

Assessing The Impact of Financial Risk Tolerance on Household Wealth

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Abstract

This study examines the impact of financial risk tolerance on household wealth accumulation in Ghana, exploring the role of demographic factors such as age, education level, and gender in influencing this relationship. Utilizing Partial Least Squares Structural Equation Modelling, the analysis reveals that financial risk tolerance has a significant positive effect on wealth accumulation. Additionally, while age and education level exhibit significant control effects, gender does not significantly alter the relationship between risk tolerance and wealth. The findings contribute to the theoretical understanding of wealth accumulation by demonstrating that financial risk tolerance plays a crucial role in household wealth creation, even in lower-income populations. The study's results are of significant policy relevance, suggesting that financial literacy programs should be tailored to address the demographic differences in risk tolerance and wealth-building behaviours. From a practical standpoint, the study underscores the importance of fostering financial risk management skills and financial literacy, particularly among younger and less educated households, to enhance their wealth-building potential and overall economic stability.

Keywords: Financial Risk Tolerance; Household Wealth; Employees; Age Group; Education Level

JEL Codes: D14; G51; J10

1. Introduction

The financial well-being of individuals is closely intertwined with their financial resources and the ability to manage them effectively. Financial resources, when managed well, contribute to better quality of life, enabling individuals to meet their needs and achieve long-term goals. However, in many societies, particularly in developing economies like Ghana, individuals often face challenges related to insufficient financial resources and inadequate financial knowledge. This gap in financial literacy often leads to poor financial decisions, excessive debt, and missed opportunities for wealth accumulation. As a result, financial literacy is a critical factor that influences both immediate financial stability and long-term wealth creation ([Lusardi & Mitchell, 2014](#)). In an era marked by globalization and rapid financial innovation, financial products and services have become increasingly complex. This complexity presents both opportunities and challenges, as individuals are required to navigate a growing range of financial options. Unfortunately, this expanding array of choices often leads to vulnerability to financial fraud, poor decision-making, and excessive indebtedness, which compounds financial struggles at both the individual and societal levels ([OECD, 2018](#)). To mitigate these risks, financial education and literacy are essential, as they help individuals make informed financial decisions and adopt sound financial practices ([Cull, & Whitton, 2011](#)). Financial literacy encompasses knowledge in areas such as savings, loans, insurance, and investments, all of which are key drivers of wealth accumulation and economic development ([Chen & Volpe, 1998](#); [Mireku, 2015](#)). Effective financial decision-making, particularly with regard to savings and investments, can fuel economic growth by increasing individual wealth, stimulating investments, promoting job creation, and supporting national development.

However, in developing economies like Ghana, financial literacy levels remain low, limiting individuals' ability to make informed financial decisions and manage their resources effectively. This financial illiteracy not only impedes personal wealth accumulation but also reduces the overall financial security of households, contributing to wider economic inequalities ([Lusardi & Mitchell, 2011](#)). In Ghana, limited access to formal financial education, coupled with a lack of financial services in rural areas, further exacerbates these challenges, leaving large portions of the population unable to make sound financial choices. Financial illiteracy also affects intertemporal decision-making, such as saving for the future or investing in wealth-building assets, which hinders long-term financial security ([Frederick, Loewenstein & O'Donoghue, 2002](#)). The relationship between financial literacy and wealth accumulation is well-documented in academic literature. Research shows that individuals with higher levels of financial literacy are better equipped to manage financial risks, save consistently, and invest wisely ([Dorhetso, 2024](#); [Lusardi & Mitchell, 2011](#)). However, there remains a significant gap in understanding how these relationships manifest in developing economies like Ghana. The limited availability of empirical data on financial risk tolerance and wealth accumulation within the context of Ghana highlights a critical area for further exploration. This study aims to fill this gap by examining how financial risk tolerance influences wealth accumulation, with a focus on the Ghanaian context.

