



# International Journal of Research Publication and Reviews

Journal homepage: [www.ijrpr.com](http://www.ijrpr.com) ISSN 2582-7421

## PERCEPTIONS OF DIGITAL GOLD AMONG PHYSICAL GOLD INVESTORS IN COIMBATORE CITY

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### ABSTRACT :

The evolving technology made an invent to gold investment by making gold investment digitally. The rise of digital assests, particularly digital gold, it is important to understand how traditional investors perceive digital gold. This study investigates the perceptions of digital gold among investors who traditionally invest in physical gold. The study aims to find the factors that influence investors' attitude towards digital gold including trust, accessibility and value compared to physical gold.

**KEYWORDS:** Investors, Risk, Return, Security, Technology

### INTRODUCTION :

In India, gold transcends its monetary value to hold deep cultural significance. Beyond being a financial asset, gold is woven into the fabric of traditions and celebrations, symbolizing wealth and auspiciousness. The preference for physical gold, often in the form of jewellery, has been a longstanding tradition. However, as technology advances, the rise of digital gold introduces a modern twist to gold ownership. In recent times, the landscape is witnessing a subtle yet significant shift with the advent of digital gold. Technological advancements and changing consumer preferences are redefining how Indians perceive and adopt gold as an investment.

In the rapidly evolving landscape of investment, the choice between physical gold and digital gold has become a pivotal decision for consumers worldwide. Traditionally, physical gold has held an enduring allure, revered for its tangible nature and timeless value. And holds cultural and investment significance often in the forms of jewellery, coins or bars. However, digital gold has gained its popularity in recent years through platforms allowing users to buy and sell gold electronically, typically backed by physical gold held in secure vaults.

### STATEMENT OF PROBLEM :

The prominence and accessibility of digital gold investments make a shift in the place dominated by physical gold. Despite the increase in usage of digital gold, there remains a gap in understanding the perception of digital gold among physical gold investors. The study aims to investigate the perceptions, attitudes and preferences of physical gold investors towards digital gold. The study also identifies factors influencing their decision making, their concerns regarding security and risk factors.

### OBJECTIVES OF THE STUDY

1. To know the awareness of digital gold among physical gold investors.
2. To understand the perceptions and attitudes of physical gold investors towards digital gold.
3. To identify the factors that influences the decision making of the physical gold investors when considering digital gold as investment.
4. To examine the risks associated with the digital gold from the perspective of physical gold investors.

### SCOPE OF THE STUDY

The scope of the study encompasses examining physical gold investor's attitudes and preferences regarding the use of digital gold as an alternative investment. This includes assessing factors influencing the investor perceptions such as trust, convenience, security and perceived value compared to traditional physical gold holding. The study also explores the demographic factors, investment experience and technological literacy affecting acceptance of digital gold. Understanding investor perception towards digital gold among physical gold investors will provide insights into potential for digital gold to interrupt with existing investment practices and shape future investment behavior.

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## RESEARCH METHODOLOGY

### *TYPE OF RESEARCH*

To achieve the research goals, descriptive research design is used. Descriptive research is a type of research that aims to describe the characteristics of a population without influencing or manipulating them. It seeks to answer questions like “what”, “who”, “where” and “when”. It helps researchers gain insights into the current state of affairs and understand patterns or trends within a particular context.

### *SAMPLE SIZE*

The sample size for the study is 250 respondents.

### *AREA OF STUDY*

Coimbatore city is chosen as the area for the present study.

### *PERIOD OF STUDY*

The present study was carried out from December 2023 to April 2024.

### *SAMPLING METHOD*

The respondents were chosen by using simple random sampling methods. Simple random sampling is a method of selecting a sample from a large population in which every individual has an equal chance of being chosen. The selection of items entirely depends on luck or probability. Therefore, this sampling technique is also called as unrestricted random sampling.

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## METHODS OF DATA COLLECTION

Both primary and secondary data are used for the data collection.

### *PRIMARY DATA*

The present study is based on primary data. Questionnaire was the main tool used for collecting the primary data. The questionnaire is designed in a way that directly addresses the research objectives. The data collected from the primary sources were arranged and tabulated in a systematic manner.

### *SECONDARY DATA*

Secondary data required for the study was collected from books, journals, research papers and various websites.

