Risk Perception and Portfolio Choices among Finance Professionals: Insights from an Indian Emerging Market Context

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Abstract
Investment behaviour in emerging economies has increasingly attracted scholarly and policy-oriented attention because of the rapid expansion of financial markets, growing investor participation, and rising financial literacy among different sections of society. India, as one of the fastest-growing major economies in the world, has witnessed substantial growth in stock market participation during the last two decades. Technological advancements, expansion of digital financial services, increasing financial awareness, and greater accessibility to investment platforms have significantly transformed the investment environment in the country. Within this evolving financial landscape, finance professionals such as Chartered Accountants (CAs) and Company Secretaries (CSs) represent a highly significant category of investors because of their specialized knowledge relating to accounting, taxation, auditing, corporate governance, financial management, and regulatory systems. The present study examines the risk perception and portfolio choices of finance professionals in the Indian share market with special reference to the Delhi National Capital Region (NCR), one of India's most economically vibrant and financially active regions.The study adopts a conceptual and analytical approach by integrating traditional finance theories with behavioural finance perspectives to understand how financial expertise, demographic characteristics, market exposure, and psychological tendencies interact in shaping investment decisions. The paper critically examines the relationship between financial literacy, risk-return perception, portfolio diversification, behavioural biases, and investment decision-making among finance professionals operating in an emerging market context. The study highlights that although finance professionals generally exhibit comparatively informed, analytical, and structured investment behaviour, their investment decisions are not entirely free from behavioural and emotional influences such as overconfidence bias, herd behaviour, anchoring effect, and risk aversion. The paper further emphasizes the significance of diversification strategies, financial awareness, technological accessibility, and regulatory understanding in shaping portfolio behaviour among professionally qualified investors.
The findings of the study contribute significantly to the existing literature on behavioural finance and investment behaviour by providing a nuanced understanding of how financial expertise influences investment patterns in an emerging economy like India. The study also possesses important implications for policymakers, financial institutions, investment advisors, market regulators, and individual investors in designing effective financial literacy programmes and improving rational investment practices within the rapidly evolving Indian financial system.

Keywords: Risk Perception, Portfolio Choices, Finance Professionals, Behavioural Finance, Investment Behaviour, Financial Literacy, Chartered Accountants, Company Secretaries, Indian Share Market, Delhi NCR, Emerging Market Economy.

1.0 Introduction and Background of the Study

Savings and investment constitute two of the most important pillars of economic growth and financial stability in any economy. In developing economies such as India, the role of savings becomes even more significant because of the large population base, increasing middle-class income, and expanding opportunities for capital formation. The effective mobilization of savings into productive investments contributes substantially towards industrial development, employment generation, infrastructural expansion, and overall economic progress. During the last few decades, India has emerged as one of the fastest-growing major economies in the world. This rapid economic transformation has been accompanied by increasing financial inclusion, technological modernization, liberalization of financial markets, and growing participation of individuals in investment activities. The expansion of financial markets has not only increased investment opportunities but has also transformed the investment behaviour of individuals belonging to different occupational and professional categories.The Indian stock market has experienced remarkable growth during the post-liberalization period owing to economic reforms, globalization, digitization of financial services, and technological advancements in trading systems. The growth of online banking, mobile trading applications, internet-based investment platforms, digital payment systems, and dematerialized securities has significantly increased accessibility to financial markets. Earlier, stock market participation in India was largely confined to institutional investors, business houses, and financially affluent individuals. However, the modern financial environment has democratized investment participation and encouraged individuals from diverse educational, occupational, and professional backgrounds to participate in capital markets. The increasing accessibility of financial information, growth of financial literacy, and expansion of investment advisory services have further strengthened investor participation within the Indian stock market.Among different categories of investors participating in Indian financial markets, finance professionals such as Chartered Accountants (CAs) and Company Secretaries (CSs) represent a particularly significant and unique category. These professionals possess specialized knowledge relating to accounting, auditing, taxation, corporate governance, financial management, compliance systems, and regulatory frameworks. Owing to their professional qualifications and practical exposure, finance professionals are generally expected to exhibit comparatively rational, analytical, and informed investment behaviour in comparison to ordinary investors. Their investment decisions are likely to be influenced by financial analysis, understanding of economic indicators, knowledge of corporate performance, awareness regarding market trends, and familiarity with financial instruments. Consequently, finance professionals constitute an important category for studying investment behaviour, risk perception, and portfolio choices within financial markets.

