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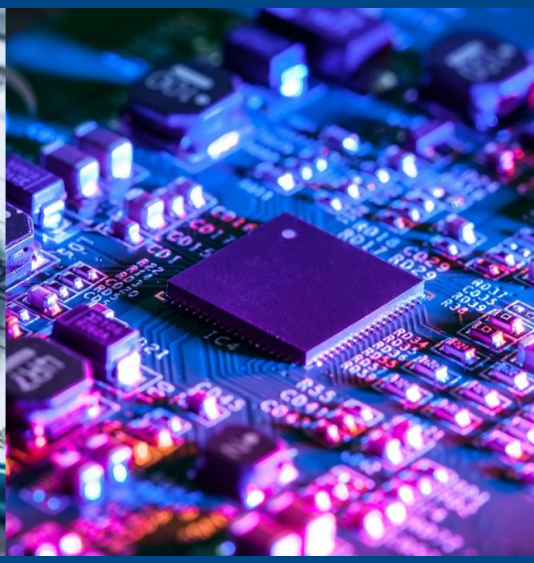

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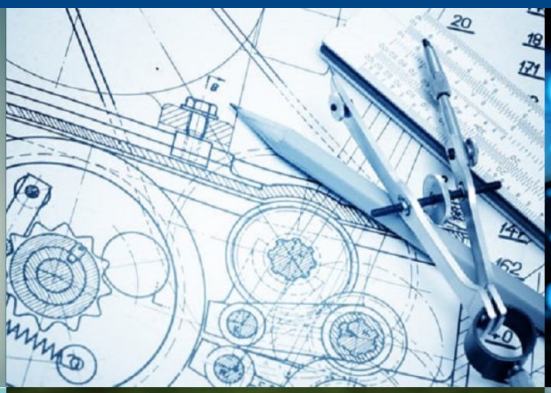

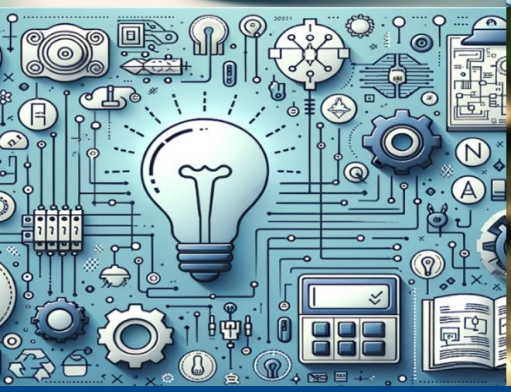

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A Study on Investors Perception and Adoption of Digital Gold Vs. Physical Gold with Special Reference to Chennai City

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ABSTRACT: The advent of digital technologies has revolutionized numerous aspects of our lives, including how we invest and store wealth. In recent years, one such innovation gaining significant traction is digital gold—a form of investment that allows individuals to buy and own gold electronically, without the need for physical possession. This study aims to explore the investors perception and adoption of digital gold compared to traditional physical gold, with a specific focus on Chennai City, India. Chennai, known as the "Manchester of South India," boasts a vibrant economy and a diverse population, making it an ideal setting to investigate evolving trends in gold investment preferences. The allure of gold as a store of value and hedge against inflation has remained steadfast for centuries, ingrained deeply in cultural and economic traditions across the globe. However, the rise of digital gold presents a paradigm shift, offering convenience, accessibility, and potential cost efficiencies that challenge the supremacy of physical gold ownership. Understanding how investors perceive and embrace this emerging trend is crucial for market participants, policymakers, and financial institutions seeking to adapt to evolving investors preferences and market dynamics. As Chennai City continues to evolve as a hub for commerce and innovation, it is essential to assess the receptiveness of its residents towards digital gold as an alternative investment avenue. By examining factors influencing investors decision-making, such as perceptions of security, liquidity, and ease of transactions, this study endeavors to provide valuable insights into the adoption patterns and preferences regarding digital versus physical gold among Chennai's populace.

