

Master of Business Administration Programme

LCMB7035 - Dissertation

Dissertation Proposal

**ANALYSIS OF RISKS, REGULATORY HURDLES, AND
CUSTOMER DEMAND OF THE ADOPTION OF
CRYPTOCURRENCIES AS AN INVESTMENT IN THE UK**

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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 risk perception is still of central importance to the cryptocurrency investment behaviour. Guo *et al.* (2025) added that the unpredictability of the cryptocurrency market, speculative trading, and non-backing of assets are some of the greatest discouraging factors to potential investors. The intentions to invest are also influenced by economic and social risks, such as vulnerability to manipulations on market manipulations and cyber theft. Changes in Bitcoin prices and the growing volume of retail trading make the market of digital assets more unstable. Such interactions usually give rise to herd behaviour and irrational behaviour, typical of speculative financial bubbles. However, Nazir *et al.* (2025) argued that even though entrepreneurial firms shared their innovation and diversification with the help of cryptocurrencies, they experience a high level of operational and regulatory uncertainty, which contributes to the increase in the perceived risk of investments.

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 can be useful theories to examine investor behaviour in cryptocurrency markets. Osakwe et al. (2025) use TAM to point out the effects of perceived usefulness and ease of use on adoption, especially among demographic groups that are more tech-savvy. The psychological biases, overconfidence and herding described by behavioural Finance Theory, explain why people invest their money in cryptocurrencies despite the inherent risks they involve. The patterns of adoption of entrepreneurial innovations also mirror

the innovation-driven behaviour where the firms take the risk to try and harness the opportunities of blockchain-based assets.

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 quantitative 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 examining primary survey data on 51 UK investors and provides an idea about the association between risk perception, regulatory awareness and adoption intentions.

3. Methodology

3.1 Research Philosophy

The study will adhere to the positivist philosophy of research because it is aimed at determining objective and quantifiable relationships between the perception of risk, regulatory barriers, and customer demand to invest in cryptocurrency. Positivism will also allow the researcher to draw bases on measurable data that can be observed rather than interpreting them subjectively. According to Gamage (2025), it is essential for research to be conducted using positivism to test hypotheses or research questions with the help of empirical data and statistical instruments. The use of a structured survey will follow this philosophy and provide a systematic and repeatable data collection.

3.2 Research Approach

It is planned to use the quantitative research approach, which is all about collecting and analyzing statistical (numerical) data to find relevant patterns and relationships. This is, however, done using different methods, such as surveys, experiments, and statistical analysis (Haque, 2022). In this case, the approach will be deductive, which will start with research questions and testing such with objective and measurable data and coming to a valid conclusion.

3.3 Research Design

The study will be designed as quantitative descriptive design where the meaning of results will not be a focus, but identification and analysis of any statistical patterns. To acquire knowledge regarding measurable risk, regulation and demand, this design will

be appropriate. It is stated that quantitative research is found on the systematic actions that will enhance reliability and validity with the help of structured tools (Susilawati *et al.* 2025). The design will, therefore, ensure that collected data is objective and is suitable enough to compare the responses of the participants in numerical terms.

3.4 Data Collection

It has been stated by Haque (2022) that a survey is a suitable data collection method, as it enables collecting data from a large sample of people. It is cost-effective and efficient in analysing trends and collecting a broad range of opinions, attitudes, and behaviors. It can also be conducted remotely, making a convenient statistical data collection method. Therefore, collection of primary data will be based on a structured online questionnaire that will be administered by the use of Google Forms. The Likert-scale questions in the questionnaire will focus on perceived risk of investment, regulatory trust, customer demand and demographic Likert scale. The questionnaire format will make the answers manageable in a structured format, which can be analysed statistically.

3.4.1 Population and Sampling

The target participants for the survey will include the adults in the UK who have prior knowledge or experience in financial investments. The convenience sampling will take place as a sample size of 51 respondents will be selected based on the participants available in online investor communities and university networks. According to Bouncken *et al.* (2025), it is necessary to be able to purposefully sample respondents who can give useful information on the research problem. Convenience sampling can be an issue with representativeness, but it will be appropriate due to limited resources and time.

3.5 Data Analysis

Quantitative research is enhanced through statistical analysis, which provides the credibility of quantitative studies by demonstrating measurable relationships between concepts (Makateng and Mokala, 2025). The data to be obtained using online surveys will be analysed with the help of descriptive statistics in Microsoft Excel. This method is likely to help in testing relationships between variables by the use of mean, median and mode.