The present study examines the risk perception and portfolio choices of finance professionals in the Indian stock market within the context of an emerging economy. Risk perception occupies a central position in investment decision-making because every investment alternative involves some degree of uncertainty and financial risk. Investors generally attempt to maximize returns while minimizing exposure to risk. Traditional theories of finance such as Modern Portfolio Theory and the Capital Asset Pricing Model emphasize the relationship between risk and return and assume that investors behave rationally while making investment decisions. According to these theories, rational investors utilize available information efficiently, diversify portfolios appropriately, and select investment alternatives that maximize expected utility.However, the assumptions of complete rationality and perfect information processing have increasingly been challenged by behavioural finance scholars. Behavioural finance argues that investment decisions are often influenced by psychological tendencies, emotional reactions, cognitive limitations, and social influences. Investors may deviate from rational decision-making because of behavioural biases such as overconfidence, herd behaviour, anchoring effect, mental accounting, loss aversion, and emotional attachment to investments. These behavioural influences may affect even highly educated and financially knowledgeable individuals. Consequently, the study of investment behaviour among finance professionals becomes highly relevant because it allows examination of the interaction between financial expertise and behavioural tendencies within investment decision-making.

The present study is situated within the Delhi National Capital Region (NCR), one of India's most economically vibrant and financially active regions. Delhi NCR includes Delhi along with adjoining districts of Haryana, Uttar Pradesh, and Rajasthan and functions as a major centre for corporate activities, banking operations, financial consultancy, professional services, and investment-related institutions. The region houses a substantial concentration of Chartered Accountants, Company Secretaries, tax consultants, auditors, legal advisors, investment professionals, and corporate executives. The strong economic infrastructure, high income levels, increasing financial awareness, and extensive exposure to investment opportunities make Delhi NCR an appropriate and representative setting for examining the investment behaviour of finance professionals.Another important aspect contributing towards the significance of the present study relates to the increasing importance of financial literacy in shaping investment behaviour. Financial literacy refers to the ability of individuals to understand financial concepts, interpret market information, evaluate investment alternatives, and make informed financial decisions. It is generally argued that financially literate individuals are more capable of managing risks, diversifying investments, and avoiding irrational investment practices. Since finance professionals possess advanced financial education and practical experience, they are expected to demonstrate higher levels of financial literacy and investment awareness. However, recent studies in behavioural finance suggest that financial knowledge alone may not completely eliminate behavioural biases and emotional influences affecting investment decisions.

The present study therefore attempts to examine how finance professionals perceive financial risk, allocate their investment portfolios, and respond to market uncertainties in an emerging market context. The study also explores whether professional expertise actually leads to more rational investment behaviour or whether behavioural tendencies continue to influence investment decisions despite advanced financial knowledge. In the context of rapidly evolving financial markets, increasing market volatility, technological transformation, and growing participation of retail investors, understanding the investment behaviour of finance professionals becomes highly relevant from academic, practical, and policy perspectives.The study adopts a conceptual and analytical approach based upon theoretical discussions, behavioural finance perspectives, and scholarly literature relating to investment behaviour, portfolio management, financial literacy, and risk perception. By integrating insights from traditional finance theories and behavioural finance approaches, the study attempts to provide a comprehensive understanding of the investment behaviour of finance professionals within the Indian stock market system. The findings of the study are expected to contribute significantly towards the literature relating to behavioural finance, investor psychology, and financial decision-making while also providing valuable implications for policymakers, financial institutions, investment advisors, and investors in promoting rational and informed investment practices within the Indian financial environment.

2.0 Conceptual Foundations and Theoretical Framework

Investment decision-making has traditionally been regarded as a rational economic activity in which investors attempt to maximize returns while minimizing exposure to financial risk. Classical financial theories are largely based upon the assumption that investors behave logically, possess complete information, and evaluate investment opportunities objectively. Within this framework, the concepts of risk and return occupy a central position because every investment decision involves balancing expected returns against associated uncertainties. The present study examines the investment behaviour of finance professionals by integrating traditional financial theories with behavioural finance perspectives in order to provide a comprehensive understanding of risk perception and portfolio choices in an emerging market context.One of the most influential theories in the field of investment management is the Modern Portfolio Theory (MPT) developed by Harry Markowitz. The theory emphasizes that investors can reduce unsystematic risk by diversifying investments across different securities and asset classes. According to the theory, investors should not evaluate individual securities in isolation but should construct diversified portfolios capable of maximizing expected returns for a given level of risk. Diversification therefore becomes an essential component of rational investment behaviour. Finance professionals such as Chartered Accountants and Company Secretaries are generally expected to possess substantial understanding regarding portfolio diversification because of their professional exposure to financial management principles, investment analysis, and risk assessment techniques.

