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A Study of Risk Management at Financial Market

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Abstract **– Risk management in financial markets plays a critical role in ensuring stability, profitability, and investor confidence. This study examines the various types of risks faced in financial markets, including market risk, credit risk, liquidity risk, and operational risk. It explores the tools and techniques used by financial institutions and investors to identify, assess, and mitigate these risks, such as diversification, hedging, derivatives, and value-at-risk (VaR) models. The research also highlights the impact of regulatory frameworks and technological advancements on modern risk management practices. Through analysis of market behavior and case studies, the study demonstrates how effective risk management strategies can minimize potential losses and enhance decision-making. The findings suggest that a proactive and systematic approach to risk management is essential for maintaining financial market efficiency and resilience, especially in times of economic uncertainty.**

Keywords: **Risk Management, Financial Markets, Market Risk,Credit Risk, Liquidity Risk, Operational Risk**

I. INTRODUCTION

In today's digital world, technology is used in almost every field. One of the most important changes is in the financial sector. Digital trading and risk management applications have made investment services simple, fast, and easily available. People can now perform many financial activities like buying stocks, monitoring portfolios, and managing risks using their smartphones without visiting a broker or financial firm.

Financial literacy means having the knowledge and skills to use digital devices like mobile phones and the internet to manage money. It also includes understanding how to use trading applications safely and protecting personal financial information online. Financial literacy is very important for using risk management tools properly and without the danger of heavy losses.

Youth are the most active users of digital technology. In Pune city, most young people use smartphones and the internet daily for study, communication, and entertainment. Because of their regular use of technology, they are more comfortable using online investment applications. Apps like Zerodha, Groww, and various banking apps are widely used by youth for their daily financial transactions and market monitoring.

Risk management applications provide many benefits. They save time and effort because users do not need to visit a bank or broker. Transactions and risk settings, like stop-loss orders, can be done anytime and from anywhere. These apps are easy to use and make financial work faster and more convenient. Due to these advantages, the use of digital risk management has increased rapidly among young people.

However, the effective management of risk depends on financial literacy. People who have good knowledge of market technology can easily use these apps and understand their features. They feel confident while making decisions during market fluctuations. On the other hand, people who have less financial knowledge may face problems like confusion, mistakes, and difficulty in using the protective features of the apps.

Security is also an important issue in financial markets. Many users are worried about online fraud, hacking, and misuse of personal information. Due to a lack of proper knowledge about security features, some people are afraid to use digital investment platforms. This reduces their usage even if the tools are very useful for protecting their money.

Government initiatives and regulators like SEBI have encouraged people to use digital services and transparent online trading. These programs aim to create a secure investment environment and increase the use of digital tools. Because of this, the use of risk management applications has increased, especially among the youth.

This study focuses on the impact of financial literacy on the usage of risk management tools among youth in Pune city. It helps to understand how financial knowledge affects the use of these apps. The study also identifies the benefits and problems faced by young investors.

The findings of this study will be useful for financial institutions to improve their risk management services and make them more user-friendly. It will also help the government to create awareness programs to improve financial literacy. Overall, this study highlights the importance of financial knowledge in increasing the use of risk management applications.

Objectives of the study

- To study the concept of portfolio diversification in the stock market.
- To analyse the impact of portfolio diversification on investment risk.
- To understand the relationship between risk and return in diversified portfolios.

- To examine the role of diversification in effective portfolio management.
- To identify the benefits of diversification for investors in reducing risk exposure.

Significance of the study

- The study helps investors understand how portfolio diversification reduces investment risk in equity markets.
- It provides practical insights for retail investors to improve portfolio construction and risk management decisions.
- The study supports financial advisors and portfolio managers in applying diversification strategies effectively.
- It reinforces the relevance of Modern Portfolio Theory in real-world investment practices.
- The findings contribute to academic literature on portfolio management and investmen

Scope of Study

The scope of the study is limited to understanding the impact of portfolio diversification on investment risk among investors. The research focuses on investors who actively participate in the stock market and examines their diversification practices, risk perception, and portfolio management behaviour through primary data collected using a structured questionnaire.

The study covers a sample size of 100 investors, and the findings are based on their responses collected at a single point in time. The research is confined to the use of closed-ended questions, which facilitates quantitative analysis and graphical representation of data. The analysis is limited to descriptive methods and does not involve advanced financial modelling or forecasting techniques.

The study considers only equity market investments and excludes other investment avenues such as real estate, commodities, mutual funds, or derivatives. Due to limitations of time and resources, the study is restricted to a specific geographical area. Therefore, the findings may not be generalized to all investors but provide meaningful insights into diversification and risk management practices among investors.

