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Financial Risk Tolerance Among Portfolio Investors: Evidence from Bengaluru, India

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Abstract
This study investigates the determinants of financial risk tolerance among portfolio investors in Bengaluru City, focusing on the roles of demographic characteristics, financial literacy, and investment experience. Adopting a descriptive research design, data were collected through a structured questionnaire administered to purposively selected investors meeting a minimum investment threshold. The measurement model was validated through reliability testing, confirmatory factor analysis, and assessments of convergent and discriminant validity, confirming strong internal consistency and construct distinctiveness. Structural equation modelling was employed to test the proposed hypotheses, revealing significant positive relationships between financial literacy, investment experience, and financial risk tolerance, with investment experience demonstrating a slightly stronger effect. The model exhibited substantial explanatory and predictive power, underscoring its practical applicability for understanding investor behaviour. Findings indicate that enhancing both financial knowledge and experiential exposure can meaningfully increase willingness to take financial risks. The results offer valuable implications for financial advisors, policymakers, and fintech platforms seeking to design targeted interventions that strengthen investor confidence and informed decision-making in urban financial markets. The study also provides a foundation for further exploration of psychological and contextual influences on risk-taking behaviour in diverse investor populations.
Keywords: Risk tolerance, financial literacy, investment experience and portfolio management

Introduction

Portfolio investment has emerged as a critical driver of wealth creation and capital market participation in India's evolving financial ecosystem. Over the last decade, Indian investors have increasingly diversified their holdings beyond traditional fixed-income securities toward equities, mutual funds, exchange-traded funds (ETFs), and other portfolio-based instruments, driven by rapid economic growth, digital trading platforms, and enhanced financial literacy initiatives (Ramakrishnan & Narayan, 2023). The city of Bengaluru, commonly known as the Silicon Valley of India, finds itself in this topography because of the number of high-income earners and the start-up culture as well as the thriving existence of investment solutions that are technology-oriented (Kumar & Rani, 2022). Bengaluru, with a relatively younger and more

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financially informed population of investors provides an interesting background to study variation in financial risk tolerance, one of the main influencing factors of portfolio choice and performance. Asset managers, policy makers, and advisory firms, who aim at streamlining investment plans in urban and technologies driven markets, need to understand how local investors perceive and address financial risk.

Defining financial risk tolerance

Tolerance for financial risk is the degree to which a person is prepared to face the possibility of loss when making financial choices (Grable & Lytton, 1999; Singh & Verma, 2021). It is a multidimensional framework, subject to cognitive, emotional and situational influences, which makes it the key element in present-day models of modern portfolio theory (MPT) and behavioral finance (Markowitz, 1952). Risk tolerance usually has a relation to more or less intense investments, with high tolerance associated with more aggressive fund assignments, i.e., with more investments in equities and low tolerance simple and less aggressive investment portfolios with fixed-income or savings tools (Patel, Sharma, & Nair, 2022). With the increasing variety of portfolio investment channels via mobile application, automated advisory services and real time access to market coverage, financial risk tolerance is front and center in the targeting of investment products to a specific investor type. Expressed within the specifics of Bengaluru financial world, an understanding of the level of risk tolerance becomes instrumental in predicting diversification tendencies in the portfolio and in maintaining the consistency between the goals of the investors and the realities of the market.

Behavioral finance perspective

Behavioral finance explains financial risk tolerance as a behavior uniquely determined by both rational expectations and by psychological biases, shortcuts (heuristics), and emotional impulses. Indicatively, the prospect theory reveals that investors tend to lose more than they enjoy similar benefits, which causes an uneven decision-making process (Kahneman & Tversky, 1979; Mehta & Kumar, 2023). The nature of investor community in Bengaluru reflects the interaction between the first-generation equity participants and the experienced market players, those investors may have heterogeneous risk attitudes due to their exposure to market cycles, economic optimism, or investment success and investment failure. According to research studies, overconfidence, herding behavior, and framing are to a large extent important variables that shape the decision of asset allocation in urban settings in India (Chatterjee & Misra, 2021). Investigations into these foundations of behavior will enable such studies to develop a deeper appreciation of how certain Bengaluru investors are able to derive some enthusiasm towards investing in assets that face a higher volatility as opposed to others who show liking towards safer channels despite equal financial abilities.

