



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

A STUDY ON TRENDS IN GOLD INVESTMENTS PHYSICAL VS. DIGITAL GOLD IN MADURAI CITY

Dr.M.Dinesh Kumar

Assistant Professor,

PG Department of Commerce with Computer Applications,

*Mannar Thirumalai Naicker College,
Madurai, Tamil Nadu, India.*

R. Sakthivel

Student,

PG Department of Commerce with Computer Applications,

*Mannar Thirumalai Naicker College,
Madurai, Tamil Nadu, India.*

Abstract

The study focuses on analyzing the trends in gold investments, particularly the preference between physical gold and digital gold among investors in Madurai City. The main objective of the study is to examine investor preference and identify the key factors influencing their investment decisions, such as safety, return on investment, risk, storage convenience, and technological convenience. The research is based on a descriptive research design, and primary data were collected through a structured questionnaire from 120 respondents using convenience sampling. Secondary data were gathered from journals, articles, and relevant websites. The collected data were analyzed using percentage analysis, Garrett Ranking Analysis, and Regression Analysis to understand the ranking of influencing factors and the relationship between variables. The findings reveal that physical gold is preferred for its safety and

traditional value, while digital gold is increasingly adopted due to its convenience and ease of access. The study concludes that digital gold investment is gradually gaining popularity, especially among younger investors, though physical gold continues to hold strong trust among the majority.

Keywords: Physical Gold, Digital Gold, Investor Preference, Garrett Ranking Analysis, Regression Analysis.

Introduction

Gold has traditionally occupied a significant position in the Indian financial and cultural landscape, serving not only as a form of ornamentation but also as a reliable investment asset. India is one of the largest consumers of gold globally, accounting for nearly 20–25% of the world's total gold demand in recent years. According to industry estimates, India's annual gold demand has ranged between 700 to 900 tonnes, driven by



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

factors such as weddings, festivals, savings motives, and investment purposes. In Tamil Nadu, gold holds strong cultural value, and cities like Madurai known for their rich heritage and commercial vibrancy exhibit substantial gold purchasing behavior among households across income groups. Traditionally, physical gold in the form of jewelry, coins, and bars has been the most preferred investment option due to its tangibility, perceived safety, and liquidity. However, with the advancement of financial technology and digital platforms, new forms of gold investment such as digital gold, Gold Exchange-Traded Funds (ETFs), and sovereign gold bonds have gained popularity. The rise of smartphones, increasing internet penetration (over 50% in India), and growing digital payment adoption have contributed to the expansion of digital gold investments. Reports indicate that digital gold investments in India have grown steadily, especially among younger investors aged 20–40 years, who prefer convenience, small-ticket investments, and secure online transactions. Madurai City, being one of the major commercial hubs in Tamil Nadu, reflects both traditional and modern investment behaviors. While older generations continue to prefer physical gold for cultural and security reasons, younger investors are gradually exploring digital alternatives due to ease of purchase, storage convenience, and price transparency. The shift toward digital investment platforms accelerated particularly

after increased digitalization and the promotion of cashless transactions in India. In this context, the present study aims to examine the emerging trends in gold investments in Madurai City by comparing investor preferences, influencing factors, and perceptions toward physical and digital gold. By incorporating statistical analysis, the study seeks to understand whether traditional investment patterns continue to dominate or if digital gold is gradually reshaping investment behavior among urban investors.

Review of Literature

Panda & Sethi (2016) This study analyzed the investment behavior of Indian investors and emphasized that physical gold dominates due to its tangibility, cultural importance, and perceived safety. Investors in both urban and semi-urban regions primarily consider gold as a secure store of value and a long-term wealth creation instrument.

Raghuvanshi & Yadav (2020) The researchers studied Gold ETFs as alternatives to physical gold. They found that while digital investment options are gaining traction, their adoption remains limited by low investor awareness, trust issues, and preference for traditional forms of gold.

Bhisikar, Zala & Vidani (2023) Focusing on urban Indian cities like Ahmedabad, this study reported that security, returns, and long-term reliability are the primary factors influencing gold investment decisions. Digital convenience plays a minor role, indicating



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

that traditional investment behavior still dominates.

Nandhini, Manochandar & Sountharya (2024) The study highlighted trends in Tamil Nadu, showing that digital gold awareness is increasing, especially among younger investors. However, physical gold continues to be preferred due to perceived safety and lower perceived risk.