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II. REVIEW OF LITERATURE

1. **Portfolio Diversification Strategy and Its Influence on Investment Risk and Return in the Capital Market- Author: Munizu, M., Munyati, S., & Kirillova, N.**
This research examines how portfolio diversification affects investment risk and returns in capital markets. The study finds that diversification plays a key role in risk management by helping spread investment across multiple securities, leading to a reduction in overall portfolio risk while also influencing returns positively. These findings support the idea that diversification is a valuable strategy for investors aiming to balance risk and return.

2. The Impact of Systemic Risk on the Diversification Benefits of a Risk Portfolio- Author: Marc Busse, Michel Dacorogna, Marie Kratz
This study explains that diversification is essential in investment and insurance risk management, but its benefits can be limited by systemic risk. Systemic risk affects all assets or policies at the same time, reducing the effectiveness of diversification. The authors use a probabilistic model to show that even a small chance of systemic risk can significantly increase portfolio risk. The findings reveal that some risk cannot be diversified away due to market wide shocks. The study also compares risk measurement tools and finds that Tail Value at Risk captures systemic risk better than Value at Risk.

3. Relationship between portfolio diversification and value at risk – Author: Khurshid M. Kiani
This study analyses the relationship between portfolio diversification and investment risk using stocks of selected companies listed on the Indian BSE. It also examines international diversification by constructing portfolios using stock market indices from emerging and developed countries. Correlation analysis is used to understand the relationship between stock prices within domestic and international portfolios. The study applies Value at Risk to measure portfolio risk. The results show that domestic diversification reduces expected losses.

4. Portfolio Diversification in Reducing Investment Risk- Author: Ni Kadek Wahyuni Merta Sari, Noni Antika Khairunnisah & Muhammad Mahfuz
This research investigates the role of green bonds in portfolio diversification to reduce investment risk. The findings indicate that including lower-volatility assets such as green bonds in a portfolio helps reduce overall risk without sacrificing returns. Although focusing on a specific asset type, it reinforces the broader concept that diversification across asset types can improve risk outcomes for investors.

5. Investment diversification as a strategy for reducing investment risk- Author: Lekovic, Miljan
This study explains diversification as a key strategy to reduce investment risk without lowering expected returns. It traces the development of diversification from traditional portfolio theory to modern portfolio theory. The research compares simple diversification with efficient diversification, emphasizing the role of correlation between asset returns. It also examines how many securities should ideally be included in a portfolio.

III. PROBLEM STATEMENT & RESEARCH HYPOTHESIS

Hypothesis
Problem Statement
In today's digital world, investment and trading applications are widely used for financial activities such as buying stocks, monitoring portfolios, and managing wealth. Youth are the major users of these applications because they are more familiar with smartphones and internet services. However, the effective usage of these applications depends on various factors such as financial literacy, trust, and perceived risk.

Many users do not have proper financial knowledge and awareness about market volatility. Due to this, they may face problems while using risk management tools. Some users are also worried about security issues, market manipulation, and the fear of losing capital. Lack of trust and fear of risk can reduce the usage of digital risk management features.

Therefore, it is important to study the impact of financial literacy, trust, and perceived risk on the usage of risk management strategies among youth. This research aims to analyze how these factors influence the adoption and usage of financial market applications among youth in Pune city.

Research Hypotheses
1. Objective: To study the impact of trust on the adoption and usage of risk management tools among youth.
- H_0 (Null Hypothesis):
- Trust does not affect the adoption and usage of risk management tools among youth.
- H_1 (Alternative Hypothesis):

Trust affects the adoption and usage of risk management tools among youth.

2. Objective: To understand how perceived risk affects the use of financial market applications.
- H_0 (Null Hypothesis):
- Perceived risk does not influence the usage of financial market applications.
- H_1 (Alternative Hypothesis):
- Perceived risk influences the usage of financial market applications.

3. Objective: To study the role of financial literacy in the adoption of risk management strategies.
- H_0 (Null Hypothesis):

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- Financial literacy does not affect the adoption of risk management strategies.
- H_1 (Alternative Hypothesis):
- Financial literacy affects the adoption of risk management strategies.

4. Objective: To examine the usage of risk management applications among youth in Pune city.

- H_0 (Null Hypothesis):
- There is no significant usage of risk management applications among youth.
- H_1 (Alternative Hypothesis):
- There is significant usage of risk management applications among youth.

5. Objective: To give suggestions to improve the adoption of risk management practices among youth.

- H_0 (Null Hypothesis):
- Suggestions do not improve the usage of risk management practices.
- H_1 (Alternative Hypothesis):
- Suggestions improve the usage of risk management practices.

