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GENDER DIFFERENCES IN RISK PERCEPTION AND INVESTMENT BEHAVIOR

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ABSTRACT

Purpose- Gender differences in investment behavior have been reported by various studies. Behavioral investing seeks to bridge the gap between psychology and investing. Behavioral finance is becoming more predominant in the financial and investment industry. The general concept of behavioral finance suggests that investors do not necessarily make rational investment decisions. Many results of behavioral finance studies show that men and women have different strengths and weaknesses in terms of skills required for investment management. This study focuses on the role of gender in risk perception and investment behavior, with a sample size of 288 respondents. In other words, the aim of the research is to reveal whether there is a difference in investment preferences between men and women. It is investigated whether the gender factor affects investment decision-making behavior. Using an experimental finance approach, the relationship between gender diversity and investment decisions is examined.

Methodology- This study focuses on the role of gender in risk perception and investment behavior, with a sample size of 288 respondents. Gender differences in investment behavior have been reported by various studies. Behavioral investing seeks to bridge the gap between psychology and investing. Behavioral finance is becoming more predominant in the financial and investment industry. The general concept of behavioral finance suggests that investors do not necessarily make rational investment decisions. In accordance with the aim of the research, to reveal whether there is a difference in investment choices between men and women, the investment differences between the genders are shown using the graphic method in this study. Then, the normality test and Mann-Whitney U test were applied by using 288 respondents, respectively.

Findings- According to the graphic method results it is found that women generally prefer to invest between 10% and 25% of their monthly income in financial markets. T cryptocurrency market is riskier than the stock market for both women and men. Women experience more stress than men at the thought of losing money because of their investment choices. The Cronbach Alpha coefficient for estimating the reliability of the scale employed for respondents' investment preference was found to be 0.701. The results of data processing obtained by the value of the Kolmogorov-Smirnov significant which means the data were not normally distributed residuals. According to Mann-Whitney U test results, it is underlined that the gender factor differs according to the following variables based on 95% significance level:

Conclusion- Survey with different aspects of questions focus on investors' risk perception. "How often do you check your investments?"; "What is your approximate holding time of an investment instrument?"; "What percentage of your monthly income would you prefer to invest in financial markets?"; "The thought of losing money because of my investment choices is stressed me out"; "Have you ever invested in Cryptocurrencies?"; "What is the most suitable option for your knowledge of the cryptocurrency market?". It is concluded that there is a significant difference between gender and investment preference.

Keywords: Behavioural finance, financial market, cryptocurrency, gender factor, risk perception.

JEL Codes: G10, G40, G41

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