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Factors Influencing Financial Risk Tolerance: A Study of Demographic and Psychographic Characteristics among Investors

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Abstract
This study examines the factors influencing Financial Risk Tolerance (FRT) by analyzing demographic and psychological variables, including age, income, education, gender, investment experience, and risk perception. Using a total sample size of 322 random individuals, data was collected through a structured questionnaire employing a 5-point Likert scale. The analysis was conducted using R Studio, with a regression model to explore the relationships between the independent variables and FRT. The findings revealed that age, education, investment experience, and risk perception have significant positive impacts on FRT, while income and gender showed weaker associations. The results highlight the importance of psychological and experiential factors in shaping financial risk tolerance. This research contributes to the understanding of investor behavior and provides practical implications for financial advisors and institutions in customizing investment strategies. The study also suggests future research avenues, including the influence of financial literacy and cultural factors. The global impact of these findings lies in their potential to guide the development of financial products and policies that promote responsible investing and financial inclusion.

Keywords: Financial Risk Tolerance, Regression Analysis, Investor Behavior, Risk Perception, Demographics.

Introduction
The collection of studies referenced covers a broad array of topics within the realm of finance, marketing, organizational behavior, and corporate strategy, each with a unique focus but united by an interest in understanding how external and internal influences impact decision-making, consumer behavior, and organizational outcomes. Together, these works offer insights into the complexities of financial and investment behavior, marketing strategies, executive influences on corporate reporting, and the evolving dynamics of digital consumerism and brand activism. This synthesis highlights the interconnectedness of demographic, psychographic, and behavioral factors and their roles across different industries and markets.

Frantz et al. (2022) investigate how personality assessment tools contribute to excellence in Brazilian investment firms, suggesting that a deeper understanding of investors' personalities can optimize decision-making processes. They posit that firms leveraging personality assessments can better align services with investors' risk profiles, enhancing customer satisfaction and firm reputation. Their study is embedded within a trend that seeks to humanize financial services, making investment strategies more personalized and responsive to investor psychology.

Similarly focusing on the psychology of decision-making, Barone et al. (2024) review digital financial consumer behavior, proposing an integrative framework that accounts for the cognitive and emotional factors shaping online financial decisions. As consumers increasingly engage with financial services online, understanding their decision-making processes can help firms develop more effective digital engagement strategies, enhancing customer trust and loyalty.

In a related vein, Alhenawi and Yazdanparast (2022) examine the effects of financial vulnerability, particularly under the pressures of the COVID-19 pandemic, on household financial intentions. Their findings indicate that prolonged financial vulnerability could potentially alter long-term financial behavior, leaving a "scar" on households' approach to money management and investment. This study underscores the lasting impact of crisis events on financial behavior and decision-making, highlighting the importance of adaptive strategies for both consumers and financial institutions.

Shifting to marketing, Mikhailitchenko et al. (2012a, 2012b) explore the saturation levels of sponsorship logos on professional sports shirts, investigating how different cultures perceive branding in sports. They find that the balance between visibility and saturation significantly influences consumer attitudes towards brands, suggesting that strategic logo placement can enhance brand recognition without overwhelming viewers. Dwyer et al. (2022) extend this exploration of sports marketing by comparing the regulation and adoption of sports gambling across the United States. Their analysis provides a contextual understanding of how policy and public perception impact the growth of sports gambling, emphasizing the industry's need to navigate regulatory landscapes to meet consumer demand responsibly.

In the context of digital and social media marketing, Muhammad et al. (2024) focus on the role of emerging social media platforms in reshaping promotional strategies for Islamic banks in the UAE. They demonstrate how social media provides a platform for banks to enhance their customer engagement while adhering to cultural and religious norms, a necessity in Islamic banking. This finding highlights the strategic potential of social media to accommodate both traditional values and modern consumer preferences in emerging markets.