2. Literature Review

2.1 Financial Risk Tolerance and Determinants

Financial risk tolerance refers to an individual's capacity to endure fluctuations in financial returns and the level of uncertainty they are willing to accept when making financial decisions ([Grable & Lytton, 1999](#)). It reflects an individual's comfort with taking risks in investments, savings, and other financial choices. Understanding financial risk tolerance is essential for determining the right investment strategies and wealth-building approaches that align with personal financial goals ([Grable & Lytton, 1999](#); [Hastings, & Mitchell, 2020](#)). Financial risk tolerance is not static; it fluctuates depending on a range of factors. These factors can be broadly categorized into demographic, social, economic, psychological, and behavioral influences. Additionally, an individual's risk perceptions and behaviors are shaped by contextual factors such as market conditions, past experiences, and access to financial education [Dorhetso, 2023, 2024](#). In Ghana, understanding the determinants of financial risk tolerance is particularly important, given the unique economic challenges and the evolving nature of financial markets in the country.

Key determinants of financial risk tolerance include financial goals, time horizons, and the prevailing economic environment. Individuals saving for long-term goals, such as retirement or education, typically exhibit higher risk tolerance, as they can afford to wait out short-term market volatility in pursuit of long-term returns. Conversely, individuals saving for short-term goals, such as purchasing a home or financing a child's education, may prefer safer, more stable investments. This distinction is crucial in the Ghanaian context, where economic instability and market volatility often lead to lower overall risk tolerance, especially for those with limited financial resources and access to financial markets. Another key determinant is the economic environment. During periods of economic uncertainty, financial crises, or market volatility, individuals tend to become more risk-averse. In Ghana, where inflation rates and currency depreciation are relatively high, individuals may exhibit lower risk tolerance due to concerns about the future stability of the financial market and their income sources ([Ayiah-Mensah, et al., 2023](#)). Conversely, favorable economic conditions, such as periods of growth and low inflation, may encourage individuals to take on more risk in hopes of higher returns.

Previous financial experiences also play a crucial role in shaping financial risk tolerance. Individuals who have had positive experiences with investments tend to exhibit a higher risk tolerance in subsequent decisions ([Grable & Lytton, 1999](#)). In contrast, those who have faced financial losses may become more conservative, fearing further risk. In Ghana, where financial markets are less developed and where many individuals rely on informal savings and investment mechanisms, past experiences with both formal and informal financial products influence the willingness to take risks ([Ansong, 2024](#)). Psychological factors, such as personality traits and emotional resilience, further shape financial risk tolerance. For example, risk-seeking individuals may be more inclined to invest in volatile assets like stocks or mutual funds, while more risk-averse individuals may opt for safer assets like savings accounts or government bonds. Understanding the psychological underpinnings of financial risk tolerance can help tailor financial education programs and interventions aimed at improving financial decision-making, particularly in countries like Ghana, where access to financial services and education is limited. Finally, an individual's level of financial literacy is a key determinant of financial risk tolerance. Those with higher financial literacy tend to have a better understanding of the risks and rewards associated with various investment options, which enables them to make informed decisions. In Ghana, where financial literacy is low, many individuals may be unaware of the risks involved in certain

investments, which can lead to overly conservative behavior or missed opportunities for wealth accumulation. Addressing this financial literacy gap is crucial for improving financial risk tolerance and fostering more informed financial decision-making ([Mireku, 2015](#)).

2.2 Household Wealth and Determinants

Household wealth refers to the total value of assets owned by a household, minus any liabilities or debts. It includes a wide range of financial and non-financial assets, such as real estate, savings, stocks, and bonds, as well as liabilities like mortgages, loans, and credit card debt. Household wealth is a crucial indicator of financial well-being, providing individuals with the means to achieve financial goals, invest in future opportunities, and maintain financial stability over time. In Ghana, where wealth inequality is prevalent, household wealth is a key determinant of social mobility and economic security. Wealth accumulation is influenced by several factors, including individual savings behaviors, investment choices, and levels of financial literacy. Income is a critical determinant, as higher income allows individuals to save and invest more, facilitating wealth creation. However, income alone is not sufficient for wealth accumulation; the ability to manage that income effectively through savings, budgeting, and prudent investment decisions is equally important. Financially literate individuals are more likely to make informed decisions regarding their savings, investments, and overall wealth-building strategies ([Lusardi & Mitchell, 2011](#)).

