

# The Impact of Blockchain-Bitcoin in Malaysian Markets

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**Abstract-**In the field of technological advance, when everyone talks about "the Internet of things", and so it is expected that there is something and everything in the relationship, money should not be left. The currency of the papers is a thing of the past, since the virtual currencies are beginning to take control and Bitcoin is ready to achieve this performance. Not only does it revolutionize the way it is paid, but it also potentially affects the USD as the USD, which is already a challenge for the challenges of the EURO or the Chinese Renminbi Yuan (CNY). The increase in crypto currencies will give a new dimension to this challenge for the Ringgit (MYR) in Malaysia. The purpose of this study is to understand the many factors that are gaining momentum in Bitcoin (BTC) in several areas of global finance and how confusing it can be, including the financial system of the major fiduciary currencies, which is mainly MYRs. The most important variables examined are Bitcoin, Bitcoin Technology, Bitcoin Economy and Bitcoin as currency. Furthermore, the study would propose a framework that would become the foundation for the furthering of upcoming explorations. Finally, this study would act as a stepping ground for making effective contributions towards understanding the best possible way to plan for the success of retail market in Malaysia.

**Keywords-**Virtual currency, Bitcoin, Crypto-currencies, Payment systems

## 1. Introduction

MYR as a global asset has lived for decades, although the Japanese yen has become increasingly popular as an international currency in the eighties. Later, both the Chinese Renminbi and the EURO question the USD in International Finance [25]. It is also obvious that the dollar's share in the reserve currency is decreasing, although in general the reserve currency is growing globally. However, neither the Yuan nor the EURO can compete strongly against the USD due to the evaluation problems, that is, the Chinese Yuan is considered undervalued, while the EURO is overvalued [3]; [41].

Although the renminbi may be a viable alternative at some point in the foreseeable future, the dollar will remain outstanding [45]. The closest rival was the euro, but since the crisis, the accumulation of foreign exchange reserves began in the region [4]. In the same way, the Yuan does not have a primary condition for the global

currency, that is, the total and free convertibility. If the CNY wants to govern, it should be a regional currency [32]; [31], which can be the first step towards internationalization [5].

Another point of view of CNY is that it is inevitable that by 2024, the RMB will play a key role in global payments and banking, and the Japanese yen will be the main Asian currency [32]; [30]; [31] [6]. No currency is free of challenges in the global economic environment, including the MYR. However, the US dollar still selects the world reserve currency until there is no credible alternative [29]. Countries in the reserve currency can benefit from excessive benefits, such as cheap loans. This cannot continue, as other economies are vulnerable, so emerging economies will want to enter the world market list at the same time or begin to demand an alternative currency [17]. The opinion expressed by the International Monetary Fund (November 2015) suggests that the Chinese yuan or the renminbi, as is known, is an exclusive currency group that forms the basket of the IMF. Special Drawing Rights (SDR) is a positive development of the CNY. Inclusion means weakening the global position of the USD and recognizing the strength of the Chinese currency in global economy [25]; [43].

## 2. Blockchain & Supply Chain

Blockchain consist of block or record which is public and distributed to all network in the supply channel [46]. Supply chain management is typically considered as a major field of utility for blockchain which is verified by using a collection of current new gadget [47]. In the education community, the interest in blockchain and its enterprise functions has been regularly growing over the closing years which is confirmed by way of a series of latest literature opinions [48].

## 3. Significant of the Study

### 2.1 Theoretical Contributions

This study would contribute by adding value on the existing knowledge. It is also expected to offer empirical evidence on the role of blockchain experience and blockchain management, on implementation of blockchain-bitcoin by interdependency theory by portraying the relationship between blockchain and bitcoin in retail market. Lastly, this study would provide

valuable insight and more evidence on the influences of the transaction cost theory which shows that consumer and retailer have a transaction relation for product buy and sells.

## 2.2 Practical Contributions

This study when completed would make appropriate suggestions in the forms of policies and strategies that would be adoptable and implementable especially with the view of solidifying the gains of blockchain-bitcoin impact in retail market. This study would be of crucial benefit to retailers, the policy maker, who intends to make efforts at improving on work fulfilment in retail market.

