Uniglobal of Journal Social Sciences and Humanities
Journal Homepage: www.ujssh.com

The Impact of Risk Perception, Risk Preference, and Financial Literacy on Chinese Internet Investment Behavior

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To Cite This Article:
Zhibin, J., Abhijit, G., & Meiqian, L. (2024). The Impact of Risk Perception, Risk Preference, and Financial Literacy on Chinese Internet Investment Behavior. *Uniglobal Journal of Social Sciences and Humanities*, *3*(2), 254–262. https://doi.org/10.53797/ujssh.v3i2.24.2024

Abstract: This study explores the impact of risk perception, risk preference, and financial literacy on Chinese internet investment behavior. With the rapid growth of digital finance in China, internet investment has become a significant avenue for individuals to engage with various financial products and services. Understanding how these factors influence investment decisions is crucial for promoting rational investment behavior and enhancing financial literacy among investors. The research adopts a quantitative approach, utilizing data collected through questionnaires distributed to Chinese investors. The study aims to examine the relationships between these key variables and how they shape internet investment behaviors. Descriptive statistics were used to analyze the collected data, followed by regression analysis to determine the significance of each factor. The findings provide valuable insights for investors, financial institutions, and policymakers, helping to improve risk management strategies and support the sustainable development of China's internet finance sector.

Keywords: Internet Investment Behavior, Risk Perception, Risk Preference, Financial Literacy, Chinese Investors

1. Introduction

The rapid development of mobile internet and digital finance has significantly transformed investment practices, making internet-based investments a mainstream financial activity in China. Online financial platforms, alongside increasingly complex financial products, offer convenience to investors while simultaneously introducing new risks. As a result, understanding the factors that influence internet investment behavior has become crucial. This study investigates how risk perception, risk preference, and financial literacy impact Chinese internet investors' decision-making.

Risk perception is defined as an individual's subjective judgment about the potential risks associated with an investment decision (Darker & Whittaker, 2020). It plays a critical role in influencing investor behavior, particularly under conditions of uncertainty (Siegrist & Árvai, 2020). Studies show that individuals with higher risk perceptions tend to adopt more conservative investment strategies, while those with lower perceptions of risk are more likely to engage in riskier investments (Sjöberg, 2020). The rapid evolution of technology in online investment platforms heightens the importance of understanding how risk perception affects investor behavior, as the changing financial landscape can both obscure and amplify perceived risks (Holzmeister et al., 2020).

Risk preference refers to the degree of risk that an individual is willing to accept in their investment decisions (Wallace, 2022). It influences the approach to financial decision-making, with some investors favoring high-risk, high-return opportunities and others preferring low-risk, stable investments (Pan et al., 2020). In the context of internet investments, understanding risk preferences can help explain the diversity of strategies employed by investors, particularly in the face of market volatility and rapid technological advancements (Ahmed et al., 2022).

Financial literacy is a critical factor, representing an individual's ability to comprehend and apply financial knowledge to their investment decisions (Korkmaz et al., 2021). High levels of financial literacy are associated with improved decision-making abilities, particularly in assessing risk and navigating complex financial products (Liu & Zhang, 2021). On the contrary, individuals with lower financial literacy may be more susceptible to financial risk, especially in a digital investment environment that presents constant innovations (Adil et al., 2022).

Despite the significant relevance of these factors, existing research on internet investment behavior remains limited. Current studies primarily focus on the technical aspects of internet finance or traditional investment models, often neglecting the psychological and cognitive dimensions that influence investor behavior in digital contexts. This study aims to fill this gap by exploring how risk perception, risk preference, and financial literacy interact to shape internet investment behavior, offering valuable insights for investors, financial institutions, and policymakers.

2. Background of Study

In the era of rapid mobile internet development, investment and payment methods have become increasingly diverse and convenient, with the internet permeating nearly every aspect of people's daily lives. More traditional investors have started to engage in internet finance, resulting in a diversified range of transaction types and volumes. These innovations are closely tied to the lives of millions of individuals. In recent years, emerging technologies such as internet finance based on social media payment systems, blockchain, and search engines have introduced diversified financial models, allowing investors to use third-party platforms to select various financial products and complete transactions (Zhu & Deng, 2020). This shift has greatly improved the efficiency of resource allocation and optimized the operation of traditional financial systems, though it has also posed challenges for some traditional financial institutions (Pan et al., 2020). Since 2012, China's economic landscape has experienced a major shift from traditional financial services to internet-based financial services. Many financial institutions, such as commercial banks and fund companies, have introduced a wide variety of financial products, attracting investors to engage in internet-based wealth management. Consequently, a surge of internet financial products has emerged (Xu et al., 2020).

