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IS FINANCIAL RISK TOLERANCE INFLUENCED BY PERSONALITY TRAITS?**Abstract:**

Financial risk tolerance refers to the degree of uncertainty an investor is willing to accept, and can often be influenced by individual characteristics. However, personal psychological preferences play a prominent role in an investor's judgement and relationship with their finances. Limited research has been done on investors to see whether their type of personality will influence the level of risk they are willing to tolerate and ultimately the performance of their asset portfolios. Therefore, this article aids toward the contribution in understanding how personality traits can influence financial decision-making. The secondary data for this article was purposefully collected by an investment company using a quantitative questionnaire, which was electronically distributed to 600 investors within the South African market. The results of this study indicated that different personalities prefer different levels of risk. Individuals who are more open to experience, indicated a significant difference in risk tolerance levels compared to other personality types. The results for this article were comparable to previous research where only some of the personality traits play a role in investment decisions.

Keywords:

Risk tolerance, personality traits, gender, investment decisions

JEL Classification: G11, D14, D81