The International Journal of Business Management and Technology, Volume 8 Issue 4 July-August 2024
ISSN: 2581-3889

Research Article Open Access

Research on Risk Acceptance Level in Investment of Individual Investors Based on Behavioral Finance Theory

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Abstract: *This research aims to investigate the risk acceptance level of individual investors in Vietnam based on four factors of the Behavioral Finance theory: Loss aversion, mental accounting, herd behavior, and overconfidence. The results figure out that loss aversion and mental accounting play important roles in shaping the risk acceptance level of Vietnamese individual investors. They have a tendency to be careful, avoid high risks, and have clear financial plans. However, herd behavior and overconfidence do not significantly affect investors' risk acceptance. A thorough understanding of these factors can explain abnormal behaviors in the market and help fund managers and advisors make appropriate recommendations. This study will contribute to theoretical knowledge and reality of the financial behavior of individual investors in Vietnam, along with providing useful information for policy-makers, fund managers, and financial advisors.*

Keywords: risk acceptance, invest, individual investors, Behavioral Finance theory

I. Raising the issues

According to Traditional Finance concept (Eugene F. Fama, 1970), markets are efficient, and investors are rational, making their decisions to maximize expected benefits. In modern financial markets, the behavior of investors is influenced not only by purely economic factors but also by social and psychological factors. (Tien., C.M., 2023). Behavioral Finance has become a vital research area for explaining phenomena in the market that cannot be accounted for by Traditional Finance theory.

The risk acceptance level of individual investors is one of the most important factors influencing the decision to invest and investment performance (Ainia and Lutfi, 2019).The investment decision and behavior of individual investors in the market usually reflect their risk Acceptance(Riaz and Hunjra & Hunjra, A., 2015). A thorough understanding of these factors can explain abnormal behaviors in the market and help fund managers as well as advisors make appropriate recommendations. Indeed, in the context of the Vietnamese financial market's development attracting many individual investors, a study on risk acceptancelevel becomes increasingly essential.

Behavioral Financeis a research study combining finance and consumer behavior, focusing on understanding and describing the financial behavior of people underdecision-making circumstances. Rather than assuming that investors always act rationally and logically, this theory suggests that they usually behave under the influence of psychological factors and irrational behaviors. Research byKim, K. & Nofsinger, J. (2008) shows that Asian investors, including Vietnamese, are more prone to behavioral biases compared to individuals ofother cultures. By relying on the Behavioral Finance theory, this research aims to investigate the risk acceptance level of individual investors in Vietnam.

II. Literature Review

2.1. Overview of Behavioral Finance

Behavioral Finance theory develops from research on consumer behavior by Kahneman, D., & Tversky, A. (1979). In 2002, Daniel Kahneman was awarded the Nobel Prize in Economic Sciences for his work related to this theory. Different from Traditional Finance theory assuming that investors analyze and make decisions based on logic, investors often display irrational behavior in reality(Smith, J, 2020). Behavioral Finance theory hypothesizes that investors don't act completely logically and rationally, but are often influenced by psychological factors such as fear, greed, information effects, and cognitive biases.

Researchers have applied concepts and research methods from psychology to the field of finance to better understand the way psychological factors affect investment decisions and financial markets. Two important concepts in this theory are "bias"and"heuristics", showing that investors often don't act completely rationally due to psychological influences(Morris., A.M., et al, 2022).Behavioral Finance researches psychological factors influencing the behavior of investors (Manh., P.T., 2024). The two general types of psychological factors in investing are:

– Investors don't always process information correctly and, therefore, they make incorrect inferences about the probability distribution of future returns.

– Given a predetermined probability distribution of returns, they often make inconsistent or systematically suboptimal decisions.

Regarding the approach, studies using Behavioral Finance theory typically follow two directions:

- Research synthesizing the impact of various factors. Representatives of these studies include Wamae, J. N. (2013), Amar Kumar Chaudhary (2013), Hien, N.D& Hue, D.V. (2012), and Manh, P.T. (2023).