Table 1. Flow of research in decade

| Author                     | Directive                                     | Bitcoin Technical Knowledge            | Bitcoin Financial Management                  | Currency  | Impact on MYR |
|----------------------------|---|--|---|---|---------------|
| Satoshi Nakamoto, 2008     | Absence of central governing authority        | Electronic transactions systems        | N/A   | Digital Currency                                  | N/A           |
| Plassaras, 2013            | IMF Regulation                                | Basic technology and its functionality | N/A   | Bitcoin in the payment system                     | N/A           |
| Christan Beer, Weber, 2014 | Regulators and the governments                | Bitcoin and how it operates            | N/A   | Bitcoin in the payment area                       | N/A           |
| Casey & Vigna, 2015        | N/A   | N/A                                    | Bitcoin-related project in the stock exchange | Traditional banking vs cryptocurrency transaction | N/A           |
| Hochstein, 2015            | Bitcoin as a potential for real-time payments | Design of Cryptocurrency               | N/A   | Fiat currency except for its virtual existence.   | N/A           |
| Burnett & John, 2015       | Virtual currency and its appropriate licence  | N/A                                    | Venture capitalist investing millions         | Virtual currency, innovation for high-tech world  | N/A           |

## 4. Survey of Literature and Theoretical Development

The review of the literature was grouped according to the variables considered in this research study. The dependent variable is the effect of Bitcoin in the world currency (MYR). Four independent variables have been identified, namely: (1) lack of global directive or around the financial management of Bitcoin (2) to guarantee the security and privacy of financial transactions; however, it is very profitable (3) for Bitcoin; and (4) Bitcoin currency [26]; [27]; [28]. In Table-1 The flow of research in recent years is due to the fact that thanks to the creation of Bitcoin and the added value that this research document will contribute to understanding the many aspects of global financing

| Author  | Directive  | Bitcoin Technical Knowledge   | Bitcoin Financial Management                                     | Currency  | Impact on MYR  |
|---|--|---|--|---|--|
| Tsukerman, Misha & July,2015                  | Bitcoin Blockchain technology and legal issues                 | Various technological aspects of the bitcoin                          | N/A  | Bitcoin in black market and tax evasion                                 | N/A  |
| Engku Shariful Azni and Ikhwan Hashim,2016    | The cyber technology   | The crypto imprecation expertise                                      | The policy and its securities                                    | The effect of Malaysian currency  | Issues of cyber-attack might create in Malaysian currency                                |
| Securities Commission Malaysia, 2017          | The DLT technology in Malaysian market                         | The detail description of crypto in Malaysian market                  | The securities and its consequence                               | The crypto effect in Malaysian market                                   | The future of Malaysian crypto currency and its securities                               |
| Nur Husna, Dr Sherin and Prof Abu Bakar, 2018 | The new technology implementati on in Malaysian market         | The foundation knowledge of crypto in local market                    | Blockchain management policy                                     | New future of new Blockchain technology in Malaysian market             | Blockchain will enhance the Malaysian current monetary system                            |
| This research paper                           | The regulation and the positive impact on the virtual currency | The crypto-currency technology can be utilised to legitimate currency | Bitcoin economy continues to grow and is gaining massive support | Mainstream currency with is freely available and acceptable to everyone | Studies the core variables which has a potential to impact the MYR in the global finance |

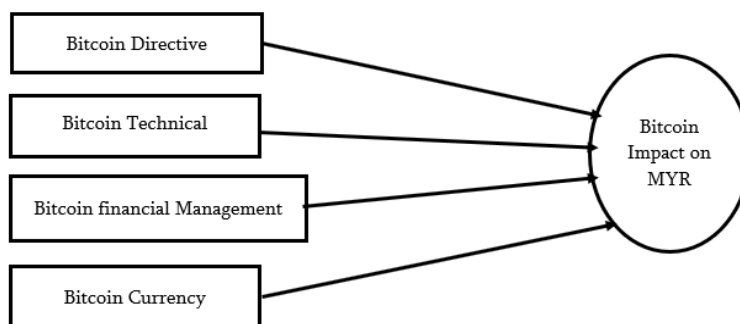
## 5. Research Methodology

After the exhaustive bibliographic survey, the research methodology focused on the existing central variables identified. Consequently, these four main variables used a simple direct relationship to understand the research model to understand which of them is the most decisive. We use a detailed questionnaire to collect formal data (primary data) for financial and banking professionals,

Bitcoin lovers, current and potential Bitcoin users worldwide. The sample size was 208 in the first half of 2015[42]; [44]. The structural modelling tool, ADANCO 2.1, was used to build, execute and validate the process model. Partial partials square regression (PLS) techniques were used to analyses latent constructions. This ADANCO 2.1 device is suitable to present both the measurement model (external model) and the structural model (internal model) [37]; [38]; [39]

## 6. Research Framework

IN this section we introduce the research framework



**Figure 1.** Research Framework

### 4.1. Data Collection

When designing the four main variables, the review of the literature was used as a source of secondary data. A detailed discussion is included in the previous section of the literature survey. The survey data for the primary analysis were obtained from 208 respondents. The survey included both qualitative and quantitative questions about latent constructions. Based on the contributions and comments, the questionnaire of the final survey was completed. It questioned financial and banking professionals, Bitcoin enthusiasts, existing and potential Bitcoin users worldwide.