According to the China Securities Depository and Clearing Corporation, in 1993, there were approximately 8.32 million A-share, B-share, and fund accounts. By 2018, this number had increased by approximately 17.5 times, with nearly 10% of the country's population participating in the capital market (Chan et al., 2020). From this perspective, China's capital market has achieved significant diversification in terms of both types and scale. However, market volatility, particularly fluctuations in the stock market, has had a significant impact on millions of investors' emotions, especially when faced with new internet-based investment tools. Thus, in today's increasingly diverse and complex financial market environment, the presence of information asymmetry and a lack of basic financial knowledge impose substantial risks on investors engaging in internet-based investments.

Despite the increasing importance of internet finance, much of the existing research has concentrated on the technical and structural aspects of internet-based financial services, such as the development of platforms and financial models (Zhu & Deng, 2020). However, relatively little attention has been given to the psychological and cognitive factors influencing individual investor behavior, particularly in the context of rapidly evolving internet investment tools (Holzmeister et al., 2020; Wallace, 2022). Studies have primarily explored objective factors like market performance and investment returns, often neglecting the subjective elements such as risk perception, risk preference, and financial literacy, which can significantly impact investment decision-making in complex financial environments (Sjöberg, 2020; Korkmaz et al., 2021). This gap highlights the need for interdisciplinary research that integrates behavioral finance and cognitive theories to better understand how these factors influence investor behavior in internet-based financial markets. Addressing this gap can provide critical insights for developing more effective investment strategies and improving financial literacy among investors, ultimately contributing to the stability and growth of China's internet finance sector.

3. Problem Statement

The rise of internet-based financial services in China has fundamentally altered traditional investment practices, providing investors with more convenient and accessible options (Zhu & Deng, 2020). However, the rapid expansion of digital financial platforms has also introduced increased risks, particularly for individual investors who may lack the necessary financial literacy or demonstrate varying levels of risk perception and risk preference (Korkmaz et al., 2021). Despite the growing importance of internet investments, existing research primarily focuses on the technical and operational aspects of these platforms, often neglecting the psychological and behavioral dimensions that influence investor decision-making (Pan et al., 2020; Wallace, 2022). There remains a significant gap in understanding how risk perception, risk preference, and financial literacy interact to shape the investment behavior of Chinese investors, particularly in the context of evolving internet finance tools. Addressing these factors is critical for individual investors in managing risk and making informed decisions, as well as for policymakers and financial institutions seeking to develop strategies that support a stable and sustainable financial market.

4. Research Objectives

Based on the above problem statement, the main research objectives of this study are as follows:

1. To examine the influence of risk perception on internet investment behavior among Chinese investors.
2. To analyze the influence of risk preference on internet investment behavior among Chinese investors.
3. To explore the influence of financial literacy on internet investment behavior among Chinese investors.

5. Research Questions

There are three main research questions in this study:

1. What is the influence of risk perception on internet investment behavior among Chinese investors?
2. What is the influence of risk preference on internet investment behavior among Chinese investors?
3. What is the influence of financial literacy on internet investment behavior among Chinese investors?

6. Research Hypothesis

Based on the research objectives, the following hypotheses are proposed:
H1: Risk perception has a significant influence on internet investment behavior among Chinese investors.
H2: Risk preference has a significant influence on internet investment behavior among Chinese investors.
H3: Financial literacy has a significant influence on internet investment behavior among Chinese investors.