- Research focusing on a specific bias. Each of these factors is approached by researchers as a behavioral bias (Metawa, N., & Safa, M.K., 2019; Quang, L.T. et al., 2023).

(i) Loss aversion:

Measuring the extent to which investors fear risk during investment. According to Kahneman, D., & Tversky, A. (1979), people tend to experience the pain of loss more intensely than the pleasure of gaining an equivalent benefit. Ricciardi, V., & Simon, H. K. (2000) approach loss aversion by suggesting that an individual evaluates his or her expected reaction to a future event or situation. Investors tend to take profits early to ensure that they do not lose the gains they have already made. This can lead to missing out on larger profit opportunities in the future

Loss aversioncan greatly influence the risk acceptance level of investors. Loss aversion causes investors to become more careful when making decisions. They may turn down potential high-return opportunities with high risk so as not to experience the loss. When an investor has a high level of Loss aversion, they tend to avoid high-risk investments. This reduces their risk acceptance level. In other words, when the level of loss aversion increases, the investor's risk acceptance level decreases. With loss aversion, investors can opt for safer investments such as government bonds or index funds, instead of investing in stocks or other high-risk assets (Barberis, N., & Huang, M., 2001).

(ii) Mental accounting:

This is the factor in which people tend to categorize, evaluate, and process money based on subjective criteria, rather than handling it rationally and comprehensively (Richard H. Thaler. 1999). This concept suggests that individuals categorize different funds and, therefore, easily make irrational decisions in their consuming and investing behavior Richard H. Thaler, (2005). Mental accounting influences the investor's behavior through the following examples:

- Example 1: Investors often categorize their sources of money and are more willing to spend a bonus than a monthly salary, despite the equivalence in terms of financial value.

- Example 2: Investors often divide their total income into specific spending categories such as "stock investment","savings","expenses," etc. When a category exceeds its budget or an investment incurs a loss, investors may struggle or feel unwilling touse money from other categories to compensate, leading to ineffective investment management.

As a result, investors may view their gained profits as a bonus and are likely to reinvest in higher-risk options, rather than evaluating them in a rational and comprehensive manner. This impact leads to investment biases and increases risk acceptance level among investors (Barberis, N., & Thaler, R. (2003), causing people to make irrational investment decisions and behave in a counterproductive or financially harmful way(Investopedia, 2024).

(iii) Herd behavior:

Herd behavior explains a phenomenon in which individuals of a group tend to actsimilarly, often based on behaviors of surrounding people instead of their independent and rational evaluations.In the field of finance and investment, herd behavior usually leads to individual investors buying or selling assets based on behaviors of other investors. Herd behavior results from investors having inadequate information and a tendency to believe other people may know something that they do not(Bikhchandani, S., & Sharma, S., 2001). Following the crowd helps them feel safer and may mitigate risks when investing. By making decisions based on the crowd, investors can more easily rationalize their investment choices (reducing regret or anxiety) when their assets significantly lose value, since a group of individual investors is also losing money in the same investment.

FOMO (Fear of Missing Out) can be seen in investors when they see many others investing in an asset and its value rising, leading them to fear missing out on profit opportunities and deciding to buy into the crowd. This is a combination of both psychological factors: "Loss aversion" and "Herd behavior". According toBikhchandani, S., & Sharma, S., (2001), this behavior can lead to significant price volatility and increase the risk for investors.

Herd behavior increases risk acceptance and causes price volatility in the financial markets (Vo, X. V., & Phan, D. B. A., 2016). When many investors enter a particular market or asset, the value of that asset can rise rapidly, creating a false sense of security. Investors feel more reassured when investing in an asset that many others are also investing in, even though the actual risk may be higher than initially assessed. Conversely, when a large number of investors begin to sell the asset, other investors may panic and follow suit.