In Ghana, where informal sector employment is widespread, many individuals face challenges in accessing formal savings instruments, such as pensions or investment accounts, which makes wealth accumulation more difficult. Moreover, the lack of financial education limits the ability of individuals to navigate formal financial markets, exacerbating wealth inequality across different segments of the population ([Twumasi et al., 2022](#)). Demographic factors, such as age, family structure, and gender, also play a significant role in household wealth accumulation. Younger individuals, for instance, may have less wealth due to shorter savings periods and fewer assets, while older individuals have had more time to accumulate wealth. Gender disparities in wealth accumulation are also prevalent, with women often experiencing lower wealth accumulation due to factors such as wage gaps, caregiving responsibilities, and social norms ([Dorhetso, 2023](#)). Addressing these gender-based disparities is critical to ensuring more equitable opportunities for wealth accumulation, especially in Ghana's socio-cultural and economic context ([Ussher et al., 2022](#)).

Debt management is another key factor influencing household wealth. While some forms of debt, such as mortgages, can facilitate wealth creation by enabling individuals to purchase assets, excessive debt can severely hinder wealth accumulation. Households with high levels of unsecured debt may struggle to build wealth, as a significant portion of their income is spent on debt repayment rather than savings or investments. Effective debt management is, therefore, essential for achieving long-term wealth growth. Economic conditions and broader market stability also affect household wealth accumulation. In periods of economic growth and financial stability, individuals are more likely to make sound investment decisions and accumulate wealth. Conversely, during times of economic instability, inflation, or market downturns, individuals may become more risk-averse, limiting their investment opportunities and, consequently, their wealth accumulation. Understanding the relationship between broader economic conditions and

household wealth accumulation is crucial to improving financial well-being in Ghana, where economic volatility is common.

2.3 Hypotheses Development

Financial risk tolerance and wealth accumulation are inherently connected, as individuals' willingness to take financial risks can significantly influence their decisions regarding savings, investments, and asset management. Previous research has established that financial risk tolerance, which refers to an individual's willingness to endure financial volatility in pursuit of returns, can impact wealth-building strategies ([Grable & Lytton, 1999](#)). This relationship is especially pertinent in Ghana, where financial illiteracy and economic volatility pose challenges to wealth accumulation for many households ([Ansong, 2024](#); [Twumasi et al., 2022](#)).

2.3.1 The Impact of Financial Risk Tolerance on Wealth Accumulation

Households that are more willing to take financial risks, such as investing in stocks or other high-yield assets, are likely to experience greater wealth accumulation over time compared to those who are risk-averse. As evidenced by prior studies ([Grable & Lytton, 1999](#); [Balasubramanian & Sargent, 2020](#)), individuals with higher financial risk tolerance tend to invest in assets that yield higher returns, leading to greater wealth accumulation in the long term. Given the dynamic economic environment in Ghana, where inflation, currency depreciation, and limited access to financial markets influence household decision-making, it is hypothesized that those with higher financial risk tolerance are more likely to pursue wealth-building opportunities, such as formal investments or diversified savings strategies, thereby increasing household wealth.