7. Conceptual Framework

The conceptual framework (Figure 1) for this study examines the relationship between three independent variables: risk perception, risk preference, and financial literacy, and their influence on the dependent variable, internet investment behavior. The framework proposes that each of these independent variables has a distinct influence on how Chinese investors make decisions in the context of internet-based financial platforms. The first hypothesis (H1) suggests that risk perception significantly influences internet investment behavior. Investors' perception of risk, whether high or low, may lead to either more cautious or more aggressive investment strategies, depending on their tolerance for uncertainty. The second hypothesis (H2) posits that risk preference, referring to an individual's willingness to accept risk, affects their decisions when choosing between high-risk and low-risk investment products. Finally, the third hypothesis (H3) asserts that financial literacy plays a key role in shaping internet investment behavior, as individuals with greater financial knowledge are more likely to make informed and strategic decisions regarding their investments. This framework is designed to test the separate influences of these variables on internet investment behavior through regression analysis, aiming to determine whether the influences are positive or negative in the context of digital financial platforms.

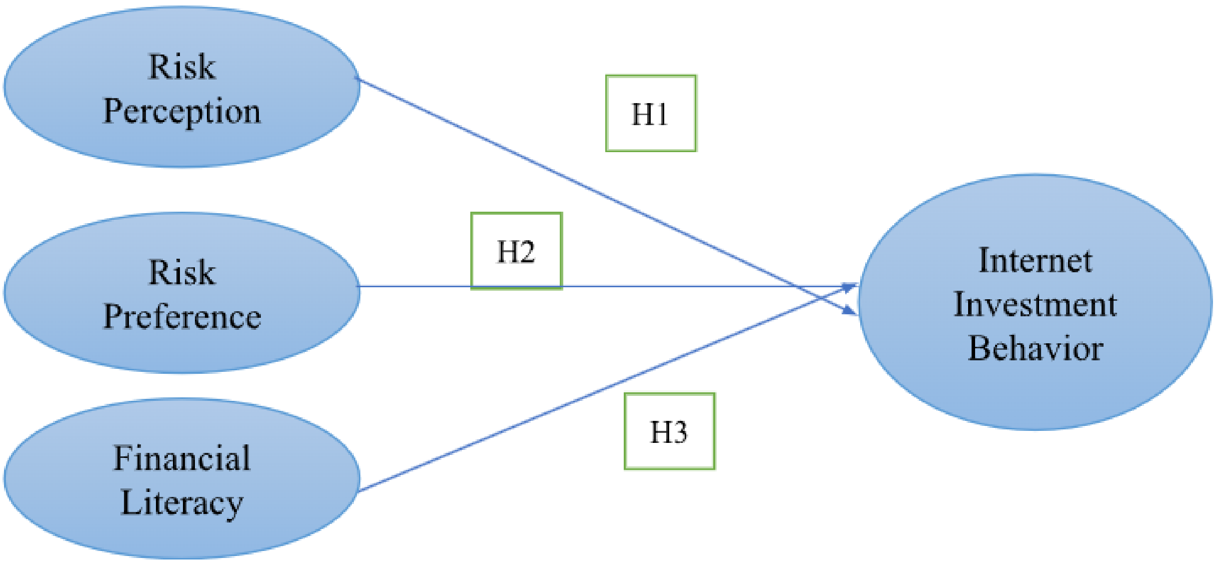

Figure 1. Conceptual Framework of Research

8. Research Significance

8.1 Practical Significance

This study provides valuable insights for individual investors, financial institutions, and policymakers. For individual investors, it offers a better understanding of how risk perception, risk preference, and financial literacy impact internet investment behavior, enabling more informed decision-making. Financial institutions can use the findings to design products that cater to diverse investor needs, while policymakers can develop strategies to enhance financial literacy and promote stable investment behavior.

8.2 Theoretical Significance

From a theoretical perspective, this research contributes to the growing body of knowledge on behavioral finance by exploring how these factors influence investment decisions in the context of internet-based financial platforms. While existing literature primarily focuses on traditional financial markets, this study extends the scope to digital finance, filling a gap in the current research. The study also provides a framework that integrates risk-related behaviors and financial literacy, offering a foundation for future studies on internet investment behavior.

9. Literature Review

9.1 Risk Perception

Risk Perception refers to an individual's subjective evaluation of the potential risks involved in a particular decision or action, particularly in financial contexts where uncertainty is inherent (Darker & Whittaker, 2020). Originally introduced by Bauer (1960), risk perception highlights the individual's ability to recognize and assess the uncertainty associated with potential outcomes, particularly focusing on the likelihood of losses and their potential severity (Sjöberg, 2020). Bauer's framework laid the groundwork for subsequent research, which further divided risk perception into two primary dimensions: the probability of experiencing a negative outcome and the potential magnitude of the associated financial loss (Holzmeister et al., 2020). This dual-dimensional understanding of risk perception has since become foundational in assessing how investors make decisions under conditions of uncertainty, particularly in the rapidly changing landscape of financial markets.

