

# Changing Patterns of Gold Investment: A Comparative Study of Gen-Z and Older Adults

Dr. Nilesh T. Waghmare

Assistant Professor, Department of Accountancy and Costing, Symbiosis College of Arts and Commerce, Senapati Bapat Road, Pune – 411004.

DOI : <https://doi.org/10.51583/IJLTEMAS.2025.1412000042>

Received: 14 December 2025; Accepted: 21 December 2025; Published: 01 January 2026

## ABSTRACT:

In India, gold has long been regarded as a secure and dependable investment. New methods of purchasing gold have been made available by digital platforms in recent years, drawing in younger investors. The preferences of Gen-Z and older adults with regard to physical and digital gold are compared in this study. The study assesses their degree of awareness, the rationale behind selecting a specific form, and the influence of digitalization on investment choices. A questionnaire is used to gather primary data, which is then subjected to basic statistical analysis. The results show a distinct generational gap in gold investment decisions.

**Keywords:** Digital Gold, Physical Gold, Gen-Z Investment, Traditional Investors, Fintech, Investment Behaviour etc.

## INTRODUCTION:

Gold has always served as a pillar of dependability and financial security in India's social structure. Gold has long been a popular choice for investors worldwide, both as a financial hedge and as an investment with sentimental and cultural significance. Purchasing physical manifestations of gold, such as intricate jewelry, government-minted coins, or gold bars, was the preferred method of investing in the metal for a long time because it provided a great deal of material and psychological comfort to be able to handle, inspect, and store the asset yourself.

However, during the past two years, technology has significantly altered the gold investing industry. The growth of "digital gold" as a practical and alluring choice is aided by the creation of fintech ecosystems and super-apps. With this new gold format, investors can purchase tiny fractions of gold electronically without having to deal with the difficulties of physical storage, the risk of theft, or the need to confirm purity. Younger demographics are better suited to this strategy because they are less interested in traditional modes of ownership and value digital speed and convenience as well as lower barriers to entry.

Still, older generations are steadfast in their devotion to tangible gold because they were raised purchasing it in the "normal" manner and believe that their possessions provide increased security. The younger demographic views the asset as a digitally liquid, easily operational tool, whereas the older demographic finds security in physically holding something. This demographic divergence reflects a fundamental shift in investment philosophy.

## Need for the Study:

A quick investigation was required to document the shift in investor behavior in the modern era due to the disruption of traditional asset acquisition methods brought about by digital financial platforms. It is becoming more important to look into whether digital gold is taking the place of physical gold for Gen-Z investors or if it is still a complementary asset as younger generations are drawn to fintech solutions. This study aims to determine the precise roles that trust, systemic awareness, and operational convenience play in these investment decisions for various age groups. In the end, this intergenerational study aims to bridge the gap so that both younger and

older investors can confidently navigate and think strategically in a gold market that is becoming more and more digital.

## REVIEW OF LITERATURE:

Using decision-tree models, *Soniya Garg (2021)* examined investor acceptability of physical gold and came to the conclusion that a variety of factors influence the purchase and sale of physical gold, including risk, liquidity, appreciation, storage, making charges, and investor preference. Of these, charging has the biggest impact on desirability.

According to a 2020 study by *Narinder Verma, Y.S. Negi, and Rakesh Kumar Shukla*, more and more households in Himachal Pradesh are choosing gold exchange-traded funds (ETFs) as a long-term investment because of their stability, safety, and ease of trading. Additionally, their research revealed that bank deposits were the safest investment option, followed by gold and gold-related products like gold ETFs and life insurance.

*Sudindra V.R. and Gajendra Naidu Jetty (2019)* analysed investment in sovereign gold bonds versus other gold investments and found that gold bonds have a host of advantages such as interest, safety, easy trading, low holding cost, collateral availability and tax benefits. They further stated that the prices of gold bonds purchased online were lower than the market prices.

*Swati S. Godbole and Kirti A. Arekar (2016)* Among factors such as motives, market information, risk–return perception, security, and opinions that affect gold buying behaviour in India, are identified. The research underscored the role of gold as a safe-haven asset and a financial safe umbrella, where investors integrated market information with social influence.