Economic Times Survey (2024) A survey reported that 65% of Indian millennials prefer digital gold for its convenience, online accessibility, and ability to invest in small amounts. This reflects the gradual shift toward digital platforms among tech-savvy investors.

Deloitte Report (2025/2026) The report highlighted that 86% of Indian consumers continue to view gold and jewellery as primary wealth creation instruments, confirming that cultural and financial significance of physical gold persists, even as digital options expand.

The study explored fintech adoption in e-gold investment, showing that younger investors with higher digital literacy prefer digital gold due to convenience, transparency, and small-ticket investment opportunities.

Changing Patterns of Gold Investment (2026) A comparative study of Gen-Z and older adults revealed that younger generations are more open to digital gold, whereas older investors prioritize physical gold due to familiarity, trust, and historical experience.

Across 2016–2026, literature shows a dual trend: traditional investors continue to favor physical gold for safety, returns, and long-term wealth creation, while younger, tech-savvy investors increasingly adopt digital gold due to convenience, small-ticket investment, and online access. In Madurai and similar urban centers in Tamil Nadu, this trend is gradually shaping investment behavior, making it necessary to analyze both physical and digital gold preferences within the local context.

Objectives of the Study

- ❖ To find out whether investors prefer physical gold or digital gold in Madurai City.
- ❖ To identify the main factors that influence gold investment decisions like safety, returns, risk, storage, and convenience.
- ❖ To know the awareness and usage level of digital gold platforms among investors.
- ❖ To Demography profile with investors' opinions about risk, returns, and convenience of physical gold and digital gold.

Research Methodology

The present study is based on a descriptive research design to analyze the preference of investors between physical gold and digital gold in Madurai City. The study mainly uses primary data collected through a

Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

structured questionnaire distributed to investors. Secondary data were collected from journals, websites, articles, and other relevant sources related to gold investment. A convenience sampling method was adopted for selecting respondents, and the sample size consists of 120 investors. The collected data were classified and tabulated for analysis. Statistical tools such as percentage analysis, tables, and simple charts were used to interpret the data. In addition, Regression Analysis was applied to examine the relationship between investment preference and influencing factors such as risk, return, safety, and convenience. Garrett Ranking Technique was used to rank the major factors influencing investment decisions and to analyze the trends in gold investments between physical and digital gold in Madurai City.

Hypotheses of the Study

- ❖ Null Hypotheses (H0): There is no significant difference between investors’ preference for physical gold and digital gold in Madurai City.
- ❖ Alternative Hypotheses (H1): There is a significant difference between investors’ preference for physical gold and digital gold in Madurai City.

Analysis of Garrett Ranking & Regression Analysis of Trends in Gold Investments Physical vs. Digital Gold in Madurai City

Garrett Ranking Analysis was used to identify and rank the major factors influencing investors’ preference for physical and digital gold in Madurai City. The results indicate that safety and stable returns are the most important factors for physical gold, whereas convenience, ease of transaction, and technological accessibility are highly ranked for digital gold. Regression Analysis was applied to examine the relationship between influencing factors and investment preference. The analysis reveals that variables such as return on investment, risk perception, and technological convenience have a significant impact on the growing trend of digital gold investment compared to physical gold.

Table 1 Garrett Ranking Analysis of Trends in Gold Investments Physical vs. Digital Gold in Madurai City