Later research by Cox and others expanded on Bauer's initial definition by emphasizing that risk perception is not merely a cognitive assessment but also influenced by emotional and experiential factors. Mellers (Zhu & Deng, 2020) argued that personal attitudes, past experiences, and subjective judgment play crucial roles in how individuals perceive and react to risk. Those who perceive higher levels of risk are more likely to exhibit conservative investment behaviors, preferring safer assets that minimize potential losses (Siegrist & Árvai, 2020). In contrast, investors with a lower perception of risk may seek higher returns by engaging in riskier investment strategies (Pan et al., 2020). The rise of internet-based financial products has added complexity to this equation, as the digital environment introduces new variables that may heighten or obscure perceived risk. Understanding how investors assess risk in this evolving financial landscape is crucial for developing strategies that align with their risk tolerance and financial objectives.

9.2 Risk Preference

Risk Preference refers to an individual's propensity to either embrace or avoid risks when making financial decisions (Wallace, 2022). It plays a pivotal role in shaping investment behavior, with investors generally categorized into three types: risk-seeking, risk-neutral, and risk-averse. Risk-seeking individuals tend to pursue investments that offer potentially higher returns, even if they come with higher risk. These investors are motivated by the thrill of achieving significant financial gains (Pan et al., 2020). On the contrary, risk-neutral investors are indifferent to risk, focusing instead on the expected outcomes without considering the risk level. Risk-averse investors, however, prefer stable and low-risk investments, often avoiding volatile investment options that may result in significant financial losses (Ahmed et al., 2022). These differences in risk preference can significantly influence investment portfolios and decision-making strategies, especially in internet finance, where new investment tools frequently emerge (Wangzhou et al., 2021).

Research has highlighted the importance of understanding risk preferences in the context of internet investment behavior. The rapid rise of digital finance has created an environment where investors are often faced with decisions that involve both high potential rewards and significant risks (Chan et al., 2020). Investors' risk preferences are crucial in determining their approach to these new tools. Studies show that individuals with a higher risk tolerance are more likely to experiment with innovative, high-risk financial products, while those with lower risk tolerance tend to avoid such tools, seeking stability in traditional investment strategies (Almansour et al., 2023). Recognizing these variations in risk preference is essential for both financial advisors and policymakers, as they work to guide investors in making informed decisions that align with their personal financial goals.

9.3 Financial Literacy

Financial Literacy is considered a crucial element in influencing individuals' financial behaviors and decisions. It refers to the knowledge and ability required to make informed and effective decisions regarding personal finance management (Korkmaz et al., 2021). Financial literacy encompasses not only the understanding of financial products but also the capability to apply this knowledge in real-world contexts, including saving, investing, and managing risk (Adil et al., 2022). Researchers emphasize the importance of financial literacy in improving financial decision-making and safeguarding individuals from financial missteps, especially in an increasingly complex financial environment (Weixiang et al., 2022). Individuals with higher financial literacy levels are more likely to engage in effective financial planning and display better risk management behaviors (Sulistianingsih & Santi, 2023). The role of financial literacy has become even more pronounced with the rise of internet-based financial products, as these innovations introduce new complexities that necessitate a deeper understanding of financial principles (Wangzhou et al., 2021). Consequently, financial literacy serves as a protective factor, helping individuals navigate emerging financial tools and make informed investment decisions in the digital finance landscape (Harahap et al., 2022).

9.4 Chinese Internet Investment Behavior

Chinese Internet Investment Behavior has garnered increasing attention as internet finance continues to transform traditional investment practices. The rapid growth of internet-based financial services has resulted in a shift in how Chinese investors engage with financial markets. Research on this topic primarily focuses on understanding the psychological and behavioral factors influencing investment decisions in the digital environment (Zhu & Deng, 2020). Chinese scholars have contributed significantly to the field by analyzing how behavioral theories can explain investors' decision-making processes, often using statistical models to establish relationships between psychological factors and investment outcomes (Wangzhou et al., 2021). Zhang et al., for instance, applied behavioral theories to investigate the impact of risk perception on investors' willingness to use internet financial tools, highlighting the importance of cognitive factors in shaping financial decisions (Chan et al., 2020).