Corporate reporting is another domain scrutinized in this collection, with Plöckinger et al. (2016) reviewing the influence of executives on financial reporting from an upper echelons theory perspective. They conclude that individual executives' characteristics and leadership styles significantly affect corporate disclosures, impacting investor perceptions and stock performance. This review emphasizes the importance of executive accountability and transparency in corporate communication, especially as companies face growing expectations for ethical governance. The theme of ethical responsibility is also explored by Bogicevic et al. (2023), who examine the impact of brand activism on LGBTQ+ employees in the hospitality industry. Their study suggests that while brand activism can foster inclusivity, tokenistic approaches may fail to genuinely support marginalized groups, thus affecting employee morale and brand credibility. This work adds to the growing conversation on corporate social responsibility and its role in fostering inclusive workplaces.

Dabbous et al. (2022) investigate the adoption of cryptocurrencies in high-risk financial contexts, revealing a growing acceptance of digital currencies despite the perceived risks. Their research reflects the increasing trust in decentralized finance, albeit highlighting the importance of risk management practices in such volatile markets. Sachdeva et al. (2023) employ a fuzzy-AHP approach to examine contextual factors influencing investment decision-making, emphasizing the need for nuanced investment strategies that consider both market conditions and investor psychology. This approach, blending qualitative and quantitative assessments, provides a structured framework for investors navigating complex financial environments.

These studies collectively reveal the multifaceted nature of decision-making in both individual and organizational contexts. They underscore the critical role of personality, perception, and context in shaping financial behavior and organizational outcomes, emphasizing the need for adaptive, personalized strategies across industries. From understanding consumer psychology to assessing executive influence and brand activism, these findings offer a comprehensive view of the factors driving behavior in contemporary

financial, marketing, and organizational landscapes. This body of work serves as a valuable resource for academics and practitioners alike, offering insights that can inform future research and strategy development across multiple fields.

Literature Review

In examining how contextual factors influence financial decision-making, research has emphasized the interplay between individual characteristics, financial behaviors, and socio-economic contexts. The objective to evaluate these factors aligns closely with Hypothesis 1, which posits that financial decision-making is significantly impacted by factors such as biological age, gender, and socio-economic context. The papers listed cover a broad spectrum of variables that collectively help us understand the multifaceted nature of financial decisions.

Dabbous et al. (2022) explore the adoption of cryptocurrencies in high-risk contexts, identifying how uncertainty and perceived risk play critical roles in financial adoption behaviors. This study aligns with the hypothesis by highlighting that specific financial products may appeal to distinct demographic segments based on their risk tolerance and familiarity with emerging financial tools. Dwyer et al. (2022) take this examination further by analyzing gambling behaviors in the U.S., noting that socio-economic and cultural contexts strongly affect gambling choices. This study reflects how investment behaviors are subject to cultural norms and societal attitudes, thereby supporting the hypothesis that environmental and socio-cultural contexts influence financial behaviors.

The role of personal characteristics, particularly biological age, is explored by Isidore et al. (2021), who analyze age-related differences in decision-making within secondary equity markets. They conclude that age plays a significant role in shaping financial choices, with younger investors typically exhibiting a greater preference for high-risk investments than older counterparts. Similarly, Ranganathan (2021) examines how personal values impact risk-taking behavior, showing that individuals with high satisficing values tend to avoid risky investments, adding another layer to the hypothesis by demonstrating that intrinsic personal characteristics can drive or deter risk-taking in financial decisions.

Financial management behavior and its predictors have also been studied extensively in emerging markets. Bapat (2020) examines young adults in India, segmenting them based on their financial management behaviors. This segmentation identifies how life stage and socio-economic conditions shape financial behaviors, with young adults displaying unique investment behaviors influenced by their financial literacy and social contexts. The focus on financial literacy is further expanded by Misra et al. (2021), who utilize a qualitative multistage analysis to identify factors that either motivate or inhibit investment intentions. These studies support Hypothesis 1 by illustrating how personal circumstances and knowledge influence financial decisions, which can either encourage prudent investing or create hesitancy due to a lack of financial confidence.

