

The relationship between personality traits and investment risk preference

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Abstract

Personality traits and risk preference behaviours have been the main subjects of behavioural finance. Our present study is to explore the relationship between the personality traits and investment risk preference. Questionnaire survey method is adopted to collect data and 600 valid samples are selected for the study. Also, the respondents come from Taiwan and Hong Kong, which allows us to test whether the differences in location of residence between these two regions can moderate the relationship. Our results show that investors personality traits have a significant relationship with their risk preferences. The evidence may help academics to integrate the role of personality traits into behavioural finance models, assist investors to recognise their risk preferences for making investment decisions, and facilitate finance professionals to design and recommend investment products for customers that match their risk preference characteristics with corresponding personality traits.

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