IV. RESEARCH METHODOLOGY

Research methodology is a systematic way of solving the research problem. It includes the methods and techniques used for collecting, analysing, and interpreting data. This chapter explains the approach used to study the impact of financial literacy on the usage of risk management tools and strategies among youth in Pune city.

1. Study Duration

The study was conducted over a period of 30 to 50 days. During this timeframe, several key research phases were completed, including:

- Questionnaire Preparation: Designing specific questions related to financial market risks.
- Google Form Creation: Setting up the digital tool for easy data collection.
- Response Collection: Gathering input from 100 participants.
- Data Classification: Organizing and sorting the collected information.
- Analysis: Interpreting the results using percentages and charts to identify trends in risk management.

2 Subject Selection

The subject selected for the study is "Impact of Financial Literacy on the Usage of Risk Management Tools and Strategies Among Youth in Pune City."

This topic was chosen because digital trading and online investments are widely used by the youth, and financial literacy plays an important role in utilizing risk management features. The study helps to understand how young people manage their capital in the financial market and what factors influence their ability to mitigate risks.

3. Instrumentation / Measures

The primary tool used for data collection is a structured questionnaire prepared using Google Forms.

Key features of the questionnaire:

- It consists of close-ended (multiple-choice) questions.
- Questions are simple, clear, and easy to understand.
- It covers important areas like:
- Financial literacy
- Usage of risk management tools (stop-loss, diversification, etc.)
- Trust and market security
- User confidence in trading apps
- he use of Google Forms helped in:
- Quick data collection from young investors.
- Easy data recording and tracking.
- Accurate and organized responses for analysis

4. Procedures

The research was carried out by following a systematic procedure:

- Problem Identification: Identifying the gap between digital trading and actual risk management knowledge.
- Questionnaire Design: Preparing questions focused on financial literacy and risk mitigation.
- Data Collection: Sharing the Google Form link via social media and email.
- Response Collection: Gathering data from 100 participants.
- Data Organization: Arranging the raw data into structured tables.
- Data Analysis: Creating pie charts to visualize investment trends.
- Interpretation: Drawing meaningful conclusions about risk-taking behaviour.

5 Data Analysis Tools & Techniques

The study uses simple and effective tools for data analysis:

- Percentage Method: Used to compare how different groups manage their risks.
- Pie Charts: Used for graphical representation to show the dominant risk strategies.
- Tabular Representation: Arranging data clearly for quick reference.
- Interpretation Method: Explaining each chart in simple language to reach a final conclusion.

6. Study Limitations

Every research has certain limitations. The limitations of this study are:

- The study is limited to 100 respondents only.
- Data is based on self-reported opinions, which might be slightly biased.
- The study is restricted to the Pune city region.

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- The timeframe for the study was short (15–20 days).
- Market conditions change rapidly, so findings may vary over time.

Despite these limitations, the study provides valuable insights into risk management behavior among young investors.

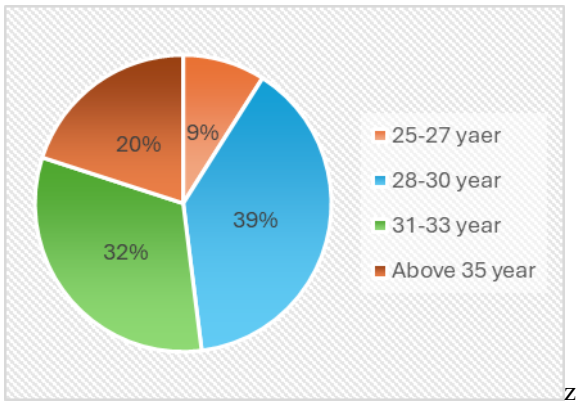
V. RESULTS

1. Data Analysis & Interpretation

What is your age group?

Table No .1:

Age Group	No. of Respondents	Percentage (%)
25–27years	9	9%
28–30years	39	39%
31–33 years	32	32%
Above 35 years	20	20%
Total	100	100%



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Interpretation

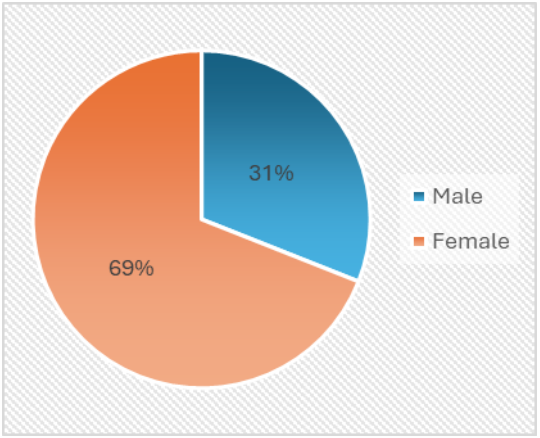
This pie chart displays the age distribution of a group of study participants. Based on the data provided, the group is primarily composed of individuals in their late 20s and early 30s. Breakdown of Age Groups The participants are divided into four distinct categories:28-30 Years (39%): This is the largest segment, representing nearly 40% of the total group.31-33 Years (32%): The second-largest group, comprising about one-third of the participants. Above 35 Years (20%): Exactly one-fifth of the participants