### *TOOLS FOR ANALYSIS*

The tools used for analysis are

- Simple Percentage Analysis
- Chi-square Analysis
- Likert Scale Analysis
- Garret Ranking
- T-test

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## LIMITATIONS OF THE STUDY

- The research area is confined to Coimbatore city only. So, it may not be universally applicable.
- The respondents might not share their true data as gold is considered as their most precious form of investment.
- The study is focused on investor's perception at present it may change according to the fluctuations in gold price and market condition.

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## REVIEW OF LITERATURE

S Shiva Shankari (2023), the study explores that there is no hesitation that a small portion of our portfolios should be made up of gold as an investment class. However, digital gold is the best way to invest in gold than sovereign gold bonds and gold ETFs are the primary justification is that

gold ought to be part of an enduring portfolio. Given that gold bonds pay a supplementary 2.5% interest, it makes more sense to choose them in this regard. Bonds are less liquid than gold ETFs, which are regulated by SEBI, thus investing in gold ETFs is a better alternative for short-term hedges.

## THEORITICAL FRAMEWORK OF THE STUDY

### DIGITAL GOLD MEANING

Digital gold typically refers to a form of investment where individuals can buy and own gold in electronic form without the need for physical possession. Investors can buy digital gold through various platforms or apps provided by financial institutions, Fintech companies, or e-commerce platforms. These platforms allow users to purchase gold in small denominations, typically starting from as low as 1 gram.

### TYPES OF DIGITAL GOLD IN INDIA

#### Gold Exchange Traded Funds (ETFs)

Gold ETFs are investment funds that track the price of gold and trade on stock exchanges just like a stock. Gold ETFs are structured as open-ended mutual funds or unit investment trusts. They hold physical gold bullion or invest in derivative contracts backed by gold. The value of gold ETF is directly linked to the price of gold. Each unit of the ETF represents a certain amount of gold, typically measured in grams. So, as the price of gold rises or falls, the value of the ETF's units also changes accordingly.

#### Sovereign Gold Bonds (SGBs)

Gold Sovereign Bonds, also known as Sovereign Gold Bonds (SGBs), are government securities denominated in grams of gold. They are issued by the Reserve Bank of India (RBI) on behalf of the Government of India. SGBs enjoy certain tax benefits, such as exemption from capital gains tax if held until maturity. They are listed on the stock exchanges, providing liquidity to investors who wish to exit their investment before maturity.

#### Digital Gold Platform

In India, there are several gold trading platforms where investors can buy, sell, and hold gold in digital form. These platforms allow investors to buy gold in small denominations, typically starting from as low as 1 gram, using digital payment methods.

## ANALYSIS AND INTERPRETATION

### SIMPLE PERCENTAGE ANALYSIS

TABLE 1  
OBJECTIVE OF GOLD INVESTMENT

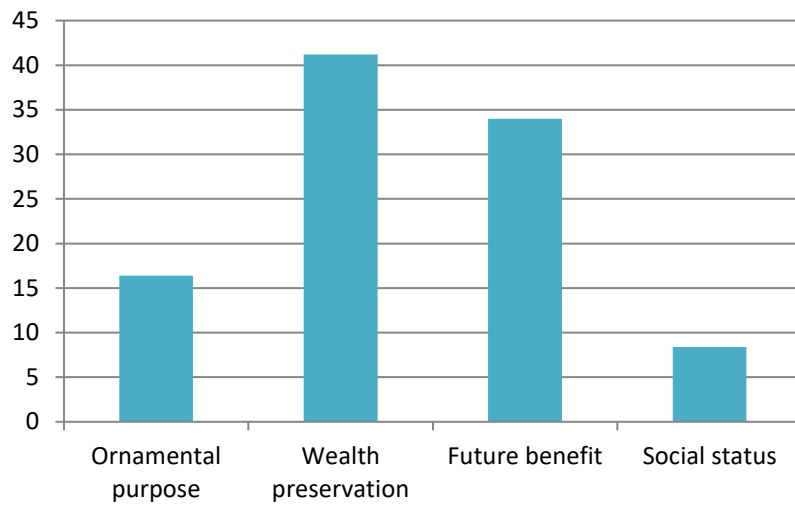
OBJECTIVE	NO. OF RESPONDENTS	PERCENTAGE
Ornamental purpose	41	16.4
Wealth preservation	103	41.2
Future benefit	85	34
Social status	21	8.4
TOTAL	250	100

Source: Primary Data

### INTERPRETATION

From the above table 1, 16.4% of the respondents invest in gold for Ornamental purpose, 41.2% of the respondents invest in gold for Wealth preservation, 34% of the respondents invest in gold for Future benefit and 8.4% of the respondents invest in gold for social status. Majority of the respondent's objective for investing in gold is Wealth preservation (41.2%).