(iv) Overconfidence:

Overconfidencemeasures confidence level and overestimates their ability to predict during the investment process. Overconfident investors tend to believe they are better at investing than others, making investment decisions more easily and feeling confident in their choices (Shefrin, 2000). When investors are overly confident, they are less likely to diversify their portfolios and often invest in companies they are familiar with (Shiller, 2000; Thaler, 2002). A study by Mouna Jlassia et al, 2014 based on global data suggests that overconfidence was a key factor in both causing and prolonging the global financial crisis in the U.S. and other continents. This study found that overconfidence persists even during recessions, though at different levels. However, research by Odean (1998) indicates that overconfident investors tend to trade more frequently than other investors but, in reality, their average returns are lower than the market average. In the Vietnamese stock market, overconfidence is the most influential factor affecting individual investors' decisions, according to Quang, L. T., et al. (2023).

Overconfidence leads to over-optimism. Investors believe that future events are going to be better and more positive than those of today. (Hien., N.D& Hue., Đ.V., 2012). Overoptimistic investors usually focus on the current situation of investments and personal judgments, neglecting the potential negative impacts that can occur. According to a study conducted by Manh., P.T., (2023), over optimism has the greatest and most direct impact on the decisions of individual investors in Vietnam.

The level of risk acceptance level of an investor largely determines their choice of assets and corresponding investment strategies, as well as the risk levels of those investments. Investors with a high level of risk acceptancelevel typically invest in assets such as stocks, venture capital funds, and cryptocurrencies. Conversely, investors with a low level of risk acceptance level often prioritize safer assets such as government bonds, bank deposits, or low-volatility index funds. From the perspective of behavioral finance theory, risk acceptance level can be measured by an investor's reaction to market fluctuations, their attitude toward potential losses in an investment, and their return expectations (how much profit they desire and how much risk they are willing to accept to achieve it).

2.2. Measuring the risk acceptance level of investors based on Behavioral Finance Theory

Risk acceptance level is the ability and willingness of an individual or organization to accept the volatility of investment returns, including the potential loss of initial capital or uncertainty of future profits (Grable, J. E., & Lytton, R. H., 1999, Ainia and Lutfi, 2019). Risk acceptance level of investors depends on personal characteristics and their attitude towardrisk (Hallahan, T. A., et al., (2004), Maditinos., I.D., et al., 2007).The study ofBarber, B. M., & Odean, T. (2001)shows that men tend to accept higher risks compared to women when making investment decisions.

Contents measuring the level of risk acceptance of investors based on Behavioral Finance theory are presented in Table 1.

Table 1: Measuring the risk acceptance level of investors based on Behavioral Finance Theory

Factor	Definition	Measurement content
BehaviorFinance factors		
1. Loss aversion	Measure the degree to which investors are afraid of risk during the investment process.	- I often feel more fearful when investing in high-risk portfolios. - I usually limit my investments to high-risk portfolios. - Fear of risk significantly impacts my investment decisions. - I often care more about preserving capital than earning profits. - I tend to avoid investing in portfolios with low potential returns (even though they come with low risk).
2. Mental accounting	Measure how investors categorize and manage their finances.	- I often divide money into different categories such as savings, investments, and consumption. - I usually allocate a portion of my income for a specific