Another important theoretical framework explaining investment behaviour is the Capital Asset Pricing Model (CAPM), developed by Sharpe, Lintner, and Mossin. CAPM explains the relationship between systematic risk and expected return by introducing the concept of beta coefficient. According to CAPM, investors are rewarded only for bearing systematic risk because unsystematic risk can be eliminated through diversification. The theory assumes that rational investors construct efficient portfolios and make decisions on the basis of market information and risk-return optimization. Finance professionals, owing to their technical expertise and understanding of market indicators, are generally expected to demonstrate investment behaviour broadly consistent with the principles of CAPM and rational portfolio management.The Efficient Market Hypothesis (EMH), proposed by Eugene Fama, further strengthened the rational finance perspective by arguing that financial markets efficiently incorporate all available information into security prices. According to EMH, it is difficult for investors to consistently earn abnormal returns because market prices rapidly adjust to new information. The theory assumes that investors process information rationally and respond logically to market developments. However, practical observations within financial markets often contradict the assumptions of complete rationality and market efficiency. Market anomalies, speculative bubbles, excessive volatility, and irrational investor behaviour suggest that investment decisions are not always guided solely by rational analysis.

These limitations of traditional finance theories contributed towards the emergence of behavioural finance, which integrates psychology, sociology, and finance to explain investment behaviour. Behavioural finance challenges the assumption that investors are always rational and argues that psychological tendencies, emotional influences, and cognitive limitations significantly affect investment decision-making. The behavioural finance approach therefore provides a more realistic understanding of how individuals actually behave in financial markets.One of the most influential theories within behavioural finance is Prospect Theory developed by Daniel Kahneman and Amos Tversky. The theory suggests that individuals evaluate gains and losses differently and often exhibit loss aversion behaviour. Investors generally experience stronger emotional reactions towards losses than gains of equal magnitude. Consequently, investors may avoid risky decisions when facing gains but may become risk-seeking while attempting to recover losses. This behavioural tendency significantly influences investment choices and portfolio decisions.

Behavioural finance identifies several psychological biases that influence investor behaviour. Overconfidence bias refers to the tendency of investors to overestimate their knowledge, analytical capability, and ability to predict market movements. Finance professionals, because of their advanced financial expertise and professional confidence, may sometimes exhibit overconfidence in their investment decisions. Such behaviour can result in excessive trading, underestimation of risk, and overexposure to particular investments.Another important behavioural tendency is herd behaviour, where investors imitate the actions of others rather than relying entirely upon independent analysis. During periods of market optimism or panic, investors often follow prevailing market trends despite possessing adequate financial knowledge. Even finance professionals may become influenced by market sentiments, peer opinions, and social influences during highly volatile market conditions.Anchoring bias also plays a significant role in investment decision-making. Investors often rely excessively upon initial information, historical prices, or previous investment experiences while making future decisions. This may prevent investors from responding objectively to changing market conditions. Similarly, mental accounting refers to the tendency of individuals to categorize investments differently depending upon subjective perceptions rather than rational portfolio considerations.

The concept of risk perception is particularly important within the present study because perception of risk differs significantly across individuals and professional groups. Risk perception refers to the subjective interpretation of uncertainty and potential financial loss associated with investment activities. Two investors possessing similar financial resources and market information may perceive the same investment opportunity differently because of psychological orientation, investment experience, demographic characteristics, and personal preferences.Finance professionals are generally expected to possess comparatively higher levels of financial literacy and market awareness than ordinary investors. Financial literacy refers to the ability to understand financial concepts, interpret investment information, evaluate financial alternatives, and make informed economic decisions. Several studies have emphasized that financially literate individuals are more likely to undertake diversified investments, participate actively in financial markets, and adopt long-term investment strategies. However, behavioural finance research indicates that financial literacy alone may not completely eliminate behavioural biases and emotional influences affecting investment decisions.