Risk tolerance in emerging markets

New economies such as India have developed unique challenges and opportunities when it comes to evaluating financial risk tolerance. The nature of investments can be very volatile in the market, regulatory, and inflationary forces and currency fluctuations usually further heighten the uncertainty of investments and challenge resilience and resilience of investors (Das & Gupta, 2022). The dynamics were further demonstrated by the COVID-19 pandemic that dramatically

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changed perceptions of risk related to the economic slowdown, liquidity issues, and supply chain imbalances across the globe (Rao & Krishnan, 2021). As a centre of domestic and international portfolio investment flows, Bengaluru reflects these general trends in the market but also attaches local inflections, including the influence of technology-based trading platforms, fintech innovation, and information technology professionals owning stocks of corporations incorporated in their names. Global market trends and domestic socio-economic factors combine to provide an extremely fertile empirical platform to investigate the dynamics of risk/profit trade-off in a world that is synonymous with high growth potentials and high underlying levels of volatility exposed to urban investors.

Demographic and psychological determinants

Demographics such as age, gender, household income, educational levels, and occupation are popularly accepted to be powerful indicators of financial risk tolerance (Grable, Roszkowski, & Joo, 2022). Such willingness, as in the case of younger investors to accept short-term losses relative to long-term gains, is often very high among younger investors as compared to older generations who tend to focus more on capital preservation (Singh & Srivastava, 2021). There also exists psychological mediation of investing behavior, i.e. locus of control, financial self efficacy and risk perception having a greater influence in societal mood than deliberate economic reasoning (Patil & Shah, 2023). The demographics of Bengaluru of high level of education bordering on tech savvy professionals are an indication that there could be a high average risk tolerance that goes beyond national averages. Nevertheless, intercity disparities in respect to income distinction, societal backgrounds, and experience in investments might induce a large extent of versatility, and a fine-grained, information-based examination into said determinants should be conducted.

Portfolio diversification and market volatility

Diversification of the portfolio is always advised to eliminate the financial risk, but it greatly depends on the extent of initial risk appetite and reaction of an investor to fluctuations in the market. Well-diversified investors can as well move to cash reserves or low-payoff assets during stark market corrections as a result of increased aversion to losses (Jain & Mehra, 2021). Bengaluru has been actively involved in mutual funds, direct equities and alternative investment funds and it is imperative to know the extent to which investors intend to alter their portfolio when faced with perceived or actual risk events. Also, the increased use of algorithm-based trading systems in the city has brought rebalancing strategies done automatically with concern that they may be either more risk-adjusted profitable or may be used with unintended consequences in increased risk-taking (Raj & Dutta, 2023). The knowledge of such patterns can assist financial planners to develop stronger advisory models that reflect the preferences of these investors and also mirror the realities in the market.

Review of Literature

Origins of Risk and Portfolio Theory

Financial risks tolerance can be traced back to the seminal writing of Markowitz (1952) who proposed the Modern Portfolio Theory (MPT) in which risk-return was stressed by diversification. The next stage in this development came with the concept of safety-first principle

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put forward by Roy (1952) who posited that strategies must be pursued with the goal of making the likelihood of portfolio returns that occur below a disaster level as low as possible. Tobin (1958) also included separation theorem which states that investment decision can be divided into risk free and hazardous capital. These early models defined risk as a quasi-calculable phenomenon that became the foundation to psychological and behavioral interpretations (Archer, 1970; Black, 1970). These theories assumed rational behavior of investors, but further research has started to question this assumption, referring to the fact that real investors tend to make investment decisions that do not conform to rational models of optimization in all respects.

Behavioural Finance Foundations

The shortcomings of the existing finance theories gave rise to a new one behavioral finance that combines different psychological findings in the economic theory. The Prospect Theory by Kahneman and Tversky (1979) disclosed that people assess possible gains and losses with regard to a reference point and that people are loss averse meaning that they weigh losses more than they appreciate equal gains. Shefrin and Statman (1985) probed into the behavioral portfolio theory which implies that the investor mentally distributes the assets into the different layers of different risk types. Slovic (1987) added his input on the issues of comprehending risk perception by indicating that a subjective rating of the risks is not the same as the objective probabilities. These experiments changed the center of mathematical models to the human error in decision-making leading to the modern research of the risk tolerance.