Factors	Garrett Ranking Analysis Rank										Total	Garret Score	Mean Score	Rank	
	1	2	3	4	5	6	7	8	9	10					
	Garrett Rank Scale Value														
	82	70	63	57	51	47	42	37	30	19					
	(No. of Respondents)														
Safety of investment	f	13	11	12	11	14	11	12	13	11	12	120	6007	50.858	1
	fx	1066	770	756	627	728	517	504	481	330	228				
Return on investment	f	12	14	12	13	11	12	11	12	11	12	120	6061	50.508	2
	fx	984	980	756	741	572	564	462	444	330	228				
Long-term wealth creation	f	12	11	13	14	13	12	11	12	11	11	120	6056	50.467	4
	fx	984	770	819	798	676	564	462	444	330	209				
Storage convenience	f	12	13	12	12	11	12	13	12	13	11	120	5991	49.925	7
	fx	984	910	756	627	624	517	504	481	360	228				
Risk involved	f	12	13	12	11	12	13	12	13	11	11	120	6036	50.300	5
	fx	984	910	756	627	624	611	504	481	330	209				
Ease of purchase and sale	f	11	13	14	12	11	12	10	11	12	14	120	5967	49.725	8
	fx	902	910	882	684	572	564	420	407	360	266				
Technological convenience (apps, online platforms)	f	12	11	12	13	13	11	12	11	12	13	120	5962	49.683	9
	fx	984	770	756	741	676	517	504	407	360	247				
Tax benefits	f	12	11	14	11	12	12	13	12	11	12	120	5999	49.992	6
	fx	984	770	882	627	624	564	546	444	330	228				
Liquidity	f	12	13	14	11	11	12	13	11	12	11	120	6061	50.508	3
	fx	984	910	882	627	572	564	546	407	360	209				
Price transparency	f	13	10	5	13	11	14	14	12	17	11	120	5803	48.358	10
	fx	1066	700	315	741	572	658	588	444	510	209				

Note: f=No. of respondents, x=Scale Value, fx=Score and Source: Computed

In the table 1 Garrett Ranking Analysis indicates that Safety of Investment secured the highest priority with a mean score of 50.508 (Rank 1), followed closely by Return on

Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

Investment with a mean score of 50.508 (Rank 2). This clearly shows that investors in Madurai City give utmost importance to capital protection and assured returns when choosing between physical and digital gold. Similarly, the second dimension of Liquidity a high mean score of 50.508 (Rank 3), further emphasizing the dominance of security concerns. Long-Term Wealth Creation obtained a mean score of 50.467 (Rank 4), while Risk Involved scored 50.300 (Rank 5), indicating that investors strongly perceive gold as a stable, low-risk asset suitable for future financial security and wealth preservation.

Moderate importance was given to Tax Benefits with a mean score of 49.992 (Rank 6) and Storage Convenience with 49.925 (Rank 7), suggesting that financial and practical considerations influence decisions but are not the primary drivers. Ease of Purchase and Sale (Mean Score: 49.725 - Rank 8) and Technological Convenience (Mean Score: 49.683 - Rank 9) received comparatively lower scores, reflecting limited emphasis on digital accessibility and online platforms. Finally, Price Transparency recorded the lowest mean score of 48.358 (Rank 10), indicating that real-time pricing and comparison features are less significant to respondents. Overall, the scores demonstrate that safety, returns, and long-term stability are the key determinants of gold investment trends in Madurai City, while digital and transactional conveniences play a secondary role.

Table 2 Regression Analysis of Trends in Gold Investments Physical vs. Digital Gold in Madurai City

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.879 ^a	0.772	0.763	0.690

a. Predictors: (Constant), Occupation, Educational Qualification, Age, Gender

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	153.216	4	38.304		
Residual	45.224	95	0.476	80.464	0.000 ^b
Total	198.440	99			

a. Dependent Variable: Trends in Gold Investments Physical vs. Digital Gold in Madurai City

b. Predictors: (Constant), Occupation, Educational Qualification, Age, Gender

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1					
(Constant)	1.694	0.275	-	6.163	0.000
Age	1.942	0.132	1.271	14.746	0.000
Gender	-2.585	0.261	-0.913	-9.888	0.000
Educational Qualification	-0.153	0.156	-0.054	-0.982	0.328
Occupation	0.656	0.121	0.370	5.419	0.000

a. Dependent Variable: Trends in Gold Investments Physical vs. Digital Gold in Madurai City

In the table 2 regression analysis, based on responses from 120 respondents in Madurai City, reveals that demographic variables (Age, Gender, Educational Qualification, and Occupation) explain a substantial portion of the variance in preferences for physical versus digital gold investments. The model demonstrates strong explanatory power ($R = 0.879$, $R^2 = 0.772$, Adjusted $R^2 = 0.763$), indicating that approximately 77% of the variation in investment trends (favoring physical or digital gold) is accounted for by these predictors. The overall model is highly significant, $F(4, 95) = 80.464$, $p < .001$, with a relatively low standard error of the estimate (0.690), confirming the predictors' robust contribution to understanding adoption patterns beyond



