

Investors should exit 'unregulated' digital gold: Analysts

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Mumbai: After the Securities and Exchange Board of India (Sebi) cautioned that digital gold sold on online platforms are outside its regulatory purview, financial planners are urging investors to switch to gold ETFs or gold funds, which are audited, tightly regulated and backed by the physical metal. The biggest concern over buying digital gold from unregulated private platforms is that investors are exposed to counterparty risks.

Digital gold apps have been growing in popularity of late, following the run-up in prices, as they allow users to buy gold in amounts as low as ₹10, and convert it to physical metal later. As per NPCI, users purchased digital gold worth ₹1,410 crore in September 2025, compared to ₹761.6 crore in January 2025, a rise of 85%. "Investors have been buying digital gold as it gives them the option to convert it into physical metal as and when they need it, which does not exist in the case of ETFs says Vijay Kuppa, CEO, InCred Money, a platform that offers digital gold.

Digital gold has also become a popular rewards tool for fintech and e-commerce firms. Some apps round up spare change from transactions and automatically invest it in digital gold. During festive seasons, many platforms offer digital gold as cashback on high-value purchases or specific payment methods.

Financial planners said spreads on these platforms are high, and the user does not know if the gold she purchased is backed by physical gold. "It is better to buy gold mutual funds of an equivalent amount and sell them a few days before you need physical gold," says S Shankar, CFP, Credo Capital.

Following Sebi's warning, financial planners advise staying away from these products. "There is no mechanism to complain as there is no regulator in a digital gold platform," says Vishal Dhawan, founder, Plan Ahead Wealth Advisors.