Assessment Of Risk Perception And Portfolio Management Of Equity Investors In Nigeria

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***Abstract*—This study assesses the impact of Assessment of Risk Perception and Portfolio Management of Equity Investors in Nigeria. Risk is a key factor for any investor in making all types of financial investments. It is a psychological and mental process of decision making based on an individual's frame of situation that changes from time to time.**

This study explores individual investor's preference for portfolio choices and investigates impacts of risk tolerance and risk perception on their investment decision. An attempt is also made to understand the factors affecting risk appetite of a person.

Primary and secondary research is conducted to gather the data from 400 respondents from Lagos Nigeria, for this study and it is analyzed that the total risk perception level of investors is moderate to high and there is no momentous relationship between gender and investment choices. This implies that the sample does not prove that a particular gender has a higher or a lower degree of risk tolerance.

It is also observed that involvement in stock market has a higher implication on the level of risk appetite of a person and as experience increases, the risk-taking capability also increases. The reason for overall moderate-risk perception among these 400 respondents could be the average level of financial alertness and information about markets and finance because 60% of the respondents belong to the age group of 20-40 years and hence it can be said that they have comparatively more knowledge about finance and investment. Hitherto, the knowledge about finance and financial market is not suitable enough to increase their risk-taking volume.

Keywords—component;Risk perception, Portfolio management, Equity investors, Risk tolerance, Investment psychology, Behavioral finance, Financial markets, Risk-return relationship, Return maximization.

I. INTRODUCTION.

CHAPTER ONE

An investor is a person that allocates capital with the expectation of a future financial return (profit) or to gain an advantage (interest). Through this allocated capital most of the time the investor purchases some species of property. Types of investments include equity, debt, securities, real estate, infrastructure, currency, commodity, token, derivatives such as put and call options, futures, forwards, etc. {Wikipedia}.

Investment is a price that an investor sacrifices today in order to gain future reward. In general, an investor always tries to maximize the return and minimize the risk involved. There are many factors that affect an investment decision such as the demographic, knowledge level, awareness, experience etc. It is found that Demographic factors such as gender, income level, age, education, family size have a significant impact on investment decision making process.

Money plays an important role in one's life. Be it a rich person or a poor, everyone wants to overcome the monetary problems of their present and future and smart ones do it by investing money. Investment is putting money into an asset with the expectation of capital appreciation, dividends, or interest earnings. An investor has many investment choices where he can invest in, such as, Life Insurance, Mutual Funds, Stock Market, Real-estate, Gold and other metals, banks etc. Each investment avenue comes with a different level of risk and return. This allocation and diversification of monetary funds into different investment avenues is called portfolio management.

Portfolio Management is an art of identifying, selecting, creating and maintaining a collection of different securities in which the total risk is minimized and total return is maximized while simultaneously meeting the long-term financial objectives of an individual, client, company or an institution. It is investment of funds in different securities in which the total risk of the portfolio is minimized, while expecting maximum return from it. It primarily involves reducing risk rather than increasing return. All personal objectives are different according to needs and risk perception of any investor. The ultimate objective of any investor or portfolio manager is to achieve a level of required return with minimum possible risk. The definition and measure of risk perception is different for different investors and this measure is analyzed by behavioral finance.

Behavioral finance is a crucial arm of finance that plays an important role in an investor's decision-making process and tries to explain the irrationality of investors. This report aims to analyze the behavior that affects any investor's choice. Preferences of individual investors are based on various factors like psychological, socio- cultural and environmental factors. These factors build up the perception of an individual and makes her either a bold investor (highly risky) or a safe investor (risk averse).

According to Lopes (1987), “risk refers to situations in which a decision is made whose consequences depend on the outcomes of future events having known probabilities.” Risk perception analyze the reactions and opinions of people when they are exposed to certain activities that can be harmful or can possibly create a loss.

The concept ‘risk perception’ means the way in which investors view the risk of financial assets, based on their concerns and experience. Risk perception is the belief, whether rational or irrational, held by an individual, group, or society about the chance of occurrence of a risk or about the extent, magnitude, and timing of its effects.is a critical success factor that promotes effective decision-making in risky situations.

Everyone today makes investments, and investors today have so many options to choose from. Hence, it becomes imperative to understand the investment process and decision-making steps. Each investor has an objective in mind before making any decision with regards to investing. When these objectives are not clearly articulated investors end up with a decision which gives a suboptimal return. It is always wise to set a clear objective in mind before making any decision and accomplish the goal.

An investor may have a short term or a long-term horizon; the short-term effectiveness examined through the event analysis of the abnormal return for the recommended stock around the financial announcement or due to market fluctuations whereas long-term investment horizon examined through the investment value from a passive portfolio management strategy.

The different avenues of investment areas are as follows:

Low-risk Avenues: savings accounts, bank fixed deposits, CPF, government securities and so on.

Moderate-risk Avenues: mutual funds, unit trusts, ETF, life insurance, debentures, bonds.

High-risk Avenues: equity share market, commodity market, FOREX market.

Traditional Avenues: real estate (property), gold/silver.

Emerging Avenues: virtual real estate, hedge funds/private equity investments, art and passion.

Investors choose an appropriate avenue depending on their specific need, risk preference and expected returns.

1.2 Background of the study

The growing area of finance is known as behavioral finance which focuses on individual attributes that shape the common investment practices. Study of risk perception and its impact on investment behavior is one of the core investigations issues of behavioral finance research.

While talking about the risk factor in any investment, it is important to understand that the decision-making behavior of an individual is often affected by their attitude towards the risk. The investors’ decision of investment is different, at different levels of perception towards the risk. Investors usually take risks according to their perception and understanding of the risk.

The present financial system offers so many investment avenues for the investors to choose from. Some offer very attractive returns but come with a high risk and some come with low returns and low risk. An investment can be called a perfect investment only if satisfies all criteria and needs of an investor, which is often never the case. Therefore, the starting point of searching of any perfect investment must look at through the investor needs. If all those needs are meets by the investment, then that investment termed the perfect investment.

PritiMane [1] discussed the customer perception with regard to the mutual funds that the schemes they preferred, the plans they are opting, the reasons behind such selections. This research dealt with different investment options, which people prefer along with and apart from mutual funds, like postal saving schemes, recurring deposits, bonds, and shares. Conclude that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favourable for them.