		purpose, such as savings or investments. - I feel uncomfortable using money from one "account" for a different purpose. - When I have an "account" created for investing, I do not spend money from that "account" for other purposes.
3. Herd behavior	Measure the influence of herd behavior to the investor's decision.	- I often feel pressure from the investment behavior of those around me. - I often follow popular investment decisions made by the majority of investors. - I often feel uneasy when making investment decisions that differ from the crowd. - I feel more confident when I see many others making the same investment decision. - My investment behavior is often significantly influenced by crowd behavior.
4. Overconfidence	Measure the confidence level and overestimate investor'sability to predict during the investment process.	- I feel confident in my ability to predict and assess risks in the investment process. - I often believe that I can achieve better investment results compared to most other investors. - I often ignore risk warnings about investments because I believe I can manage them. - I usually do not feel the need to consult others before making investment decisions. - I tend to overestimate my ability to achieve returns from investments.
Risk acceptance level of individual investors		
Risk acceptance	Measure the extent to which an investor is willing to face risks during the investment process.	- I am willing to accept high risks. - I am not worried when the value of my investment significantly decreases in the short term. - I can accept losing a substantial portion of my investment's value without feeling panicked. - I prioritize high-risk investments in my portfolio. - I believe that risk is an inherent part of investing, and I am willing to face it.

Source: Proposed by the group of authors

III. Methodology

To understand the risk acceptance of individual investors, the research team employed two primary research methods:

- **Desk Research:** This involved reviewing existing literature published in media on trends, behaviors, influencing factors, levels of risk acceptance, and psychological characteristics of investors. The topic of focus was "the risk acceptance of individual investors based on behavioral finance theory," with the main subject being individual investors.
- **Sociological Survey:** The study used surveys through Google Forms designed according to the contents presented in section 2.2. Data collection was carried out using two methods: convenience sampling and the "snowball" method, which involves finding subsequent subjects based on referrals or suggestions from previous participants. The survey was built on Google Drive and included a pilot test with 5 individual investors. Interview questions to inform and refine the survey included: What factors do you consider when making investment decisions? What does your investment portfolio look like? What factors influence that trend? What is your corresponding level of risk acceptance when making investment decisions?

Based on the theoretical framework, literature review, and interviews, the studied factors included: loss aversion, overconfidence, financial mindset, herd behavior, and the level of risk acceptance of individual investors.

After finalizing the survey, the research team sent the survey link https://forms.gle/zg7hRWuWzoTNdspv6 to investors through personal connections and social media channels such as email, Zalo, and Facebook. A total of 186 responses were collected. Hence, the data from these 186 investors were compiled, computed, reflected in tables, and analyzed using Excel software, leading to discussions and evidence supporting the research issue.

All questions were designed by the group of authorsbased on the 5-Likert scale with:

1. *StronglyDisagree*
2. *Disagree*
3. *Neutral*
4. *Agree*
5. *Strongly Agree*

Evaluating the influence level of factors yieldedthe average value of each scale. The team proceeded to determine the range values and average values for each factor and identify the response thresholds for the average scores.

Distance value = (Maximum - Minimum) / n = (5-1)/5 = 0.8

- Thresholds for evaluation based on the average score:

+ 1.00 - 1.80: Strongly Disagree

+ 1.81 - 2.60: Disagree

+ 2.61 - 3.40: Neutral

+ 3.41 - 4.20: Agree

+ 4.21 - 5.00: Strongly Agree

IV. The research results

4.1. Description of the survey sample

In the 186 collected survey responses, information about the participants' gender, occupation, age, and income is presented in Table 2.

Table2:Descriptive statistics of survey participants

Gender	Number of people	Percentage	Occupation	Number of people	Percentage
Male	76	40,9%	Students	43	23,1%
Female	110	59,1%	Employees	138	74,2%
Prefer not to say	0	0%	Retirees	5	2,7%
Age	Number of people	Percentage	Income per month (million VND)	Number of people	Percentage
Under 30	60	32,3%	Under 20	108	51,8%
From 30 to under 40	32	17,2%	From 20 to under 50	63	33,9%
From 40 to under 50	64	34,4%	From 50 to under 100	9	4,8%
From 50 to under 60	28	15,1%	Above 100	6	3,2%
Above	1	1,1%			

Source: Survey results

Gender: The majority of survey participants are female, with 110 individuals (59.1%), while 76 individuals (40.9%) are male.