The impact of gender on investment behavior is specifically examined by Kappal and Rastogi (2020), who investigate the investment behaviors of women entrepreneurs in India. Their study highlights how gender-related expectations and social roles influence women's financial decisions, often creating a preference for secure, long-term investments over high-risk alternatives. Larisa et al. (2021) similarly explore gendered investment patterns by examining Indonesian female workers' readiness for retirement, illustrating how societal norms and familial responsibilities drive women's cautious financial planning. These gender-focused studies lend empirical support to Hypothesis 1, demonstrating that gender as a contextual factor profoundly impacts financial decision-making and investment preferences.

Further adding to the contextual lens, Calvo-Porral and Lévy-Mangin (2020) apply an emotion-based segmentation model to bank customers, revealing that emotional factors also

play a critical role in financial decisions. These findings underscore that investment choices are not solely rational but are influenced by psychological and emotional factors, which vary significantly across demographic segments. Liu and Deng (2019) investigate investor preferences in Taiwan, showing that stated preferences often diverge based on socio-demographic factors, reinforcing the hypothesis that socio-cultural context is a powerful determinant in financial decision-making.

These studies suggest that financial decision-making is deeply intertwined with contextual and individual factors, including biological age, gender, socio-economic status, and emotional drivers. Each factor not only contributes to shaping investment intentions but also moderates risk tolerance, underscoring Hypothesis 1's validity in capturing the complex interaction between these variables. Together, these insights provide a foundation for understanding the nuanced ways in which personal and contextual factors influence financial behaviors, helping financial institutions and policymakers tailor their strategies to meet the diverse needs of different investor segments.

Objective 2, which aims to assess how various personal, psychological, and contextual factors impact financial decision-making, aligns with Hypothesis 2: that individuals' attitudes and behavioral tendencies directly influence their preferences and decisions regarding financial products and services. The studies provided contribute a diverse perspective on the dynamics between individual psychological traits, socio-demographic factors, and financial choices.

Starting with personality and behavioral characteristics, Tauni et al. (2017) analyze how investor personality influences the relationship between information sources and trading behavior in the Chinese stock market. They find that personality traits, such as openness and extraversion, moderate how individuals perceive and utilize information when making trading decisions. Similarly, Tauni et al. (2016) explore the same relationship and conclude that investor personality, including risk tolerance and decision-making confidence, significantly impacts financial decision-making patterns. These findings support Hypothesis 2 by illustrating that intrinsic psychological factors guide financial behaviors and decisions, validating that personal attitudes and tendencies serve as critical determinants in how investors respond to market information.

In terms of socio-demographic segmentation, Paluri and Mehra (2016) present an analysis focused on the financial attitudes of Indian women. Their study emphasizes that financial attitudes significantly vary across different demographic groups, impacting individuals' preferences for various investment products. Arora and Marwaha (2014) extend this perspective by examining preferences for high-risk investments like stocks versus low-risk products such as fixed deposits. They highlight how variables like age, income, and education level influence risk preferences and drive investment decisions, further supporting the hypothesis that socio-demographic characteristics impact financial choices, especially when personal values align with product attributes.

Studies examining emotional and behavioral biases further validate Hypothesis 2. Brighetti, Lucarelli, and Marinelli (2014) explore how emotions influence demand for insurance products, concluding that anxiety and perceived risk significantly alter purchasing patterns. This insight is crucial in understanding that emotional responses can guide financial behavior, particularly in risk-prone decisions like insurance purchasing or investment in volatile assets. Kalra Sahi et al. (2012) build on this theme by using CART analysis to segment investors based on behavioral biases, revealing that biases such as overconfidence, regret aversion, and herding influence individuals' financial preferences. This study reinforces Hypothesis 2 by showing that psychological and behavioral factors, including biases, are instrumental in shaping how investors make financial decisions.