Awais et al. [2] explored that the factors which influence the decision-making process of investors. According to their research, the decisions of the investors depend upon the degree of the risk factors. Finally, they found that the increased level of knowledge about financial information and the increased ability of analysing that information, investor could improve the capacity jump into risky investments for earning high returns by managing investment efficiently.

Shukla [3] attempted this research paper, about investor’s preference towards investment avenues and the study focused on the salaried person only. The author concluded that majority of the respondents invested their money based on education background and they invested in purchasing home and long-term investment. Respondents have the criteria of investment as safety and low risk.

Amudhan et al. [4] analysed the performance investment behaviour concerned with choices about purchases of small amounts of securities, deposits, mutual fund, insurance, Chit Funds. Researcher confirmed that there looks to a positive degree of correlation between the factors that behavioural finance theory and previous empirical evidence identified the average investor. The result described investment offer to a person’s money to gain future income in the form of interest, dividends, rent, premium, pension profit or approval of the value of their standard capital.

Vaidehi et al. [5] argued that because of different investment strategies as motives and styles by different needs. It studies the need for better accepting of behavioural pattern the paper investors, the behaviour pattern would aid the investment advisors to envision how the investors respond to market schedule, and would allow them to developed suitable allotment approaches for their customers. Among the selected factors the investment motives, attained the long-term gain, which established to an essential factor chased by dividend and growth prospects and balancing of short-term and long-term gain. Educational qualification, occupation, age, income and amount of equity investments choose the investing styles of the investors notably.

Mishra [6] explained that this study aimed to investigate perception of investor towards mutual funds with travel the important aspects of mutual funds affecting perception of investors and it examined difference of perception of large and small investors based on explored factors. Difference of view about mutual fund analysed with the help of 't' test. Small investors focused on tax returns and savings but large investors expect future return. Thus, mutual fund companies must give due significance to these size for their survival and growth.

Rastogi [7] analysed behavioural feature in the investment choice making method.

Behavioural finance provides solution to many problems until now not answered suitably by the usual finance theory. The study concluded that behavioural biases not affected by the combined categories of gender and occupation.

Kumar [8] carried out a research to find what plays a vital role in the minds of the investors before decided on investment. The nine factors namely security, risk tolerance, lucrative return, investment duration, periodic return, share preference, long term investment, futuristic return and investment dynamics influenced the investor's perception the author conclude that investors compared their returns and calculate the inverse proportionality between time and the return. Among these factors, the futuristic goals of equity investors are very considered as a factor important for estimating their level of satisfaction.

Orerler and Taşpınar (2006) stated that in general there is lower risk tolerance for the unknown since the impacts are new, unobservable or delayed. Higher risk tolerance emerges when people feel more in control. Risk tolerance can be determined through consultation with affected parties or by assessing investors' response or reaction to varying levels of risk exposure. Risk tolerance may change over time as new information and outcomes become available or as societal expectations evolve (Evans, 2004). Investors should explore the connections, or lack thereof, between their risk tolerance profiles and their expectations of investment returns. Finally, those attributes should be made explicit and used as key inputs in structuring their portfolios.

1.3 Statement of the problem

Making an investment requires careful decision making as it relates to allocation of money in different portfolios in order to maximize the return. The influence of risk perception on the investment criteria of an investor has become a subject in the behavioural finance literature. The risk perception of an investor is often found to influence the investment decision. The investment decision means a decision where the investor makes up his or her mind as to where, when, how and how much funds will be invested on various financial products and instruments available with an objective of getting an income at a future date. The investment decisions could be influenced by unavoidable psychological and emotional factors. Better understanding of these factors will help the investors to take a suitable investment decision and also help them not to repeat their mistakes in future in extracting the best financial investment avenues.

1.4 Objectives of the study

1. To study risk perception of investors.

2. To understand the portfolio selection of the investors.

3. To understand the motivation factors behind investment.

4. Identify factors that affect people's investment decisions and hence their portfolio.

5. To have an in-depth knowledge about investment options and tools available to investors and their judgement and approach towards such opportunities.

6. To know about the Investors knowledge and experience of investing in equities.

1.5 Research Questions

For the purpose of this study, the following basic questions are raised:

What are some of risk perception of investors in Nigeria?

What is the portfolio selection of the investors in Nigeria?

To what extent does Nigeria government regulation affect investors risk perception?

What are the factors that affect people's investment decisions and hence their portfolio?

1.6 Research Hypothesis

The following hypothetical statements have been postulated for validation in the course of the research study.

H0: Risk perception does not have a significant impact on portfolio management of equity investors in Nigeria.

H1: Risk perception have a significant impact on portfolio management of equity investors in Nigeria.

H0: There is no relationship between risk perception and portfolio management of equity investors Nigeria.

H1: There is a relationship between risk perception and portfolio management of equity investors Nigeria.

1.7 Significance of the Study

The research, being an academic exercise will no doubt increase value to the existing literatures on the subject matter, so that persons wishing to embark on the same or similar study in future could refer to it. Moreover, the research work will be of immense importance to current and potential investors in Nigeria because, it will enlighten them on to diversify their portfolio investment with the investment bank or brokerage companies in Nigeria. The work however, will be of great significance to students and professionals especially the management of investment banks because; it will awaken them on the risk perception about investment product mad available to customer and how best to serve their current customer and prospective customers.

1.8 Scope of the Study

Bearing in mind the nature of the topic and the possible limiting factors that might be confronted with, the research is restricted to is analysing the risk perceptions of current and potential investors and understanding how the decisions are made based on an individual's risk tolerance capacity. An attempt is also made to find out the factors that forms an investor's risk perception. This is done by identifying the needs and goals of customers, understanding their psychology, finding out their financial problems and then offering them a suitable investment product and create a profitable portfolio for them, the investor could be a novice who has no prior experience about investment market or a wizard in the same market, Using investment banks particularly {FBN Quest and One Investment} in Nigeria.

The analysis of risk perception of equity investors also helps the companies who are into the business of asset management or stock broking to identify and target the appropriate market and individuals with suitable products available in their basket.

1.9 Limitations of the Study

In any research, one is bound to encounter some problems that will serve as the limitations to the study. The important among which are:

The demographic and environmental conditions of the country highly effect the results and perceptions of the equity investors and hence, the ongoing threat of corona virus pandemic could highly influence the decisions of the customers and investors as the market is highly volatile as compared to regular days.