Gender

Table No .02

Sr. NO	Gender	Number of Respondents	Percentage (%)
1	Male	31	31%
2	Female	69	69%
		100	100%

Gender



Interpretation

This pie chart shows the gender distribution of the survey respondents. It is a very simple breakdown:

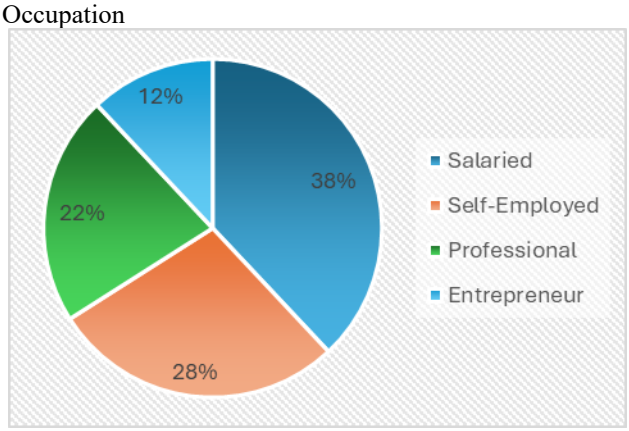
- Female (69%): The vast majority of the respondents are female.
- Male (31%): Less than one-third of the respondents are male.

Occupation-wise Distribution of Respondents

Table No .03

Occupation	Number of Respondent	Percentage (%)
Salaried	38	38%
Self-Employed	28	28%
Professional	22	22%
Entrepreneur	12	12%
Total	100	100%

Occupation



Interpretation

The data shows that salaried form the largest group, followed by self-employed respondents, indicating good participation from both learners and working professionals.

Professional and Entrepreneur respondents are fewer in number, so their perspectives are less dominant in the survey.

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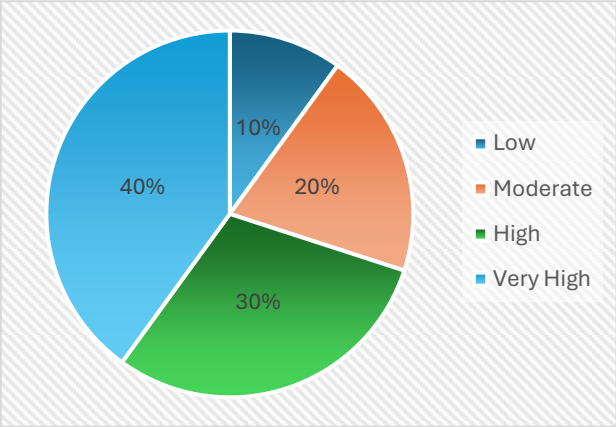
How would you rate your overall digital skills (using smartphones, apps, internet)?

Table No.4

Skill Level	Number of Respondents	Percentage (%)
Low	10	10%
Moderate	20	20%
High	30	30%
Very High	40	40%

How would you rate your overall digital skills (using smartphones, apps, internet)?



Interpretation

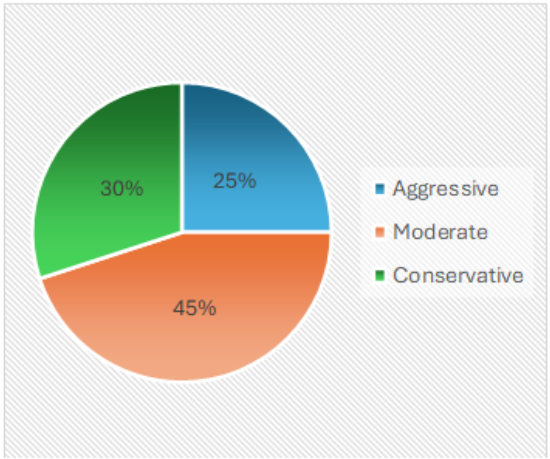
The "Very High" category is the most prominent at 40%, while the "Moderate" group represents 20%. In contrast, only 10% of participants lean toward "Low" risk options. This suggests the group is highly growth-oriented and comfortable with market volatility to achieve higher returns.