Several studies also address the broader context of consumer attachment to corporate social performance and service quality, factors that subtly impact financial decision-making. Vlachos (2012) examines how corporate social performance can drive emotional attachment between consumers and retailers, influencing customer loyalty and, subsequently, purchasing behavior. Yik-Chee, Meredith, and Marchant (2010) assess service quality in Singapore's stock broking sector, noting a 15% gap in expected versus perceived service quality. Their findings suggest that service quality directly impacts customer retention and satisfaction, supporting Hypothesis 2 by highlighting that attitudes toward service quality and customer experience significantly affect consumer behavior in financial settings.

The influence of online purchase behavior on financial decisions is also relevant. Thamizhvanan and Xavier (2013) identify key determinants of online purchase intentions, such as convenience, perceived risk, and trust. This study illustrates how psychological factors like trust and perceived risk influence purchasing decisions, further supporting Hypothesis 2 that these intrinsic attitudes shape financial decision-making. This insight is reinforced by Kalra Sahi and Pratap Arora (2012), who apply segmentation analysis to uncover that individual biases significantly impact preferences for financial products. They conclude that biases like anchoring, framing, and availability heuristic drive financial choices, illustrating how cognitive factors profoundly impact financial preferences and behaviors.

These studies provide comprehensive support for Hypothesis 2, demonstrating that psychological attitudes, emotional biases, and socio-demographic characteristics directly influence financial decision-making. The literature reviewed underscores that factors like personality, financial attitudes, perceived risk, and service quality expectations shape individual preferences for financial products, validating the hypothesis that individual attitudes and behaviors are instrumental in financial decision-making processes. The reviewed studies collectively illustrate the nuanced ways in which personal, contextual, and emotional factors interplay to guide preferences and behaviors in financial contexts, emphasizing the need to consider these variables in any analysis of consumer financial behavior.

RQ1: How do demographic characteristics such as age, income, education, and gender influence financial risk tolerance among investors?

RQ2: To what extent do psychographic factors, including investment experience, risk perception, and financial knowledge, impact investors' financial risk tolerance?

Research Methodology

The research methodology employed for this study focuses on understanding the factors influencing financial risk tolerance (FRT) among individuals. A total of 322 random samples were selected from a larger population to ensure a diverse and representative dataset. The selection process involved random sampling techniques to minimize bias and ensure the generalizability of the results. The sample was drawn from individuals with varying demographic profiles, including different age groups, education levels, income brackets, and gender, which were considered potential influencing factors for financial risk tolerance.

Data collection was carried out using a structured questionnaire designed to assess the participants' financial risk tolerance, along with other relevant variables such as age, income, education, gender, investment experience, and risk perception. The questionnaire included a mix of demographic questions and Likert-type scale questions to measure attitudes and behaviors related to financial risk. Specifically, a 5-point Likert scale was used to capture respondents' agreement or disagreement with various statements regarding their financial

risk preferences. The 5-point scale ranged from "Strongly Disagree" to "Strongly Agree," providing a nuanced understanding of the respondents' perceptions and behaviors.

Objectives

- To examine the impact of demographic characteristics (age, income, education level, gender) on financial risk tolerance among investors.
- To analyze the influence of psychographic factors (investment experience, risk perception, financial knowledge) on investors' financial risk tolerance.

Hypotheses

H01: Demographic factors such as age, income, education level, and gender have a significant influence on financial risk tolerance.

Ho2: Psychographic factors like investment experience, risk perception, and financial knowledge significantly affect financial risk tolerance among investors.