The study could be biased because it is restricted to a certain pre-defined geographical area that is Lagos, Nigeria and it could/ could not be proven true for any other city because of the fact that the study is entirely based on psychology and psychological factors highly depends upon culture, ethnicity, religious background and other things. Some of the data needed for the research on the internet were not available to unsubscribed users. Therefore, the researcher had to travel far in order to get these data.

The economy of the world is at recession which could affect the market scenario and hence, the decisions of the investors could be biased.

The time necessary to complete the research was short. Similarly, the tight academic work, jungle with job the researcher was faced with at the time period.

CHAPTER TWO

Literature review

2.0 Introduction

Numerous studies and research have been conducted by various researchers and scholars of different universities and research centres from all over the world to understand about investor's perception and psychology while investing in different markets. The literature relevant to risk perception was studied to know the factors that are already been studied related to psychology of investors and conclusions drawn by other researchers was also studied. Some scholars concluded that there is a direct relationship between risk and investment which means that if an investor feels that there is huge risk involved in a particular investment then he tends to buy more of that investment, whereas some researchers argued that there is an indirect relationship between the two. Some researchers also observed from their respective studies that, general factors like herding, over-reaction, cognitive basis, over and under-confidence, demographic factors, have a greater impact on investor's behaviour in the stock market, and also these factors influence the individual investor's decision making in the investment markets.

What is Portfolio Risk Management?

The common view of portfolio risk management involves processes to identify, assess, measure, and manage risk within the portfolio. These steps are similar in procedure with traditional project and program risk management. However, unlike project risk management which is focused on events that could impact the project, portfolio risk management is focused on events that could impact the accomplishment of strategic objectives. The scope of portfolio risk management is far broader than program and project risk management and requires senior leadership involvement.

In our overview of project portfolio management, we highlighted that the goal of portfolio management is to maximize business value delivery. Portfolio risk management is an important success factor in an organization's ability to deliver more business value. Organizations that proactively manage portfolio risk are better equipped to take on more risk, increase portfolio value, and have a higher rate of successful project delivery. Organizations that ignore portfolio risk management will sub-optimize their project delivery and potentially jeopardize high priority projects.

There are two important components of portfolio risk management: portfolio risk tolerance and the risk management of specific portfolio-level risks. Both components help protect portfolio delivery, but in different ways.

2.1Conceptual Framework

Financial risk management has made headlines over the past two years in light of widely unexpected and drastic market corrections and the failure of financial risk management models to predict and adequately manage market and credit risk. While project and portfolio risk management distinctly differ from the risk management of financial instruments, some lessons can be learned and, despite the recent challenges, certain financial risk management tools and techniques deserve careful adaptation.

Until the recent financial market collapse, financial risk management had evolved to become a highly regarded discipline with sophisticated quantitative models for the analysis of market, credit, and operational risks. Executives and risk managers had been highly confident that non-systemic risks associated with individual financial products and systemic risks of the markets—despite their complexity—were well understood and appropriately managed. The collapse of financial institutions like American International Group, Inc. (AIG) and Lehman Brothers and the implosion of credit markets demonstrated that the highly sophisticated and trusted risk models did not pass their ultimate stress test. While there is no consensus opinion on the root causes for the failure of financial risk management, the impact of the crisis could be measured clearly: trillions of dollars of assets were wiped out, the supply of credit collapsed, prospering economies fell into severe recession, unemployment rose significantly, etc.

There also have been studies where researchers compared and established a relationship between risk appetite with demographics and gender. A research done by Slovic in 1999 says that demographics is one of the most fundamental determinants of risk perception. Scholars like Barber and Odean (2001) in their research papers concluded that gender plays an important role while taking risks. They were of the opinion that men take more risks than women. Chen and Volpe (2002) also discussed about the same issue where they opined that women are considered to have less information and interest in subjects like finance and economy than men and hence, their confidence is low while taking any kind of financial risk. They are also considered to be largely dependent on men for finances and hence cannot take finance related decisions on their own. However, it is observed that these studies are much conservative and were done in past which has very less significance in current day scenario. A study, contradicting to the above-mentioned studies, done by Wagland in 2009 on Australian university students, proved that gender is not a significant factor in risk-taking and it also stated that there is no connection between the genders and financial literacy. Hence, bringing down the curtain, it could be said that many research outputs show that men are less risk averse than women. However, our current study tries to find out if the same is the case in present day scenario or not.

Apart from demographics and gender-based studies, MacGregor, Konnce et al., did their studies on various types of investments for which they asked financial experts to rate the risks involved in various types of investments. The results of these two studies were comparable, in line with each other, and found that quantitative aspects (probability of loss and volatility) and qualitative aspects (such as worry and anxiety, and knowledge) were both significant predictors of perceived risk. Some researchers associated investment decisions with the level of overall education instead of only financial literacy. Hibbert, Lawrence and Prakash stated that individuals who have more knowledge of finance are able to allocate the majority of their investments efficiently. Finance professors are significantly more likely to invest in foreign stock/bonds or foreign mutual funds and more likely to manage their retirement savings portfolios actively. However, these findings also have stayed far away from talking about the absolute results. Since the sample data could be skewed for any population, it becomes difficult to come up with concrete proof about the relations explained above.

2.1.1TYPES OF RISKS

COMPONENT RISKS: which constitute the risks of individual components in a portfolio (i.e., projects, programs, sub-portfolios and other related work, as per PMI's definition of portfolios),

STRUCTURAL RISKS: "associated with the way in which the portfolio is composed and the potential interactions among the components," and

OVERALL RISKS: which result from the "interaction between component risks [that] can lead to the emergence of one or more overall risks" and the "quality of the organization's portfolio management."

While the Standard for Portfolio Management – Second Edition does not provide significant detail in regards to these three portfolio risk types, some similarity to the classification in financial risk management can be observed, where the overall portfolio risk is a function of individual risks of its portfolio components (non-systemic risk) and portfolio-level risk (systemic risk), which includes interdependencies that exist between portfolio components.

2.2 Theoretical Framework

Parallels between financial and project portfolio risk management have been drawn previously; however, the applicability of quantitative methods and techniques from financial risk management to the PPM {Project Portfolio Management} domain is limited. In fact, Harry Markowitz, the father of Modern Portfolio Theory (MPT) for financial instruments and markets, suggested that MPT is of limited use for selecting project portfolios and portfolio risk management. The nature of projects, which deliver benefits over time and require specific resources and skills versus the immediate impact of the acquisition of a financial instrument, and the characteristic of projects as “unique endeavours” versus the commoditized nature of financial instruments clearly limits the applicability of MPT to PPM (Harder, 2002).