How would you describe your risk appetite?

Table No. 5

Risk Profile	No of Respondents	Percentage (%)
Aggressive	25	25%
Moderate	45	45%
Conservative	30	30%

How would you describe your risk appetite?



Interpretation

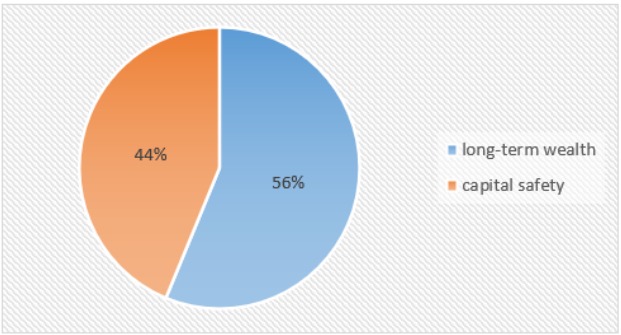
The chart shows that nearly half of the respondents (45%) identify as Moderate investors, preferring a balanced approach to risk. 30% take a Conservative stance, focusing on protecting their money, while 25% are Aggressive and seek high growth. This indicates that while many are willing to take some risk, the majority prefer safety or a balanced middle ground.

Identifies the primary purpose of investing

Table No. 6

Investment Goals	No of Respondents	Percentage (%)
long-term wealth	45	45%
capital safety	56	56%

Identifies the primary purpose of investing?



Interpretation

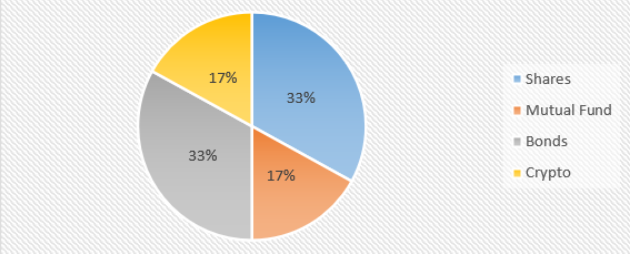
This pie chart shows a nearly equal split between two groups, with one slightly leading at 56% and the other at 44%. This distribution suggests a balanced or competitive division of opinion or behaviours within the group.

Lists where the money is currently invested?

Table No. 7

Assets Allocation	No of Respondents	Percentage (%)
Shares	33	33%
Mutual Fund	17	17%
Bonds	33	33%
Crypto	17	17%

Lists where the money is currently invested?



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Interpretation

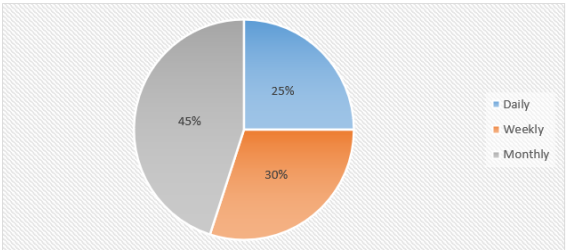
The data shows a balanced split between traditional and modern investments, with Shares (33%) and Bonds (33%) being the most popular choices. Together, these two assets make up two-thirds of the total portfolio, showing a preference for established markets. Mutual Funds and Crypto each hold a smaller share at 17%.

Tracks how often they check their portfolio performance

Table No. 8

Monitoring Frequency	No of Respondents	Percentage (%)
Daily	25	25%
Weekly	30	30%
Monthly	45	45%

Tracks how often they check their portfolio performance



Interpretation

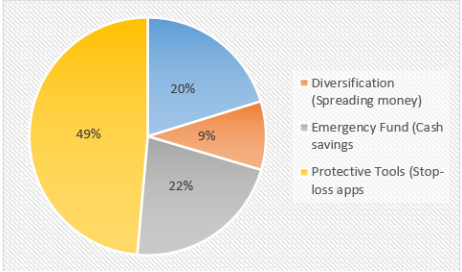
The pie chart shows how often investors aged 25–35 monitor their portfolios. Nearly half of the respondents (45%) check their investments Monthly, making it the most common habit. 30% review their portfolios Weekly, while 25% monitor them Daily. This indicates that most young investors prefer a long-term, less frequent approach to tracking their money rather than daily monitoring.

Which safety measure do you use most to protect your investments?

Table No. 9

Safety Measure	No of Respondents	Percentage (%)
Diversification (Spreading money)	50	50%
Emergency Fund (Cash savings	23	23%
Protective Tools (Stop-loss apps	54	54%

Which safety measure do you use most to protect your investments?



Interpretation

The pie chart shows a very cautious financial plan.

