

A STUDY ON THE PERCEPTION ABOUT PHYSICAL GOLD AND DIGITAL GOLD WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

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ABSTRACT

Gold has been a symbol of wealth, security, and cultural heritage in India for centuries. In recent years, the introduction of digital gold as a modern investment option has altered consumer buying patterns. This study examines the perception of people in the Coimbatore district toward physical gold and digital gold, focusing on key factors such as trust, convenience, safety, liquidity, returns, and cultural preferences. The research compares traditional attitudes toward physical gold with the growing acceptance of digital platforms for gold investments. The findings highlight generational differences, risk perceptions, and the role of technology in shaping consumer choices.

Keywords: *Physical gold, Digital gold, Consumer perception, Investment preference, Coimbatore district.*

1.1 Introduction of the Study

Gold has long been a preferred form of savings and investment in India due to its cultural significance and perceived safety. Traditionally, households and investors in Coimbatore have relied on physical gold in the form of jewelry, coins, and bars. However, the emergence of digital gold which allows investors to purchase and store fractional quantities of gold electronically has introduced a new dimension to gold investment.

The perception of investors toward these two modes of investment differs based on factors such as trust, liquidity, ease of purchase, storage safety and market awareness. Understanding these perceptions is crucial for financial institutions, policy makers, and investors in Coimbatore, which is one of Tamil Nadu's leading hubs for jewelry trade and gold investment.

1.2 Objectives of the Study

1. To analyze the level of awareness about digital gold among investors.
2. To analyze the perception of investors in Coimbatore district toward physical gold and digital gold.
3. To study the factors influencing the preference for physical gold and digital gold.
4. To understand the level of trust and risk perception associated with digital gold.

1.3 Statement of the Problem

Gold has traditionally been one of the most preferred investment options, especially in countries like India, where it holds both financial and cultural significance. For generations,

individuals have invested in physical gold in the form of jewellery, coins, and bars due to its perceived safety, tangibility, and long-term value retention. However, with the advancement of technology and the growth of digital financial platforms, a new form of investment digital gold has emerged, allowing investors to buy, sell, and store gold electronically. Despite the growing popularity of digital gold, there remains a lack of awareness and understanding among investors regarding its features, benefits, risks, and credibility. Many investors continue to rely on traditional physical gold due to trust, emotional attachment, and familiarity, while others are gradually shifting toward digital gold due to convenience, security, and ease of transactions. This situation creates a gap in understanding how individuals perceive both physical and digital gold as investment options. Differences in perception may be influenced by factors such as age, income, education, technological awareness, risk tolerance, and cultural beliefs. Therefore, the problem addressed in this study is to analyse and compare the perceptions of individuals toward physical gold and digital gold, and to identify the factors influencing their preferences and investment decisions. The study also seeks to understand whether digital gold can serve as a viable alternative to physical gold in the modern investment landscape.

1.4 Research Methodology

- **Data Sources:**
 - *Primary Data:* Collected using structured questionnaires from gold investors in Coimbatore district.
 - *Secondary Data:* Drawn from journals, government reports, market research publications, and digital gold platform data.
- **Research Design:**

Descriptive research design is adopted to understand perceptions and compare both investment types.
- **Sampling Method:**

Stratified random sampling to include respondents from different age groups, occupations, and income levels.
- **Sample Size:**

90 respondents from various parts of Coimbatore district.
- **Tools for Analysis:**

Simple percentage analysis

1.5 Review of Literature

1. **Suchitra, V.G., Lohith, V., & Subramanyan, B. (2025)** conducted a study on investor perception in the digital gold market. The study found that **trust plays a significant role in shaping investor perception and risk**, while return expectations do not strongly influence the shift from physical gold to digital gold. It also highlighted that affordability and liquidity attract investors, whereas lack of regulation remains a concern.
2. **Begum, N.F. & Hariprasad, V. (2024)** examined investment decisions comparing digital and physical gold in Coimbatore city. Their findings indicated that investors still prefer **physical gold due to traditional beliefs**, but awareness of digital gold is gradually increasing among younger investors.

3. **Darshana, B. & Ponnurani, K. (2024)** studied perceptions of digital gold among physical gold investors and found that **investor hesitation is mainly due to lack of awareness and trust issues**, even though digital gold offers convenience and flexibility.

1.6 Analysis and Interpretation

Table 1.1 :Factors Influencing Investment

Factors Influencing Investment	Respondents	Percentage
Safety & Security	40	33.3%
Liquidity	25	20.8%
Convenience	30	25%
Cultural Value	15	12.5%
Returns	10	8.4%
Total	120	100%

Interpretation:

The above table shows the various factors influencing investment decisions in gold among the respondents. It is observed that 33.3% of respondents consider safety and security as the most important factor, making it the top influencing factor. This is followed by convenience (25%) and liquidity (20.8%), indicating that ease of investment and the ability to convert gold into cash are also significant considerations. Cultural value (12.5%) plays a moderate role, reflecting traditional beliefs associated with gold investment. Finally, returns (8.4%) are considered the least important factor, suggesting that investors prioritize safety and stability over high returns when investing in gold.

Risk Level	Respondents	Percentage
High Risk	45	37.5%
Moderate	50	41.7%
Low Risk	25	20.8%
Total	120	100%

Interpretation:

The above table shows the level of risk perception among respondents towards digital gold. It is observed that 41.7% of respondents perceive digital gold as moderately risky, which represents the majority. Additionally, 37.5% of respondents consider it highly risky, indicating a significant level of concern regarding digital gold investments. Only 20.8% of respondents perceive digital gold as low risk, showing that a smaller portion of investors feel confident about its safety. Overall, the findings indicate that risk perception towards digital gold is relatively high, which may act as a barrier to its adoption among investors.

1.7 Findings

- The study reveals that a majority of respondents have awareness about digital gold, but a significant portion still lacks proper knowledge about it.

- It is found that physical gold is the most preferred form of investment among respondents, indicating the continued importance of traditional investment methods.
- Digital gold is gaining acceptance, but it is still less preferred compared to physical gold, mainly due to trust and risk-related concerns.
- The most important factor influencing investment decisions is safety and security (33.3%), followed by convenience and liquidity.
- Returns are considered the least important factor, showing that investors prioritize safety over profitability in gold investment.
- Cultural value also plays a role, but it is not as significant as safety and convenience.
- A majority of respondents perceive digital gold as moderately risky (41.7%), while a considerable number also view it as highly risky (37.5%).
- Only a small proportion of respondents consider digital gold as low risk, indicating lack of full confidence in digital platforms.
- Trust in digital gold is not very strong among respondents, which acts as a major barrier to its adoption.
- Overall, the study finds that while digital gold is emerging as a modern investment option, physical gold continues to dominate due to trust, tradition, and perceived safety.

1.8 SUGGESTIONS

- Conduct financial literacy campaigns to build awareness about digital gold's benefits and safety.
- Introduce regulatory frameworks to improve investor trust in digital gold platforms.
- Offer hybrid investment plans allowing consumers to convert digital holdings into physical gold.
- Promote secure mobile applications and low transaction fees to attract first-time investors

1.9 CONCLUSION

The study reveals that while physical gold remains the dominant form of investment in Coimbatore district, there is a gradual shift toward digital gold, especially among younger, urban, and tech-aware consumers. Trust, cultural significance, and liquidity continue to anchor physical gold as the primary choice, but digital gold's convenience, affordability, and accessibility position it as a promising alternative for the future. Policymakers and industry players must focus on awareness, transparency, and regulation to encourage wider adoption of digital gold as a mainstream investment option.

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