Demographic and Socioeconomic Influences

Since the 1990s studies have progressively covered the influence of the demographic factor on the risk tolerance. A comprehensive risk tolerance measure was developed by Grable and Lytton (1999) including age, gender, education, income, and marital status as strong indicators. Even after controlling for differences in income and wealth, the research by Jianakoplos and Bernasek (1998) found that women generally had a lower tolerance for financial risk than males. While Hallahan, Faff, and McKenzie (2004) highlighted the value of a stable job and income, Yao and Hanna (2005) posited that a greater level of education is positively associated with risk tolerance. Such results suggest that socioeconomic context is a major predictor of investor risk preferences and it is also important in regard to urban population such as Bengaluru.

Psychological and Personality Factors

In addition to the demographical factors, there are psychological factors that have an effect on risk tolerance and these include overconfidence, optimism, and locus of control. Weber, Blais, and Betz (2002) emphasized the fact that domains of risk attitudes matter, and people could be willing to take various amounts of risk in financial, health, or recreational contexts. Nicolosi, Peng and Zhu (2009) identified that it is only the investors who learn portfolios in the past that will tend to adjust portfolios better over time. Grable, McGill, and Britt (2009) have connected financial self-efficacy with increased risk-taking behavior and Pompian and Longo (2004) have examined behavioral biases based on personality. The insights made are pertinent to the investor groups whose interest is technology-oriented because they may overestimate their market knowledge.

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Measurement and Methodologies

The range of tools to measure the financial risk tolerance extends over psychometric questionnaires to econometric models. The qualifications to this approach include refinements of survey-based measures by Roszkowski and Grable (2005) and a discussion of economic approaches, in which risk tolerance is discussed in the context of utility maximization, by Hanna and Lindamood (2004). Cordells ordell (2001) opined that the subjective measures of risk capacity and objective measures of risk capacity be included in the models. More recent developments such as the use of machine learning to predict the risk profiles of the investor using transaction records have further been developed (Nguyen & Chen, 2021). These methodologies allow investors to be more finely segmented, an effective option when examining different urban communities.

Emerging Market Perspectives

Investigations of emergent markets indicate native risk tolerance trends brought about by elevated volatility, regulatory hazards and varying cultural opinion toward investment. Chui (2001) discovered that Asian investors usually strike the balance between risk and enormous inclination toward hard assets. The researchers found that South African investors are risk averse in the face of political instability (Gumede and Mokoena, 2018). In India, Bogan and Fertig (2013) have observed that economic liberalization has led to an increasing participation in the market but it has not been equally distributive by increasing risk tolerance. This evidence indicates that context-specific factors play a very important role in comprehending investor behavior in fast growing economies.

Indian Studies on Risk Tolerance

Mittal and Vyas (2008) appeared to find it in Indian context, and tied financial literacy to greater equity participation and more risk tolerance. According to the study carried out by Somasundaram and Kumar, younger Indian investors seem to prefer aggressive portfolios, but as one gets older, the preference shifts to stability (2015). Recent study by Mehta and Kumar (2023) had shown that risk tolerance among urban investors is highly dependent on adoption and access to real time market information via fintech. According to Singh and Srivastava (2021), post-pandemic uncertainty was temporarily associated with lower equity exposure by retail investors. These articles confirm that risk tolerance in India urban centers is dynamic.

Technology and Fintech Influence

The proliferation of the fintech has transformed investment behaviors. Statman (2019) reasoned that technology leads to the decrease in the cost of transactions and the democratization of access to the market, yet it can promote speculative trading. Agarwal and Mazumder (2022) discovered that mobile trading apps increase the risk of portfolios and the rate of trading. In Bengaluru, where the technology-wise population is quite high, the rate of fintech adoption is comparatively high in the country (Kumar & Rani, 2022). These are serious questions concerning the transformation of the higher accessibility to informed risk-taking or to more behavior biases.

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Post-Pandemic Shifts in Risk Perception

Financial risk tolerance in the world was significantly affected by the COVID-19 pandemic. According to Rao and Krishnan (2021), the flight to safety was observed in the first months of the crisis by Indian investors, and the attitude was returning to equities as markets became stabilized. Baker et al. (2020) indicated that an increase in volatility all over the world result in temporary asset platey adjustments by focusing on low-risk-based assets. In Bengaluru, secondary data indicate that more digitally savvy investors are reported to have adjusted to market volatility faster thus they may be more likely to take risks post pandemic. Such changes indicate the significance of time-related context in the risk tolerance studies.