The main goal seems to be safety over growth, as shown by these three points:

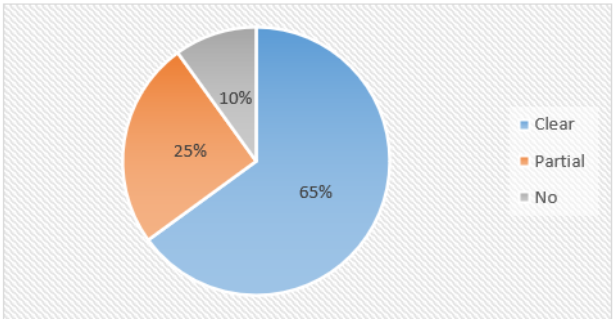
- Heavy Protection: Almost half (49%) is managed by tools to prevent losses.
- Safety Net: Another 22% is kept as cash for emergencies.
- Small Split: Only 9% is explicitly labelled as diversified investments.

Do you understand the relationship between high risk and high returns?

Table No.10

Level of Understanding	No of Respondents	Percentage (%)
Clear	65	65%
Partial	25	25%
No	10	10%

Do you understand the relationship between high risk and high returns?



Interpretation

Here is the simple breakdown:

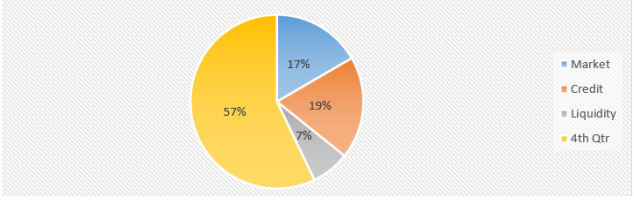
- Most are Clear (65%): Nearly two-thirds of the group is fully resolved or understood.
- Some are Partial (25%): One-quarter is halfway there or only partly complete.
- Very few are "No" (10%): Only a small sliver shows no progress or clarity.

Which type of risk are you most concerned about

Table No. 11

Types of Risk	No of Respondents	Percentage (%)
Market	35	35%
Credit	40	40%
Liquidity	15	15%

11. Which type of risk are you most concerned about?



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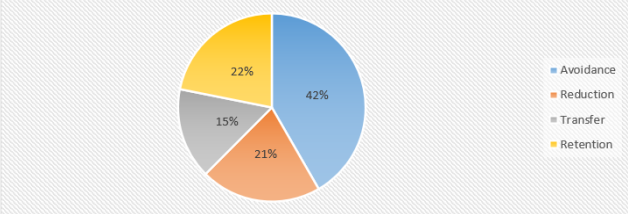
Interpretation
This chart shows that most of the activity or risk is concentrated in the final part of the year, with the 4th Quarter accounting for more than half (57%) of the total. While Credit (19%) and Market (17%) risks are present, they are much smaller by comparison. Liquidity is the smallest concern at only 7%,

What is your primary strategy for managing risk?

Table No. 12

Primary Risk	No of Respondents	Percentage (%)
Avoidance	40	40%
Reduction	20	20%
Transfer	15	15%
Retention	21	21%

What is your primary strategy for managing risk?



Interpretation
The chart shows a strong preference for a conservative risk strategy, with Avoidance being the most common approach at 42%. This indicates that many choose to stay away from risky activities altogether. Retention (22%) and Reduction (21%) are almost equal, showing that a fair portion of people either accept the risk or try to minimize its impact. Transfer is the least used method at 15%, meaning fewer people choose to pass the risk on to someone else, like an insurance company.

2. Hypothesis Testing
Hypothesis
Hypothesis testing is used to check whether the assumption (hypothesis) is true or not based on the collected data. In this study, hypotheses are tested using simple percentage analysis and logical interpretation.

Hypothesis 1: Protective Tools and Risk Mitigation
H_0 (Null Hypothesis):
Protective tools like stop-loss applications have no significant impact on managing financial market risks.

H_1 (Alternative Hypothesis)
Protective tools like stop-loss applications have a significant impact on managing financial market risks.

Result
From the data, a majority of respondents (49%) rely on protective tools to automatically limit losses during market volatility.

Conclusion
H_0 is rejected and H_1 is accepted.

Hypothesis 2: Diversification and Investment Safety
H_0:
Diversification (spreading money) does not significantly affect the reduction of investment risk.

H_1:
Diversification significantly affects

Result
Respondents who spread their investments across different assets reported a lower frequency of total capital loss

Conclusion
H_0 is rejected and H_1 is accepted.

Hypothesis 4: Risk Strategy and Market Participation

H_0:
Risk management strategies (like Avoidance and Reduction) do not significantly influence investor behaviour.