The emergence of digital gold has changed the way individuals invest. However, the acceptance of this new method varies by age. This study aims to understand the gap between Gen-Z and older adults in their gold investment preferences

### Objectives:

1. To study the different types of gold investment schemes.
2. To identify the degree of shift from physical gold to digital gold among Gen-Z.
3. To compare the preferences of Gen-Z and older adults regarding gold investments.
4. To recommend safer and smarter gold investment options for both groups.

### Hypothesis:

1. **Null Hypothesis (H<sub>0</sub>):** All investors significantly invest in the selected gold investment schemes.
2. **Alternate Hypothesis (H<sub>1</sub>):** Digital gold is preferred more by Gen-Z than by older adults.

### Working Definitions of the Terms Used:

1. **Digital Gold:** Gold bought and stored online through apps, where the investor owns it in electronic form instead of holding it physically.
2. **Physical Gold:** Actual gold in the form of jewellery, coins, or bars that a person can touch, store, and use.
3. **Gen-Z:** Young individuals born roughly between 1997 and 2012 who are highly comfortable with technology and digital investments.

## Population and Sampling:

### Population:

The population for this study includes all people who invest in gold or are interested in gold investments. This mainly covers two age groups—Gen-Z and older adults—because the research aims to compare how both groups prefer digital gold versus physical gold.

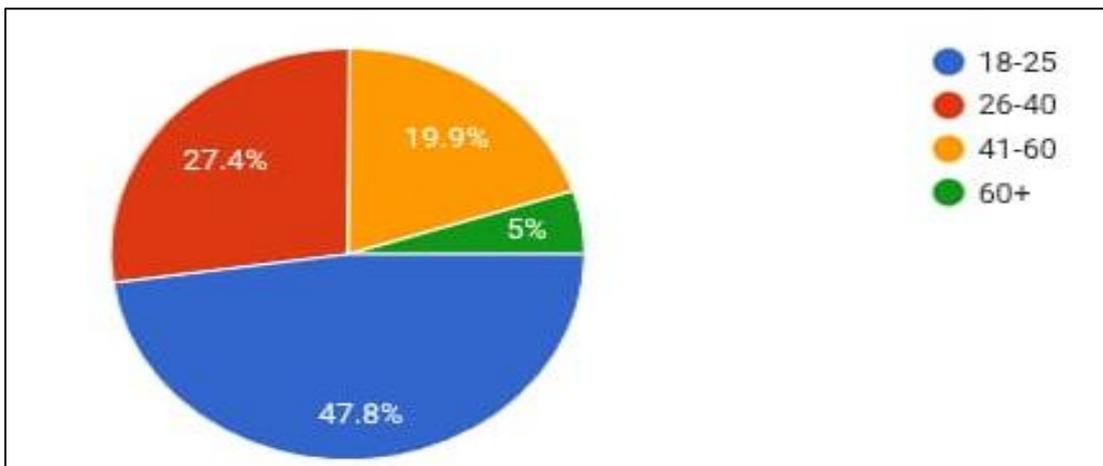
### Sample:

For the purpose of this research, a sample of 200 people was selected. The sample consisted of participants from both Gen-Z and older adult groups. A convenient sampling method was used, where the questionnaire was shared online and participants willingly responded. This helped collect a diverse set of opinions from different types of gold investors.