Hypothesis 1:

H_{1a}: *Financial risk tolerance has a significant positive impact on the wealth accumulation of households in Ghana.*

H_{1o}: *Financial risk tolerance has no significant impact on the wealth accumulation of households in Ghana.*

2.3.2 The Role of Demographic Factors in Financial Risk Tolerance and Wealth Accumulation

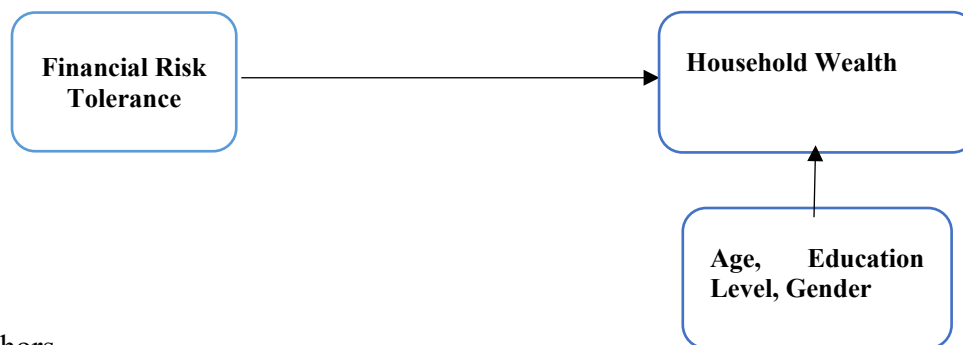
The impact of financial risk tolerance on wealth accumulation is likely to differ across various demographic groups. Prior research has suggested that factors such as age, education, and gender influence how individuals perceive and engage with financial risk ([Lusardi & Mitchell, 2011](#); [Ussher et al., 2022](#)). For example, younger individuals may be more inclined to take financial risks due to longer time horizons for wealth accumulation, while older individuals may prefer safer investment options as they approach retirement ([Grable & Lytton, 1999](#)). Similarly, individuals with higher levels of education are often better equipped to assess and manage financial risks, resulting in more effective wealth accumulation strategies ([Lusardi & Mitchell, 2011](#)). Gender differences in wealth accumulation and financial decision-making have also been documented, with women often exhibiting more risk-averse behaviors due to socio-economic factors such as wage gaps and caregiving responsibilities ([Ussher et al., 2022](#)). In the context of Ghana, demographic factors such as education and gender are likely to play a significant role in shaping the relationship between financial risk tolerance and wealth accumulation. For instance, individuals with formal education may possess higher levels of financial literacy, leading to more

confident and informed decisions regarding financial risks and investments. Gender differences, stemming from cultural and economic factors, may also influence financial behaviors, with women potentially being more cautious in their investment strategies. Thus, it is hypothesized that the relationship between financial risk tolerance and wealth accumulation will vary across these demographic groups in Ghana.

Hypothesis 2:

H_{2a}: The relationship between households' financial risk tolerance levels and their wealth varies significantly across demographic factors such as age, education level, and gender.

H_{2o}: The relationship between households' financial risk tolerance levels and their wealth does not vary across demographic factors such as age, education level, and gender.



Source: Authors

Figure 1: Conceptual Framework

3. Research Methodology

This study used a cross-sectional design, and a quantitative study was employed to analyse the impact of financial risk tolerance on household wealth of employees in Ghana. Copies of a questionnaire structured with a five-point Likert scale were used to gather primary data from both public and private employees in Ghana. In this study, financial risk tolerance was assessed through an individual's: risk preference; investment risk choices; response to financial uncertainty; risk tolerance in investments; and risk and reward perception. Likewise, household wealth was gauged through an individual's: asset ownership; liabilities; household income/savings; net worth estimation; and wealth (bonds securities) growth over time. The data were analysed by the use of the partial least squares structural equation modelling (PLS-SEM) technique. The demographic characteristics of the 466 respondents, which provide context and insight into the diversity of the study's sample, are summarized in Table 1.