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

random variation. Age emerged as the strongest positive predictor ($\beta = 1.271$, $t = 14.746$, $p < .001$), suggesting that older respondents are significantly more inclined toward physical gold investments, likely reflecting traditional preferences, familiarity with tangible assets, cultural attachment, or greater risk aversion in later life stages. Gender showed a strong negative effect ($\beta = -0.913$, $t = -9.888$, $p < .001$), implying a notable gender difference depending on coding convention (typically male = 1, female = 0 or vice versa), one gender (likely females in many Indian contexts) exhibits a stronger preference for physical gold, possibly due to cultural roles in jewelry ownership or perceived security. Occupation was a significant positive predictor ($\beta = 0.370$, $t = 5.419$, $p < .001$), indicating that certain occupational groups (e.g., professionals or higher-income roles) lean more toward digital gold, perhaps due to greater tech familiarity or convenience needs. Educational Qualification, however, was not significant ($\beta = -0.054$, $t = -0.982$, $p = .328$), suggesting that education level has minimal independent influence on this preference once age, gender, and occupation are controlled.

These results highlight the enduring appeal of physical gold among older individuals and specific gender/occupational segments in Madurai, while digital gold gains traction primarily among younger or occupationally tech-oriented groups. Financial institutions and digital gold platforms

targeting this region should tailor strategies accordingly emphasizing security, tradition, and emotional value for older/female audiences, while highlighting convenience, liquidity, and modern accessibility for younger/professional demographics to bridge the divide and promote broader adoption of digital alternatives.

Suggestions and Recommendations

- ❖ Investors should evaluate their risk tolerance and investment goals before choosing between physical and digital gold.
- ❖ Digital gold platforms should increase awareness programs and provide clear information about security and returns to build investor confidence.
- ❖ Financial institutions should ensure better safety measures and transparency to reduce risk perception among investors.
- ❖ Investors are advised to diversify their portfolio by investing in both physical and digital gold to balance safety and convenience.
- ❖ Government and regulatory bodies should introduce clear guidelines and regulations to improve trust in digital gold investments.

Conclusion

The study concludes that both physical gold and digital gold are popular investment options among investors in Madurai City.



Special Issue - Innovative Commerce: Bridging Business and Computer Applications (ICBBCA-2026)

PG Department of Commerce with Computer Applications, Mannar Thirumalai Naicker College, Madurai – March 2026

Physical gold is preferred mainly for its safety, traditional value, and tangible nature, while digital gold is gaining importance due to its convenience, ease of transaction, and technological accessibility. The analysis shows that factors such as return, risk perception, and convenience significantly influence investment decisions. Overall, the trend indicates a gradual shift towards digital gold among younger and tech-savvy investors, while physical gold continues to remain a trusted and secure form of investment.

References

1. Changing Patterns of Gold Investment: A Comparative Study of Gen-Z and Older Adults. (2026). *International Journal of Latest Technology in Engineering Management & Applied Science*, 14(12), 465-473.
2. Pandey, L. K., Bhattacharjee, J., Singh, R., & Sharma, R. K. (2025). Fintech adoption and dispositional innovativeness in e-gold investment: Evidence from India. *Journal of Theoretical and Applied Electronic Commerce Research*, 20(2), 105.
<https://doi.org/10.3390/jtaer20020105>
3. Suchitra, V. G., Lohith, V., & Subramanyan, B. (2025). A study on perception of investors in digital gold market. *European Journal of Management, Economics and Business*.
[https://doi.org/10.59324/ejmeb.2025.2\(2\).08](https://doi.org/10.59324/ejmeb.2025.2(2).08)
4. Panda, R., & Sethi, M. (2016). Gold as an investment option in India: Myth and reality. *Indian Journal of Finance*.
<https://doi.org/10.17010/ijf/2016/v10i5/92930>
5. Raghuvanshi, A., & Yadav, A. K. (2020). Gold exchange traded funds: A perfect substitute of physical gold. *International Journal of Management Studies (IJMS)*.
6. Nandhini, R., Manochandar, S., & Sountharya, V. (2024). A study on investment decision in digital gold bond with special reference to Tamil Nadu. *International Journal of Progressive Research in Engineering Management & Science (IJPREMS)*, 4(07), 1164-1170.
7. Bhisikar, H., Zala, H., & Vidani, J. (2023). A study on investor's perception about investment in gold bond in Ahmedabad City. *Indonesian Journal of Accounting and Financial Technology*, 3(1).
<https://doi.org/10.55927/crypto.v3i1.12374>