Interdependencies and Risk

Three types of interdependencies between components and their impact on portfolio risk are discussed conceptually and illustrated for a sample portfolio:

Outcome Interdependencies: The achieving of the outcome of a component is dependent on the achieving of the outcome of another project.

Schedule Interdependencies: A project's timely start or completion is dependent on the timely start or completion of another project (or a work package within the project), similar to task interdependencies within a project schedule.

Resource Interdependencies: A project hinges on the use of the same resources or skills as another project.

Outcome interdependencies exist, as portfolios may contain projects that have to be executed in a certain sequence, as the delivery of an outcome hinges on the success of another project. This can be illustrated with product-technology roadmaps by “displaying the interaction between products and technologies over time, taking into account both short- and long-term product and technology aspects” (Groenveld, 1997). The realizing of certain base technologies, i.e., platforms, will enable the development of products that are based on the respective platforms. Consequently, the risk associated with the successful achievement of the outcome of a platform development project will impact the probability of success for the actual product development project.

Portfolio risk management enables organizations to protect portfolio investments and balance the level of risk in the portfolio. Organizations focused on improving their portfolio management discipline will be in a position to begin portfolio risk management after they have established work intake and prioritization processes. The COVID-19 crisis with its massive impact on companies and industries is a recent example of why it is important for organizations to establish project portfolio risk management processes to safeguard the portfolio and its value. This post will provide a complete overview of portfolio risk management.

2.3 Managing Portfolio-Level Risks

The common view of portfolio risk management involves managing specific portfolio-level risks. These are risks that jeopardize the successfully completion of strategic goals. The purpose of portfolio risk management is to increase the likelihood of positive events and decrease the likelihood of negative effects impacting the project portfolio. This aspect of portfolio risk management largely occurs during the ‘Protect Portfolio Value’ lifecycle phase.

The Project Management Institute says that portfolio risk “is an uncertain event, set of events or conditions that if they occur, have one or more effects, either positive or negative, on at least one strategic business objective of the portfolio”. According to Rachel Ciliberti, portfolio risk management “includes processes that identify, analyse, respond to, track, and control any risks that would prevent the portfolio from achieving its business objectives. These processes should include reviews of project-level risks with negative implications for the portfolio, ensuring that the project manager has a responsible risk mitigation plan.” Organizations that want to improve the delivery success of their projects need to establish portfolio risk management processes.

Types of Portfolio-Level Risks

Before covering the portfolio risk management process, let’s first look at the common types of portfolio level risks: external business risks, internal business risks, and execution-related risks.

2.4.1External Business Risks

External business risks are events in the external environment that are outside of the control of the company. Examples include:

Disruption in the industry (e.g., customer trends such as having needs met through new technology or services)

Changes to competitors (e.g., mergers and acquisitions)

Economic conditions (i.e., recessions)

Political environment (change of political party that could influence future business developments)

Regulatory changes

New legal requirements

Natural events (e.g., COVID-19)

Any of the above external business risks can prompt a change in business strategy, which can result in certain projects becoming obsolete since they no longer match the business strategy. This can cause significant disruption to the current portfolio and requires strong portfolio governance to adapt to external changes.

2.4.2Internal Business Risks

Internal business changes or disruptions can impact project and program delivery. Some examples of internal business risks include:

Operational Challenges: operational challenges such as impacts to a supply chain, delays in launching a new major product or service, or even inadequate business processes can all impact project delivery. Depending on the scope of the Portfolio. Governance Team: budget and resources may be available to address these challenges.

Leadership/Organizational Changes: senior leadership changes can affect or influence project priorities and strategic direction. Organizational changes can impact resource teams and project delivery. When these events occur, the Portfolio Governance Team should identify ways of minimizing the negative impact on inflight projects.

Portfolio Governance: Portfolio governance is an integral part of portfolio management. Strong portfolio governance enables the organization, and the company, to reap the benefits of portfolio management. When portfolio governance quality degrades, the quality of portfolio management decreases also. The Portfolio Governance Team Chairperson must ensure that portfolio processes are adhered to and attendance at portfolio meetings is strong in order to carry out portfolio management tasks.

Financial Health: the cash position and revenue forecasts can greatly affect active projects. If a company's revenue forecast is significantly below plan, it can signal the need to pause or cancel in-flight projects.

2.4.3Execution-Related Risks: Execution related risks include project dependencies, major project risks that impact two or more other projects, and project management quality.

Major Project Risks: some project risks are so severe in their impact that it could jeopardize the delivery of other projects. In these cases, these individual risks can be escalated to the Portfolio Governance Team and monitored at the portfolio level.

Project Dependencies: project dependencies pose a great risk to individual projects and to the portfolio as a whole. The larger the number of interdependent projects, the greater the likelihood that the portfolio will be at risk by a schedule slide from any of those projects. In order to maintain consistent project delivery, both the project managers and the Portfolio Governance Team should actively monitor the critical path between dependent projects, which will help both sides anticipate potential schedule slides.

Limited Resource Capacity: overutilized resource teams can significantly impact portfolio performance. The Portfolio Governance Team needs to monitor utilization of critical resources and ensure resource teams are working according to established priorities.

Project Management Standards: weak project management quality directly affects project delivery. One function of a Project Management Office (PMO) is to ensure the application of good project management discipline to the delivery of projects. The PMO can directly improve project management quality through training and hiring experienced senior project managers (or consultants).

2.5Portfolio Risk Management Process

In this section we will cover the processes of managing specific portfolio risks. According to PMI's Standard for Portfolio Management, there are four primary portfolio risk management processes, which are:

Identify Portfolio Risks—Portfolio risks may come from several directions. Major project risks are one component of portfolio risks and should be reviewed on a regular basis during portfolio review meetings. Other portfolio risks will be identified by the Portfolio Governance Team.

Analyse Portfolio Risks—The most serious project risks are communicated to the Portfolio Governance Team at a portfolio governance meeting or portfolio review meeting. The Portfolio Governance Team decides which risks are elevated to the portfolio level. The Portfolio Governance Team will also assess the severity and probability of other major portfolio risks.