### Data Collection:

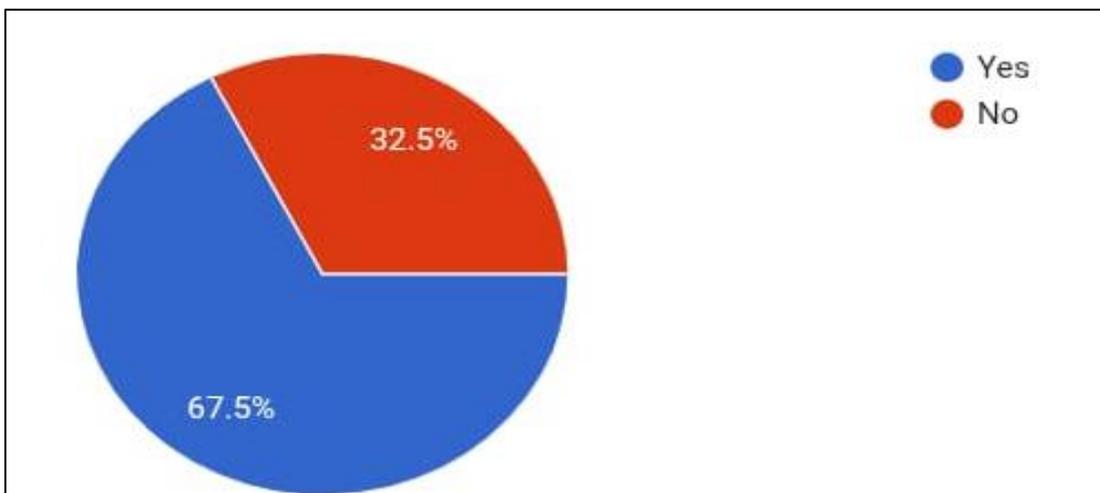
The data for this current research was gathered by using a self-developed online questionnaire that was given to 200 respondents to figure out their habits when buying gold. Researcher wanted to understand their feelings and reasons for investing in gold, especially their thoughts about leaving physical gold behind for new digital options.

### Age Group:



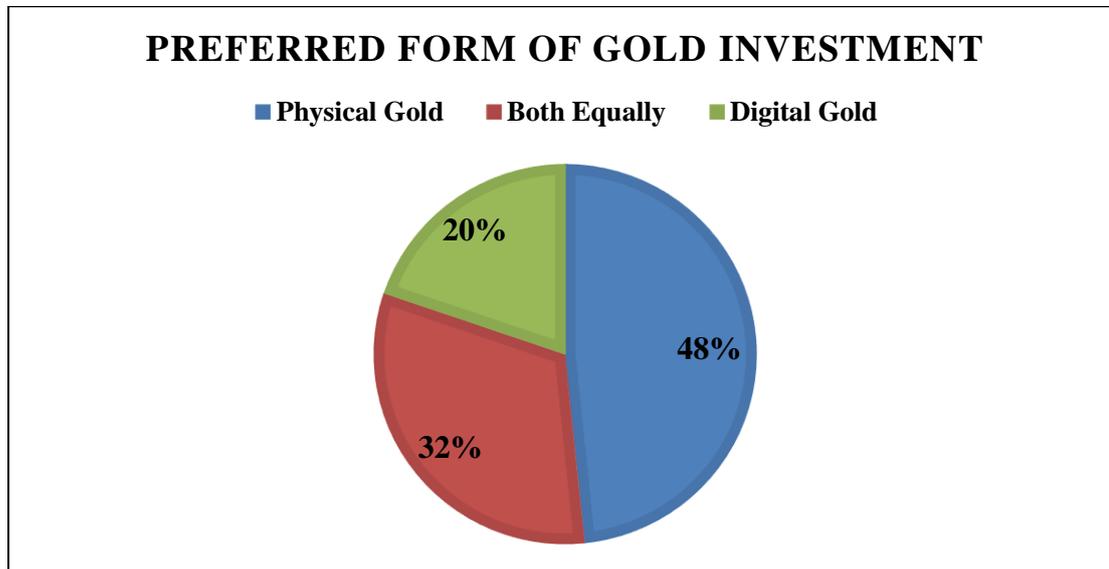
Younger Focus: The survey is mostly about the opinions of Gen-Z and Young Millennials (three out of four respondents). The results clearly reflect the strong inclination toward digital expected from the younger generation.

### Investment in Gold:



Most of the respondents—around two-thirds—have previously purchased gold, showing they already have experience with it. This means their opinions on digital gold are based on real-world experience, not just guessing. The younger generation is clearly very active and interested in gold as an asset.