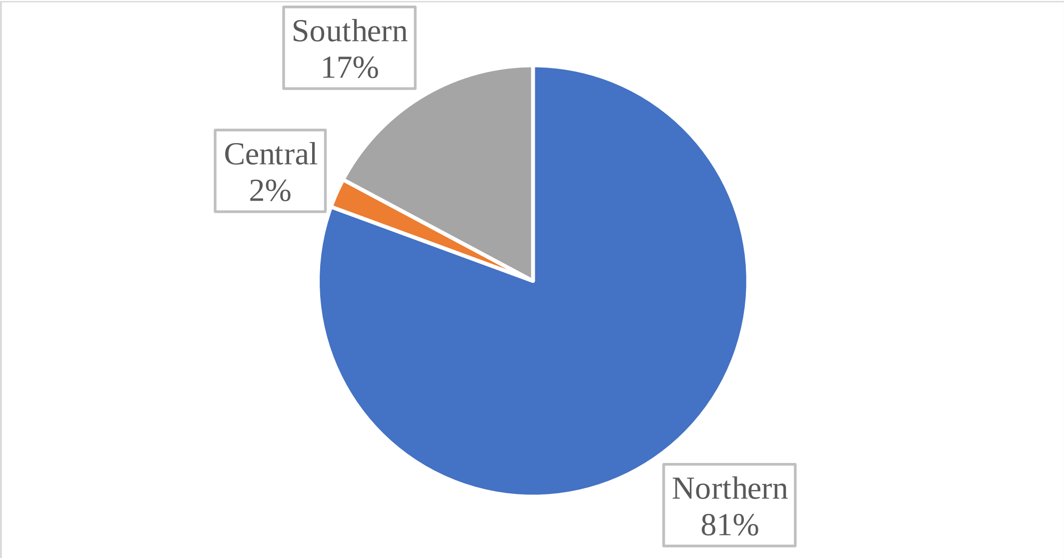
Age: The age distribution of participants is as follows: the largest group is aged 40 to under 50 (64 individuals, or 34.4%) and those under 30 (60 individuals, or 32.3%). Participants aged 30 to under 40 account for 17.2%, and those aged 50 to under 60 make up 15.1%. The smallest group is those over 60 (1.1%).

Income per month: The largest proportion of participants fall into the income group below 50 million VND. Specifically, 108 individuals (51.8%) earn under 20 million VND, and 63 individuals (33.9%) earn between 20 to under 50 million VND. Among the 186 survey responses, only 9 individuals (4.8%) earn between 50 to under 100 million VND, and 6 individuals (3.2%) earn 100 million VND or more.

Occupation: In addition to 23.1% of students and 2.7% of retirees, the majority of participants are workers (138 individuals, or 74.2%). Notably, since the survey was sent directly to investors through personal connections, most of these individuals work in finance or banking. This group has strong financial knowledge and mindset. This difference in the survey sample impacts financial behavior, as discussed in section 4.2.

Living areas: Due to the authors residing and working in the northern region, which made survey collection more convenient, the majority of participants (80.6%) are from the north; 17.2% are from the south, and the remaining 2.2% are from the central region.

Figure1: Living areas of survey participants



Source: Survey results

4.2. Survey results

4.2.1. Survey results of Behavior Finance factors

To understand the risk acceptance of investors in Vietnam, the research team conducted a survey on influencing factors. The survey used a Likert scale as described in the research methodology. The results, based on average scores, are as follows:

(1) Loss Aversion

Table 3:Investors'assessment about theimpact of Loss aversion

Factor	Average score	Assessment threshold
I often feel more fearful when investing in high-risk portfolios.	3,72	Agree
I usually limit my investments to high-risk portfolios.	3,737	Agree
Fear of risk significantly impacts my investment decisions.	3,694	Agree
I often care more about preserving capital than earning profits.	3,011	Neutral
I tend to avoid investing in portfolios with low potential returns (even though they come with low risk).	3,31	Neutral

Source: Survey results

The results show that the psychological factor has an "Agree" threshold with the statement about feeling more fearful when investing in high-risk portfolios (average score of 3.72), "Neutral"for the statement "I often care more about preserving capital than earning profits."Consequently, the corresponding behavior of investors is to "limit investments in high-risk portfolios" (average score of 3.737). However, when additional criteria related to profit are taken into account, investors tend to choose a neutral stance on the statement "Refusing to invest in portfolios with low potential returns (even though they come with low risk)." Overall, investors agree that "fear of risk significantly influences their investment decisions" (average score of 3.694).