Table 1: Demographic Characteristics of Respondents

Category	Subcategory	Frequency	Percentage (%)
Age Group	18–25	28	6.0
	26–35	178	38.2
	36–45	138	29.6
	46–55	94	20.2
	56 and above	28	6.0

	Total	466	100.0
Gender	Male	298	63.9
	Female	168	36.1
	Total	466	100.0
Level of Education	Secondary	12	2.6
	Tertiary	432	92.7
	Other	22	4.7
	Total	466	100.0

Source: Field data, 2024

3.1 Model of the Study

To assess the impact of financial risk tolerance on household wealth, the following equations were used:

Equation 1

$$HW = f(FRT)$$

Equation 2

$$HW = f(FRT, Age, EdL, Ge)$$

Where:

HW = Household Wealth

FRT = Financial Risk Tolerance

EdL= Education Level

Ge = Gender

The above equations (1) and (2) can be revised econometrically in their functional forms as:

Equation 3

$$HW = \beta_0 + \beta_1 FRT_t + \lambda$$

Equation 4

$$HW = \beta_0 + \beta_1 FRT_t + \beta_2 Age_t + \beta_3 EdL_t + \beta_4 Ge_t + \lambda$$

β_0 is the intercept, $\beta_1, \beta_2, \beta_3$, and β_4 represent the coefficients for the components of the independent and control variables, measured by FRT, Age, EdL and Ge, and λ is the constant of the regression. The data were analyzed with Smart PLS-SEM 3 software.

4. Results and Discussion

The analysis was conducted in two stages: first, the measurement model (assessment of validity and reliability) was evaluated, followed by an examination of the structural model. The measurement model assessment focused on the relationships between the latent constructs (financial risk tolerance and household wealth) and their respective indicators (survey items). The

structural model was then used to examine the relationships between the constructs, as well as the mediating role of financial risk tolerance.

4.1 Assessment of Measurement Model

To assess the measurement model of this study, internal consistency reliability, construct validity, convergent validity, and discriminant validity of the constructs were assessed in the following sub-sections.

4.1.1 Indicator Reliability

The first stage in assessing the reflective measurement model involves examining the indicator loadings. According to [Hair et al. \(2017\)](#), loadings above 0.708 are considered ideal, as they indicate that the construct explains more than half of the variance of the indicator, ensuring adequate indicator reliability. As shown in Table 2, all indicators fall within the acceptable range.

Table 2: Outer Loadings of Indicators

S/N	Age Group	Education Level	Financial Literacy	Financial Risk Tolerance	Gender	Household Wealth
1	AgeRange	1.000				
2	EducationLevel	1.000				
3	FRT1			0.768		
4	FRT3			0.782		
5	FRT5			0.652		
6	Gender				1.000	
7	HW1					0.707
8	HW3					0.743
9	HW5					0.709

4.1.2 Internal Consistency Reliability

Internal consistency reliability was assessed through the Cronbach's Alpha and composite reliability values. Higher reliability values indicate better consistency among the items measuring the construct. Generally, values between 0.60 and 0.70 are considered acceptable for exploratory research, while values between 0.70 and 0.90 are deemed satisfactory to good. As shown in Table 3, both Cronbach's Alpha and composite reliability values for financial risk tolerance and household wealth were within range, indicating satisfactory to good reliability. This suggests that the constructs of financial risk tolerance and household wealth exhibit adequate internal consistency.

Table 3: Construct Reliability and Validity Results

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Risk Tolerance	0.578	0.585	0.779	0.542

Household Wealth	0.538	0.538	0.763	0.518
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4.1.3 Convergent Validity

Convergent validity refers to the degree to which a construct converges to explain the variance of its items. The average variance extracted (AVE) for each construct is used to evaluate convergent validity. An AVE value of 0.50 or higher indicates that the construct explains at least 50 percent of the variance of its indicators. As presented in Table 3, all constructs in this study had AVE values above 0.50, confirming adequate convergent validity.