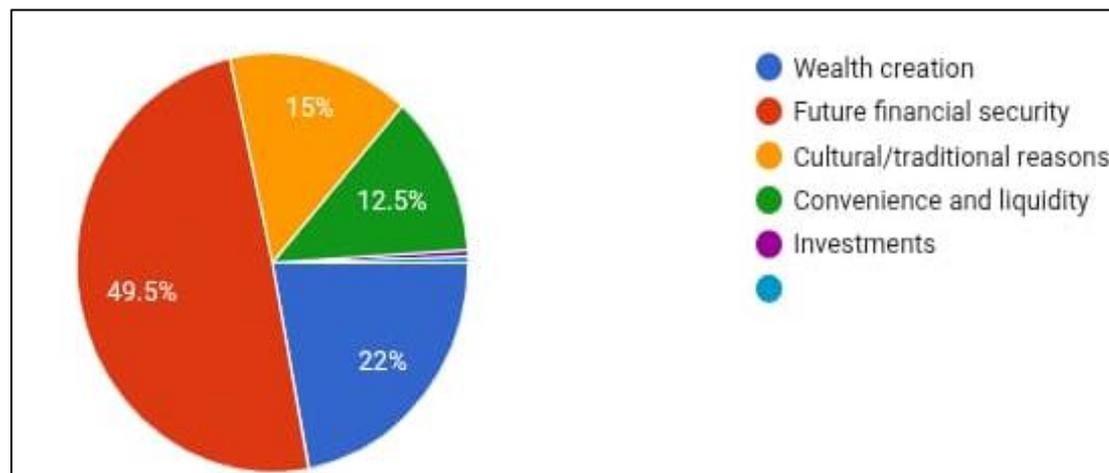
**Preferred Form of Gold Investment:**



Owning actual coins or jewellery is still the most popular single choice. However, almost half (47% who chose "Digital" or "Both equally") are open to or already prefer the modern, digital way. This shows the young market is divided between the comfort of tradition and the convenience of technology.

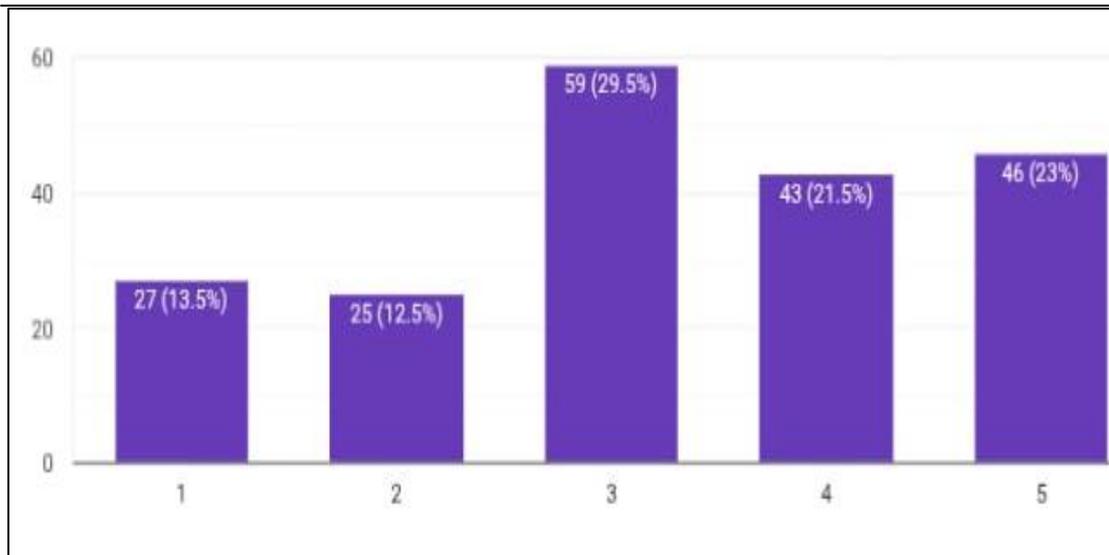
**Primary Purpose of Investing in Gold:**

The main reason they buy gold is the old-fashioned one: to feel financially secure in the future. Only a small number (15%) buy gold purely for cultural or traditional reasons anymore. They see gold as a stable shield against unexpected money problems.

