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A Comparative Study on the Preference of Physical Gold vs. Digital Gold Among Young Indian Investors

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Abstract

Gold has always played a vital role in the Indian investment system because of its economic stability and cultural importance. Traditionally, investors preferred physical gold in the form of jewellery, coins, and bars. However, rapid digitalisation and the growth of fintech platforms have introduced digital gold as a new investment alternative, particularly among young investors. This study attempts to analyse and compare the preference for physical gold and digital gold among young Indian investors. It focuses on factors such as awareness, trust, risk perception, convenience, liquidity, and cultural influence. Primary data were collected from 113 respondents using a structured questionnaire, while secondary data were obtained from published journals, reports, and online sources. Statistical tools such as percentage analysis, t-test, and ANOVA were applied for analysis. The study finds that although physical gold remains dominant due to emotional and traditional value, digital gold is increasingly preferred because of ease of access, low investment size, and technological convenience. The research highlights a gradual shift in investment behaviour among young investors towards digital gold, provided trust and awareness improve.

Keywords: Physical Gold, Digital Gold, Young Investors, Investment Preference, Fintech, Risk Perception

Introduction

Gold has always occupied a prominent position in the Indian financial system. It is not only viewed as an investment instrument but also as a symbol of wealth, prosperity, and social status. Traditionally, Indians have invested in physical gold in the form of jewellery, coins, and bars, especially during weddings, festivals, and auspicious occasions. Physical gold is considered a long-term store of value and a hedge against inflation and economic uncertainty. With the rise of digitalization and fintech innovations, digital gold has emerged as a modern alternative to physical gold. Digital gold allows investors to buy, sell, and hold gold electronically without physical possession. It offers advantages such as small investment amounts, real-time pricing, easy liquidity, and secure storage. Young investors, who are more technology-driven and financially aware, are increasingly attracted to digital gold platforms. Despite the growing adoption of digital gold, physical gold continues to dominate due to cultural attachment, emotional value, and trust. This study attempts to analyze and compare the preference for physical and digital gold among young Indian investors and identify the key factors influencing their investment choices.

Research Methodology

Objectives of the Study

- To study the awareness level of digital gold among young investors.
- To compare the preference for physical gold and digital gold.
- To analyse the factors influencing investment decisions in gold.
- To examine trust and risk perception related to physical and digital gold.
- To provide suggestions for improving adoption of digital gold.

Hypotheses of the Study

H0: There is no significant difference in trust levels between physical gold and digital gold among young investors.

H1: There is a significant difference in trust levels between physical gold and digital gold among young investors.

H0: There is no significant difference in factors influencing preference for physical gold and digital gold.

H1: There is a significant difference in factors influencing preference for physical gold and digital gold.

Scope of the Study

The study is limited to young Indian investors and focuses on comparing physical and digital gold as investment options.

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It examines awareness, trust, risk perception, and preference patterns within a specific time period.

Sampling Design Universe

A. Area or Universe of Research: The universe of the study comprises young investors in India.

B. Sampling Method: Convenience sampling method was adopted for selecting the respondents.

C. Sample Size: The sample size for the study consists of 113 respondents.

Method of Data Collection

Data collection refers to the systematic process of gathering relevant information for the purpose of research. For the present study, both primary and secondary sources of data were used.

Primary Data:

The primary data were collected through a structured questionnaire designed to obtain first-hand information from the respondents.

Secondary Data:

The secondary data were collected from journals, research papers, websites, and published reports relevant to the study.

Data Analysis

1 Data Analysis Tools:

For the purpose of analysis, the information obtained through primary data was analysed using statistical tools such as percentage analysis and weighted average. These tools helped in summarising the responses and interpreting the data effectively.

2 Data Presentation Tools:

The analysed data were presented using tables, graphs, charts, and diagrams to ensure clear understanding and proper interpretation of the result

Review Of Literature

A literature review provides an overview of previously published studies related to a particular research topic. It may form a complete scholarly work or a part of a research paper, book, or article. Several studies have been conducted in areas related to gold investment behaviour, which are indirectly helpful to the present investigation. A brief review of such studies is presented below:

- **Suchitra, V., Lohith, V., & Subramanyan, B. (2025)**

The study highlights the increasing interest in digital gold as a modern investment option. It reveals that investor trust and platform security play a crucial role in shaping risk perception and confidence. Despite the affordability and accessibility of digital gold, physical gold continues to be preferred due to cultural and emotional attachment.