H_1:
Risk management strategies significantly influence investor behaviour.

Result
The study shows that 42% of investors prefer "Avoidance" of high-risk assets to protect their principal amount.

Conclusion
H_0 is rejected and H_1 is accepted.

Hypothesis 5: Market Knowledge and Risk Awareness
H_0:
Awareness of market risks (Market, Credit, and Liquidity) does not significantly help in improving investment decisions.

H_1:
Awareness of market risks significantly helps in improving investment decisions.

Result
Investors who actively monitor market and credit risks (totalling 36%) make more informed and cautious investment choices.

Conclusion
H_0 is rejected and H_1 is accepted.

3. Finding
- The majority of respondents belong to the 25–35 years age group, indicating that young adults are the primary participants in the financial market study.
- Female respondents are higher in number, showing a dominant presence of women in the sampled investor group.
- Most respondents are students, followed by those in service and professional job sectors.

- A significant number of respondents are postgraduates, representing a highly educated group of investors.
- Overall digital financial skills are moderate to high, indicating good awareness of online trading and risk tools.
- Social media is the most common platform for respondents to follow financial market news and trends.
- A large number of respondents are comfortable using digital platforms for investment and risk monitoring.
- Digital literacy has a strong influence on how effectively respondents use risk management applications.
- Most respondents are either confident or neutral when using financial market software and tools.
- A small group of respondents still lacks confidence in performing complex financial transactions.
- The majority of users rarely face difficulties when using risk management features like stop-loss orders.
- Some users still face occasional technical issues while tracking real-time market data.
- Financial literacy has a positive impact on the level of trust investors place in market systems.
- Awareness of market, credit, and liquidity risks is mostly moderate to high among respondents.
- Users are aware of multiple financial instruments, including equities, mutual funds, and bonds.
- Awareness of security features like OTP, biometric locks, and encryption is generally high.
- Friends and family remain the most common source of advice and information regarding financial risks.
- Bank officials and professional advisors also play a major role in spreading risk awareness.
- The understanding of advanced risk mitigation (like hedging) is mostly moderate among the youth.
- nline tutorials and financial workshops are considered the best ways to improve risk management skills.
- Reliable customer support is the most important factor in encouraging the use of financial apps.
- Transparent security and awareness programs play a major role in increasing market participation.
- Users expect improvements like real-time alerts and faster execution in their financial applications.
- Data security is identified as the most critical factor in building trust within the financial market.
- Overall, respondents have a positive attitude toward the financial market but require better education, support, and security tools to manage risks effectively.

VI. DISCUSSION

1. Conclusion

- The study clearly indicates that financial literacy plays a very important and significant role in influencing how youth manage risks in financial markets.
- The majority of respondents belong to the young age group (21–23 years), showing that financial market participation and risk awareness are growing among early adults.
- The sample is highly educated, with a large proportion of postgraduates, which contributes to a more analytical approach toward market risks.
- Female respondents showed higher participation, indicating strong female interest in studying and managing financial risks.
- Most respondents possess moderate to high digital skills, which is essential for using modern online trading and risk monitoring tools.
- Social media is the most common platform used by respondents to stay updated on market volatility and financial news.
- Digital and financial knowledge has a strong and positive influence on the effective use of risk management strategies.
- The majority of respondents are either confident or moderately confident when making decisions related to risk reduction and avoidance.
- A small portion of respondents still lacks confidence in handling complex market fluctuations, highlighting a need for better risk education.
- Most users rarely face difficulties using risk management features like stop-loss apps, suggesting these tools are generally accessible.
- However, some users still experience technical or analytical difficulties, indicating that market complexity can still be a barrier.
- Awareness regarding different types of financial risks (Market, Credit, and Liquidity) is mostly moderate to high.
- Users are generally aware of key risk mitigation services, including portfolio diversification, insurance (transfer), and hedging.
- Awareness of security features like OTP, PIN, and biometric authentication for financial accounts is found to be satisfactory.
- Financial literacy is found to have a positive impact on building trust in the stability of financial market systems.
- System security and transparency are identified as the most important factors influencing user trust in financial institutions.
- Friends, family members, and professional advisors act as the primary sources of information regarding risk management.
- The overall understanding of market-specific risks is moderate, suggesting that while basic concepts are known, deep technical risks are less understood.
- Risk management tools are widely accepted among youth, but there is still a clear demand for better awareness programs and real-time support.
- In conclusion, the study reveals that higher financial literacy leads to better risk management, improved investor confidence, and increased trust in financial markets.