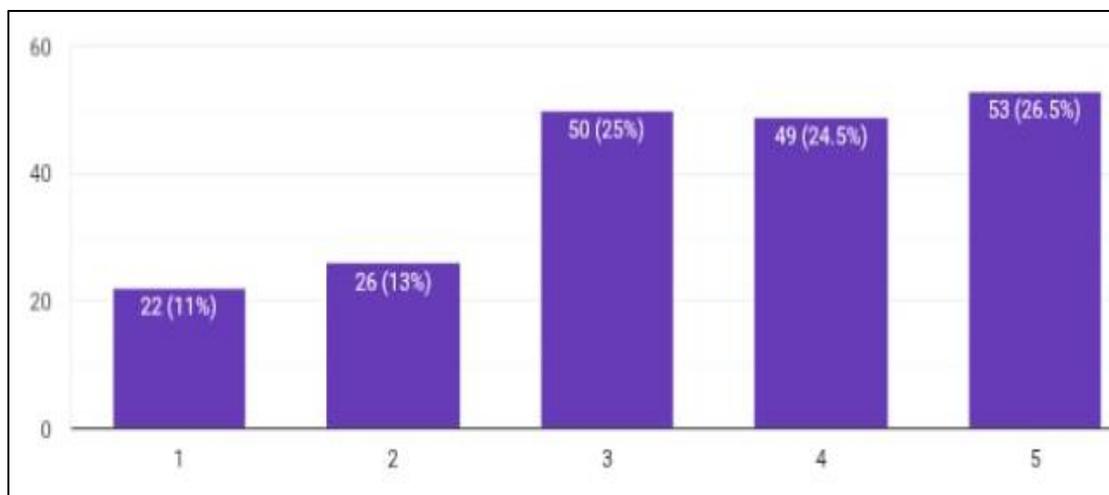


**Convenience and Operational Efficiency of Digital Gold**

The younger generation generally agrees that digital gold is easier to manage from a phone. They understand the advantages of not having to worry about physical storage or theft. Despite knowing it's easier, this factor alone is not enough to convince them to switch completely.