- **Pandey, L. K. et al. (2025)**

The study examines how fintech adoption influences investment decisions related to e-gold. The findings indicate that innovativeness and technological acceptance significantly affect investors' intention to invest in digital gold, suggesting that fintech platforms can expand participation in digital investment avenues.

- **Sujit, Nadayil, Meena, C., & Anandamma, N. (2025)**

The research shows that digital gold is increasingly preferred by investors due to its convenience, ease of access, and flexible investment options. The study recommends improving awareness regarding digital gold and related instruments to help investors make informed decisions.

- **Sathya, R., & Raghavi, P. I. (2022)**

The study compares investor behaviour towards physical gold and e-gold in India. It concludes that physical gold remains the dominant choice because of its tangible nature and cultural value, while e-gold is gaining acceptance due to liquidity, convenience, and perceived safety.

- **Paranjpye, R., & Raghuvanshi, A. B. (2020)**

The study reports that a majority of investors perceive gold as a low-risk investment option. Physical gold, gold funds, ETFs, and government-backed schemes such as Sovereign Gold Bonds were identified as popular investment avenues, with safety and returns being the primary motivating factors. Several studies have highlighted that physical gold remains a preferred investment due to cultural value and tangibility, while digital gold is increasingly accepted due to convenience and liquidity. Prior research indicates that trust, platform security, and awareness play a significant role in influencing digital gold adoption. Studies also suggest that young investors are more inclined towards technology-based investment options compared to traditional investors.

Data Analysis and Interpretation

1 AGE

| Age Group | Percentage | Number of Responses (out of 113) |
|--------------|-------------|----------------------------------|
| 18–21 | 44.2% | 50 |
| 22–25 | 49.6% | 56 |
| 26–30 | 6.2% | 7 |
| Total | 100% | 113 |

Table No. 4.1.1: Age
Source: Primary Data

Interpretation:

The age-wise distribution shows that the majority of respondents belong to the 22–25 years age group (49.6%), followed by 18–21 years (44.2%). Only 6.2% fall in the 26–30 years category. This

indicates that the study mainly represents young adults, particularly students and early-career individuals, making the data relevant for analyzing investment awareness among youth.

4.1.2 Gender

Table No. 4.1.2: Gender Source: Primary Data

| Gender | Percentage | Number of Responses (out of 113) |
|-------------------|-------------|----------------------------------|
| Male | 48.7% | 55 |
| Female | 51.3% | 58 |
| Prefer not to say | 0% | 0 |
| Total | 100% | 113 |

Interpretation:

The gender distribution is almost balanced, with females constituting 51.3% and males 48.7% of the respondents. This balanced representation

minimizes gender bias and improves the reliability of the findings. The absence of non-disclosure responses indicates respondent openness.

4.1.3 Education

Table No. 4.1.3: Education

| Education Level | Percentage | Number of Responses (out of 113) |
|----------------------|-------------|----------------------------------|
| Undergraduate | 51.3% | 58 |
| Postgraduate | 41.6% | 47 |
| Professional / Other | 7.1% | 8 |
| Total | 100% | 113 |

Source: Primary Data

Interpretation:

The data shows that most respondents are undergraduates (51.3%), followed by postgraduates (41.6%). A small proportion (7.1%) belongs to

professional or other courses. This reflects a well-educated sample, mainly consisting of students and young professionals.

4.1.4 Occupation

Table No. 4.1.4: Occupation

| Occupation | Percentage | Number of Responses (out of 113) |
|----------------------|-------------|----------------------------------|
| Student | 49.6% | 56 |
| Working Professional | 46.9% | 53 |
| Self-employed | 1.8% | 2 |
| Other | 1.8% | 2 |
| Total | 100% | 113 |

Source: Primary Data

Interpretation:

Students form the largest group of respondents (49.6%), closely followed by working professionals (46.9%). Very few respondents are self-

employed or engaged in other occupations. This indicates that the study mainly captures the perspectives of individuals in education or early stages of their careers.