(2) Mental accounting

Table4:Investors' assessment about the impact of Mental accounting

Factor	Average score	Assessment threshold

I often divide money into different categories such as savings, investments, and consumption.	3,742	Agree
I usually allocate a portion of my income for a specific purpose, such as savings or investments	3,903	Agree
I feel uncomfortable using money from one "account" for a different purpose	3,371	Neutral
When I have an "account" created for investing, I do not spend money from that "account" for other purposes.	3,441	Agree

Source: Survey results

Survey results related to investors and the concept of mental accounting show that investors chose an"Agree" threshold for all three questions about financial habits and mindset: dividing money for different uses (3.742 points), setting aside part of income for savings and investments (3.903 points), and not using accounts for purposes other than their original intent (3.441 points). However, the level of agreement on the feeling of being "uncomfortable using money from one 'account' for a different purpose" was lower, reaching 3.371 points—indicating a neutral stance.

(3) Herd Behavior

Table 5:Investors' assessment about the impact of Herd behavior

Factor	Average score	Assessment threshold
I often feel pressure from the investment behavior of those around me.	2,989	Neutral
I often follow popular investment decisions made by the majority of investors.	3,011	Neutral
I often feel uneasy when making investment decisions that differ from the crowd.	3,113	Neutral
I feel more confident when I see many others making the same investment decision.	3,441	Agree
My investment behavior is often significantly influenced by crowd behavior.	3,043	Neutral

Source: Survey results

Survey results on various nuances related to the psychological factor of herd behavior mostly show average scores within a neutral range, indicating that the influence of crowd behavior on individual investors is not high. This includes the feeling of pressure from the investment behavior of those around them (2.989 points) and the feeling of unease when making investment decisions different from the crowd (3.113 points). Therefore, investment decisions are not significantly influenced by crowd behavior (3.043 points), and there is no strong tendency to follow popular investment decisions made by the majority of investors (3.011 points). However, investors do feel more confident when they see many others making the same investment decision (3.441 points).

(4) Overconfidence

Table 6: Investors' assessment about the impact of Overconfidence

Factor	Average score	Assessment threshold
I feel confident in my ability to predict and assess risks in the investment process.	3,183	Neutral
I often believe that I can achieve better investment results compared to most other investors.	3,011	Neutral
I often ignore risk warnings about investments because I believe I can manage them.	2,79	Neutral
I usually do not feel the need to consult others before making investment decisions.	2,785	Neutral
I tend to overestimate my ability to achieve returns from investments.	2,742	Neutral

Source: Survey results

All measures of the factor "Overconfidence" are at a neutral level. The confidence in one's ability to predict and assess risk scored 3.183 points, confidence in achieving better investment results compared to most other investors scored 3.011 points, and the tendency to overestimate one's investment abilities scored 2.742 points (in response to the question "I often overestimate my ability to achieve investment returns").

As a result, investors tend to:

- Consider risk warnings: The score for "I often ignore risk warnings about investments because I believe I can manage them" is 2.79 points, indicating a moderate level of consideration for risk warnings.