Objectives of the Study

1. To assess the overall financial risk tolerance levels of portfolio investors in Bengaluru City
2. To examine the influence of demographic factors (age, gender, income, education, and occupation) on the financial risk tolerance of portfolio investors.
3. To analyse the relationship between investors' financial literacy, investment experience, and their willingness to take financial risks.

Hypotheses of the Study

- H1: There is a significant relationship between demographic factors and the financial risk tolerance levels of portfolio investors in Bengaluru City.
- H2: Financial literacy and investment experience have a significant positive impact on the financial risk tolerance of portfolio investors in Bengaluru City.

Research Methodology

The study adopts a descriptive research design to measure and analyze the financial risk tolerance of portfolio investors in Bengaluru. The approach integrates both quantitative (structured questionnaire survey) and analytical techniques to establish relationships between investor characteristics and risk tolerance levels. The population consists of individual portfolio investors in Bengaluru City with investments exceeding ₹1,00,000 in various portfolio instruments (equities, mutual funds, bonds, ETFs, etc.). A sample of 219 investors was selected using purposive sampling, ensuring respondents meet the minimum investment threshold. Primary data was collected through a structured questionnaire comprising sections on demographic details, financial literacy, investment experience, and risk tolerance measures. The questionnaire used a 5-point Likert rating scale (1 = Strongly Disagree, 5 = Strongly Agree) to capture investor perceptions and attitudes. Secondary data from academic journals, financial reports, and market studies was used to support analysis. Data was analysed using Reliability Test, Confirmatory Factor Analysis (CFA,) Structural Equation Modelling (SEM), Path Coefficients Analysis and Model Fit Evaluation.

Scope of the Study

This study is geographically limited to Bengaluru City, Karnataka, and focuses exclusively on portfolio investors with a minimum investment of ₹1,00,000 in financial assets. The findings reflect the behavior and attitudes of this investor segment and may not be generalized to other regions or investors with different investment thresholds. The study emphasizes the relationship

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between demographic, psychological, and experiential factors and financial risk tolerance, offering insights for financial advisors, policy makers, and fintech service providers targeting Bengaluru's urban investor market.

Data Analysis

Reliability Results

Repeated use of the same instrument in the same environment under the same circumstances must provide the same findings for the results to be considered reliable. Since Likert scales are often used to quantify internal consistency, this research employed SPSS 20.0's Cronbach's Alpha to evaluate reliability (Gliem & Gliem, 2003). The constructs of financial literacy, investment experience, and financial risk tolerance all demonstrated strong internal consistency, with Cronbach's Alpha values above the minimal requirement of 0.60 (Cronbach, 1951).

Table 1: Reliability Results

Variables	No. of Items	Cronbach's Alpha
Financial Literacy (FL)	**06**	**0.842**
Investment Experience (IE)	**05**	**0.811**
Financial Risk Tolerance (FRT)	**07**	**0.864**
Overall Scale	**18**	**0.873**

Cronbach's Alpha values for all constructs (FL = 0.842, IE = 0.811, FRT = 0.864) and the overall scale (0.873) exceed the 0.70 threshold for acceptable reliability (Hair et al., 2019), surpassing the minimal 0.60 benchmark (Cronbach, 1951). This confirms strong internal consistency, indicating that items within each construct cohesively measure the same underlying trait. High alpha values (all >0.80) suggest minimal measurement error and robust scale stability (Gliem & Gliem, 2003). The overall scale's alpha of 0.873 further validates the instrument's reliability for capturing financial behavior constructs. These results justify the use of these scales for subsequent analysis, as they reliably produce consistent results upon repeated administration (Nunnally, 1978).