4.1.5 Monthly Income

Table No. 4.1.5: Monthly Income

| Monthly Income Range | Percentage | Number of Responses (out of 113) |
|----------------------|-------------|----------------------------------|
| Below ₹15,000 | 40.7% | 46 |
| ₹15,001–₹25,000 | 41.6% | 47 |
| ₹25,001–₹35,000 | 14.2% | 16 |
| Above ₹30,000 | 3.5% | 4 |
| Total | 100% | 113 |

Source: Primary Data

Interpretation:

The income distribution shows that the majority of respondents earn below ₹25,000 per month. Only a small percentage falls into higher

income brackets. This indicates that most respondents belong to the lower to middle-income group, which may influence their investment preferences and risk-taking behavior.

4.2.1. Awareness of Digital Gold

Table 4.2.1: Have you heard of digital gold before?

| Response | Number of Respondents | Percentage |
|--------------|-----------------------|-------------|
| Yes | 98 | 86.7% |
| No | 15 | 13.3% |
| Total | 113 | 100% |

Source: Primary Data

Interpretation:

A significant majority (86.7%) of respondents are aware of digital gold, while only 13.3% are unaware. This reflects growing recognition of digital gold, likely due to digital investment platforms, mobile

applications, and promotional efforts by financial companies. The high awareness indicates that modern, alternative investment options are gaining traction, especially among younger, tech-savvy individuals.

2.2. Source of Awareness

Table 2.2: If yes, how did you come to know about digital gold?

| Source of Awareness | Number of Respondents | Percentage |
|---------------------|-----------------------|------------|
| Social Media | 49 | 43.4% |
| Articles / News | 42 | 37.2% |
| Family / Friends | 19 | 16.8% |
| Fintech Apps | 3 | 2.6% |
| Total | 113 | 100% |

Source: Primary Data

Interpretation:

social media is the dominant source of awareness (43.4%), followed by articles and news (37.2%). Personal networks (family/friends) account

for 16.8%, while fintech apps play a minimal role (2.6%). These results emphasize the importance of online platforms in spreading knowledge about digital investment options.

2.3. Trust in Physical vs Digital Gold

Table 2.3: Trust Level

| Trust Level | No Trust | Low | Neutral | High | Total |
|----------------------|----------|-----|---------|------|-------|
| Physical Gold | 5 | 10 | 30 | 68 | 133 |
| Digital Gold | 7 | 23 | 60 | 23 | 133 |

Source: Primary Data

Interpretation:

Respondents trust physical gold more than digital gold. 68 respondents expressed high trust in physical gold, compared to only 23 for digital gold. Most respondents (60) have a neutral view toward

digital gold, reflecting cautiousness due to its intangible nature and possible concerns about security. This indicates the need for better financial education and confidence-building for digital investments.

2.4. Preferred Form of Gold for Investment

Table 4.2.4: Preference

| Type of Gold | Number of Respondents | Percentage |
|---------------|-----------------------|------------|
| Physical Gold | 37 | 32.7% |
| Digital Gold | 76 | 67.3% |
| Total | 113 | 100% |

Source: Primary Data

Interpretation:

A majority (67.3%) prefer digital gold over physical gold (32.7%), reflecting a shift toward digital investment due to convenience, small investment

capability, and online accessibility. Traditional physical gold still holds importance due to its tangible nature and cultural significance.

2.5. Factors Influencing Gold Investment Preference

Table 2.5: Factors Influencing Preference

| Factors | Physical Gold | Digital Gold | Total |
|---------------------------------|---------------|--------------|-------|
| Cultural / Traditional Beliefs | 45 | 22 | 67 |
| Ease of Access (Online/Offline) | 11 | 2 | 13 |
| Liquidity (Ease of Cash) | 22 | 8 | 30 |
| Return on Investment | 42 | 8 | 50 |
| Risk Perception | 10 | 22 | 32 |
| Safety & Security | 21 | 11 | 32 |
| Total | 151 | 73 | 224 |

Source: Primary Data

Interpretation:

Physical gold is mainly influenced by tradition (45 respondents), return on investment (42), and safety/security (21). Digital gold investors focus on risk perception (22) and safety (11), reflecting

cautious adoption. The findings suggest generational and technological differences in investment behavior, with convenience and modern investment tools gradually gaining importance.

2.6. Reasons for Not Investing in Digital Gold

Table 2.6: Reasons

| Reason | Number of Respondents | Percentage |
|-----------------------------|-----------------------|------------|
| Lack of Trust | 21 | 18.6% |
| Not Aware Enough | 54 | 47.8% |
| Prefer Physical Gold | 30 | 26.5% |
| Don't Invest in Gold at All | 8 | 7.1% |
| Total | 113 | 100% |

Source: Primary Data

Interpretation:

The main barrier is lack of awareness (47.8%), followed by preference for physical gold (26.5%) and

lack of trust (18.6%). Digital gold adoption could improve through increased education and awareness campaigns.

