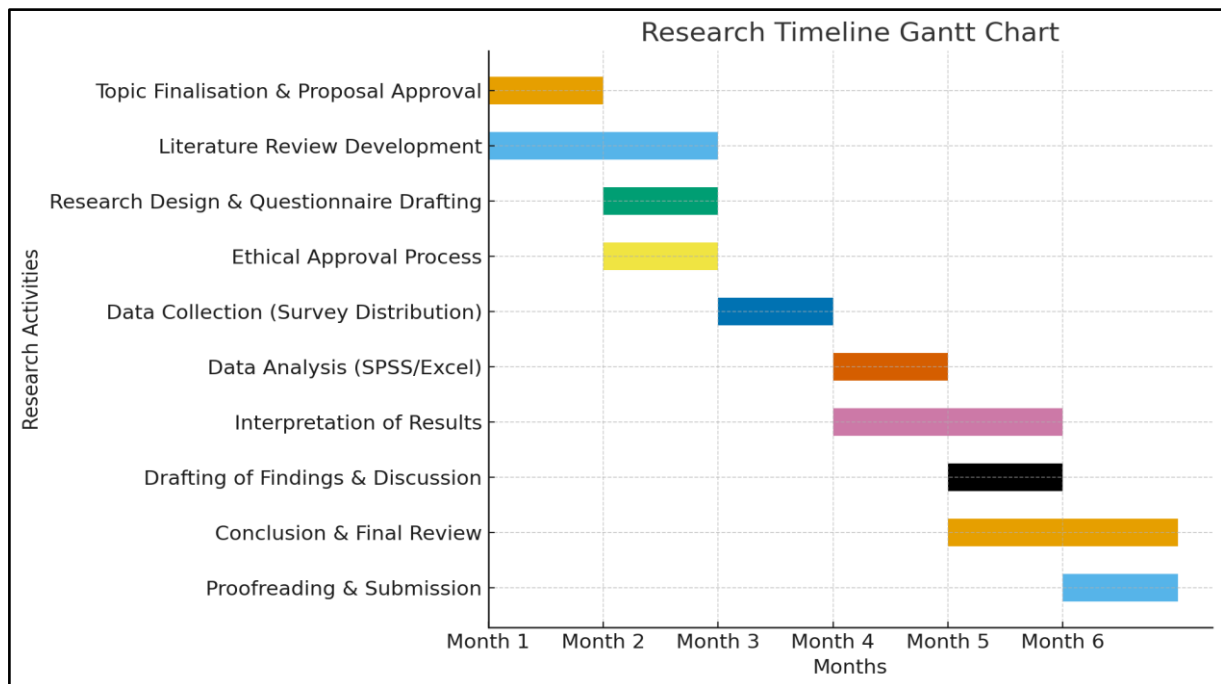


Figure 1: Research Timeline

(Source: Self-Developed)

7. Conclusion

This is a proposal of a qualitative study on the perception of risk, regulation, and customer demand in the adoption of cryptocurrencies in the United Kingdom. It will examine journal articles and published studies to present empirical evidence that will guide policy-makers, investors, and academics on how the digital finance environment is changing through a systematic review of the secondary literature.

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