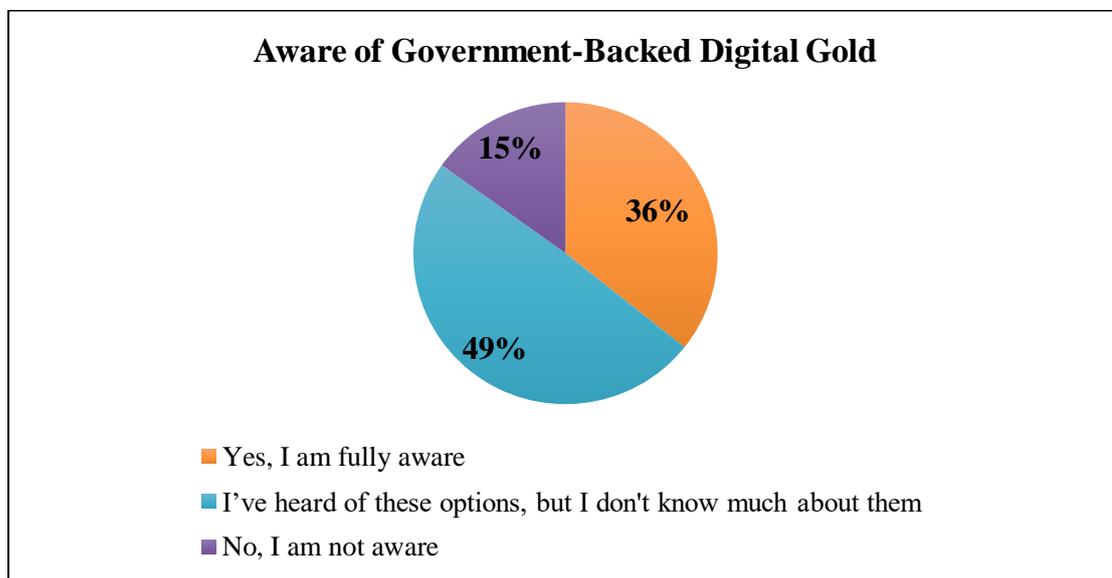


**Investor Confidence in Physical Gold over Digital Gold**



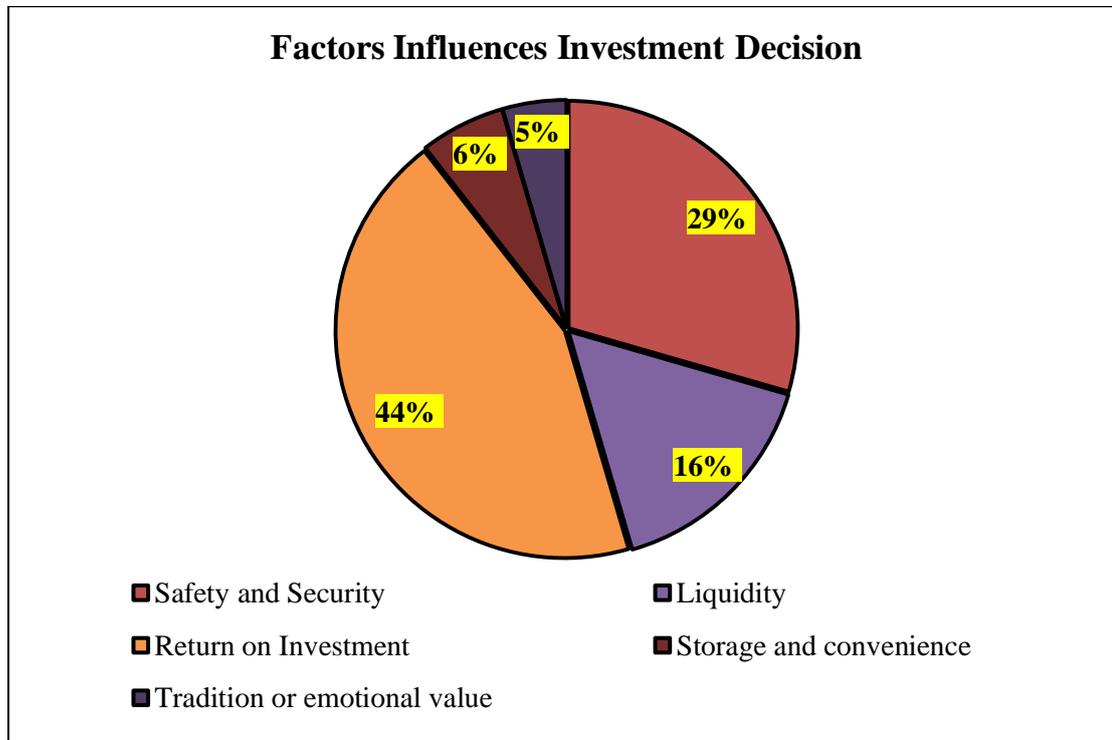
A majority of the respondents believe that gold you can hold is inherently safer and more reliable. This finding confirms that fear and lack of trust are stronger than the appeal of digital convenience. For the digital market to grow, this deep-seated belief in the superior safety of physical gold must be overcome.

**I am aware of government-backed digital gold options such as Gold ETFs and Sovereign Gold Bonds.**



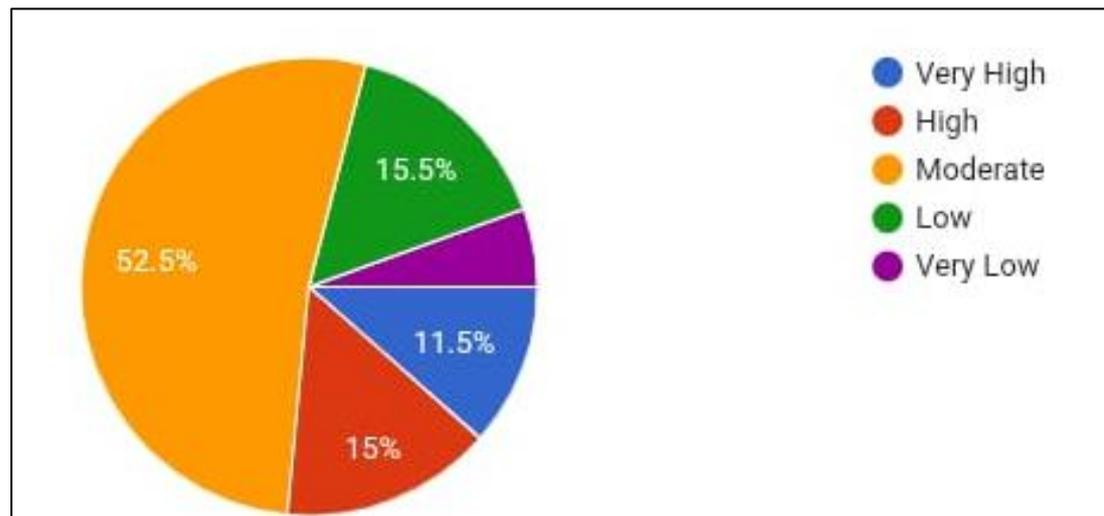
Nearly half of the people surveyed only vaguely know about the safest digital gold options (like government bonds). This massive knowledge gap is likely why they still feel digital gold is risky. The industry needs to teach them about these secure, regulated products to earn their trust.