- Consult others' opinions: The score for "I usually do not feel the need to consult others before making investment decisions" is 2.785 points, suggesting a moderate approach to consulting others before investing.
-

V. Exchanges and discussions

From the survey results and information collected regarding the investment trends of individual investors in Vietnam, gathered from previous documents and studies, it is evident that some trends recorded in the research align with previously drawn conclusions, including:

- Investors tend to fear losses more than they desire profits, leading them to prioritize capital preservation and avoid risk. This mindset is particularly pronounced during times of economic instability or when the stock market is highly volatile. As a result, investors limit their investment in high-risk portfolios despite the potential for significant returns, focusing instead on safer investment channels such as bank savings, real estate, or corporate bonds with stable interest rates (State Securities Commission of Vietnam, 2023).

- Investors tend to be very cautious with their finances, strictly adhering to the intended use for each amount. Individual investors in Vietnam tend to categorize their assets into different purposes such as savings, investments, and consumption. This approach helps them manage their finances more effectively (Nguyet, L.A., 2020). This indicates that they have a clear plan for financial management and are not easily swayed in their investment goals.

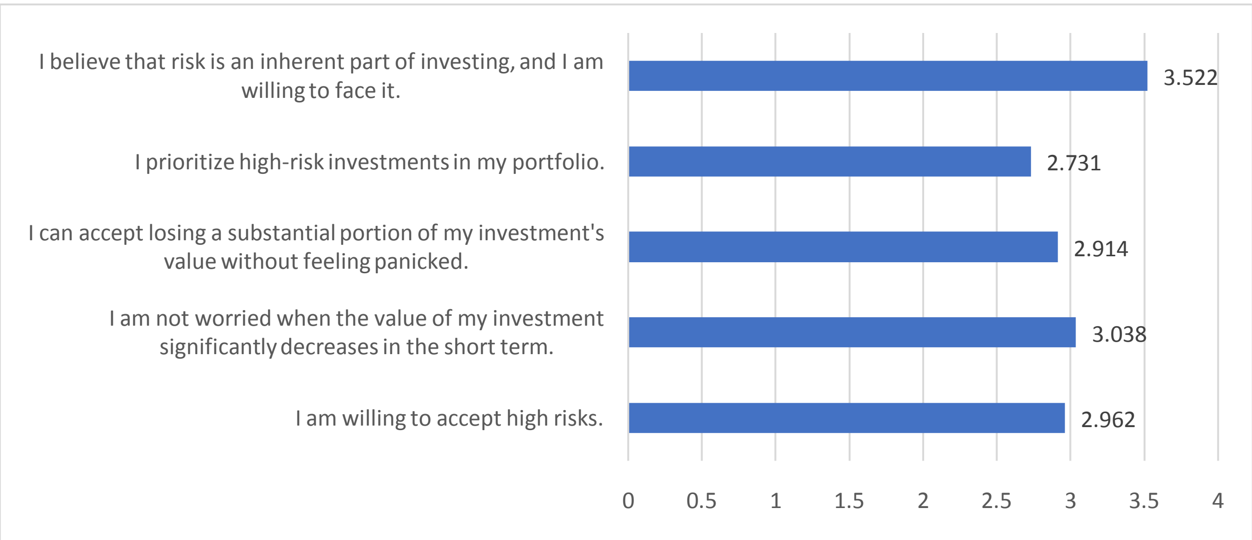
- Investors are moderately influenced by herd behavior. Although they feel more confident when they see many others making similar decisions, the pressure from the crowd does not entirely dictate their investment behavior. This trend contrasts with the majority of investors, as many individual investors frequently follow popular investment trends, such as the trend of buying apartments that drove up apartment prices in Hanoi in early 2024 (vtv.vn, 2024), or the stock market boom of 2020-2022, which saw the opening of over 3.64 million new accounts within three years—more than the total number of new accounts opened in the previous 20 years combined (vneconomy, 2023).