Develop Portfolio Risk Responses—Selected Portfolio Governance Team representatives (or delegate) will be assigned as risk owner(s) to develop options and actions to mitigate threats to portfolio performance. Portfolio level risks should also be prioritized.

Monitor and Control Portfolio Risks—Portfolio risks and mitigation plans should be tracked at Portfolio Governance Team meetings.

Depending on the level of rigor that an organization puts into its portfolio risk management processes, it may choose to conduct various levels of risk analysis not limited to cost-benefit analysis, statistical modelling (probability analysis, confidence limits), sensitivity analysis, dependency and timing analysis, etc.

Portfolio Risk Tolerance

Another important facet of portfolio risk management is the risk tolerance of the Portfolio Governance Team in managing the portfolio. Project portfolio management has its base in financial portfolio management where one of the foundational principals is the ability to diversify risk through a broad set of investments. Investors understand that riskier investments should come with a higher rate of return and lower-risk investments (such as Nigeria Treasury Bonds) have a lower rate of return. Therefore, it is important for investors to understand their own risk tolerance based on the expected level of return. For instance, young professionals can afford to have a higher-risk retirement plan in order to accelerate the growth of their retirement plan. Senior professionals on the other hand will shift to a low-risk investment portfolio in order to protect what they have already saved. The risk tolerance is based on the investment strategy.

Understanding the portfolio risk tolerance is an important aspect of the first portfolio lifecycle phase “Define the Portfolio” as discussed in our overview of portfolio management. This is how portfolio governance teams evaluate and select projects. Ironically, many Portfolio Governance Teams do an inadequate job of accounting for risk in their project portfolio. Many take on too many high-risk projects and then wonder why the success rate is too low; this is to blindly manage the portfolio. Smart portfolio management teams have their eyes open to consider the risk tolerance of the company as well as the riskiness of individual projects in order to make wise project investment decisions.

It has also been observed that researchers have often find it difficult to define risk tolerance level. Nevertheless, researchers still conduct studies related to financial literacy, investment decisions and relationship between the two. Different researchers have come up with different theories and different results according to the demography, objective, and investment option. A scholar concluded in his study that if we increase the knowledge and information regarding investments in an individual then his level of risk-taking capacity also increases. And hence, it was revealed that there is a positive relation between financial literacy and risk-taking capacity.

2.5 Summary

Portfolio risk management helps safeguard portfolio value and enables Portfolio Governance Teams to proactively manage the risk level of the portfolio. By proactively managing risk levels, organizations can successfully take on more risk and thereby increase overall portfolio value. Companies need to understand what their own risk tolerance is and measure it appropriately to better manage the portfolio. Some companies and industries are more risk tolerant (e.g., technology firms, biotechnology firms, etc.) whereas other companies are less risk tolerant (e.g., retail, financial services, health care, etc.). Measuring portfolio risk and proactively managing to it will enable greater delivery success and help maximize portfolio value.

This research contributes to the existing literature done by eminent scholars and veterans on risk perception in several aspects, for example, the data gathered for this research is very recent comparing to the other reports that are mostly old. After reviewing above mentioned reports and studies it has been identified that the direct relationship between risk tolerance and portfolio management for the specific financial asset are not emphasised much in the reports and I shall try to overcome the same gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Methodology and Procedure

Research design refers to the overall strategy that you can choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; it constitutes the blueprints for collection, measurement, and analysis of data (Trochim William M.K, 2004).

In this research the researcher among other methods used the descriptive research method. The descriptive research is concerned with the collection, presentation, analysis and interpretation of data for the purpose of describing vividly existing conditions, prevailing practices and beliefs, attitudes, on-going procures etc. The descriptive research goes beyond the description of the conditions or phenomena to include discovery of meaning. It also focuses a discovery of trends that are developing. The main objectives of descriptive research are to get detailed and factual information about issues, events, problems and describe the events as they are.

The descriptive research method enabled the researcher to describe in a systematic manner an assessment of risk perception and portfolio management of equity investors in Nigeria.

3.2Sources of Data

The sources of data in this research are:

Primary Sources: These are data to be collected by the researcher herself. This is to be done through interview, field observation and questionnaires.

Secondary Sources: These are data to be collected from recorded materials. They include Text Books, Newspapers/Magazines, Journals, Dictionary, Quarterly Reports, Annual Reports, Internet et cetera.

3.3DATA COLLECTION INSTRUMENTS

Collection of data is the most essential part of this study as it gives the first-hand knowledge about customers’ and investors’ psychology and decision making. The task of collecting data begins after a research problem has been defined and plan is chalked out. For this study, the research is conducted and insights are captured using both primary data such as surveys, questionnaires, personal interviews and secondary data like data thorough review of journals, stock market analysis, research papers etc.

Primary research is conducted by generating leads through references, personal contacts and other sources. This is done in order to understand and analyse about the psychology of equity investors while investing in stock market and other portfolios. This would also give an insight about the mentality of new investors and their strategies while entering investment market. The research was both qualitative and quantitative in nature with a mix of closed and open-ended questions. Secondary research was also done in order to understand about the studies that are already done and to give a background information about the topic. This was done through magazines, books, reading journals, articles etc.

The instruments to be used for data collection in the study are:

3.3.1INTERVIEWS

Interviews involve eliciting information from the respondent through some verbal interaction between the interview and the respondent. It is a face-to-face interaction situation in which one person the interviewer questions, which are responded to orally. The questions which are properly framed, allows the respondent easy understanding of the information that are being sort for.

3.3.2QUESTIONNAIRE

Questionnaire is a device for obtaining answers to research relevant questions from a sample of respondents by using a form which the respondents fill themselves. Questions in the questionnaire may be opened- ended or closed-ended.

Copies of Closed-ended questionnaire will be designed and administered personally to First Bank and FBN Quest staff to collect relevant and important information required for the study.

3.4 The Empirical Investigation

The researcher conducted a detailed empirical investigation in selected states in Nigeria. The method here was based on sustained participant observation approach (Scott, 1965). Data were collected through interviews, study of secondary material and observation. The observation is an investigation method used to obtain direct information method used to obtain direct information on the behaviour of individuals, objects or situations. It involves watching people, situations phenomena and getting first-hand information relating to particular aspects of such people, events, situations or phenomena.

