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Investor Preferences Towards Different Forms Of Gold Investment: A Behavioural Analysis

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Abstract

Gold has traditionally been an important investment avenue among Indian investors because of its perceived safety, value preservation and cultural significance. Traditionally, investors mainly preferred gold jewellery, coins and bars. However, the development of financial markets and digital technology has introduced several alternative forms of gold investment, such as Gold Exchange-Traded Funds, Gold Mutual Funds, Sovereign Gold Bonds and Digital Gold. These alternatives offer investors different levels of convenience, liquidity, security, and accessibility.This research focuses on investors' preferences for different forms of gold investment and examines the behavioural factors that influence their investment choices. The study considers factors such as safety, return expectations, liquidity, risk perception, convenience, financial awareness, trust and cultural attachment. It also attempts to understand whether investor characteristics influence their preference for particular forms of gold investment. Primary data may be collected from selected gold investors using a structured questionnaire. The study is expected to provide useful insights into changing investment preferences and the behavioural aspects of gold investment.

Keywords: Gold Investment, Investor Preference, Investor Behaviour, Physical Gold, Gold ETFs, Sovereign Gold Bonds, Digital Gold

INTRODUCTION

Gold has occupied an important position in the Indian investment system for generations. It is not only considered a valuable asset but is also associated with financial security, family traditions, festivals and social occasions. For a long period, investors mainly purchased gold in the form of jewellery, coins and bars. Jewellery, in particular, has been closely associated with household savings and cultural practices.The gold investment market has changed considerably with the development of financial services and digital technology. Investors can now obtain exposure to gold through different financial and technology-based products. Gold Exchange-Traded Funds, Gold Mutual Funds, Sovereign Gold Bonds and Digital Gold have provided alternatives to direct physical ownership. These investment forms differ in terms of liquidity, convenience, storage requirements, risk and accessibility.The availability of several alternatives has created a need to understand what investors actually prefer and the reasons behind their choices. Some investors may continue to prefer physical gold because of familiarity, emotional attachment and the ability to possess the asset directly. Other investors may prefer financial or digital forms because of convenience, lower storage concerns, accessibility and investment flexibility.

REVIEW OF LITERATURE

Jayalakshmi and Purushothaman (2025) investigated investors' perceptions and behavioural patterns towards digital gold investment in Chennai City. The study was based on 100 respondents and examined awareness, investment factors, information sources and challenges associated with digital gold. The findings indicated that convenience, security, liquidity and minimum investment requirements influenced investors' preference towards digital gold. The study also identified concerns relating to regulation and platform-related risks. These findings show that convenience, security and perceived risk are important behavioural factors when investors consider modern forms of gold investment.

Manikandan and Rajandran (2025) examined gold product investment among customers in Nagapattinam district of Tamil Nadu. The study collected data from 400 respondents and focused on the preferred forms of gold investment and the factors influencing investment decisions. The findings revealed that physical gold, including ornaments, coins and bars, remained the preferred form of gold investment, followed by

Gold ETFs and Gold Mutual Funds. The study also reported that risk tolerance, investment objectives and awareness of different gold investment products significantly influenced investment decisions. This study is particularly relevant because it shows that investors' preferences differ across various forms of gold investment.

Mujeeb and Abdul Hameed (2022) investigated the investment behaviour of investors towards gold in Chennai City. The study collected primary data from 100 respondents through a structured questionnaire and examined the factors influencing gold investment decisions. The findings indicated that liquidity needs played an important role in investors' decisions, while several behavioural factors were positively associated with gold investment behaviour. The study highlights the importance of understanding investors' behavioural characteristics when examining their decisions to invest in gold.

OBJECTIVES OF THE STUDY

- To identify the different forms of gold investment preferred by investors.
- To examine the factors influencing investors' preferences towards different forms of gold investment.
- To analyse the behavioural factors associated with gold investment preferences.

STATEMENT OF THE PROBLEM

Gold continues to be an important investment avenue in India, but the manner in which investors invest in gold is changing. Traditional forms such as jewellery, coins and bars continue to be popular, while modern alternatives such as Gold ETFs, Sovereign Gold Bonds, Gold Mutual Funds and Digital Gold are becoming available to investors.The availability of multiple investment options creates a choice problem for investors. Each form has different characteristics relating to risk, return, liquidity, convenience, storage and accessibility. Investors may therefore have different preferences based on their financial knowledge, investment objectives and behavioural characteristics. Understanding these preferences is important for financial institutions, gold market participants and policymakers.

RESEARCH DESIGN

The study adopts a descriptive research design to understand investors' preferences towards various forms of gold investment and an analytical research design to examine whether demographic characteristics are associated with gold-investment preferences.The population of the study consists of **gold investors**, with a sample size of **60 respondents** selected through **convenience sampling**. The study is conducted in **Ambur, Vellore District, Tamil Nadu**. Primary data is collected from the respondents using a **structured questionnaire** designed to assess their preferences towards different forms of gold investment and the behavioural factors influencing their investment decisions.

HYPOTHESIS

H_0: There is no significant relationship between age and investors' preferred form of gold investment.

H_1: There is a significant relationship between age and investors' preferred form of gold investment.

CHI SQUARE TEST

Test	Value	df	Sig. (2-sided)
Pearson Chi-Square	10.46	12	0.576
Likelihood Ratio	—	12	—
Linear-by-Linear Association	—	1	—
N of Valid Cases	60		

Since the **Sig. (p-value) = 0.576**, which is greater than **0.05**:

$p > 0.05 \rightarrow$ Accept/Fail to reject H_0

Therefore:

There is no significant association between age and preferred form of gold investment among the 60 respondents. Hence, the null hypothesis is accepted.

FINDINGS:

The Chi-square test was conducted using SPSS to examine the relationship between age and preferred form of gold investment among 60 respondents. The test result shows a Pearson Chi-square value of 10.46 with 12 degrees of freedom and a p-value of 0.576. Since the p-value is greater than 0.05, the null hypothesis is accepted. Therefore, there is no significant association between age and the preferred form of gold investment among the respondents. This indicates that investors' preference for different forms of gold investment does not vary significantly according to their age.

SUGGESTIONS:

Investors should be educated about the risk, return, liquidity and cost characteristics of each investment form. Awareness programmes can be conducted to explain modern gold investment alternatives such as Gold ETFs, Sovereign Gold Bonds and Digital Gold. Digital gold platforms should provide transparent information regarding pricing, storage, security and transaction-related charges.

CONCLUSION :

Gold continues to be an important investment avenue in India, but investors today have a wider range of choices than in the past. Along with traditional physical gold, investors can choose financial and digital alternatives such as Gold ETFs, Gold Mutual Funds, Sovereign Gold Bonds and Digital Gold.

Investor preference is influenced not only by financial considerations but also by behavioural factors such as risk perception, return expectations, trust, financial awareness, convenience and cultural attachment.

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