- Despite not being heavily influenced by herd behavior, the level of overconfidence among individual investors is also relatively low. This may indicate that they tend to be more cautious, pay more attention to risk warnings, and may not fully rely on their self-assessment abilities in investing. This result contrasts with studies by Hien, N.D& Hue, D.V. (2012) and Manh, P.T. (2023) on investment biases. This can be explained by the professional background of the survey participants: the majority work in the finance and banking sectors—individuals with financial and investment knowledge, and experience in investment and investment advisory.

Overall, factors such as Loss aversion and Mental accounting play important roles in shaping the risk Acceptance of individual investors. They have the tendency to be cautious, avoid high risks, and have clear financial plans. Herd behavior and Overconfidence influence at a moderate level, showing that investors are somewhat affected by the crowd and confident in their abilities, but they are not decisive factors. In other words,individual investors in this survey mostly are cautious, tend to save capital, and are less likely to face high risks.

Similar to the results regarding influencing factors, and more specific about investors' risk acceptance level, the survey results show that individual investors have a relatively low level of risk acceptance. They are not fully prepared to accept high risks or significant losses and tend to prioritize safer investments.

Figure 2: Risk acceptance level of individual investors



Source: Survey results

- The willingness to accept high risks scores only 2.962, and the acceptance of significant losses scores only 2.914. The average score of around 2.9 indicates a low to moderate level of risk acceptance. Investors tend to be unwilling to face high risks and substantial losses, suggesting a certain level of caution in their investment decisions.

- Not worrying when investment values significantly decline in the short term (3.038): An average score of 3.038 indicates that investors' concern about short-term declines in investment value is moderate. Investors appear to be somewhat willing to accept short-term risks but still maintain a degree of caution.

- The preference for high-risk investments in the portfolio scores lower (2.731), reflecting that investors do not prioritize high-risk investments in their portfolios. This indicates a tendency towards safety rather than risk acceptance. According to statistics, the proportion of bank deposits remains substantial in individual investment portfolios. Deposits by individuals and businesses have continued to grow steadily even as deposit interest rates at banks have tended to decrease in 2023-2024 (Teckcombank, 2023). The latest figures from the State Bank show that household deposits at credit institutions amount to 6,715,907 billion VND, an increase of 2.80% compared to the end of 2022 (SBV, 2024).

- However, individual investors also recognize that risk is an inherent part of investing and accept this at a theoretical level (the question "Believing that risk is an inevitable part of investing and being willing to face it" scored 3.522). The highest average score among the questions (3.522) indicates that, despite their cautious approach to risk, investors acknowledge that risk is inevitable in investing and are theoretically willing to face it. This may suggest a theoretical acceptance of risk rather than a practical readiness to accept high risks. Evidence of this is seen in the Vietnamese stock market, where individual investor accounts make up about 99% of the total number of accounts, yet the total transaction value only accounts for around 20% of the market's total transaction value (vneconomy.vn, 2024).

VI. Conclusion

Risk acceptance level of investor is an important factor in shaping their investment behavior. Behavioral Finance theory provides a robust theoretical framework for analyzing the psychological and social factors that influence investment decisions. A survey on the impact of factors such as Loss aversion, Mental accounting, Herd behavior, and Overconfidence on the risk acceptance level of individual investors in Vietnam shows that Loss aversion and Mental accounting play crucial roles in shaping the risk acceptance level of these investors. They tend to be cautious, avoid high risks and have clear financial plans. Herd behavior and Overconfidence have a moderate impact, indicating that while investors are somewhat influenced by the crowd and confident in their abilities, these factors are not decisive. This is particularly true for investors working in finance and banking – individuals with financial and investment knowledge and experience in investment and advisory. This study provides practical insights for investors. However, the survey was based on convenience sampling, which poses limitations regarding sample size and the quality of responses. The research results are considered as a guide for future studies on the behavioral finance psychology of individual investors in Vietnam. Moving forward, the research team could expand the survey, include additional factors, and purposefully select and filter survey participants to increase both the sample size and the quality of the survey responses. Future research is recommended to use quantitative methods to study investment behavior and the factors influencing it.

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