Information relating to certain aspects of human behaviour can only be obtained in the particular settings where such behaviours are exhibited. Use of interviews are discussed above. Secondary materials are those sources of information which other people did not participate or witness the events. The author of a secondary source material tries to collect and synthesize a pool of materials, which include encyclopedia, dictionaries, textbooks, journals and periodicals, newspapers and magazines as well as publications. Extensive use was made of personnel interviews. In this research the researcher concentrated on focused interviews. This involved the use of guided questionnaire sheet which are designed to assist the researcher to obtain desired information from the respondents. This technique was aimed at giving the respondents the freedom to answer questions asked, while the interviewer occasionally directed the discussion towards thecourse that will enable him obtain the required information.

3.5 Reliability of Data Collected

Interviews used were the structured interviews and unstructured interview. The structured interview is a rigidly standardized and formal kind of interview. The questions were presented to the different respondents, in the same order and choice of alternative responses, and it is restricted to predetermined list. The structured approach allowed for reliable data analysis. In the unstructured interview, which is a flexible type of interview which contains very few restrictions on the respondent's answers, the respondents were encouraged to express their thoughts freely.

The secondary materials that were studies were those relating to internal topic. These include textbooks, publications of government, newspapers, journals and periodicals. The textbooks were gotten from the library to provide detailed information and knowledge. Generally, the textbooks provided interpretation in the topic. The government publications like books, pamphlets, etc. from different government agencies and parastatals contain very rich information concerning the topic, they included statistical reports, research reports, official reports, laws and other materials that are not readily available elsewhere.

The newspapers on the other hand provided current information concerning peoples' views and opinions in the area of study. The formed valuable sources of information from where good ideas have been obtained to be helpful in designing and executing a very good work.

3.6 Research Design

In this study, the research method had great emphasis toward the descriptive sample survey. This approach was adopted here because the researcher worked with a much number of potential variables of interest with little previous knowledge of theory that would inform us on where to begin. It is considered that a more flexible and exploratory approach will be needed.

A possible compromise between the exploratory research of the single participant observer and a much more systematic and standardized approach is the descriptive sample survey. In this sample survey, a premium is placed on certain kinds of standardization, here the research was concerned with the methodology areas.

This final to collect data in such a way that all respondents are confronted with rarely identical questions. This seems is concerned with sampling are the question of generalization in making results. The third is with specifying standard criterion for data analysis procedure so that different analysis may reach similar conclusion based on the available data.

3.7 Population of The Study

The population for this study consists of the Staff of First Bank Nigeria and FBN Quest in Lagos, Nigeria. They were estimated to be 5000 at the time of the study, but sample of 400 were taken.

3.8 Instrument for data collection

Two instruments were used in the study and it yields a lot of contribution and contents.

Oral Interview: The research used face-to-face interview with the interviews with the respondents to obtain the necessary information needed from the organization.

Questionnaire: The research used questionnaires to gather information from the respondents. The questionnaire contains difference questions. Some option from which the respondents were, required to choose

3.9 Validation of The Instrument

The instrument was subjected to both content and face validity by supervision, after all the corrections, the validated instrument was taken back for conformation to ensure that suggestions and observation were incorporated.

3.10 Reliability of The Instrument

The instrument was subjected to test, retest reliability test. The result showed a good internal consistency.

3.11 Methods of Data Collection

The data for this study were obtained from primary data were obtained from respondents, through direct interview and questionnaire method.

The secondary data were obtained through the stocks of material from the researchers' friends and associates and National library. More so, an experience from observation was very helpful in this research work.

3.12 Methods of Data Analysis

The analysis of data was organized along the following lines. Descriptive statistical analysis was used to indicate percentage scores of all the respondents. The calculation of respondents was equally drawn up on the table.

Table 3.12.1: Questionnaire Allocated to each Bank

BanksPopulation of the Study Questionnaire Allocated

First Bank 3500200

FBN Quest 1500 200

Total 5000 400

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents the results and findings of the study of the research questions with respect to the data information collected from the respondents. The chapter begins with the analysis and findings on general information with respect to the respondents; consequently, second part looks at the demographics of investors, the third part covers on the analysis of investors objective to invest, and finally the last part provides the analysis of the correlation test and the hypotheses were discussed. The chapter is sealed with the discussion of findings.

4.2 General Information

The general information about the respondents was collected based on gender, age, marital status, investment portfolio the level of Education and professional level.

4.2.1 Gender

From the general information provided on gender by the respondents, it was found that 46% of the respondents were female and 54% of the respondents were males. The results are as shown in the table 4.1 and Figure 4.1 below

Table 4.1

GENDER OF THE RESPONDENTS

GenderFrequencyPercentageValid PercentCumulative Percent

Male21654%54%54%

Female18446%46%100%

Total400100%100%

Figure 4.1

4.2.2 Age

From the general information provided by the respondents, it was found 33.75% of the respondents were between 20-29years, 28.75% of the respondents are between Ages 30-39years, 18.75% were between 40-49years of age and 18.75% were between 50-59years, while no data for 60 above because is retirement age. The results are has shown in Table 4.2 and Figure 4.2.

AGE OF THE RESPONDENTS

Age Frequency Percentage Valid PercentageCumulative Percent

20-29 13533.75% 33.75% 33.75%

30-39 11528.75% 28.75% 62.50%

40-49 7518.75% 18.75% 81.25%

50-59 7518.75%18.75% 100%

60 above 0 0% 0%

Total 400 100% 100%

Table 4.2

Figure 4.2

4.

3 Marital Status

From the general information provided by the respondents, it was found 62.75% of the respondents were married, 23.50% of the respondents were unmarried, while 13.75% were divorced. The results are has shown in the Table 4.3 and Figure 4.3.

MARITAL STATUS OF THE RESPONDENTS

Marital Status Frequency Percentage Valid PercentCumulative Percent

Married 25162.75% 62.75% 62.75%

Unmarried 9423.50% 23.50% 86.25%

Divorced 5513.75%13.75%100%

Total 400 100% 100%

Table 4.3

Figure 4.3

4.4

Educational Qualification.

From the general information provided by the respondents, it was found 63.50% of the respondents were graduates, 24.75% of the respondents were post graduates, while 5% were Ph.D. holders and 8% have other qualifications. The results are has shown in the Table 4.4 and Figure 4.4.

EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Qualifications Frequency Percentage Valid PercentCumulative Percent

Graduate 25463.50% 63.50% 63.50%

Post Graduate 9924.75% 24.75% 88.25%

Ph. D. 153.75% 3.75% 92%

Others 328% 8% 100%

Total 400 100 100

Table 4.4

Figure 4.4

4.5 Family Annual Income

From the general information provided by the respondents, it was found 63.50% of the respondents were graduates, 24.75% of the respondents were post graduates, while 5% were Ph.D. holders and 8% have other qualifications. The results are has shown in the Table 4.5 and Figure 4.5.

Family Annual Income Frequency Percentage Valid PercentCumulative Percent

Below N1,5000,00018847% 47% 47%

N1.6m – N3.5m 10626.50% 26.50% 73.50%

N3.6m – N5.5m9423.50% 23.50% 97%

N5.6m – N7.5m10 2.50% 2.50% 99.5%

N7.6m and above 2 0.5% 0.5% 100%

Total 100 100% 100%

Table 4.5

4.3

SECTION B

4.3.1: Risk Perception and Portfolio Management Equity Investors

It was gathered 29.3% of respondents strongly agreed to advise an increased spending on portfolio management of equity investors, 27.2% agreed that there is a relationship between portfolio management of equity investors and risk perception, 19.6% of the respondents are neutral on the relationship between portfolio management of equity investors and risk perception. The results are shown in table 4.3 below

.

S/NQuestionsStrongly Disagree (100%)Disagree (100%)Neutral (100%)Agree (100%)Strongly Agree (100%)

1Does risk perception have a strong impact on portfolio management of equity investors?13.512.514.030.030.0

2Is improved risk perception an effective means in influencing portfolio management of equity investors in Nigeria?11.019.012.525.032.5

3Is there a relationship between portfolio management of equity investors and risk perception?6.025.016.528.024.5

4How would you categorize the relationship between portfolio management of equity investors and risk perception?6.013.518.523.2538.75

5Would you advise an increased spending on portfolio management of equity investors?9.2512.7516.7525.5035.75

Table 4.3

Does risk perception have a strong impact on portfolio management of equity investors?

FrequencyPercentValid PercentCumulative Percent

Validstrongly disagree5413.5013.5013.50

Disagree5012.5012.5026.0

Neutral5614.014.040

Agree12030.030.070

strongly agree12030.030.0100.0

Total400100.0100.0

Table 4.3.1

Is improved risk perception an effective means in influencing portfolio management of equity investors in Nigeria?

FrequencyPercentValid PercentCumulative Percent

Validstrongly disagree4411.011.011.0

Disagree7619.019.030.0

Neutral5012.512.542.5

Agree10025.025.067.5

strongly agree13032.532.5100.0

Total400100.0100.0

Table 4.3.2

Is there a relationship between portfolio management of equity investors and risk perception?

FrequencyPercentValid PercentCumulative Percent

Validstrongly disagree246.06.06.0

Disagree10025.025.031.0

Neutral6616.516.547.5

Agree11228.028.075.5

strongly agree9824.524.5100.0

Total400100.0100.0

Table 4.3.3

How would you categorize the relationship between portfolio management of equity investors and risk perception?

FrequencyPercentValid PercentCumulative Percent

Validstrongly disagree246.06.06.0

Disagree5413.513.519.5

Neutral7418.518.538

Agree9323.2523.2561.25

strongly agree15538.7538.75100.0

Total400100.0100.0

Table 4.3.4

Would you advise an increased spending on portfolio management of equity investors?

FrequencyPercentValid PercentCumulative Percent

Validstrongly disagree379.259.259.25

Disagree5112.7512.7522.00

Neutral6716.7516.7538.75

Agree10225.5025.5064.25

strongly agree14335.7535.75100.0

Total400100.0100.0

Table 4.3.5

4.4

HYPOTHESES TESTING

The following hypotheses were tested.

HO1: No significant relationship between Gender and Choice of Investment

There is a significant relationship between Gender and choice of investment

HO2: No significant relationship between Marital Status and Choice of Investment

There is a significant relationship between Marital Status and Choice of Investment.

HO3: No significant relationship between Overall Risk Perception and Choice of Investment.

There is a significant relationship between Overall Risk Perception and Choice of Investment

HO4: No significant relationship between Educational qualification and Choice of Investment.

There is significant relationship between Educational qualification and Choice of Investment.

4.5Personal Interview Analysis

Out of the 400 respondents' data that is collected through questionnaires, 10 of these responses are through personal interviews. Out of these total 10 interviews, 6 are conducted face to face and 4 are telephonic. 7 professional investors and 3 non investors, who have very little knowledge of stock market but are keen on investing, are selected to conduct the interview. Since, open ended questions that were asked, apart from getting the questionnaire filled, could not be coded, an attempt is made to analyse those responses without any software or numerical representation.

Below is the demography of the respondents to make it easier for us to analyse about their perception and to understand if demography has any role to play in risk perception and their choice of investment in table 4.5.1 below.

INVESTORS' DEMOGRAPHY

S.No. Gender Age Marital Status Educational Qualification Risk Perception Experience in stock Market (in years)

1 Female 44 Married Graduated 4 8

2 Male 48 Married C.A (Others) 4 11

3 Female 39 Married Post Graduated 4 6

4 Male 44 Married Graduated 4 12

5 Male 36 Married Post Graduated 4 9

6 Male 31 Unmarried Post Graduated 3 4

7Female25UnmarriedGraduated33

Table 4.5.1

During the interview process with these investors, it was observed that every investor has a high-risk perception due to the experience they have in stock market. One of the investors was of the view that, educational qualification does not influence the level of risk and choice of investment as that investor herself was not from a finance background and although she was graduated but she had no clue about financial markets. She started investing in long term assets first and once the confidence was built up in the market, she started with trading in stock market regularly. Hence, in her opinion, educational qualification of an investor does not guarantee anything in the stock market.

When asked about their feelings on huge loses in the stock market, 6 out of 10 investors said that they learn from their loses and try not to commit the same mistake again to increase their profits. 1 respondent said that he tries to play safe even if he invests in extra risky assets in stock market. It was also observed that, apart from thorough research about company's stocks, trend analysis and annual reports, investors also trust their gut feeling and invest in stocks that they think will prove fruitful for them, even if it is highly risky. Loss aversion (a personality bias) explains that investors either avoid taking too much risk or they prefer to take more risk if they believe that they will gain more from an uncertain situation. This bias seems to be dominant in most of the investor's personality as it was observed that investors invest in risky assets if they feel that there will not be much loss in the investment.