KEYWORDS: Digital gold, physical gold, financial risk, perceived risk

I. INTRODUCTION

The advent of digital technologies has revolutionized numerous aspects of our lives, including how we invest and store wealth. In recent years, one such innovation gaining significant traction is digital gold—a form of investment that allows individuals to buy and own gold electronically, without the need for physical possession. This study aims to explore the investors perception and adoption of digital gold compared to traditional physical gold, with a specific focus on Chennai City, India. Chennai, known as the "Manchester of South India," boasts a vibrant economy and a diverse population, making it an ideal setting to investigate evolving trends in gold investment preferences. As Chennai City continues to evolve as a hub for commerce and innovation, it is essential to assess the receptiveness of its residents towards digital gold as an alternative investment avenue. By examining factors influencing investors decision-making, such as perceptions of security, liquidity, and ease of transactions, this study endeavors to provide valuable insights into the adoption patterns and preferences regarding digital versus physical gold among Chennai's populace.

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OBJECTIVES OF THE STUDY

- To study on investors perception and adoption of digital gold Vs physical gold with special reference to Chennai city
- To assess and compare the impact of social factors, on investors' perception and adoption of digital gold versus physical gold.
- To examine the level of financial literacy among investors in understanding the digital gold versus physical gold investments.
- To analyze and compare the perceived risks associated with digital gold and physical gold investments among investors
- To investigate and compare investors' perceptions of technology-related aspects in the context of digital gold versus physical gold investments.

II. REVIEW OF LITERATURE

Ashalatha G.M, Darshan M, Latha J.S, Prajwal V, T.K Sridevi Rao (2023). This research investigates how investors view gold as an investment, focusing on the variables that affect their choices to incorporate gold into their investment plans. Utilising both quantitative and qualitative methodologies, the study uses a mixed-methods research design to collect its data. A thorough analysis of the literature is done to determine the historical importance of gold as a store of value and its function in diversifying investment portfolios. Additionally, the main ideas and empirical research on investor behaviour and the reasons people invest in gold are highlighted in this overview. A survey of a variety of investors, including individual investors, institutional investors, and financial specialists, is part of the research's quantitative phase. The poll tries to pinpoint the variables, such as risk tolerance, market sentiment, inflation expectations, geopolitical events, and global economic conditions, which affect investors' perceptions of gold. It also looks into the most popular gold exposure investments, including physical gold, gold-backed securities, gold exchange-traded funds (ETFs), and mining stocks.

Krzysztof Echaust, Małgorzata (2022). This study examines the safe-haven property of gold during two deep financial crashes: the global financial crisis (GFC) and the coronavirus disease 2019 (COVID-19) pandemic. Applying extreme value theory, we analyze the tail behavior of the returns of 46 stock indices sorted by geographic location and level of market development and then investigate these portfolios with various gold allocations. We focus on changes in the tail thickness of the portfolio return distribution as an effect of an increased gold allocation. the tails remained heavy, even after hedging. Thus, gold acted as a safe-haven asset, significantly decreasing extreme downside risk during the GFC, but the same result cannot be confirmed for the COVID-19 pandemic.

Soniya Garg (2021). Yellow metal or Gold is considered as one of the most preferred precious metal from the ancient times. Investors and retail consumers prefers gold as it is considered as a status symbol and safe avenue of investment. The aim of this paper is to build a data model to predict the investor acceptability for physical gold based on the selected set of attributes or factors. The attributes or factors are selected on the basis of previous studies and collected through structured questionnaire from NCR India.. Models are compared on the basis of accuracy and other performance measures based on the predicted values. Based on these values we have discussed which model is best for the prediction of investor acceptability for physical gold.

III. RESEARCH METHODOLOGY

The research design adopted for the study is descriptive design. This study is conducted by simple random sampling. Both primary and secondary data have been used and it is ensuring accuracy and reliability. The study sampling size is 120. The main tools used for analysis include Simple Percentage Analysis, Chi-Square Test, and Correlation Analysis.

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Data analysis and interpretation

Table No. 1 GENDER OF THE RESPONDENTS

Gender	Number of Respondents	Percentage
Male	72	60.00%
Female	48	40.00%
Total	**120**	**100%**

Source: Primary data

Interpretation
Among them, 72 respondents (60.0%) are male, while 48 respondents (40.0%) are female.