The emerging market context further adds complexity to investment behaviour. Emerging economies such as India are often characterized by rapid economic transformation, evolving regulatory systems, increasing market participation, technological innovation, and periodic financial volatility. Investors operating within emerging markets may therefore encounter greater uncertainty, information asymmetry, and market fluctuations in comparison to developed economies. These conditions can significantly influence risk perception and portfolio choices.In the Indian context, socio-cultural and demographic factors also play an important role in shaping investment behaviour. Family obligations, future financial security, retirement planning, educational expenses, and social responsibilities frequently influence investment decisions. Investors may prefer investments that provide not only financial returns but also security, liquidity, and long-term stability. Finance professionals, despite their technical expertise, continue to operate within these broader socio-economic and cultural realities.

The present study therefore adopts an integrated conceptual framework combining traditional finance theories with behavioural finance perspectives in order to understand the risk perception and portfolio choices of finance professionals in India. Traditional theories provide the foundation for understanding rational investment principles, diversification strategies, and risk-return relationships, whereas behavioural finance perspectives help explain deviations from rationality caused by psychological and emotional influences. The integration of these perspectives enables a more comprehensive understanding of how finance professionals make investment decisions within the evolving financial environment of an emerging economy like India.The theoretical framework of the study also recognizes that investment behaviour is multidimensional in nature and influenced by a combination of financial literacy, professional expertise, demographic factors, behavioural tendencies, market conditions, and technological developments. Consequently, understanding the investment behaviour of finance professionals requires not merely examination of rational financial models but also analysis of behavioural and contextual influences affecting financial decision-making.

3.0 Review of Literature

The literature relating to investment behaviour, risk-return analysis, behavioural finance, and portfolio management has expanded significantly during recent decades. Earlier financial theories largely emphasized rational investment decision-making and assumed that investors behave logically while selecting investment alternatives. However, subsequent developments in behavioural finance established that investment decisions are frequently influenced by psychological, demographic, emotional, and social factors. The review of literature undertaken in the present study incorporates national and international studies relating to risk-return analysis, investor behaviour, financial literacy, market volatility, and portfolio diversification with special reference to finance professionals and emerging market conditions.

Bali and Cakici (2004) explored the predictive power of Value at Risk (VaR) in determining expected stock returns using a large dataset of U.S. stocks. Their study aimed to determine whether VaR, a popular risk measure widely used in financial institutions for assessing potential portfolio losses, could explain the cross-section of average stock returns. By constructing portfolios sorted on VaR levels, the researchers examined the relationship between downside risk and expected return. The findings revealed that VaR was positively associated with expected stock returns, thereby supporting the traditional risk-return framework. The study further concluded that VaR captured dimensions of risk not fully explained by conventional asset pricing models.

Chava and Purnanandam (2010) conducted a comprehensive study to examine the relationship between default risk and stock returns. Their findings indicated a negative relationship between default risk and stock returns, particularly during periods of economic uncertainty. The study challenged the conventional assumption that higher risk necessarily produces higher returns and highlighted the importance of macroeconomic conditions, firm profitability, and financial distress in understanding investment behaviour and asset pricing dynamics.

D. Sanjay (2012) focused upon the behavioural aspects influencing stock selection decisions of small investors. The study concentrated on social, economic, demographic, and attitudinal factors affecting investment behaviour. Conducted through a structured questionnaire among small investors in Assam, the study identified that investors placed greater emphasis upon company financial statements, references from other persons, and publicly available profitability information while making investment decisions. The study highlighted the growing importance of behavioural dimensions within investment decision-making processes.

Kartasova (2013) examined irrational investor behaviour and identified the influence of demographic and psychological factors upon investment decision-making. The study revealed that investor behaviour is significantly shaped by individual perceptions, emotions, and behavioural tendencies. It further highlighted that factors such as age, educational background, and investment experience influence risk-bearing capacity and portfolio preferences.

Subramanyam and Kalyan (2018) carried out an empirical investigation into the risk-return profile of selected securities in the Indian stock market. Their study evaluated the performance of securities using financial indicators such as beta, standard deviation, and average return. The findings indicated that investors need to carefully analyse risk levels associated with individual securities before undertaking investment decisions. The study emphasized the significance of portfolio diversification and systematic risk-return analysis in portfolio management.