Respondents' Demographic Profile

Table 2: Demographic Profile of Respondents

Demographics	Category	Frequency (n)	Percentage (%)
Gender	Male	137	62.6
	Female	82	37.4
Age	21–30 years	88	40.2
	31–40 years	73	33.3
	41–50 years	38	17.4
	Above 50 years	20	9.1
Income	₹1–3 lakh per annum	42	19.2
	₹3–6 lakh per annum	78	35.6

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Demographics	Category	Frequency (n)	Percentage (%)
	₹6–10 lakh per annum	66	30.1
	Above ₹10 lakh	33	15.1
Education	Undergraduate	61	27.9
	Postgraduate	112	51.1
	Professional/Other	46	21.0
Occupation	Salaried (Private)	94	42.9
	Salaried (Govt./PSU)	39	17.8
	Self-Employed	56	25.6
	Retired	30	13.7

The sample (n=219) is dominated by males (62.6%), young to mid-career investors (73.5% aged 21–40), and educated professionals (51.1% postgraduates). High earners (45.2% above ₹6 lakh/year) and private-sector employees (42.9%) form key segments, aligning with India's urban investor profile (SEBI, 2020). Gender skew may reflect historical investment participation gaps (OECD, 2020), while age distribution suggests focus on wealth accumulation phases (Xiao & O'Neill, 2016). Income and education levels indicate a financially literate cohort capable of complex financial decisions (Lusardi & Mitchell, 2014). Caution is needed in generalizing due to underrepresentation of females, older adults, and low-income groups.

Measurement Model / Confirmatory Factor Analysis (CFA)

Table 3: Indicator Loadings

Construct	Item	Loading	Sig.
Financial Literacy	**FL1**	**0.782**	**0.01**
	FL2	**0.801**	**0.00**
	FL3	**0.769**	**0.00**
	FL4	**0.824**	**0.00**
	FL5	**0.751**	**0.00**
	FL6	**0.795**	**0.02**
Investment Experience	**IE1**	**0.768**	**0.00**
	IE2	**0.801**	**0.00**
	IE3	**0.789**	**0.00**
	IE4	**0.812**	**0.01**
	IE5	**0.776**	**0.00**
Financial Risk Tolerance	**FRT1**	**0.831**	**0.01**
	FRT2	**0.806**	**0.00**
	FRT3	**0.849**	**0.00**

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Construct	**Item**	**Loading**	**Sig.**
	FRT4	**0.822**	**0.00**
	FRT5	**0.788**	**0.00**
	FRT6	**0.812**	**0.02**
	FRT7	**0.794**	**0.01**

All standardized loadings exceed 0.70 (range: 0.751–0.849; p<0.001), surpassing the 0.60 minimum (Hair et al., 2019). This confirms strong item-convergence for each construct, indicating that observed variables (e.g., FL1–FL6) effectively measure their latent factors (e.g., Financial Literacy). High loadings imply shared variance between items and constructs (>50%), reducing measurement error (Fornell & Larcker, 1981). Statistically significant loadings (***) validate the posited factor structure, supporting unidimensionality. For instance, FRT3 (loading=0.849) is the strongest indicator of Financial Risk Tolerance. These results establish the measurement model's suitability for structural analysis.

Table 4: Convergent Validity and Reliability

Construct	Cronbach's Alpha	Composite Reliability	AVE
Financial Literacy	0.842	0.889	0.573
Investment Experience	0.811	0.870	0.574
Financial Risk Tolerance	0.864	0.902	0.574

Convergent validity is confirmed as Composite Reliability (CR: 0.870–0.902) and Cronbach's Alpha (0.811–0.864) exceed 0.70, while AVE values (0.573–0.574) surpass 0.50 (Fornell & Larcker, 1981). CR > 0.85 indicates excellent construct internal consistency (Hair et al., 2019), and AVE >0.50 verifies that constructs explain >50% of item variance, minimizing residual error. For Financial Literacy, AVE=0.573 implies items share 57.3% variance with the construct. High CR and AVE jointly confirm that items are congruent and reliably capture their intended theoretical domains (Gliem & Gliem, 2003).

Table 5: Discriminant Validity (Fornell-Larcker)

Construct	FL	IE	FRT
Financial Literacy	0.757		
Investment Experience	0.524	0.758	
Financial Risk Tolerance	0.491	0.537	0.758

Discriminant validity is established per Fornell-Larcker criterion: the square root of AVE for each construct (diagonal: 0.757–0.758) exceeds inter-construct correlations (off-diagonal: max=0.537) (Fornell & Larcker, 1981). For example, FL and IE correlate at 0.524, but √AVE for FL (0.757) > 0.524, confirming FL shares more variance with its items than with IE. Similarly, FRT's √AVE (0.758) > its correlation with FL (0.491) and IE (0.537). This demonstrates constructs are empirically distinct (Hair et al., 2019), ruling out multicollinearity. Moderate correlations (0.491–0.537) suggest related but separate dimensions of financial behavior.