2.7. Frequency of Gold Investment

Table 4.2.: Investment Frequency

| Frequency | Rarely | Occasionally | Regularly | Never | Total |
|-----------------------|--------|--------------|-----------|-------|-------|
| Number of Respondents | 36 | 30 | 29 | 18 | 133 |
| Percentage | 31.9% | 26.5% | 25.7% | 15.9% | 100% |

Source: Primary Data

Interpretation:

Most respondents invest in gold rarely or occasionally, indicating that gold is often seen as a

long-term or occasional investment rather than a regular financial activity.

3.1 Perceived Risk Level of Investment Types

Table 3.1: Risk Level of Physical and Digital Gold

| Investment Type | Low | Moderate | High | Total |
|-----------------|------------|------------|------------|-------|
| Physical Gold | 44 (38.9%) | 50 (44.2%) | 19 (16.8%) | 113 |
| Digital Gold | 6 (5.3%) | 32 (28.3%) | 75 (66.4%) | 113 |
| Total | — | — | — | 226 |

Source: Primary Data

Interpretation:

Physical gold is generally perceived as a safe investment, with 38.9% rating it low-risk and 44.2% moderate-risk. Only 16.8% see it as high-risk. In contrast, digital gold is seen as high-risk by 66.4% of

respondents, reflecting concerns about fraud, platform reliability, and lack of regulation. Physical gold continues to be the trusted investment, while digital gold adoption is limited by risk perception.

3.2 Perceived Risks in Digital Gold

Table 3.2: Risks in Digital Gold

| Particulars | Fraud & Scams | Lack of Physical Ownership | Technology Failures | Price Volatility | Total |
|-----------------------|---------------|----------------------------|---------------------|------------------|-------|
| Number of Respondents | 74 | 20 | 12 | 7 | 113 |
| Percentage | 65.5% | 17.7% | 10.6% | 6.2% | 100% |

Source: Primary Data

Interpretation:

Fraud and scams are the main concern for digital gold investors (65.5%), followed by the lack of physical ownership (17.7%). Technology failures (10.6%) and price volatility (6.2%) are less

concerning. The findings indicate that trust and security are the primary barriers to digital gold adoption, highlighting the need for better regulation and investor education

4.3.3 Perceived Risks in Physical Gold

Table 4.3.3: Risks in Physical Gold

| Perceived Risk | Price Volatility | Theft | Purity Issues | Storage Cost | Total |
|---------------------|------------------|-------|---------------|--------------|-------|
| Percentage | 38.9% | 31.0% | 21.2% | 8.8% | 100% |
| Approx. Respondents | 44 | 35 | 24 | 10 | 113 |

Source: Primary Data

Interpretation:

The most significant concern for physical gold is price volatility (38.9%), followed by theft (31%) and purity issues (21.2%). Storage costs are a minor concern

(8.8%). While physical gold is generally trusted, market fluctuations and security remain key challenges.

4.3.4 Perception of Digital Gold Authenticity

Table 4.3.4: Do you think digital gold is real gold?

| Response | Percentage | Approx. Respondents |
|----------|------------|---------------------|
| Yes | 59.3% | 67 |
| No | 40.7% | 46 |

Source: Primary Data

Interpretation:

A majority (59.3%) believe digital gold represents real gold, reflecting increasing acceptance of digital ownership backed by physical gold. However, 40.7%

are skeptical, valuing tangible gold over digital forms. The findings indicate that while digital gold is gaining credibility, significant portions of investors remain cautious.

4.3.5 Satisfaction with Preferred Gold Investment

4.3.5: Satisfaction Level

| Satisfaction Rating | Percentage | Approx. Respondents |
|-----------------------|------------|---------------------|
| 1 (Very Dissatisfied) | 6.2% | 7 |

| | | |
|----------------------|-------|----|
| 2 (Dissatisfied) | 1.8% | 2 |
| 3 (Neutral) | 11.5% | 13 |
| 4 (Satisfied) | 59.3% | 67 |
| 5 (Highly Satisfied) | 21.2% | 24 |

Source: Primary Data

Interpretation:

Over 80% of respondents are satisfied (ratings 4 and 5) with their preferred gold investment. Only a small fraction are dissatisfied (8%), and 11.5% are

Hypothesis Testing

4.4.1 Hypothesis 1: Trust in Physical vs Digital Gold

H₀ (Null Hypothesis): There is no significant difference in trust levels between physical gold and digital gold among young Indian investors.