Further studies have examined the role of subjective factors, such as risk preference, financial literacy, and overconfidence, in influencing the investment choices of Chinese investors (Korkmaz et al., 2021). Research by Meng expanded the exploration of risk perception and its effects on different types of investments, revealing that individuals' capacity to evaluate and manage risk plays a critical role in shaping their financial behavior in the online space (Ahmed et al., 2022). International research also supports these findings. For example, Antony's study showed that risk perception is a significant determinant of internet investment behavior, further emphasizing that internet investors often make decisions based on their ability to comprehend and mitigate risk (Nguyen et al., 2020). As digital finance continues to evolve, understanding the interaction between behavioral factors and investment choices remains critical for shaping effective investment strategies and policies aimed at enhancing investor protection and financial literacy in China.

10. Methodology

10.1 Demographic Analysis

The demographic characteristics of the respondents were analyzed to provide an understanding of the sample composition. As shown in Table 1, the gender distribution is relatively balanced, with males comprising 51.27% and females 48.73% of the total sample. The largest age group is between 31 and 40 years old, representing 32.09% of the respondents. This reflects a younger demographic, aligning with national reports on internet usage in China, where younger populations tend to be more active internet users.

Table.1. Demographic Results

Item	Description	Number	Percentage
Age	20-30 years	138	27.01%
	31-40 years	164	32.09%
	41-50 years	124	24.27%
	50 years and above	85	16.63%
Gender	Male	262	51.27%
	Female	249	48.73%
Occupation	Finance-related	272	53.23%
	Non-finance	239	46.77%
City	First-level cities	128	25.05%
	Second-level cities	195	38.16%
	Third or fourth cities	123	24.07%
	Rural areas	65	12.72%
Education	Master degree and above	127	24.85%
	Undergraduate	160	31.33%
	Diploma	127	24.85%
	High school and below	97	18.98%
Income	50000 RMB and below	173	33.86%
	50000-200000 RMB	196	38.36%
	200000-500000 RMB	77	15.07%
	500000 RMB and above	65	12.72%
Internet Investment Experience	Yes	292	57.14%
	No	219	42.86%

In terms of occupation, the respondents were almost evenly split between those working in finance-related professions (53.23%) and those not employed in finance (46.77%). This indicates that occupation may not be a significant factor in influencing internet investment behavior in this study.

Regarding education, undergraduate degree holders represent the largest proportion of respondents (31.33%), while those with master's degrees and technical diplomas make up nearly equal portions, suggesting that the general knowledge level among the participants is relatively high. Geographically, respondents from second-tier cities account for the highest proportion at 38.16%, with the distribution between first tier and third- or fourth-tier cities being relatively equal.

When examining income levels, 72.22% of the respondents report annual incomes below 200,000 RMB, with only 12.72% earning above 500,000 RMB. This indicates that the majority of the sample has limited financial resources, which aligns with the current stage of internet financial management in China. It suggests that internet-based investment is still in its early stages, attracting participants with moderate financial capacity. Finally, 57.14% of respondents have prior internet investment experience, while 42.86% have not yet invested. This finding highlights the potential for growth in internet investment, as a significant portion of the population has yet to engage in this financial activity.

10.2 The Influence of Risk Perception on Internet Investment Behavior Among Chinese Investors

The regression results presented in Table 2 indicate a statistically significant and positive relationship between risk perception and internet investment behavior among Chinese investors. The unstandardized coefficient (B = 0.352) suggests that for every one-unit increase in risk perception, there is a corresponding increase of 0.352 units in internet investment behavior. This indicates that as investors' perception of risk increases, their engagement in internet-based investments also tends to rise, although the magnitude of this effect is moderate.

Table 2. The Influence of Risk Perception on Internet Investment Behavior Among Chinese Investors (N=511)

Variable	**Internet Investment Behavior**			
	B	Beta	Sig	F
Risk Perception	0.352	0.367	0.000**	5.799

Note. * p<0.05, ** p<0.01

The standardized beta coefficient (Beta = 0.367) reinforces the notion that risk perception has a moderate impact on internet investment behavior, suggesting that variations in how risk is perceived do influence investment decisions, but not to an overwhelming extent. This moderate effect implies that while risk perception is an important factor, other variables may also contribute significantly to shaping investors' behavior.