Additionally, these investors do not believe that demography on an investor plays any role in equity market. In other words, gender, marital status and educational qualifications is not significantly important in risk taking capacity of an individual. However, some of them do believe that with age and experience, the risk-taking capacity also increases.

Moreover, while analysing and understanding the behaviour and psychology, it was observed that some of the investors understand that they have a bounded rationality and their decision-making process is biased due to social, economic or cognitive factors.

NON- INVESTOR'S DEMOGRAPHY

S. No. Gender Age Marital Status Educational Qualification Risk Perception

1 Female 52 Married Graduated 2

2 Female28 Unmarried Post Graduated 3

3Male35UnmarriedPost Graduated4

Table 4.5.2

A short yet astute interview was conducted with three non-investors to understand their psychology and make interpretations on how people with no experience with finance take decisions.

Though two of the respondents do not have any actual experience in stock market, yet the question was raised as to how the 3rd respondent has higher risk and it was observed that the person uses various websites and apps like OctaFX, Copytrade and many more to have a real-life experience of how stock markets operate. The respondent with score of 4 in overall risk perception is highly affected and influenced by his external environment that is his friends, family and relatives (as said by the respondent himself). He tries to learn from virtual trading apps before actually jumping into the actual stock market. His interest in stock market developed due to his neighbouring where he saw that people invest in various assets (not just stock market). Hence, social action theory that talks about people taking decision due to the peer pressure stands true in this case.

Moreover, in case of respondent no. 1 also, it was observed that she formed her mindset that risky assets usually end up giving losses, because this is what happened to some of her colleagues or friends and hence, her overall risk perception became negative without even actually participating in financial markets. It was also observed that overall financial literacy level for both of them was low as they did not know the answers to a few questions on time value of money, inflation or interest rates that were asked to them to understand about their knowledge on finance related subjects.

4.6Chapter Summary

This chapter presents the results and findings of the study. Findings are presented in frequency tables, graphs and figures. The first part of the chapter reports on the general information about the respondents which covers on gender, age, marital status, financial income and level of education. The second part of the chapter covers on the findings of assessment of risk perceptive of investors in Nigeria, relating it with their choice of investment portfolio based on their demography, educational level and marital status which does not have much to do with the investors risk perceptive.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study focused on the Assessment of risk perception and portfolio management in Nigeria.

Chapter one of this research introduced the general background of the work for better understanding of the subject matter. Also, the study reiterated the significance of understanding the concept of risk perceptive and behavioural finance stating how investors behave when it comes to taking risk in investment.

In chapter two, relevant literatures and works carried out by different intellectuals on the concept risk perception and portfolio management of equity investors. Moreover, the study reviews the how the Project management Portfolio and Portfolio Risk Managements stating the differences and little similarities between them.

Chapter three discussed the research design, specify sources and instruments used in acquiring information needed for the study, the method of data analysis as well as the population and sample size of the study. Also, the use of various methods of data collection and analysis were justified.

In chapter four, the researcher was able to objectively present and analyze the data. The responses of the questionnaires administered were tabulated and analyzed using descriptive and simple percentage method.

5.2 Conclusion

It is observed that the overall risk perception of investors lies between moderate to high level with very minute difference between the two levels. Since, maximum frequency lies in the moderate level, we can conclude that majority of investors have an overall risk perception of moderate level. This is a little different from the findings of other researchers where they concluded that people have high level of risk perception.

The decision-making process is complicated and does not only depend on risk- return relationship. People make decision based on the importance of the objectives as well. The objectives could be tax savings, capital appreciation, dividends etc. Investors who look for tax saving options do not trade and keep their investment for long term or they invest in fixed deposits where they do not have to pay extra tax on the appreciation. Capital appreciation is one of the most important objectives for all the investors. Also, very few investors find it important to have a quick short-term gain on their investment avenue.

It is also observed that demographic identity of an individual like age, marital status and gender does not affect the choice of investment of an individual. However, experience and financial literacy do have a significance on the level of risk of an investor and his choice of investment avenue. The results are inconsistent with the previous study done by Chen and Volpe (2002) and Barber and Odean (2011) who opined that gender plays an important role in decision making.

There is also a direct relationship between experience of an investor in stock market and his risk-taking capacity. In other words, if the experience of an investor increases in the stock market, he becomes more confident and starts taking more risk as long as that risk is proven to be fruitful due to loss aversion personality bias. Exposure to a risky situation influences a person to make an investment in a risky asset.

Cognitive dissonance of an investor plays a major role in selecting the investment type. As we could conclude from the personal interviews, investors often find themselves in dilemma as to which investment option to choose from. In this case, majority of them said that more than their knowledge, they believe on their gut feeling.

When asked investors about the thoughts that come to their mind when they think about stock market, major responses were that they feel stock markets give them huge returns in the way of dividends and capital appreciation. Moreover, non-investors feel that they would like to give a chance in stock market if they are given proper knowledge about stocks, assets and trading by their stock brokers. Individuals also trust more on their stock brokers than their own knowledge and research on equity market.

One major fact that is observed while taking interviews was that people with high or very high level of risk appetite also invest in other safe avenues like government bonds, or fixed deposits. They do not let their entire investment expose to high risk. Also, when asked about least fluctuated financial market majority of them answered mutual funds to be least fluctuated which seems absurd as even mutual funds are subject to market risk and are not the safest options to invest in. Majorly, moderate risk takers invest a large chunk of their money in safer options like Mutual funds, Life insurance or PPF and rest of the money in stock market. Whereas investors with high or very high-risk perception go for equity market, forex with majority of their money. Some of them also try to invest in real-estate.

5.3 Recommendations

1.Most of the respondents showed keen interest in equity market but they have a low-risk appetite because of lack of knowledge about how to invest, where to invest and so on. Hence, an attempt should be made to increase the awareness about equity market among general public. An attempt should also be made to not just improve the knowledge about equity market but about finance in general. As table

4.5.1 suggest that investors do not have much knowledge about complex finance concepts.

2.Efforts should be made to popularise equity markets through various social media measures and create awareness as some people think that taking high risk would mean less returns. Efforts could be made to make people understand that in long run, the chances of loss become highly negative.

3.More new studies should be conducted to understand about latest relationship between demography, risk taking appetite and choice of portfolio as the available studies have become outdated and does not align with my study of investors where there is no relationship between gender, marital status and risk perception.

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