

IS INVESTMENT RISK PROFILING AFFECTED BY MOOD?

Ian Smith, Manchester Metropolitan University, UK

[dx.doi.org/10.18374/JIBE-15-2.10](https://doi.org/10.18374/JIBE-15-2.10)

ABSTRACT

Risk tolerance questionnaires are widely used to provide a basis for advising on suitability of investments. Psychometric based questionnaires suggest there is stability of risk tolerance but there is also research showing that emotion factors affect decision making. Therefore research was conducted to determine if mood would affect risk tolerance. 80 sets of questionnaires were obtained and the data analysed using SPSS v19. The results of the two risk profile questionnaires were highly correlated, regardless of mood. This therefore generally supported the theory that risk profile is a stable personality trait for most people.

Keywords: *Risk tolerance, risk profile, Financial planning, financial advice, personal investment, risk perception*