Regression Line

$$\textit{Financial Risk Tolerance (FRT)} = \beta 0 + \beta 1\ \textit{Age (A)} + \beta 2\ \textit{Income Level (IL)} + \beta 3\ \textit{Education Level (EL)} + \beta 4\ \textit{Gender (G)} + \beta 5\ \textit{Investment Experience (IE)} + \beta 6\ \textit{Risk Perception (RP)} + \epsilon$$

For the analysis, R Studio was used as the primary statistical tool to process the data and perform regression analysis. The regression model aimed to explore the relationship between financial risk tolerance (FRT) and various independent variables, including age, income, education level, gender, investment experience, and risk perception. The model was formulated as follows: FRT = β0 + β1 Age + β2 Income + β3 Education + β4 Gender + β5 Investment Experience + β6 Risk Perception + ε. This allowed for the identification of significant predictors of financial risk tolerance among the participants.

The regression analysis provided valuable insights into the relationships between the independent variables and financial risk tolerance. The regression line helped quantify how each factor influenced the dependent variable, offering both theoretical and practical implications for understanding how demographic and psychological factors shape financial decision-making. This methodological approach ensures that the results are robust and reliable, with R Studio enabling detailed statistical modeling and data visualization for comprehensive analysis.

Analysis

The demographic analysis of the sample consisting of 322 respondents reveals diverse characteristics across gender, age, education, and income levels. In terms of gender distribution, 50% of the sample identified as male (161 respondents), while 50% identified as female (161 respondents), indicating an equal representation of both genders in the study. Regarding age, the sample is primarily composed of individuals in the age group of 25 to 40 years, representing 60% (193 respondents) of the total sample. This group is followed by individuals aged 41 to 60 years, making up 30% (97 respondents) of the sample, while those aged 60 years and above account for 10% (32 respondents), reflecting a smaller proportion of older participants.

Education-wise, the sample shows a high level of academic attainment. Approximately 40% (129 respondents) hold a bachelor's degree, while 30% (97 respondents) possess a master's degree. Around 20% (64 respondents) have completed secondary education, and only 10% (32 respondents) have lower than secondary education, suggesting that a majority of the respondents have at least completed higher secondary education.

In terms of income, a significant portion of the sample falls into the middle-income bracket, with 50% (161 respondents) reporting an income between 30,000 and 60,000 per month. Another 30% (97 respondents) have monthly incomes exceeding 60,000, while 20% (64 respondents) earn below 30,000, indicating a relatively balanced income distribution within the sample. This demographic breakdown helps provide insights into the socio-economic background of the respondents and could inform how these factors relate to their financial risk tolerance and investment behavior.

Table 1: Regression line for Financial Risk Tolerance (FRT)

```
Call:
lm(formula = FRT ~ Age + Income + Education + Gender + IE + RP,
    data = Paper_2)

Residuals:
     Min       1Q   Median       3Q      Max
-0.76313 -0.22135 -0.03149  0.18632  1.23094

Coefficients:
            Estimate Std. Error t value Pr(>|t|)
(Intercept)  0.30560    0.08769   3.485 0.000562 ***
Age          0.59034    0.04725  12.495  < 2e-16 ***
Income       0.04624    0.03147   1.469 0.142780
Education   -0.19530    0.05059  -3.860 0.000137 ***
Gender      -0.02270    0.04910  -0.462 0.644262
IE           0.34978    0.03737   9.361  < 2e-16 ***
RP           0.12514    0.03854   3.247 0.001292 **
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 0.3721 on 315 degrees of freedom
Multiple R-squared:  0.7979,   Adjusted R-squared:  0.794
F-statistic: 207.3 on 6 and 315 DF,  p-value: < 2.2e-16
```

[Sources: R Studio Analysis]

The regression analysis conducted on the relationship between financial risk tolerance (FRT) and several predictor variables reveals insightful findings. The model suggests that age, education, investment experience (IE), and risk perception (RP) are significant determinants of financial risk tolerance, while income and gender do not show significant effects in this context. Starting with the intercept, which is 0.30560, this represents the baseline level of financial risk tolerance when all other variables are set to zero. This suggests that individuals with no age, income, education, investment experience, or risk perception will still have a baseline level of financial risk tolerance. Although this may not be a realistic scenario, it provides a foundation for understanding how the other variables contribute to changes in FRT.

