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The Financial Risk Tolerance of Blacks, Hispanics and Whites

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Abstract

This article focuses on the effect of race and ethnicity on financial risk tolerance. Blacks and Hispanics are less likely to be willing to take some financial risk but more likely to be willing to take substantial financial risk than Whites, after controlling for the effects of other variables. Risk attitudes may affect investment behavior, so having an appropriate willingness to take financial risk is important in achieving investment goals. Government agencies and financial educators should target investor education on investments and financial risk to racial and ethnic groups in order to promote better choices for investing for financial goals.

Keywords: Financial Risk tolerance, Race, Ethnicity, Preferences, Survey of Consumer Finances[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN_ID2255105_code1099219.pdf?abstractid=2255105&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN_ID2255105_code1099219.pdf?abstractid=2255105&mirid=1&type=2\)](#)

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