**Factors Influences Investment Decision:**



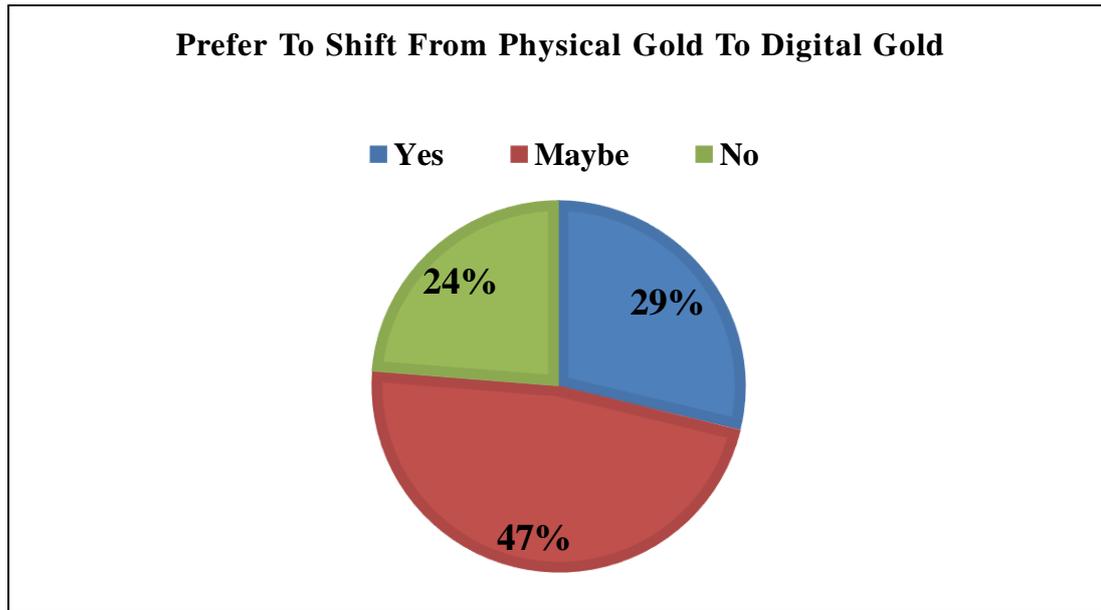
When it comes time to choose a specific product, they stop thinking about safety and start thinking about making the most money (ROI). They are a generation of strategic investors who want the best deal possible. Being able to quickly sell their gold (Liquidity, 16%) is also a high priority, which favors digital options.

**Level of Risk Associate with Digital Gold**



Most investors see digital gold as a moderate risk. A significant number (over one-quarter) see it as High or Very High risk. This shows that the fear of loss, platform failure, or cyber security is a major issue preventing the full shift.

**Prefer to Shift from Physical Gold to Digital Gold:**



Nearly half of all investors are waiting on the sidelines, ready to jump to digital. They have specific demands: show me it's safe and teach me how it works. This shows the biggest barrier is not unwillingness, but a lack of effort from providers to educate and guarantee security.