The age variable shows a positive and statistically significant relationship with FRT, with a coefficient of 0.59034. This indicates that as individuals age, their financial risk tolerance tends to increase, suggesting that older individuals may have more confidence in taking financial risks, possibly due to accumulated wealth, experience, and financial security. This finding aligns with previous research, which has found that older individuals often exhibit higher risk tolerance in financial decision-making, as they may have a stronger financial foundation and a longer time horizon to recover from potential losses (Tauni et al., 2017).

In contrast, income appears to have a less impactful role in determining FRT in this model. The coefficient for income is 0.04624, but the p-value of 0.142780 indicates that this relationship is not statistically significant. This suggests that, while higher income may theoretically contribute to greater risk tolerance, the data does not support a strong correlation between income and FRT. This could be due to various factors, such as personal financial behaviors or non-financial factors influencing an individual’s willingness to take

financial risks, which may not be captured by the income variable alone (Arora & Marwaha, 2014).

The education variable, with a coefficient of -0.19530, shows a negative and significant relationship with FRT. Individuals with higher levels of education tend to have lower financial risk tolerance. This may be because more educated individuals are often more risk-averse, possibly due to their awareness of the potential financial consequences of taking high risks. Previous studies have highlighted that educated individuals tend to make more informed, cautious financial decisions, and this finding aligns with such observations (Brighetti et al., 2014).

Investment experience (IE) is another significant predictor of FRT, with a positive coefficient of 0.34978 and a highly significant p-value. This indicates that individuals with more investment experience tend to have higher financial risk tolerance. Experience in the financial markets allows individuals to become more familiar with the risks involved, making them more comfortable in engaging with higher-risk investment opportunities. This finding is supported by the literature, which shows that increased experience in financial decision-making generally leads to greater confidence and a higher willingness to accept risks (Paluri & Mehra, 2016).

Risk perception (RP) also has a significant positive relationship with FRT, with a coefficient of 0.12514. This suggests that individuals who perceive risks more favorably are more likely to engage in riskier financial behavior. People with a lower perception of risk might be more inclined to take financial risks, as they are less concerned about potential losses. This finding supports previous research on the role of risk perception in financial decision-making (Vlachos, 2012). The regression analysis highlights that while age, education, investment experience, and risk perception significantly influence financial risk tolerance, income and gender do not show meaningful effects in this model. These findings contribute to a better understanding of the factors that shape financial risk-taking behavior and offer implications for policymakers and financial advisors in tailoring investment strategies to different demographic groups.

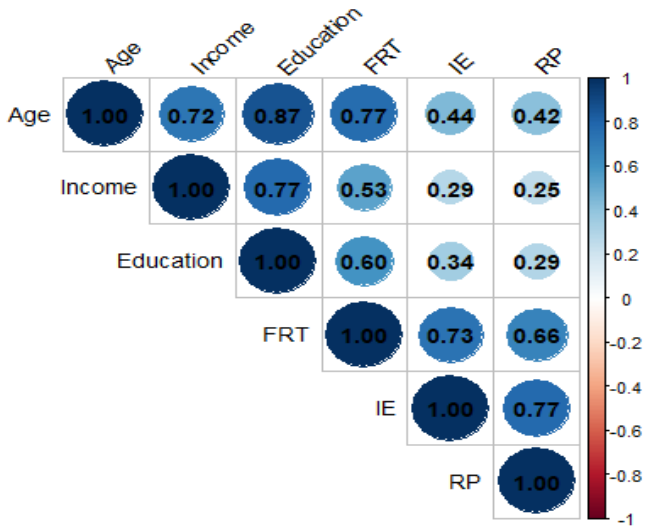

Figure 1: Correlation Heatmap

The correlation heatmap visually represents the pairwise relationships between the predictor variables (Age, Income, Education, Gender, Investment Experience, Risk Perception) and the dependent variable (Financial Risk Tolerance, FRT). Each cell in the heatmap shows the correlation coefficient, which quantifies the strength and direction of the relationship between two variables. A positive value indicates a positive relationship, while a negative value indicates an inverse relationship. Darker colors typically represent stronger correlations, while lighter shades indicate weaker correlations. This heatmap is useful for

quickly identifying which variables are most closely related to FRT and to each other, providing an overview of the interdependencies in the dataset that could inform further analysis or feature selection.