4.1.4 Discriminant Validity

Discriminant validity assesses the degree to which the constructs in a study are empirically distinct from each other. It ensures that measures of different concepts are not overly correlated, thereby confirming that the constructs represent unique aspects of the study ([Rönkkö & Cho, 2022](#)). In this study, the Heterotrait-Monotrait Ratio (HTMT) was employed to establish discriminant validity. The HTMT ratio represents the average value of item correlations across constructs relative to the geometric mean of the average correlations for indicators measuring the same construct. To establish discriminant validity, the upper bound of the 95% confidence interval of HTMT should be lower than 0.90 or 0.85. As shown in Table 4, all HTMT values were below the threshold of 0.85, indicating no issues with discriminant validity in the constructs used for this study.

Table 4: Discriminant Validity (HTMT) Results

Construct	Financial Risk Tolerance	Household Wealth
Financial Risk Tolerance		
Household Wealth	0.695	

4.2 Structural Model Assessment

The structural model assessment examines the relationships between constructs, their explanatory power, and predictive accuracy. This stage is crucial for validating the research model and ensuring its reliability for theoretical and practical applications. The evaluation process employed in this study involved analyzing collinearity, R^2 values, and the statistical significance and relevance of path coefficients.

4.2.1 Assessment of Collinearity

Collinearity arises when predictor constructs in a model are highly correlated, which can distort regression coefficient estimates and compromise the validity of the results. The variance inflation factor (VIF) was employed to identify potential collinearity issues. Thresholds for VIF suggest that values above 5 indicate problematic collinearity, although some studies recommend a more conservative threshold of 3. In this study, all VIF values, as presented in Table 5, were below 3, indicating that multicollinearity is not a concern. This ensures that the regression estimates in the model are reliable and unbiased.

Table 5: Collinearity Statistics (VIF)

S/N	Indicator	VIF
1	AgeRange	1
2	EducationLevel	1

8	FRT1	1.194
9	FRT3	1.334
10	FRT5	1.154
11	Gender	1
12	HW1	1.183
13	HW3	1.143
14	HW5	1.113

4.2.2 Assessment of R^2

The R^2 , or coefficient of determination, represents the proportion of variance in the dependent variable that is explained by the independent variables. Higher R^2 values indicate greater explanatory power. In exploratory studies, R^2 values as low as 0.10 may still be considered adequate. The results presented in Table 6, show that the R^2 for household wealth was 0.408, indicating that the model explains 40.8% of the variations in household wealth.

Table 6: R^2 Statistics

	R Square	R Square Adjusted
Household Wealth	0.418	0.408

4.2.3. Assessment of Statistical Significance and Relevance of Path Coefficients

Path coefficients measure the strength and direction of relationships between constructs. To assess their statistical significance, bootstrapping, a non-parametric resampling technique, was applied. The evaluation of significance was based on t-statistics and p-values. A t-statistic greater than 1.96 or a p-value below 0.05 indicates statistical significance at the 95% confidence level. The size of the coefficients was also examined, with expected values typically ranging between -1 and +1. The results, shown in Table 7, without moderating variables reveal a statistically significant ($p < 0.05$) path from financial risk tolerance to household wealth. When moderating variables were introduced, as shown in Table 8, significant paths included age group to household wealth and education level to household wealth. These results emphasize the importance of demographic factors, such as age group and education level, in shaping household wealth.

Table 7: Bootstrapping Results of the Statistical Significance of Path Coefficients (Without Moderating Variables)

Path	Effect Size	Sample Mean	Standard Deviation	T Statistics	P Value
Financial Risk Tolerance -> Household Wealth	0.251	0.253	0.044	5.681	0

Table 8: Bootstrapping Results of the Statistical Significance of Path Coefficients (With Moderating Variables)