Table No. 2 AGE OF THE RESPONDENTS

Age Group	Number of Respondents	Percentage
18–25	30	25.00%
26–35	35	29.20%
36–45	25	20.80%
46–55	20	16.70%
56 and above	10	8.30%
Total	**120**	**100%**

Source: Primary data

Interpretation
Among the respondents, 25% belong to the 18–25 age group, 29.2% to 26–35, 20.8% to 36–45, 16.7% to 46–55, and 8.3% are 56 and above. This indicates that most respondents are young to middle-aged, with the 26–35 age group forming the largest segment, while older individuals above 55 constitute the smallest proportion of the sample.

Table No. 3 INFLUENCE OF SOCIAL FACTORS

Statements	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Total
Digital gold is more influenced by social trends and opinions compared to physical gold.	34 (28%)	48 (40%)	18 (15%)	12 (10%)	8 (7%)	120 (100%)
The cultural significance of physical gold has a stronger impact on investment decisions.	42 (35%)	46 (38%)	14 (12%)	12 (10%)	6 (5%)	120 (100%)
Peer recommendations play a larger role in shaping perceptions about digital gold.	30 (25%)	50 (42%)	22 (18%)	12 (10%)	6 (5%)	120 (100%)
Media portrayal has a greater influence on the perception of digital gold.	36 (30%)	48 (40%)	18 (15%)	12 (10%)	6 (5%)	120 (100%)
Economic conditions have a more substantial impact on confidence in physical gold.	40 (33%)	44 (37%)	18 (15%)	12 (10%)	6 (5%)	120 (100%)

Source: Primary data

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Interpretation

Among the 120 respondents, 34 (28%) strongly agreed and 48 (40%) agreed that digital gold is more influenced by social trends and opinions, while 18 (15%) were neutral, 12 (10%) disagreed, and 8 (7%) strongly disagreed. Regarding the cultural significance of physical gold, 42 (35%) strongly agreed and 46 (38%) agreed, with 14 (12%) neutral, 12 (10%) disagreeing, and 6 (5%) strongly disagreeing. Peer recommendations shaping perceptions of digital gold received 30 (25%) strongly agree and 50 (42%) agree, with 22 (18%) neutral, 12 (10%) disagree, and 6 (5%) strongly disagree. Media portrayal influencing digital gold was rated strongly agree by 36 (30%) and agree by 48 (40%), with 18 (15%) neutral, 12 (10%) disagree, and 6 (5%) strongly disagree. Finally, economic conditions affecting confidence in physical gold were rated strongly agree by 40 (33%) and agree by 44 (37%), while 18 (15%) were neutral, 12 (10%) disagreed, and 6 (5%) strongly disagreed. Overall, respondents perceive digital gold as more influenced by social trends, peer recommendations, and media, whereas physical gold is more influenced by cultural significance and economic conditions.

Table No. 4 TRUST IN INVESTMENT

Statements	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Total
Digital gold is considered a more trustworthy investment compared to physical gold.	36 (30%)	48 (40%)	18 (15%)	12 (10%)	6 (5%)	120 (100%)
Confidence in the security of digital gold transactions is higher than in physical gold.	38 (32%)	46 (38%)	18 (15%)	12 (10%)	6 (5%)	120 (100%)
The perception of digital gold as a safe store of value is stronger than physical gold.	34 (28%)	50 (42%)	20 (17%)	10 (8%)	6 (5%)	120 (100%)
Transparency in digital gold transactions is considered more important than in physical gold.	32 (27%)	50 (42%)	20 (17%)	12 (10%)	6 (5%)	120 (100%)
Trust in the technology behind digital gold is higher compared to trust in traditional gold.	36 (30%)	48 (40%)	20 (17%)	10 (8%)	6 (5%)	120 (100%)

