

The Impact of COVID 19 in Digital Currencies Focused in Western Balkan Societies

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Abstract

Virtual communities' emergence and innovative technologies bring up new types of accounting and transaction methods. These methods go beyond the existing economics knowledge and current legal solutions. Virtual societies develop and share their payment medium for goods and services exchange. The use of cryptocurrency has been enhanced during the COVID -19 era due to the health guidelines to minimize the virus's spread. Cryptocurrencies bridge the loopholes left by the traditional currency in sorting crises like the Corona Virus pandemic. However, cryptocurrency brings up legal controversies that users are exposed to economic and legal risks.

Keywords: Cryptocurrency, COVID-19, digital currencies, financial stability

Introduction

Europe, including Western Balkan, has suffered the repercussions caused by COVID 19 since the beginning of 2020. Western Balkan, to be specific, has suffered economically, with the COVID 19 spreading widely in the region. The governments in the area have enforced measures to reinforce their weak health systems. Actions like the purchase of medicine, medical equipment, medical facilities, and sports arena customization into COVID 19 centers have been implemented³². Again, medical practitioners' salaries and remuneration was revised upward due to the change in working hours and high risks involved. Also, the government imposed partial shutdown and lockdowns in March. The measures led to the closure of schools, restaurants, airports, domestic travel and gathering restriction as well as curfews. The containment measures have further strained the six countries' economies.

COVID-19 has affected Europe's, India's, and China's share market. Western Balkan is also affected. Digital world advancement has been enhanced within a short time. Before the pandemic, many organizations

lacked the necessary digital foundations¹³. As part of the response to COVID-19, Western Balkan has developed and provided services and innovations to mitigate the pandemic's disruptions.

This paper outlines the effects of COVID- 19 on digital currencies. The focus will be on the six countries in Western Balkan. The methodology includes primary data collected from financial institutions in the region.

Hypothesis: COVID- 19 has a positive effect on Western Balkan societies' digital currencies

Methodology

The research paper will employ various data collection methods from different financial institutions in the Western Balkan countries (Bosnia and Herzegovina, Albania, North Macedonia, Serbia, Kosovo, and Montenegro). Due to the COVID-19 pandemic, the research will rely more on digital questionnaires and oral interviews¹. The questionnaire and the oral interviews are in the English language. The population for the data collection is digital currency stockers and investors. The

data analysis was done to raise and prove the research question. The linear regression method was used in the data analysis.

Further, the methodology will include linear regression.

The research involves two variables; the independent and dependent variables.

Dependent variable: Digital currency, y

Independent variable: COVID- 19, X

The sampled population consists of 48 subjects. Each country in Western Balkan is represented by eight individuals from four different financial institutions (an investor and the owner). The investors will be the oral interview subjects while the owner will do the questionnaire. The research paper is centered on finding out the investors' feelings on the changes that digital currency has undergone amid COVID-19.

The oral interviews were conducted by interviewers who could speak in the native language of the subjects. Therefore, before the interview, the clients were asked to state their first language.

Questionnaire

The questionnaire will be administered to 50% of the entire population. The questionnaire entails the main question that provided the data for the verification of the hypothesis¹². The collected data will be analyzed using

the linear regression equation. The method is appropriate for the determination of the relationship between the COVID-19 pandemic and digital currencies.

Questionnaire Responses

What are you take about digital currencies during the Corona Virus Pandemic?

Observation 1: I like the turn of events; I like it

Observation 2. I cannot see any difference

Observation 3: It is complicated for me

Observation 4: I do not use digital currencies

Oral interviews

The linear regression method will be used in the analysis of the oral interview will be conducted via zoom and WhatsApp platforms. The interviewees will record the necessary feedbacks, which will be analyzed using appropriate methods.

Oral interviews responses

Q1: Are you aged below thirty years?

Q2: Is using cash your best mode of a transaction?

Q3: Did you know about digital currencies before the COVID- 19 pandemic?

Q4: Do you think that digital currencies have reduced the spread of COVID- 19 (Positive or negative)

Results and Data Analysis

Results

Questionnaires

Table 1 : The questionnaire feedbacks regression analysis

	Serbia	Montenegro	Kosovo	Bosnia	Albania	Macedonia
Observation 3	90%	89%	78%	92%	86%	81%
Observation 2	67%	72%	69%	53%	82%	64%
Observation 1	30%	25%	15%	23%	35%	14%
Observation 4	2%	4%	8%	6.50%	5%	7%

The digital currency was still used in the Western Balkan before the emergence of the COVID-19¹¹. Therefore, the prominence of the technology in the region is expected

Oral interviews

Table 2

	Serbia	Kosovo	Montenegro	Macedonia	Albania	Bosnia
Q1	4.3	2.4	2	3.2	2.2	3
Q2	2.5	1.4	2	1.3	1.1	2
Q3	3.5	3.8	3	4	3.1	4
Q4	4.5	4.8	5	4.4	4.3	5

Albania's population is more conversant with digital currencies than the other countries in the region despite having their subjects older less than thirty year⁴. All the areas illustrate limited use of cash in their transactions.