Kalyan and Gautami (2018) examined the risk and return characteristics of selected mutual fund schemes in India using statistical tools such as Sharpe Ratio and Treynor Ratio. The study concluded that certain mutual fund schemes generated favourable risk-adjusted returns and highlighted the importance of evaluating both return and associated risk while selecting investment alternatives.

Prabhu (2018) conducted a detailed analysis of risk and return associated with Nifty 50 stocks within the Indian capital market. The study focused particularly upon the banking sector and examined volatility and return characteristics using the Nifty Index as a benchmark. The findings indicated that several stocks exhibited comparatively high volatility, thereby emphasizing the need for investors to carefully evaluate market conditions, economic indicators, and required rates of return before undertaking investment decisions.

Raut, Das, and Mishra (2018) examined behavioural and psychological patterns influencing individual investors within the Indian stock market. Their study identified behavioural biases such as overconfidence, anchoring, herding behaviour, and loss aversion as significant determinants of investment behaviour. The findings demonstrated that non-rational psychological factors frequently override traditional rational financial decision-making models. The study further revealed that demographic variables such as education, age, income, and investment experience significantly influence investor behaviour.

Deb (2019) conducted a study relating to downside risk analysis of Indian equity mutual funds using the Value at Risk approach. The research highlighted that although several mutual funds generated competitive returns, many remained vulnerable to adverse market shocks. The study emphasized that traditional return measures alone may not adequately capture investment risk and suggested incorporation of downside risk metrics within investment decision-making frameworks.

Popat and Pandya (2019) examined factors affecting investment behaviour among investors in Gujarat. Their study highlighted the influence of traditional investment preferences, demographic characteristics, and investor perceptions upon investment decisions. The findings suggested that investor behaviour is shaped not only by economic considerations but also by social and behavioural influences.

Gopal Krishna, Sultana Aliya, and Reddy Naraya (2019) studied investor perception towards different investment avenues and observed that investors generally evaluate investment alternatives on the basis of safety, liquidity, return potential, and market awareness. The study emphasized that investor preferences differ significantly according to financial objectives and risk-bearing capacity.

Metawa, Hassan, Metawa, and Safa (2019) analysed behavioural factors affecting financial decisions within the Egyptian stock market. Their study identified the significant influence of behavioural and emotional factors upon investment decisions. The findings confirmed that psychological tendencies continue to influence investors even within structured financial markets.

Das Mohapatra and Samal (2020) examined the impact of behavioural biases upon investment decisions among risk-seeking investors in India. Their findings demonstrated that cognitive biases and emotional tendencies significantly influence portfolio choices and investment behaviour. The study reinforced the relevance of behavioural finance perspectives in understanding practical investment decision-making.

Goyal and Jain (2020) conducted an empirical analysis relating to investor perception towards risk and return in the Indian stock market. The study highlighted that investors often alter investment preferences during periods of market uncertainty and volatility. The findings suggested that risk perception and behavioural responses significantly influence portfolio choices and investment orientation.

Shehata et al. (2021) examined the moderating role of perceived risk in the relationship between financial knowledge and investment intention within the Saudi Arabian stock market context. The study revealed that financial literacy positively influences investment intention; however, perceived risk significantly moderates investment decisions. The findings emphasized that investor psychology and perceived uncertainty remain important determinants of investment behaviour despite increasing financial awareness.

Mehta and Patel (2021) analysed risk-return characteristics of Indian real estate sector stocks and highlighted the importance of sectoral risk evaluation within investment decision-making. Similarly, Lobo and Bhat (2021) examined selected stocks of the Indian financial sector and emphasized that investment performance varies significantly across sectors depending upon market conditions and risk exposure.

Kumar and Choudhary (2021) examined risk-return relationships within the Indian equity market and concluded that systematic evaluation of investment risk remains essential for effective portfolio management. Yang et al. (2021) further analysed stock market investment intention and behaviour among working adults and identified financial knowledge, behavioural factors, and investment awareness as important determinants of investment participation.

Sahar Patil and VirupaxiBagodi (2021) studied factors affecting investment decisions in India and observed that behavioural, demographic, and economic variables collectively influence investment behaviour. Their findings reinforced the growing significance of behavioural finance within investment research.

The review of literature further revealed that technological advancement, digital trading platforms, financial inclusion, and fintech applications have significantly transformed investment behaviour in recent years. Investors increasingly rely upon digital platforms and online information systems while making investment decisions. Simultaneously, rapid market integration and growing financial complexity have increased the importance of informed investment behaviour and systematic portfolio management.