**CHART 1**  
**OBJECTIVE OF GOLD INVESTMENT**



**TABLE 2**  
**LEARN ABOUT DIGITAL GOLD**

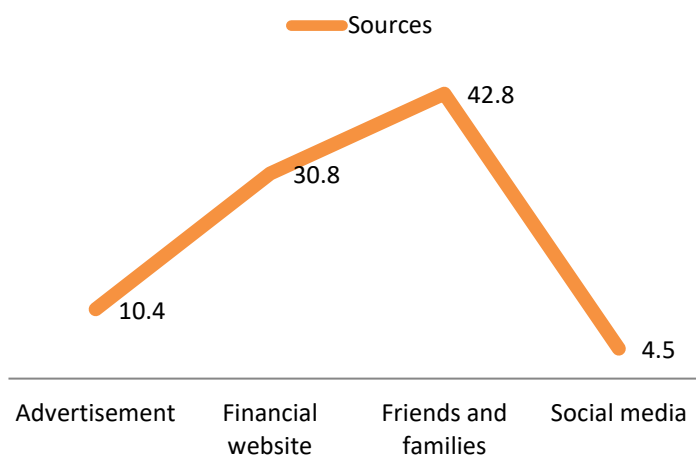
SOURCES	NO. OF RESPONDENTS	PERCENTAGE
Advertisement	26	10.4
Financial website	77	30.8
Friends and family	107	42.8
Social media	40	16
<b>TOTAL</b>	<b>250</b>	<b>100</b>

Source: Primary Data

**INTERPRETATION**

From the above table 4.1.9, 10.4% of the respondents first learned about digital gold through Advertisements, 30.8% of the respondents learned through financial website, 42.8% of the respondents learned through Friends and family and 16% of the respondents learned through Social media. Majority of the respondents first learned about digital gold through Friends and family (42.8%).

**CHART 2**  
**LEARN ABOUT DIGITAL GOLD**  
**Sources**



**WEIGHTED AVERAGE ANALYSIS**

**TABLE 3**  
**MAIN ADVANTAGE OF DIGITAL GOLD OVER PHYSICAL GOLD**

ADVANTAGES	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE	TOTAL	MEAN SCORE
Factors	1(5)	2(4)	3(3)	4(2)	5(1)		
Lower transaction cost	84 420	34 136	60 180	16 32	56 56	250 824	3.29
Accessibility	80 400	83 332	33 99	46 92	8 8	250 931	3.72
High liquidity	40 200	37 148	114 342	31 62	28 28	250 780	3.12
Ease of storage	78 390	58 232	38 114	34 68	42 42	250 846	3.38

**INTERPRETATION**

From the above table 4.2, the highest mean score is 3.72(Accessibility), followed by 3.38(ease of storage), 3.29(lower transaction cost) and the lowest mean score is 3.12(High liquidity).

Majority of the respondents think that main advantage of digital gold over physical gold is Accessibility (3.72).

**GARRET RANK ANALYSIS**

**TABLE 4**  
**RISK ASSOCIATED WITH DIGITAL GOLD**

RISKS	I	II	III	IV	V	TOTAL	RANK
Risk of scams and frauds	52 260	61 244	31 93	81 162	25 25	784	IV
Cyber security risks	127 635	32 128	42 126	10 20	39 39	948	I
Liquidity risks	66 330	30 120	35 105	19 38	100 100	693	V
Regulatory risks	54 270	93 372	44 132	43 86	16 16	876	II
Loss due to technical issues	41 205	44 176	115 345	21 42	29 29	797	III

**INTERPRETATION**

From the above rank analysis, it is found that respondents think cyber security risk as the major risk in digital gold followed by regulatory risk, loss due to technical issues and risk of scams and frauds.