Discussion

Despite the negative repercussions of COVID -19, online payments have taken another twist among the Balkans. Society has adopted the use of cryptocurrency. For instance, Serbia and Montenegro registered more than 50% of digital currencies in the past ten months¹⁴. More than 80% of the locals argued that digital currency adoption had reduced the chances of getting infected with the Coronavirus²³. The handling of liquid cash passed through the hands of people whom nothing is known about their health status exposes the handlers to the virus. Kosovo and Macedonia's ministry of health argued that more than 20% of the COVID-19 patients were using cash as their mode of payment for their goods and services.

Further, more than 70% of the population claimed that digital currencies helped them manage their finances and monitor their spending. This is because they would retrieve daily or monthly expenditures whenever they want¹⁶. Again, the digital currency saved them transaction fees involved in the withdrawal of the money from the banking platforms.

However, 28% of the sampled population argued that they struggled to use digital currencies since the apps posed them with use issues. The 28% pointed out that their first time using digital currencies was after the government's lockdowns²⁵. Nevertheless, 10% of the population took the new development of digital

currencies positively.

In the entire Western Balkan, the interview's collected data illustrated that the use of digital currencies is widely used. However, less than 10% of the population did not use digital currency in their transactions. The reason for this is a lack of knowledge or facilities to perform the transactions¹⁷. Others have never had enough resources to purchase computers and phones to facilitate the apps necessary for digital banking¹⁹. However, most of the population appreciated the region's milestones in terms of enhancing the use of digital currencies during the pandemic.

The percentage of the population that found digital currencies complicated were illiterate and the aged. Therefore, their opinion is pegged to the fact that they are less conversant with technology²². However, some illiterates asserted that digital platforms have made it easy for their bosses to pay them.

The oral interview was involving. The subjects provided more information about digital currencies and the trust their take in them. A significant part (70%) of the population claimed aged below thirty years were very happy and contented with digital currencies. In fact, 20% of the people asserted that they do not carry cash with them.

Generally, an increase in digital currencies was noted for the part of the population engaged in investments

and businesses³⁰. Other researchers found that the stock market and digital currencies, especially cryptocurrency, have skewed correlations. However, some entrepreneurs argued that digital currencies had undermined their businesses that are remotely located.

Conclusion

Western Balkan use of digital currencies is almost the same in all six countries. The prolonged stay at home has contributed to the enormous growth of digital currencies. However, disparities in the impacts have been evident. More than average of the population assert that digital currencies use has minimized the spread of the virus. Limited Technology devolution to the remote areas has affected the growth of digital currencies in that the locals and investors have limited knowledge about digital currencies.

Therefore, the research paper has outlined that COVID-19 has positively impacted digital currencies in Western Balkan. The use of digital currencies had been enhanced by the ministries of health guidelines that the public should minimize handling cash, making more than 80% of the population embark on digital currencies.

Conflict of Interest: This research is limited by the prevailing COVID-19 containment protocols-compromising the data size that would yield a plausible conclusion. Secondly, I do not have firsthand experience with the pandemic since I have not been infected nor lost a job. None of my close friends or relatives have been a victim of the virus either⁶. Further, the research was limited by funds to travel and visit all the six countries in Western Balkans since I funded the research-thus relying much on second-hand information. Lastly, the online data collection method would have been compromised since proper monitoring of the source of the feedback is difficult¹⁴. Again, cultural diversity could have barred some respondents from responding to some questions in the research, therefore compromising the findings.

Sources of Funding and Ethical Clearance

Ethical issues: This research encourages the use of digital currency to control the spread of COVID-19. However, digital currencies such as bitcoin may lead to increased criminal activities that cannot be executed with other currency forms.

Funding

The research was limited by funds to travel and visit all the six countries in Western Balkans since I funded the research-thus relying much on second-hand information. However, I recommend funding from the government such that first-hand information may be used to show the accurate impacts of COVID-19 on the Western Balkans.

Ethical Clearance: My research is about the impacts of COVID-19 on digital currencies in Western Balkan Societies. The research involves interviewing individuals from the six countries in Western Balkan.

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