3.7 Ethical Considerations

Data collection will be done at a later stage after obtaining ethical clearance. The participants will be anonymous and will volunteer to take part. Data will be processed according to GDPR (2018) and will provide privacy and academic integrity.

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. One can expect that the participants will be 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. The findings may also indicate that younger investors (18-35 years) are more aggressive and non-Vulcanic towards financial risk compared to older participants of the study, which is in line with the tendencies of millennial-driven adoption worldwide. 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 study might also be weakened by the small number of respondents (51) that was used in the research. The sample can also be biased due to the convenience sample as it might lead to overrepresenting those individuals, who are already interested in cryptocurrencies. In addition, social desirability bias or misjudgement of financial knowledge may be contained in self-reported survey information. The fact that the research will assume cross-sectional design will not support the dynamic behaviour of investors and the changing trends in the market over time. The potential studies that may be done in the future are able to expand the sample size and use qualitative methods to obtain a more vivid picture.

6. Timeframe

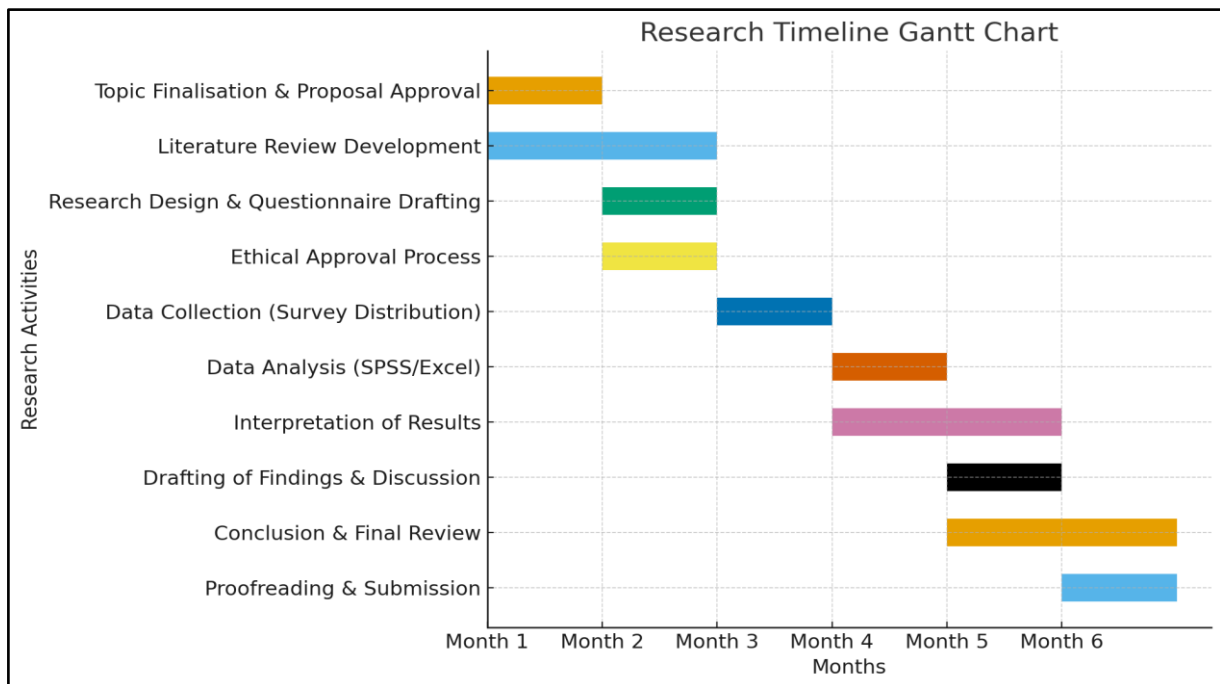


Figure 1: Research Timeline

(Source: Self-Developed)

7. Conclusion

In this proposal, the researcher has offered a proposal of quantitative research on the degree to which the concept of risk perception, regulation, and customer demand is applicable to the cryptocurrency adoption in the UK. It will rely on the survey findings of 51 respondents in order to provide them with empirical evidence that will inform policymakers, investors, and scholars on how they can inform people to be informed about the evolving digital finance environment.

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