An important contribution emerging from the review of literature relates to the identification of the research gap associated with the present study. Although substantial literature exists regarding behavioural finance, investment behaviour, risk-return analysis, and financial literacy, comparatively limited studies have specifically focused upon finance professionals such as Chartered Accountants and Company Secretaries within the Indian context. Most earlier studies primarily focused upon ordinary retail investors, rural investors, students, homemakers, teachers, or sector-specific investment behaviour.

The literature further revealed limited integration of behavioural finance perspectives with sectoral risk analysis and professional demographic segmentation, particularly in the context of Delhi NCR. Consequently, there exists substantial scope for examining how financial literacy, professional expertise, behavioural tendencies, and market conditions interact in shaping investment behaviour among finance professionals operating within the Indian stock market environment.

Thus, the review of literature established the relevance and originality of the present study and provided a strong conceptual foundation for examining the risk perception and portfolio choices of finance professionals within the Indian emerging market context.

4.0 Objectives of the Study

The present study has been undertaken with the following objectives:

1. To examine the risk perception and portfolio choices of finance professionals in the Indian share market within the context of an emerging economy.
2. To analyse the influence of financial literacy, behavioural factors, and professional expertise on investment decision-making among finance professionals.

5.0 Hypotheses of the Study

Based upon the review of literature and conceptual framework of the study, the following hypotheses have been formulated:

H_1: Finance professionals exhibit comparatively informed and rational investment behaviour because of their financial knowledge, professional expertise, and investment awareness.

H_2: Behavioural and psychological factors significantly influence the portfolio choices and investment decisions of finance professionals despite their advanced financial literacy and professional expertise.

6.0 Research Methodology

The present study is conceptual and analytical in nature and is primarily based upon secondary data sources. The study examines the risk perception and portfolio choices of finance professionals within the Indian stock market context by integrating traditional finance theories with behavioural finance perspectives.The study relies upon secondary data collected from research journals, scholarly articles, books, conference papers, SEBI and RBI reports, financial publications, annual reports, and previously published studies relating to investment behaviour, behavioural finance, financial literacy, and portfolio management. Relevant conceptual inputs relating to Chartered Accountants and Company Secretaries have also been incorporated from existing academic literature.

The research adopts a descriptive and interpretative approach to analyse how financial literacy, professional expertise, behavioural biases, and market conditions influence investment decisions among finance professionals. The study primarily focuses upon the Indian emerging market context with conceptual relevance to Delhi NCR as an important financial and professional centre.The analysis is qualitative in nature and emphasizes theoretical synthesis, literature interpretation, and conceptual understanding rather than statistical or econometric investigation. The study seeks to provide an integrated understanding of investment behaviour, risk perception, and portfolio decision-making among finance professionals within the evolving Indian financial environment.

7.0 Analytical Discussion

Investment behaviour within modern financial markets is influenced by a complex interaction of rational financial analysis, behavioural tendencies, market conditions, demographic characteristics, and technological developments. In the context of finance professionals such as Chartered Accountants and Company Secretaries, investment decisions are expected to demonstrate comparatively greater rationality because of advanced financial literacy, professional expertise, and exposure to accounting, taxation, auditing, and financial management practices. However, the present study, supported by the reviewed literature, indicates that although finance professionals generally possess superior analytical capability, their investment decisions are not entirely free from behavioural and psychological influences.

One of the most important dimensions influencing investment behaviour among finance professionals relates to risk perception. Risk perception refers to the manner in which investors subjectively evaluate uncertainty, volatility, and the probability of financial loss associated with investment alternatives. Since finance professionals possess comparatively better understanding regarding market trends, financial statements, taxation structures, and economic indicators, they are generally more capable of evaluating investment risks in a structured and informed manner. Their professional expertise often enables them to differentiate between systematic and unsystematic risks and adopt comparatively diversified portfolio strategies. Nevertheless, risk perception remains highly subjective and may vary according to demographic characteristics, investment experience, income levels, financial goals, and behavioural orientation.The reviewed studies indicate that finance professionals are more inclined towards diversified investment portfolios compared to ordinary investors. Diversification enables investors to distribute investments across multiple securities and asset classes, thereby reducing unsystematic risk exposure. Several studies included in the literature review highlighted that financially literate individuals generally exhibit greater awareness regarding diversification strategies and long-term financial planning. Finance professionals therefore tend to prefer balanced portfolios consisting of equities, mutual funds, fixed-income securities, gold, insurance products, and retirement-oriented investments.