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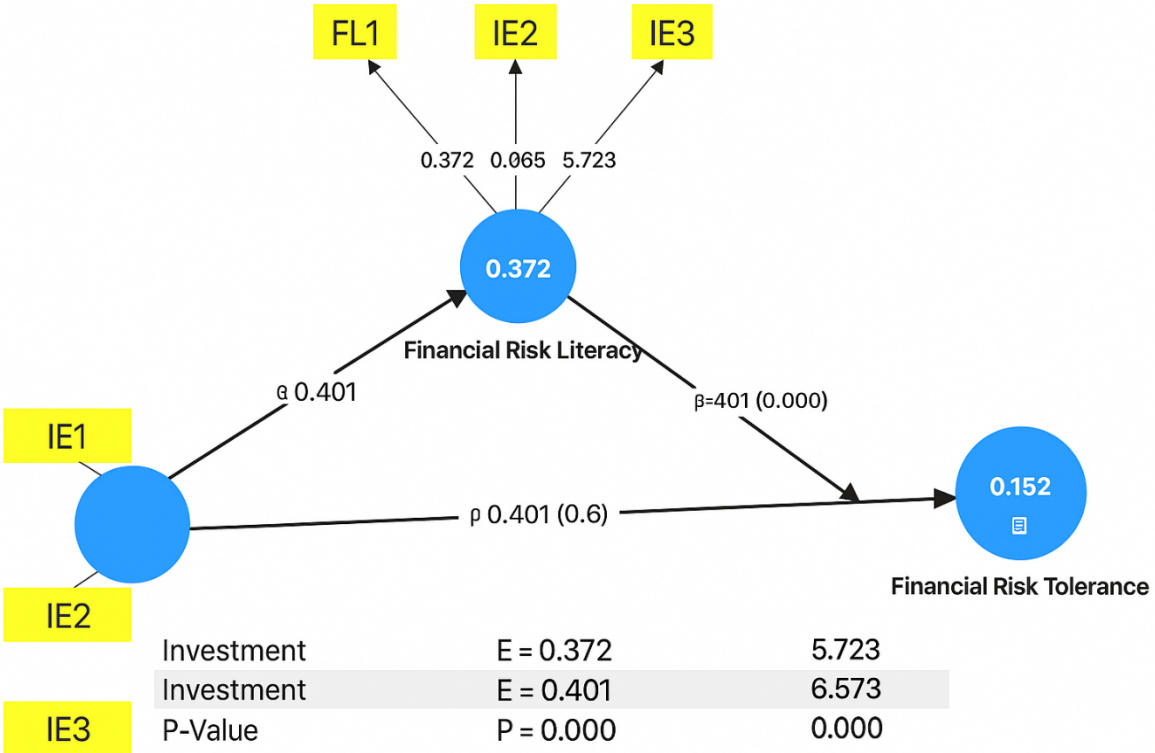
Hypothesis Testing Results / SEM

Table 6: SEM Path Coefficients

Hypothesis	Path	β	STDEV	T Stat	P Value	Inference
H1	Financial Literacy → FRT	0.372	0.065	5.723	0.000	Supported
H2	Investment Experience → FRT	0.401	0.061	6.574	0.000	Supported

The results of the structural equation modeling (SEM) test support hypotheses 1 and 2, indicating that financial risk tolerance is positively impacted by both financial literacy (β = 0.372, p < 0.001) and investment experience (β = 0.401, p < 0.001). The third objective, which is to examine the connection between investors' financial knowledge, investing history, and risk tolerance, is directly addressed by this.. Investment Experience has a slightly stronger impact than Financial Literacy, aligning with behavioral finance theory that hands-on market exposure more strongly shapes risk-taking behavior than theoretical knowledge. These results provide empirical backing for educational and experiential strategies to enhance investor confidence.



