SRI VENKATESWARA INTERNSHIP PROGRAM FOR RESEARCH IN ACADEMICS (SRI-VIPRA)

Project Report of 2022: SVP-2022-23

"Association of Knowledge level, Health Status, Satisfaction level, Geographical location, Attitude level and Demographic factors towards Financial Risk Tolerance level: An Empirical Study"
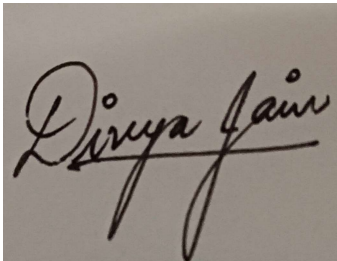
IQAC
Sri Venkateswara College
University of Delhi
Dhaula Kuan
New Delhi -110021
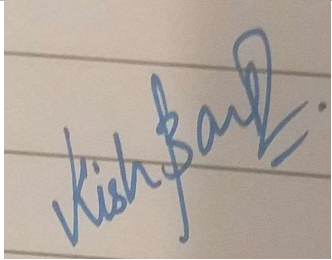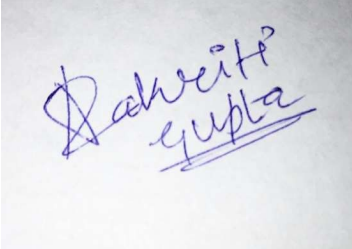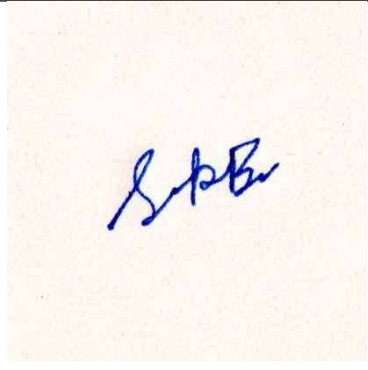
SRIVIPRA PROJECT 2022

Association of Knowledge level, Health Status, Satisfaction level, Geographical location, Attitude level and Demographic factors towards Financial Risk Tolerance level: Empirical Study

Name of Mentor: Dr. Mamta Arora **Name of Department:** Commerce **Designation:** Associate Professor	
Name of Mentor: Mr. Aashish Jain **Name of Department:** Commerce **Designation:** Assistant Professor	

List of students under the SRIVIPRA Project

S.No	Name of the student	Course	Photo	Signature
1	Kriti Verma	B.Sc. (H) Mathematics		
2	Harshal Tayal	B.Com (H)		
3	Divya Jain	B. Com Programme		
4	Siddharth Bagga	BCOM HONS		

5	Kishika Bahl	B.com(Hons)		
6	Aakriti Gupta	B.Com (Hons.)		
7	Saksham Bhatnagar	Bcom (hons)		
8	Madhav Raj Garg	B.Com(Hons)		
9	Yatin Kalra	B.Com(Hons)		

10				Sanyam.
	Sanyam Grover	B.Com		

Signature of Mentor

Mamta Arora

Certificate

This is to certify that the aforementioned students from Sri Venkateswara College have participated in the summer project SVP-2218 titled "**Association of Knowledge level, Health Status, Satisfaction level, Geographical location, Attitude level and Demographic factors towards Financial Risk Tolerance level: Empirical Study**". The participants have carried out the research project work under my guidance and supervision from 21st June 2022 to 25th September 2022. The work carried out is original and carried out in an online mode.

Signature of Mentor

Mamta Arora

Acknowledgements

SRI VENKATESWARA COLEEGE

University of Delhi

SRIVIPRA - 2022

(Sri Venkateswara College Internship Program in Research and Academics)

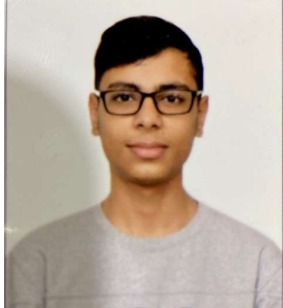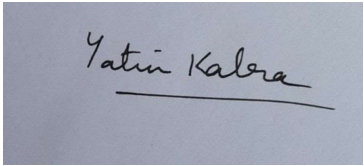This is to certify that this project on "**Association of Knowledge level, Health Status, Satisfaction level, Geographical location, Attitude level and Demographic factors towards Financial Risk Tolerance level: Empirical Study**" was registered under SRIVIPRA and completed under the mentorship of **Dr. Mamta Arora and Mr. Aashish Jain** during the period from 21st June to 7th October 2022.