In addition, each one of the latent constructions have three or five questions (pointer) that describe the current and future status of Bitcoin and the impact of the MYR on the world currency. The answers were measured on a Likert scale of 7 points and we agreed on a scale strongly disagreeing. The last part of the survey contains the demographic details of the respondents. The data was collected through a survey on the Internet (through Google Docs). The cut provided 208 complete and useful answers.

## 7. Tools

This research used [2]; [15], the most recent statistical tool ADANCO 1.1.1 for the analysis of the data collected by creating a structural equation model (PLS-SEM) for partial squares [40]. The observations of this study help to understand the future of global finance in many ways, especially between Regulation, Cryptocurrencies and Fiat currencies [13]; [14].

## 8. Discussion, Analysis and Findings

The important conclusion of this research is that regulators cannot encourage the use of Bitcoin, but the technology itself cannot be ignored as the number of cryptographers increases every day, replacing Fiat currencies with the market and financial institutions from around the world for innovation therefore, regulators

should participate in the provision of guides for such currencies [19]; [23]; [24]. The details of the next section, a Confirmatory Factor Analysis (CFA), were conducted to assess the reliability, convergence and discretion of the balance [18]; [21].

## 9. Measurement Validation and Reliability

The reliability of the connectivity research measurement was assessed using complex reliability scores and Cronbach's aptitude. The structures are considered satisfactory, the Cronbach's alpha scores exceed the recommended values [7]. As we can see, the composite confidence score is greater than 0.8 and Cronbach's alpha values are greater than 0.7. Therefore, the general model can be considered reliable.

## 10. Convergent Validity

The mean variance extraction (AVE) and the external load values are used to measure the validity of the model [1]. The AVE must be greater than 0.5 and the external loads must be greater than 0.7. The model and you can see that all the derivatives are above the reference value, therefore, the model can be considered valid [36].

## 11. Assessment of Structural Model

The ADANCO 2.1 software was used to examine the structural model that examined the hypotheses of the investigation; this includes the estimation of the trajectory coefficients that indicate the strength of the independent variables and the dependent variables and the values of R squared. To determine the level of significance of the pathways defined in the structural model, 193 samples were taken ([8]; [9]; [10]; [7]). The increase in emissions produces a larger sample, which aims to model the unknown population [11]. The corresponding t-values show a significant level of standardized parameter estimates between constructs. As a statistical decision parameter, a significance level of 5% is used ( $p < 0.05$ ) [12]. Table 8 below summaries the results of the structural model [33].

## 12. Assessment of Fit

In PLS, explain how to evaluate and calculate PLS results, including new bootstrap-based tests that fit the model, SRMR as an application benchmark for the rhoA reliability coefficient and HTMT. The integration of the global model can be evaluated in two non-exclusive ways: using the conclusions of the statistics, such as the so-called adjustment tests of the model or the use of appropriate indicators, that is, with the approximate adjustment of the model [40]; [13]. To be a specific frame of reference, it is usual to estimate the model, both for the estimated model and for the saturated model [34]; [35]. It fits a model. Saturation refers to the structural model, which means that each construction in the saturated model is freely correlated [14].

## 13. Implications of Research

The results of the research result are multiple. Few people point to security, privacy and profitability, as well as the Bitcoin economy for Bitcoin users [16]. Combined, they can stimulate bitcoin as a common currency that competes with fiat currencies [21]; [22]. This research also includes a variable (regulation) that regulators need immediate attention around the world. This research shows that there are several other relationships between the four basic variables that can be explained by the previous hypotheses [20].

## 14. Limitations and Scope for Further Research

This research was conducted in the APAC region (Asia). This research is limited to the exhaustive study of only four latent variables (core), which is supported by the existing literary survey. The foregoing shows that there is an enormous potential for future research in this area, which implies a greater investigation of new variables.

## 15. Conclusions

The reason of this find out about is to recognize the many elements that are gaining momentum in Bitcoin in several areas of global finance and how complicated it can be, together with the financial system of the principal fiduciary currencies, which is broadly speaking MYRs. The most necessary variables examined are Bitcoin, Bitcoin Technology, Bitcoin Economy and Bitcoin as currency. Furthermore, this research would suggest a framework that would emerge as the basis for the furthering of upcoming explorations. finally, this learn about will act as a stepping floor for making nice contributions to grasp the high-quality feasible way to design for the success of retail market in Malaysia.

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