The significance level (Sig = 0.000) demonstrates that this relationship is highly statistically significant, with a probability of less than 1% that the observed relationship occurred by chance. Additionally, the F-value of 5.799 supports the robustness of the regression model, indicating that the model is a good fit for explaining the relationship between risk perception and internet investment behavior.

In conclusion, these results suggest that Chinese investors' perception of risk plays an important role in shaping their internet investment behavior. As risk perception increases, investors are likely to adjust their strategies, potentially adopting more cautious or calculated approaches to managing their online investments.

10.3 The Influence of Risk Preference on Internet Investment Behavior Among Chinese Investors

The regression results in Table 3 reveal a statistically significant and positive relationship between risk preference and internet investment behavior among Chinese investors. The unstandardized coefficient (B = 0.242) indicates that for every one-unit increase in risk preference, internet investment behavior increases by 0.242 units. This demonstrates that investors who exhibit a higher tolerance for risk are more likely to engage in internet-based investments.

Table.3. The Influence of Risk Preference on Internet Investment Behavior Among Chinese Investors (N=511)

Variable	**Internet Investment Behavior**			
	B	Beta	Sig	F
Risk Preference	0.242	0.259	0.000**	6.373

Note. * p<0.05 ** p<0.01

The standardized beta coefficient (Beta = 0.259) suggests that risk preference has a moderate influence on internet investment behavior, implying that while risk preference is an important factor, it does not dominate the decision-making process. This moderate level of influence suggests that investors' willingness to take on risk is a contributing factor in their investment behavior, but other factors may also significantly shape their actions.

The significance level (Sig = 0.000) confirms that the relationship between risk preference and internet investment behavior is highly statistically significant, with a very low probability of occurring by chance. The F-value of 6.373 further supports the fit of the model, indicating that the model is appropriate for explaining the variance in internet investment behavior based on risk preference.

In conclusion, these findings suggest that Chinese investors with a higher risk preference are more inclined to engage in internet investment activities. While risk preference influences their behavior, it does so in combination with other factors, suggesting that risk-taking tendencies play a role but are not the sole determinant of investment decisions.

10.4 The Influence of Financial Literacy on Internet Investment Behavior Among Chinese Investors

The regression results presented in Table 4 demonstrate a statistically significant and positive relationship between financial literacy and internet investment behavior among Chinese investors. The unstandardized coefficient (B = 0.342) indicates that for every one-unit increase in financial literacy, internet investment behavior increases by 0.342 units. This highlights the importance of financial knowledge in shaping investors' behavior when engaging in internet-based financial activities.

Table.4. The Influence of Financial Literacy on Internet Investment Behavior Among Chinese Investors (N=511)

Variable	**Internet Investment Behavior**			
	B	Beta	Sig	F
Financial Literacy	0.342	0.355	0.000**	6.895

Note. * p<0.05 ** p<0.01

The standardized beta coefficient (Beta = 0.355) suggests a relatively strong influence of financial literacy on internet investment behavior. This implies that individuals with higher levels of financial knowledge are more likely to make informed decisions and participate actively in internet investment platforms. The relatively high beta value signifies that financial literacy is a key determinant in how investors approach and engage with internet-based investment opportunities.

The significance level (Sig = 0.000) indicates that this relationship is highly statistically significant ($p < 0.01$), leaving a minimal probability that the observed relationship is due to chance. The F-value of 6.895 further confirms the model's adequacy in explaining the influence of financial literacy on internet investment behavior, demonstrating that the model is a good fit.

In conclusion, these findings underscore the critical role of financial literacy in shaping internet investment behavior among Chinese investors. Those with a higher level of financial knowledge are more likely to engage in internet investments, make strategic choices, and minimize potential risks, suggesting that improving financial literacy could enhance investor participation and decision-making in digital financial platforms.