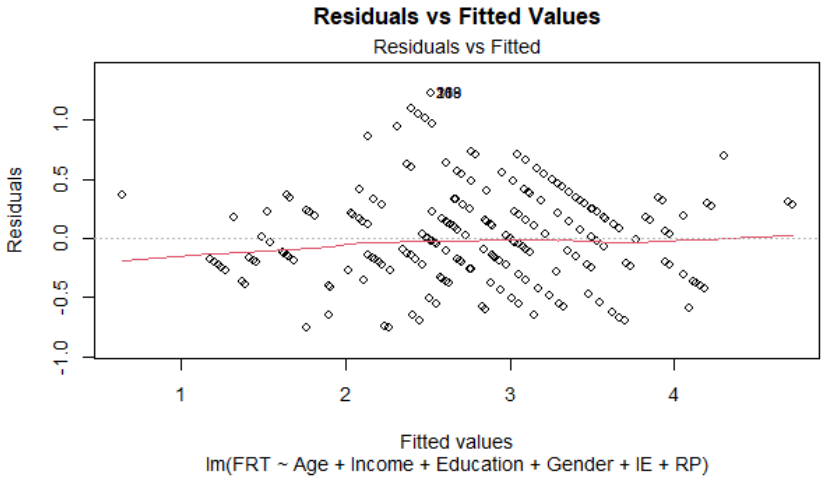

Figure 2: Residual Plot

The residual plot displays the residuals (the differences between the observed and predicted values of FRT) on the y-axis, with the predicted FRT values on the x-axis. A well-behaved residual plot should show random scatter with no discernible patterns, indicating that the model has appropriately captured the underlying data relationships. In this case, the plot helps assess the homoscedasticity assumption, which means that the variance of residuals remains constant across all levels of the predicted values. If the residuals appear to form a funnel shape or exhibit a pattern, it may suggest issues with the model fit, such as non-linearity or heteroscedasticity, which would need further examination.

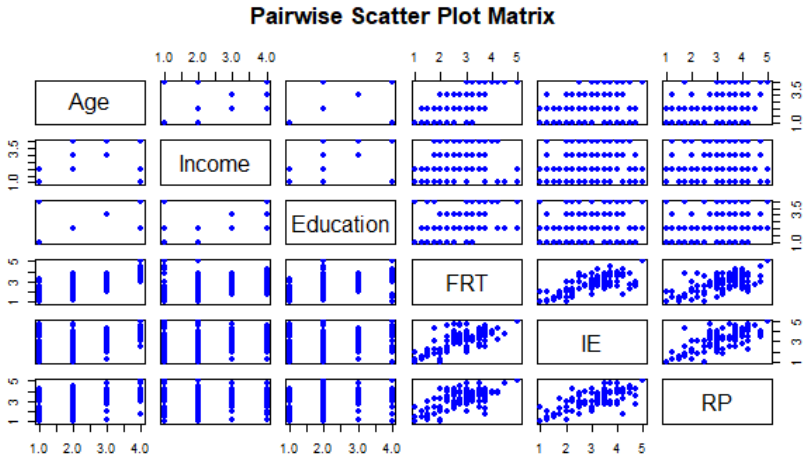

Figure 3: Pairwise Scatter Plot Matrix

The pairwise scatter plot matrix shows scatter plots for every combination of predictor variables. This helps visualize potential linear or non-linear relationships between the predictors and highlights any obvious correlations or outliers. By examining these plots, one can identify multicollinearity issues, where two or more predictor variables are highly correlated, potentially distorting the regression model. Additionally, this matrix offers insights into the distribution of data for each variable and can help spot trends, clusters, or anomalies, assisting in making decisions on which variables to retain or exclude in model-building.