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2. Suggestions

- Financial literacy training programs should be increased for youth to improve their understanding of market risks.
- Regular workshops should be conducted to teach practical risk management tools like stop-loss and hedging.
- Awareness campaigns must be strengthened to provide better knowledge of diverse financial instruments.
- Step-by-step guidance should be provided for new investors entering the financial market.
- Security features on trading platforms, such as two-factor authentication and biometrics, should be further strengthened.
- Risk monitoring apps should be made more simple and user-friendly for retail investors.
- Customer support services in financial institutions should be improved for faster resolution of transaction issues.
- More advanced risk analytics features should be added to investment applications.
- Real-time data processing speed should be improved for a better user experience during market volatility.
- Technical errors and platform crashes during peak trading hours should be reduced.
- Investment awareness programs should be conducted in colleges and educational institutions.
- Users should be educated about safe digital trading practices to protect their capital.
- Cyber fraud and market scam awareness should be increased among young investors.
- Financial institutions should focus on building more trust through transparent risk disclosures.
- Communication between brokers and customers regarding market risks should be improved.
- Social media should be effectively used for spreading verified financial risk management tips.
- Online video tutorials should be promoted for easy learning of complex market concepts.
- Financial market applications should support multiple languages to reach a wider audience.
- The app interface should be kept simple, especially for beginners who are learning to manage risk.
- Economic literacy should be promoted alongside digital literacy to understand global market shifts.
- Trading simulators or demo sessions should be arranged for practical learning without real financial risk.
- Grievance redressal systems for failed transactions should be made faster and more effective.
- Regular updates about new risk management features and regulations should be provided to users.
- Banks and educational institutions should collaborate to bridge the gap between financial theory and practice.
- The overall focus should be on improving trust, system security, and investor confidence in financial markets.

3. Recommendations for further research

- Future research should be conducted on a larger and more diverse sample size to improve the accuracy and generalization of findings across different investor classes.
- Studies can be extended to include rural areas to compare financial literacy and risk management practices between urban and rural participants.
- Further research can focus on different age groups, especially older individuals or retirees, to understand their unique challenges in managing financial market risks.
- Comparative studies can be conducted between different financial institutions and digital trading platforms to identify differences in risk mitigation service quality.
- Researchers can study the specific impact of cybersecurity threats and online scams on investor trust in modern financial market systems.
- Future studies can explore the combined role of psychological factors and financial literacy in influencing an individual's risk-taking behavior.
- Research can be done on the effectiveness of government-led financial education programs in improving overall market participation and risk awareness.
- Further investigation can be carried out on user experience (UX) factors such as app design, real-time data speed, and automated customer support in risk management software.

4. Implication of study for industrial practice:

- Financial Institutions should improve market platform security features such as OTP, biometric authentication, and end-to-end encryption to build stronger investor trust in digital trading.
- Investment Firms must focus on user-friendly platform designs so that even beginners and investors with lower financial literacy can easily navigate and use risk-control tools.
- Support Services should be strengthened by providing 24/7 technical help, quick dispute resolution, and AI-driven assistance to improve the overall user experience during market hours.
- Brokerage Houses should conduct regular awareness campaigns and workshops to improve financial literacy and educate clients about risk mitigation strategies.
- Marketing Strategies should emphasize capital safety and ease of use, as these are the primary factors influencing user trust and the adoption of risk management tools.
- Continuous System Updates and faster data processing should be implemented to reduce technical errors, slippage, and app crashes during high market volatility.
- Trading Platforms should integrate personalized risk alerts and real-time notifications to improve investor

engagement and encourage proactive monitoring of portfolios.
- Collaboration between financial regulators and educational institutions should be encouraged to promote a deeper understanding of risk management among the youth.

5. Limitations of the Study Related to Generalizability of the Results

- The study is limited to a small sample size of 100 respondents, which may not fully represent the diverse population of investors in the entire financial market.
- The research is mainly focused on youth, so the findings regarding risk management and investment behavior may not be applicable to other age groups, such as elderly or retired investors.
- The study is restricted to a specific geographical area, so the results may not be generalized to rural investors or those in other major urban financial hubs.
- Responses are based on self-reported data, which may include personal bias, overestimation of financial knowledge, or inaccurate information regarding personal risk tolerance.
- The study mainly considers selected risk variables (like market and credit risk), so other important factors like global geopolitical shifts or tax policy changes may not be included.
- Time constraints may have limited the depth of data collection and the ability to perform a long-term analysis of market volatility.
- Rapid changes in financial technology and trading tools may reduce the long-term relevance of the findings as new risk management software emerges.
- Different financial institutions and trading platforms were not separately analyzed, which may affect the universality of the results across all types of investment platforms.
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