At the same time, behavioural finance perspectives suggest that professional expertise alone does not guarantee completely rational investment behaviour. Overconfidence bias represents one of the most important behavioural tendencies influencing finance professionals. Because of their educational background and technical competence, professionally qualified investors may sometimes overestimate their ability to predict market movements and evaluate investment opportunities accurately. Such overconfidence may encourage excessive trading activity, concentration of investments in selected securities, or underestimation of market risk. The literature indicates that even financially sophisticated investors frequently demonstrate overconfidence during bullish market conditions and periods of strong economic optimism. Herd behaviour also constitutes an important factor influencing investment decisions within modern financial markets. Investors often imitate the behaviour of others during periods of uncertainty, market volatility, or speculative market trends. Although finance professionals possess comparatively greater analytical ability, they may still become influenced by peer groups, market sentiments, social media discussions, investment communities, and prevailing economic narratives. This behavioural tendency becomes particularly significant during phases of market expansion or financial crisis, where emotional reactions frequently dominate rational analysis. Studies relating to market volatility and bearish market phases clearly indicate that fear, uncertainty, and collective market sentiments strongly influence investment behaviour across investor categories.

Another important behavioural dimension influencing portfolio choices is loss aversion. Investors generally experience stronger emotional reactions towards losses than gains of similar magnitude. Consequently, investors may become excessively conservative after experiencing financial losses or may avoid selling underperforming securities in anticipation of future recovery. Such behaviour often prevents objective portfolio restructuring and rational investment decision-making. Finance professionals, despite their technical knowledge, are not entirely immune from emotional attachment towards investments and frequently demonstrate cautious behaviour during volatile market conditions.The study also highlights the growing importance of financial literacy in shaping investment behaviour. Financial literacy improves the ability of investors to interpret financial information, compare investment alternatives, evaluate market risks, and undertake informed investment decisions. Finance professionals generally possess higher levels of financial literacy than ordinary investors because of their educational qualifications and professional training. This factor positively influences their understanding regarding portfolio diversification, tax-efficient investment planning, liquidity management, and long-term wealth creation strategies. Financial literacy therefore contributes significantly towards rational investment orientation and structured portfolio management.

The emerging market context further influences investment behaviour and portfolio choices. Emerging economies such as India are characterized by rapid economic transformation, increasing financial inclusion, technological innovation, evolving regulatory frameworks, and periodic market volatility. Such conditions create both opportunities and uncertainties for investors. Finance professionals operating within the Indian financial environment are therefore required to balance growth opportunities with risk-management considerations. The rapid expansion of digital financial platforms, online trading systems, fintech applications, and internet-based investment services has significantly transformed modern investment practices and increased market accessibility among professionally qualified investors.Technological developments have particularly influenced younger finance professionals by encouraging greater participation in equities, mutual funds, exchange-traded funds, and digital investment products. The availability of real-time financial information, online research tools, mobile trading applications, and automated portfolio management services has strengthened analytical decision-making and improved market participation. However, rapid information flow and digital market exposure may simultaneously increase speculative behaviour, impulsive decision-making, and short-term trading tendencies among certain investor groups.

The Delhi NCR context also adds important dimensions to the present analysis. Delhi NCR represents one of India’s largest economic and financial centres and possesses substantial concentration of finance professionals, corporate institutions, consultancy organizations, and financial intermediaries. The region offers comparatively higher exposure to investment opportunities, professional networking, market information, and financial services. Consequently, finance professionals operating within Delhi NCR generally demonstrate greater awareness regarding investment products, market developments, and financial planning strategies. However, increased exposure to market information and investment opportunities may simultaneously encourage higher risk-taking behaviour and speculative investment tendencies among certain professionals.The reviewed literature further suggests that demographic variables such as age, income level, professional experience, and financial objectives significantly influence portfolio choices and risk appetite. Younger professionals generally exhibit greater preference towards growth-oriented and equity-based investments, whereas comparatively older investors prefer safer and income-generating investment alternatives. Similarly, higher income levels and greater professional stability often encourage diversified portfolio allocation and long-term investment planning.