Majority of the physical gold investors perceive Cyber security risk is the major risk involved in Digital gold.

**CHI-SQUARE TEST**

**TABLE 5**  
**RELATIONSHIP BETWEEN FORM OF GOLD INVESTMENT MADE AT PRESENT AND EDUCATIONAL BACKGROUND**

H0: There is no significant relationship between education qualification and form of gold investment made at present.

H1: There is a significant relationship between education qualification and form of gold investment made at present.

GOLD FORM	HIGH SCHOOL	UNDER GRADUATE	POST GRADUATE	DOCTORATE	TOTAL
Physical Gold	24	66	54	35	179
Digital Gold	2	16	17	3	38
Both	2	15	12	4	33
<b>Total</b>	<b>28</b>	<b>97</b>	<b>83</b>	<b>42</b>	<b>250</b>

To find out the association between education background and form of gold investment made at present of the respondents, chi-square test is used and result is given below.

	Value	df	Asymptotic Significance(2-sided)
<b>Pearson Chi-Square</b>	8.558	6	.200
<b>Likelihood Ratio</b>	9.255	6	.160
<b>N of Valid Cases</b>	250		

Source: Primary Data

#### INTERPRETATION

In the above table, with the degree of freedom 6, sig value (.200) which is greater the significance value (0.05),so we conclude that there is a significant relationship between education qualification and form of gold investment made at present. Thus,H0 is accepted and H1 is rejected.

There is no significant relationship between education qualification and form of gold investment made at present.

#### INDEPENDENT SAMPLE T TEST

**TABLE 6**  
**T-TEST BETWEEN GENDER OF THE RESPONDENTS AND PERCEPTION ON DIGITAL GOLD AS INVESTMENT AMONG PHYSICAL GOLD INVESTORS**

H0: There is no significant difference between gender and perception on digital gold as investment among physical gold investors.

H1: There is a significant difference between gender and perception on digital gold as investment among physical gold investors.

Independent sample t-test			
	f-value	df	significance
<b>t-test</b>	9.365	147	.151

Source: Primary Data

#### INTERPRETATION

In the above table 4.5, with the degree of freedom 147 and f-value 9.365, sig value .151 which is greater than 0.05, so we conclude that there is no significant difference between gender and perception on digital gold as investment among physical gold investors. Thus, H0 is accepted and H1 is rejected.

There is no significant difference between gender and perception on digital gold as investment among physical gold investors.

#### SUGGESTIONS :

- Need to develop educational initiatives targeting physical gold investors to increase awareness and understanding of digital gold. Focus on addressing common misconceptions, clarifying regulatory frameworks and highlighting the benefits of digital gold investments.
- Digital gold platforms should prioritize cyber security measures and transparent auditing processes to remove concerns regarding security and fraud.
- Offer incentives such as discounts or bonuses for early adopters of digital gold investment products to encourage adoption.

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- Develop user friendly mobile applications for assessing and managing digital gold investments, catering to preferences of investors.
  - Create demo accounts for investors to familiarize themselves with digital gold before committing real funds.
  - Promote clearer rules and guidelines for digital gold investments to boost investor confidence.

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## CONCLUSION :

The study of perceptions of digital gold among physical gold investors reveals a complex landscape influenced by familiarity, concerns and regulatory considerations. While many investors have limited knowledge of digital gold, there is a growing interest driven by perceived advantages such as convenience and accessibility. However concerns regarding security, regulations and psychological biases remain prevalent hindrances for adoption. To address these challenges, it is essential to promote education and awareness initiatives and highlight the benefits of digital gold investments. Implementing robust security and fostering collaboration between industry stakeholders and policymakers are essential steps towards building trust and confidence in digital gold. As the landscape of digital assets continues to evolve, ongoing research, adoption and engagement with investors will be crucial in shaping the future of digital gold investments.

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1. S Shiva Shankari, "A Study and Creating Awareness on Investment in Digital Gold", 2023 IJRAR April 2023, Volume 10, Issue 2 [www.ijrar.org](http://www.ijrar.org) (E-ISSN 2348-1269, P- ISSN 2349-5138).