Path	Effect	Sample	Standard	T Statistics	P Value
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	Size	Mean	Deviation		
Age Group -> Household Wealth	0.345	0.349	0.038	9.056	0
Education Level -> Household Wealth	0.104	0.103	0.037	2.825	0.005
Financial Risk Tolerance -> Household Wealth	0.236	0.235	0.041	5.749	0
Gender -> Household Wealth	-0.004	-0.005	0.036	0.112	0.911
Moderating Effect 1 -> Household Wealth	0.041	0.041	0.037	1.088	0.277
Moderating Effect 2 -> Household Wealth	-0.056	-0.057	0.026	2.153	0.032
Moderating Effect 3 -> Household Wealth	0.12	0.12	0.04	3.015	0.003

4.3. Discussion of Hypotheses Results

As presented in Table 7, the bootstrapping results (without moderating variables) show that financial risk tolerance has a significant ($p = 0.000$), positive effect on household wealth with an effect size of $f = 0.25$. Thus, H_{1a} is supported, meaning that households with higher financial risk tolerance tend to accumulate more wealth. This implies that a unit increase in financial risk tolerance raises household wealth by 0.25 units. These results are consistent with findings by [Grable and Lytton \(1999\)](#), who identified a positive relationship between risk tolerance and wealth accumulation. However, contrasting studies such as those by [Loibl & Hira \(2005\)](#) found that the positive effect of risk tolerance on wealth creation is often diminished in less affluent populations. This study adds to the literature by demonstrating that in Ghana, financial risk tolerance has a clear and positive effect on wealth creation, even among lower-income households.

Similarly, in Table 8, financial risk tolerance continues to significantly affect household wealth, with an effect size of $f=0.236$, while demographic factors such as age and education significantly moderate this relationship ($p = 0.000$ and $p = 0.005$, respectively). H_{2a} is thus supported, indicating that the relationship between financial risk tolerance and wealth accumulation differs based on demographic factors. However, gender did not show a significant moderating effect ($p = 0.911$). This result is in line with the work of [Finke & Huston \(2003\)](#), which highlighted the moderating effect of age on risk tolerance in wealth accumulation. It diverges, however, from earlier studies such as [Chen and Volpe \(2002\)](#), who found that gender significantly influenced financial decision-making and wealth accumulation.

5. Conclusion

In conclusion, this study has highlighted the significant role of financial risk tolerance in household wealth accumulation in Ghana, shedding light on how various demographic factors, such as age and education level, influence this relationship. Through the use of PLS-SEM, it was established that households with higher financial risk tolerance tend to accumulate more wealth, emphasizing the importance of risk-taking behavior in financial decision-making. The study also revealed that while age and education level have significant control effects on the wealth accumulation process, gender did not emerge as a significant factor, suggesting that the dynamics of risk tolerance and

wealth building may differ based on other demographic characteristics. The findings contribute to the theoretical understanding of financial behavior and wealth accumulation in developing economies, particularly in Ghana, where financial literacy remains a challenge. This has important implications for financial education initiatives, which must consider demographic differences in risk tolerance when designing programs to improve household wealth.

From a policy perspective, the study underscores the need for tailored financial literacy programs that address the unique financial decision-making behaviors of different demographic groups. Policymakers should focus on fostering financial literacy among younger individuals and those with lower educational levels, as these groups exhibit varying degrees of financial risk tolerance and, by extension, wealth-building potential. Furthermore, the study suggests that enhancing financial education could mitigate the negative effects of financial illiteracy and empower households to make better investment decisions, leading to greater wealth accumulation over time. Practically, the study calls for increased emphasis on financial risk management skills, particularly among individuals who may have limited access to formal financial education. By improving the public's understanding of financial risk and its implications for wealth accumulation, individuals can be better equipped to navigate the complexities of the financial landscape and make more informed decisions that contribute to long-term financial stability. Ultimately, this study highlights the need for further research to explore the nuanced relationship between financial risk tolerance and wealth accumulation, especially in the context of developing economies like Ghana. Future studies could examine other potential moderating factors, such as socio-economic status, access to financial products, and cultural influences, to provide a more comprehensive understanding of how households can effectively manage risk and accumulate wealth in an increasingly complex financial environment.

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