The overall analysis therefore indicates that the investment behaviour of finance professionals represents a combination of rational financial understanding and behavioural influences. Professional expertise and financial literacy positively contribute towards informed investment decisions, diversification strategies, and risk management practices. However, behavioural biases such as overconfidence, herd behaviour, emotional attachment, and loss aversion continue to influence investment behaviour despite advanced financial knowledge. The findings of the study thus support the growing relevance of behavioural finance within contemporary investment analysis and emphasize the need for integrating psychological dimensions with traditional financial theories while examining investment behaviour in emerging market economies like India.

8.0 Conclusion and Implications

The present study examined the risk perception and portfolio choices of finance professionals within the Indian stock market context by integrating traditional finance theories with behavioural finance perspectives. The study highlighted that finance professionals such as Chartered Accountants and Company Secretaries represent a highly significant category of investors because of their advanced financial literacy, professional expertise, analytical capability, and exposure to financial management practices. Their understanding of accounting systems, taxation structures, auditing principles, regulatory frameworks, and investment analysis generally enables them to make comparatively informed and structured investment decisions within financial markets.The study further established that although finance professionals demonstrate greater awareness regarding portfolio diversification, risk-return trade-off, liquidity management, and long-term financial planning, their investment behaviour is not entirely free from behavioural and psychological influences. Behavioural biases such as overconfidence, herd behaviour, emotional attachment, anchoring effect, and loss aversion continue to influence investment decisions despite advanced financial knowledge and professional competence. This finding reinforces the growing relevance of behavioural finance in explaining practical investment behaviour within modern financial markets.

The reviewed literature and analytical discussions also indicated that financial literacy positively contributes towards rational investment orientation and improved portfolio management practices. Finance professionals generally possess greater capability to interpret financial information, evaluate investment alternatives, and understand market dynamics in comparison to ordinary investors. Consequently, they are more likely to adopt diversified portfolio strategies and balanced investment approaches. However, demographic factors, market volatility, technological exposure, and economic uncertainty continue to shape investment preferences and portfolio choices even among financially sophisticated investors.Another important finding emerging from the study relates to the significance of the emerging market context in influencing investment behaviour. India, as one of the fastest-growing major economies, has witnessed rapid expansion of digital financial services, online trading platforms, fintech applications, and investment accessibility. These developments have transformed investment practices and increased participation within stock markets. Finance professionals operating within economically vibrant regions such as Delhi NCR possess comparatively greater exposure to financial products, investment opportunities, and market information, thereby strengthening their participation within capital markets.

The study also emphasized the importance of integrating behavioural finance perspectives with traditional portfolio management theories in order to understand investment decision-making more comprehensively. Traditional financial theories explain rational aspects of portfolio allocation and risk-return optimization, whereas behavioural finance provides insights into psychological tendencies influencing investor behaviour. The integration of these approaches therefore provides a more realistic understanding of how investment decisions are actually made within dynamic financial environments.From a policy perspective, the study possesses important implications for financial institutions, regulatory authorities, investment advisors, and financial educators. Investor awareness programmes should not merely focus upon financial literacy and technical investment knowledge but should also address behavioural biases and emotional aspects influencing financial decision-making. Greater emphasis should be placed upon behavioural finance education, rational investment practices, risk management awareness, and long-term financial planning in order to strengthen investment discipline and financial stability.

The study further suggests that financial institutions and policymakers should encourage investor education initiatives capable of improving understanding regarding diversification strategies, market volatility, portfolio balancing, and risk assessment techniques. In the context of rapidly evolving financial markets and increasing retail participation, enhancing behavioural awareness among investors becomes highly important for promoting stable and informed investment behaviour.Although the present study provides substantial conceptual insights into the investment behaviour of finance professionals, it remains limited by its conceptual and secondary-data-based nature. Future research may undertake empirical investigations involving primary data collection, statistical modelling, and comparative analysis across different professional groups, demographic categories, and geographical regions. Further studies may also examine the influence of technological innovation, artificial intelligence-driven financial platforms, and social media-based investment behaviour upon portfolio choices and risk perception among modern investors.Overall, the study concludes that finance professionals in India demonstrate comparatively informed and diversified investment behaviour because of their financial literacy and professional expertise; however, behavioural and psychological factors continue to play a significant role in shaping their portfolio choices and investment decisions. The findings therefore reinforce the importance of combining rational financial frameworks with behavioural finance perspectives while analysing investment behaviour in emerging market economies such as India.

9.0 References

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