11. Discussion

The results of this study highlight the significant influence of risk perception, risk preference, and financial literacy on internet investment behavior among Chinese investors. Each of these factors plays a unique role in shaping how individuals engage with internet-based financial platforms, reflecting broader trends within China’s rapidly evolving financial environment. The relationship between risk perception and investment behavior, for example, demonstrates that investors who perceive higher risks tend to be more cautious in their investment decisions. This finding is consistent with existing literature, such as Darker and Whittaker (2020), which emphasizes the central role of risk perception in investment decisions. Given China’s ongoing digital transformation, investors are frequently presented with new and unfamiliar financial products, which may amplify their perceptions of risk. Consequently, risk perception is likely more pronounced among Chinese investors, particularly in comparison to those in more developed financial markets, where the use of digital platforms has been more established. The evolving nature of China’s financial landscape suggests that risk perception will continue to play a critical role in internet investment behavior, and financial institutions must ensure that adequate information and risk assessment tools are available to help investors navigate this complexity.

Similarly, the study finds that risk preference is another crucial determinant of internet investment behavior. Investors with a higher tolerance for risk are more likely to engage in riskier internet investments, a pattern that aligns with findings from Wallace (2022), who noted that risk-seeking investors often pursue high-return opportunities. In China, the availability of diverse digital financial products, many of which carry high risks, provides fertile ground for investors with higher risk preferences to explore new investment avenues. However, this also poses challenges for financial institutions, which must carefully manage the risks associated with these products to prevent overexposure for less risk-tolerant investors. This finding mirrors the insights of Korkmaz et al. (2021), who highlighted the importance of aligning financial products with investors’ risk profiles to ensure responsible investment behavior.

Financial literacy emerged as a particularly influential factor in this study, with the results indicating that higher financial literacy significantly enhances investors’ engagement in internet-based investment activities. This supports the findings of Adil et al. (2022), who noted that financially literate investors are better equipped to make informed, strategic investment decisions. In the context of China, where internet finance is becoming increasingly complex, financial literacy is essential for navigating the vast array of investment options available. The growing sophistication of digital financial products means that investors with higher financial literacy are more capable of understanding the risks and benefits of various financial instruments, enabling them to make better-informed decisions. This aligns with research by Sulistianingsih and Santi (2023), which underscores the role of financial literacy in promoting effective risk management behaviors. Given the rapid growth of internet finance in China, enhancing financial literacy across the population is crucial for supporting responsible investment practices and ensuring the long-term stability of the market.

In summary, the findings of this study contribute to the growing body of literature on internet investment behavior by showing how risk perception, risk preference, and financial literacy influence Chinese investors' decisions. These results underscore the importance of providing adequate risk assessment tools and financial education to support investors as they navigate an increasingly complex financial landscape. As China's digital financial market continues to expand, future research should focus on exploring how technological advancements and regulatory changes may further shape these relationships, ultimately leading to more informed and effective investment behaviors.

12. Conclusion

In conclusion, this study has provided valuable insights into the factors influencing internet investment behavior among Chinese investors, specifically focusing on risk perception, risk preference, and financial literacy. The findings reveal that each of these variables plays a significant role in shaping investment decisions in the context of digital financial platforms. Risk perception was found to have a notable impact, with higher perceived risks leading to more cautious investment behaviors. This emphasizes the need for better risk communication and management strategies in China's internet finance market, as investors may be more hesitant to engage with new financial products due to heightened risk concerns.

Similarly, the influence of risk preference highlights that investors with higher tolerance for risk are more inclined to explore riskier investment opportunities, reflecting the diversity of financial products available in the rapidly developing internet finance sector in China. This finding underscores the importance of aligning financial products with investor risk profiles to mitigate potential overexposure and ensure responsible investment behaviors.

Financial literacy, as demonstrated in this study, emerged as a critical factor in promoting informed and strategic investment decisions. Investors with higher levels of financial knowledge are better equipped to navigate the complexities of digital financial products, enabling them to make more calculated and confident investment choices. This underscores the need for continued efforts to improve financial education in China, as it will play a pivotal role in fostering more responsible and informed investor behaviors in the growing internet investment market.

Overall, this study contributes to the understanding of how personal factors such as risk perception, risk preference, and financial literacy influence internet investment behavior in China. The findings have practical implications for policymakers, financial institutions, and educators, who must work together to improve risk communication, tailor financial products to investor needs, and enhance financial literacy. Future research should explore how these relationships may evolve with advancements in technology and regulatory frameworks, ensuring that the internet finance sector continues to grow in a sustainable and investor-friendly manner.

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