ANOVA Results (Table 4.2.3):

| Anova: Single Factor | | | | | | |
|----------------------|-----------|-----|-----------|-----------|-----------|-----------|
| SUMMARY | | | | | | |
| Groups | Count | Sum | Average | Variance | | |
| Row 1 | 8 | 100 | 12.5 | 148 | | |
| Row 2 | 8 | 112 | 14 | 117.71429 | | |
| Row 3 | 8 | 14 | 1.75 | 4.7857143 | | |
| ANOVA | | | | | | |
| Source of Variation | SS | df | MS | F | P-value | F crit |
| Between Groups | 714.33333 | 2 | 357.16667 | 3.961183 | 0.0347014 | 3.4668001 |
| Within Groups | 1893.5 | 21 | 90.166667 | | | |
| Total | 2607.8333 | 23 | | | | |

Interpretation:

The calculated F-value (3.961) exceeds the critical F-value (3.4668), and the p-value (0.0347) is less than the 0.05 level of significance, indicating that the results are statistically significant. This suggests that there are meaningful differences in trust levels among the groups studied. Therefore, the null

4.4.2 Hypothesis 2: Factors Influencing Preference

H₀: There is no significant difference in factors influencing the preference for physical gold versus digital gold.

t-Test Results (Paired Two Sample for Means, Table 4.2.5):

| t-Test: Paired Two Sample for Means | | |
|-------------------------------------|--------------|---------------|
| | Digital Gold | Physical Gold |
| Mean | 38 | 18.5 |
| Variance | 2355.428571 | 565.7142857 |
| Observations | 8 | 8 |
| Pearson Correlation | 0.940550265 | |
| Hypothesized Mean Difference | 0 | |
| df | 7 | |
| t Stat | 2.450115059 | |
| P(T<=t) one-tail | 0.041913992 | |
| t Critical one-tail | 1.894578605 | |
| P(T<=t) two-tail | 0.04432828 | |
| t Critical two-tail | 2.364624252 | |

Interpretation:

The mean preference score for Digital Gold (38) is higher than that of Physical Gold (18.5), indicating a stronger preference toward Digital Gold among respondents. The p-value obtained from the t-test is less than the 0.05 significance level, and the calculated t-value exceeds the critical t-value. Therefore, the null hypothesis is rejected. This confirms that there is a statistically significant

neutral. This demonstrates a generally positive sentiment and trust toward gold investments, whether physical or digital.

H₁ (Alternative Hypothesis): There is a significant difference in trust levels between physical gold and digital gold among young Indian investors.

hypothesis is rejected. The findings reveal that young Indian investors exhibit significantly different levels of trust toward physical and digital gold. While physical gold is generally perceived as more trustworthy, variations in trust are evident across different age groups.

H₁: There is a significant difference in factors influencing the preference for physical gold versus digital gold.

difference in the factors influencing preference between Digital Gold and Physical Gold, with respondents demonstrating a higher preference for Digital Gold.

Findings

1. Most young investors are aware of digital gold.
2. Physical gold is still preferred due to cultural and emotional attachment.

3. Digital gold is gaining popularity because of convenience and low investment requirements.
4. Trust and security concerns influence digital gold adoption.
5. Young investors show a gradual shift towards digital investment platforms.

Suggestions

1. Increase awareness programs related to digital gold.
2. Strengthen regulatory frameworks for digital gold platforms.
3. Improve investor education on risk and taxation aspects.
4. Promote digital gold as a supplementary investment option.

Conclusion

The study concludes that gold continues to be a preferred investment option among young Indian investors, though the form of investment is gradually changing. Physical gold remains popular because of its cultural significance, emotional value, and perceived safety. At the same time, digital gold is emerging as a strong alternative due to its convenience, affordability, transparency, and ease of transaction. The findings indicate a gradual shift in preference towards digital gold among young investors, especially those who are technology-oriented. Increasing awareness, strengthening trust, and ensuring regulatory protection can further enhance the adoption of digital gold in India, making it an effective complement to traditional physical gold investment.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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