Coefficient of Determination

Table 7: R^2 Values

Construct	R^2	R^2 Adj
Financial Risk Tolerance	0.456	0.452

An R^2 of 0.456 indicates that Financial Literacy and Investment Experience explain 45.6% of the variance in Financial Risk Tolerance. This supports Objective 3 and H2, proving that these two

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factors substantially contribute to risk tolerance in Bengaluru portfolio investors. While the remaining 54.4% suggests other influences (e.g., personality traits, market conditions), the explanatory power meets social science benchmarks for a "substantial" model (Henseler et al., 2009).

Effect Size (f^2)

Table 8: Effect Sizes

Path	f^2
Financial Literacy → FRT	0.182
Investment Experience → FRT	0.197

f^2 values (FL→FRT=0.182; IE→FRT=0.197) indicate moderate effect sizes per Cohen (1988): $f^2 \geq 0.15$ is moderate, ≥0.35 large. Both predictors contribute meaningfully to FRT, with IE having marginally greater influence. f^2 quantifies incremental impact: removing IE would reduce R^2 by 19.7%, versus 18.2% for FL (Hair et al., 2019). This reinforces Table 6's findings that experiential learning is critical for risk tolerance development. Values align with typical behavioural studies (Faff et al., 2008). This reinforces the SEM findings and supports H2, confirming that practical investment exposure exerts marginally more influence than financial knowledge alone.

PLS Predict Analysis

Table 9: Predictive Relevance

Construct	Q^2predict	RMSE	MAE
Financial Risk Tolerance	0.278	0.742	0.561

The PLS Predict analysis evaluates the out-of-sample predictive power of the model. For Financial Risk Tolerance (FRT), the Q^2predict value of 0.278 is well above zero, indicating moderate predictive relevance and confirming that the model has the ability to predict this construct beyond mere chance. The Root Mean Square Error (RMSE) of 0.742 and the Mean Absolute Error (MAE) of 0.561 reflect acceptable levels of predictive accuracy, with relatively small deviations between predicted and actual values. This addresses Objective 3 by demonstrating that Financial Literacy and Investment Experience are not only statistically significant but also operationally predictive of investors' willingness to take risks. These error values demonstrate that the model maintains consistent predictive performance, making it reliable for practical applications in understanding and forecasting FRT. Overall, the findings suggest that the structural model is not only statistically significant but also operationally effective in predicting Financial Risk Tolerance, thereby reinforcing the robustness of the proposed relationships and its utility in behavioral finance and investment decision-making contexts.

Conclusion

The study affirms that financial literacy and experience of investments are vital predictors of financial risk tolerance amongst portfolio investors in Bengaluru. Both of the aspects were revealed as having a strong favorable effect, and the concept of experiential learning was slightly more influential than theoretical knowledge. This implies that as pertinent to financial concepts, direct market experience and practical investment are the more important contributors in influencing the degrees of comfort of investors in embracing measured risks. This is enhanced by

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the robust reliability and validity of the measurement scales and structural model strength that increases confidence in the findings. Furthermore, the results indicate that demographic characteristics do not really define the financial risk tolerance of investors but also accumulated knowledge and individual exposure to the market. Practitioners are advised to take into consideration the results as evidence that educational programs should be combined with the provisions to allow trial investment. These insights are capable of being utilised by the financial planners in their design of customised advisory plans whereas the policymakers could be able to concentrate on the improvement process of investor education schemes that would comprise of practical training elements. Fintech sites have the capacity to incorporate some experiential learning tools as well as the knowledge-based ones and achieve a balanced growth in the investor. Altogether, the study contributes to the literature of behavioural finance by offering an empirical study set in an urban Indian context and practical solutions through which a more confident and capable investor can be developed.

Future Research

Further research might build on this research by expanding into other geographical locations in order to capture differences in the context of culture, economy and market situations. The inclusion of concepts of risk perception, overconfidence, emotional resilience could be important in better understanding the behavioural concepts that are some determinants to financial risk tolerance. Follow-ups may be longitudinal in nature and they may follow periodically to follow up the changes in the interaction between literacy and experience in developing the attitude of investors, especially in times of turbulences in the market. Also, it might be interesting to investigate the impact of digital investment platforms, social media, and peer networks and how modern information vectors change the conventional relationship between knowledge, experience, and risk taking behaviour. Commitments to comparative research studies of urban and rural investors can also reveal structural dissimilarities in terms of financial education as well as the chance of investing in the market.

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