Source: Primary data

Interpretation

Among the 120 respondents, 36 (30%) strongly agreed and 48 (40%) agreed that digital gold is considered a more trustworthy investment than physical gold, while 18 (15%) were neutral, 12 (10%) disagreed, and 6 (5%) strongly disagreed. Confidence in the security of digital gold transactions was rated strongly agree by 38 (32%) and agree by 46 (38%), with 18 (15%) neutral, 12 (10%) disagreeing, and 6 (5%) strongly disagreeing. The perception of digital gold as a safe store of value received 34 (28%) strongly agree and 50 (42%) agree, with 20 (17%) neutral, 10 (8%) disagree, and 6 (5%) strongly disagree. Transparency in digital gold transactions was rated strongly agree by 32 (27%) and agree by 50 (42%), while 20 (17%) were neutral, 12 (10%) disagreed, and 6 (5%) strongly disagreed. Finally, trust in the technology behind digital gold was rated strongly agree by 36 (30%) and agree by 48 (40%), with 20 (17%) neutral, 10 (8%) disagree, and 6 (5%) strongly disagree. Overall, respondents perceive digital gold as a more trustworthy investment than physical gold, highlighting higher confidence in its security, transparency, and underlying technology.

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CHI-SQUARE ANALYSIS: RELATIONSHIP BETWEEN THE GENDER OF THE RESPONDENTS AND INFLUENCE OF SOCIAL FACTORS

HYPOTHESIS TESTING

Null hypothesis (Ho): There is no significant relationship between the gender of the respondents and influence of social factors.

Alternative hypothesis (H1): There is some significant relationship between the gender of the respondents and influence of social factors.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.072[a]	16	0
Likelihood Ratio	96.999	16	0
Linear-by-Linear Association	60.74	1	0
N of Valid Cases	120		
a. 27 cells (79.4%) have expected count less than 5. The minimum expected count is .42.			

INTERPRETATION

As per the above table, it is inferred that the P value is 0.000; it is significant to 5% (0.05) significant level. The minimum expected count is 0.42. Thus alternative hypothesis is accepted and it is found that there is significant relationship between the gender of the respondents and influence of social factors.

CORRELATION ANALYSIS: RELATIONSHIP BETWEEN AGE OF THE RESPONDENTS AND TRUST IN INVESTMENT

Correlations			
		AGE OF THE RESPONDENTS	Trust
AGE OF THE RESPONDENTS	Pearson Correlation	1	-0.115
	Sig. (2-tailed)		0.211
	N	120	120
TRUST IN INVESTMENT	Pearson Correlation	-0.115	1
	Sig. (2-tailed)	0.211	
	N	120	120

INTERPRETATION

The above table indicates that out of 120 respondents, co-efficient of correlation between age of the respondents and trust in investment is -0.115. It is below 1. So there is negative relationship between this age of the respondents and trust in investment.

IV. SUGGESTIONS

- Investors should consider social trends and opinions when evaluating digital gold investments.
- Keeping abreast of economic conditions is essential for confidence in physical gold investments.
- Investors should strive to comprehend the potential returns associated with both digital and physical gold.
- Awareness of fees and costs is crucial for making informed decisions in digital gold transactions.
- Understanding risk perceptions can help investors make balanced decisions between digital and physical gold.
- Being cautious about fraud risks is important in both digital and physical gold transactions.
- Simplifying complexities can aid in understanding both digital and physical gold investments.
- Considering user interface preferences can guide investors in choosing between digital and physical gold platforms.
- Accessing comprehensive information is essential for making informed decisions about both digital and physical gold.

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V. CONCLUSION

In conclusion, this study sheds light on the nuanced perceptions and adoption behaviors of investors regarding digital gold versus physical gold, with a specific focus on Chennai city. Through an in-depth analysis of various factors, it is concluded that investor decisions are influenced by a multitude of considerations spanning social trends, cultural significance, peer recommendations, media portrayal, economic conditions, and financial knowledge. Furthermore, the study highlights the importance of transparency in transactions and the evolving role of technology in shaping perceptions of gold investments. Ultimately, investor confidence in either digital or physical gold is contingent upon an array of factors, and a comprehensive understanding of these factors is imperative for informed decision-making in the realm of gold investment.

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