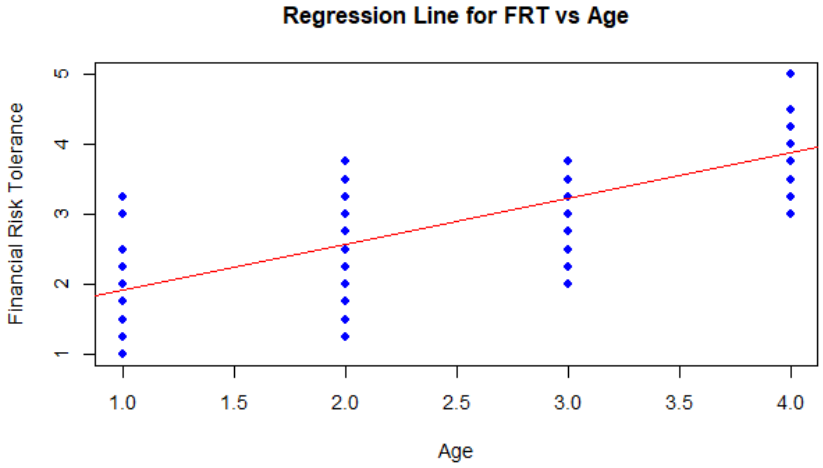

Figure 4: Scatter Plot with Regression Line

The scatter plot with the regression line visualizes the relationship between the dependent variable (FRT) and one or more independent variables (e.g., Age, Investment Experience). Data points are plotted as individual dots, representing observed values, and the regression line shows the predicted trend based on the regression model. The slope of the line indicates the direction and strength of the relationship between the variables. This plot is helpful for understanding the fit of the model to the data and allows for a clear visual interpretation of how changes in predictor variables (such as Age or Investment Experience) influence FRT. The regression line makes it easier to discern the overall pattern in the data and the model's ability to predict FRT values accurately.

Conclusion

In conclusion, this study has provided valuable insights into the factors influencing financial risk tolerance (FRT) by examining various demographic and psychological variables such as age, income, education, gender, investment experience, and risk perception. Through regression analysis using R Studio, it was found that age, education, investment experience, and risk perception significantly influence FRT, while income, gender, and other demographic factors showed weaker associations. This suggests that an individual's financial behavior, especially in terms of risk tolerance, is influenced more by psychological factors and experiences rather than solely by demographic characteristics. These findings contribute to the growing body of literature on behavioral finance and offer practical implications for financial advisors and institutions when tailoring investment strategies for different segments of the population.

The use of a 5-point Likert scale in the questionnaire allowed for a comprehensive understanding of the subjective elements of financial decision-making, providing a more nuanced picture of how individuals perceive financial risks. The findings underscore the importance of considering both personal attributes and psychological factors in understanding investor behavior, which is crucial for improving financial planning and advice.

Looking ahead, the future scope of this research could explore the role of other potential factors such as cultural influences, financial literacy, and the impact of digital financial tools on FRT. Additionally, longitudinal studies could examine how financial risk tolerance evolves over time, particularly in response to changing economic conditions and personal life events, offering a more dynamic perspective.

On a global scale, the insights from this study have widespread implications. As financial markets become increasingly interconnected and individuals across the world gain access to new investment opportunities, understanding financial risk tolerance becomes crucial for

global financial stability. Financial institutions and policymakers can use these findings to design targeted educational programs, improve investment products, and create policies that promote responsible investing. Moreover, by recognizing the role of psychological factors in investment behavior, global financial markets can foster more inclusive financial environments that cater to a diverse range of investors, ultimately promoting financial inclusion and stability worldwide.

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