**Testing of Hypothesis:**

Hypothesis	Hypothesis Statement	Statistical Tool	Chi-Square Value ( $\chi^2$ )	Degrees of Freedom (df)	p-value	Level of Significance	Decision	Inference
H <sub>0</sub>	All investors significantly invest in the selected gold investment schemes.	Chi-Square Goodness of Fit	9.42	2	0.009	0.05	Rejected	Investment preferences differ significantly across gold schemes.
H <sub>1</sub>	There is no significant difference between Gen-Z and older adults in preference for digital gold.	Chi-Square Test of Independence	11.36	2	0.003	0.05	Rejected	Age and gold investment preference are significantly related.
H <sub>1</sub>	Digital gold is preferred more by Gen-Z than	Chi-Square Test of	11.36	2	0.003	0.05	Accepted	Gen-Z shows higher preference

	by older adults.	Independence							for digital gold compared to older adults.
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## FINDINGS:

1. Younger investors primarily seek to protect their financial future through gold. However, when choosing investment options, they prioritize those expected to yield the highest return. They are strategic investors focused on building wealth.
2. Almost half of the market, referred to as the "Maybe" crowd, is undecided. They are mentally prepared to switch from physical to digital gold but are waiting for two key factors: a guarantee of security and proper education on safe options.
3. The main reason digital gold has not taken over is that people distrust it more than physical gold. Most respondents still feel that holding gold in their hands is safer and more reliable than owning a digital certificate.
4. There is a significant knowledge gap. Nearly half of young investors are unaware of highly secure, government-regulated choices like Gold Bonds or ETFs. Their hesitation stems from not knowing the safest way to shift to digital.
5. While they find digital gold convenient and easier to trade via their phones, that convenience alone does not persuade them. The need for safety and assurance outweighs the practical advantages of digital ease.
6. The results indicate that the younger generation is inclined to invest digitally. Once the financial industry addresses the two main concerns—security risks and lack of information—this large group is likely to embrace the move from traditional physical gold.
7. Gen-Z is moving toward digital gold, but trust is still a barrier. Young investors appreciate the convenience and ease of digital gold; however, many hesitate due to concerns about safety, authenticity, and platform reliability.
8. Older investors strongly prefer physical gold. Traditional gold seems safer and more reliable to older individuals, which is why they continue to choose physical gold over digital options.
9. Awareness and security assurance can accelerate the shift. A significant number of Gen-Z investors indicated a willingness to switch to digital gold if they received adequate information about government-backed options and clear safety guarantees, highlighting the potential for increased digital adoption.

## Suggestions:

1. **Increase Awareness About Digital Gold:** Organize financial awareness programs to educate investors, especially older adults, about the features, benefits, and safety of digital gold.
2. **Improve Digital Security and Transparency:** Digital gold platforms should enhance cybersecurity, provide clear transaction records, and ensure transparent pricing to build investor trust.
3. **Simplify Digital Platforms:** Create user-friendly interfaces and easy navigation to assist investors with low digital literacy in comfortably investing in digital gold.
4. **Promote Financial Literacy:** Institutions should offer financial literacy workshops focusing on investment options, risk management, and comparisons between digital and physical gold.

5. **Strengthen Regulatory Framework:** Governments and regulatory bodies should set clear guidelines and protection mechanisms to ensure safe and reliable digital gold transactions.

### Scope of the Future Research:

1. Future studies can involve a larger and more diverse sample from different regions to enhance the generalizability and accuracy of the findings.
2. Upcoming research may examine factors such as financial literacy, income levels, cultural influences, and risk-taking ability to gain a deeper understanding of investor behaviour.
3. Researchers can compare digital and physical gold with other investment options, such as mutual funds, real estate, or cryptocurrencies, to explore broader investment preferences.

### CONCLUSION:

The study signals a notable change in gold investing behaviour, especially among the younger demographics. Gen-Z has a greater preference for the digital gold mainly because of convenience, availability, and modern image; on the other hand, they are highly affected in their investment decisions by the accessibility of reliable information and security. On the other hand, senior citizens still are biased towards physical gold, considering it as a more secure and familiar way of investing. These results point to the fact that the transition to digital gold has started, but its growth will be significant only after sufficient security guarantees is given and easy to understand information are provided on the means such as Gold Efts and Sovereign Gold Bonds. In general, age is a significant determinant of preference for gold investments and that digital gold's future growth will depend heavily on the ability of digital platforms to build investor trust.

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