Sharda Pasricha and S. Krishnakumar Reddy

Prof. C Sheela

Coordinators

Principal

CONTENTS

Abstract

Financial Risk tolerance is the level of risk an investor is willing to accept while making an investing decision. There is always an element of risk that is involved while making an investing decision. Risk tolerance may vary from person to person. It accounts to the capacity the investor can withhold before making such decisions. An aggressive investor may conceal greater risk compared to a conservative investor. The purpose of the study is to provide a key perspective to factors, such as the geographical factor, home ownership, the factors that affect decision-making, and the health status of the individuals, that have not been thoroughly explored as of now. Our study aims to answer how such factors in addition to commonly used factors impact the Financial Risk Tolerance.

The study is based on primary data collected through structured questionnaire to capture various dimensions of financial risk tolerance. Mann Whitney, a non-parametric test, is conducted to understand the relationship between Financial Risk Tolerance and the geographical location of an individual, Financial Risk Tolerance and status of home ownership, Financial Risk Tolerance and difference in the attitude of genders toward investments, satisfaction level and gender. It was observed that Financial Risk Tolerance and the geographical location of the respondent were unrelated. The results suggests that there is no certain relationship present between Financial Risk Tolerance and the status of home ownership. The results also suggests that there is a difference in the attitude of genders toward investment. Moreover, there is a significant difference in the level of satisfaction for different genders.

Research Methodology

A questionnaire for measuring financial risk tolerance was floated, a risk-tolerance index was created and each response to a question was assigned a weight based on how risky it was. Financial Risk Tolerance was taken as a dependent variable comprising four items. Data was collected from 304 retail investors by random sampling. The questionnaire was tested for its reliability and the overall reliability score as depicted by Cronbach's Alpha for Financial Risk Tolerance was 0.725, and since, the alpha score was greater than 0.7 (Cortina, 1993) in all constructs and hence all were considered reliable.

Data Analysis

When Mann Whitney U Test is applied to check the relation, it is found that the relation of Financial Risk Tolerance to Gender and Geographical Location is statistically insignificant, whereas the relationship of Level of Attitude and Satisfaction Level to Gender is statistically significant.

Correlation analysis shows the negative relationship of Homeownership, Education Level and Gender to Financial Risk Tolerance. A positive relation of Age and Marital Status to Financial Risk Tolerance is observed. No significant distinction in Financial Risk Tolerance level of individuals from different Geographical Location is found.

Regression Model highlights the existing cause & effect relationship between all independent variables (age, gender, income, etc.) and Financial Risk Tolerance level of an individual

The results of ANOVA test states that there is no certain relationship present between Financial Risk Tolerance and the nature of Homeownership.

Conclusion and Suggestions

The purpose of this study was to offer a critical viewpoint on how people in various locations perceive and respond to financial risk. In order to do so various variables were taken into consideration in order to reflect their impact on the assessment of Financial Risk Tolerance.

We estimated that there is a great gap in the existing studies which have failed to take into account the geographic aspect of individuals. We believe that geographical location in India will significantly impact financial risk tolerance because of differences in education, occupation, and other social factors that are prevalent in society. India offers considerable potential for geographical location-based study because of the country's extreme diversity and variations in individual approaches. We feel that by analyzing the Financial Risk Tolerance depending on geography, one can acquire a distinct view of the propensities for risk-taking of diverse persons in that area. The geographic market is segmented into Urban,

rural, and non-metropolitan areas which form the foundation of the geographic market. The results may provide additional developmental insights into the regions with lower risk tolerance.

While carrying out the study we observed that factors such as the Attitude level of Genders as well as the level of satisfaction for different genders were factors that were contributing to the assessment of financial risk tolerance significantly. This tells us that both genders have different ways of perceiving their investment opportunities. On the other hand, factors such as Homeownership and geographical location do not contribute significantly to our analysis.

Most importantly we factored in various different independent variables such as Age, Education Level, Marital Status, Years left to retirement, levels of savings, and health status. By doing this analysis we made one variable comprising all these independent variables.