



**STUDY ON THE INFLUENCING FACTORS OF FINANCIAL
ASSET ALLOCATION OF URBAN RESIDENTS'
HOUSEHOLDS IN BEIJING**

**ZHANG ZHIHONG
6317195004**

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION
GRADUATE SCHOOL OF BUSINESS
SIAM UNIVERSITY**

2023



**STUDY ON THE INFLUENCING FACTORS OF FINANCIAL ASSET
ALLOCATION OF URBAN RESIDENTS' HOUSEHOLDS IN BEIJING**

THEMATIC CERTIFICATE

ZHANG ZHIHONG

This Independent Study has been Approved as a Partial Fulfillment of the
Requirement of International Master of Business Administration in International
Business Management

Advisor:.....

(Dr. Liao Zhigao)

Date: 20 / 11 / 2023

.....
(Associate Professor Dr. Jomphong Mongkhonvanit)
Dean, Graduate School of Business Administration

Date: 06 / 02 / 2024

Siam University, Bangkok, Thailand

Study on the Influencing Factors of Financial Asset Allocation of Urban Households in Beijing
Cheng Jie
2014
Master's Degree
International Business Management

ABSTRACT

The objective of the study is (1) To explore whether financial knowledge positively influences the financial asset allocation of urban households in Beijing.(2) To explore whether attitude to risk positively affects the allocation of financial assets of urban households in Beijing. (3) To explore whether expected future gains positively affect the financial asset allocation of urban households in Beijing.(4)To explore whether trust positively affects the financial asset allocation of urban households in Beijing.The study adopted quantitative research method. This study chooses urban residents' families in Beijing as the research object. This study collects data through questionnaires, with a total of 410 samples and 392 valid questionnaires, with an effective rate of 95.6%.

The results show that the pearson correlation coefficients of financial knowledge, attitude to risk, expected future gains, trust, and distribution of household financial assets are all greater than 0.5 and less than 0.9, and $P < 0.01$, indicating that there is a correlation between each variable and it is positive. (1) Financial knowledge has a significant positive effect on the allocation of financial assets of urban residents' households in Beijing. (2) Attitude to risk has a significant positive effect on the allocation of financial assets of urban households in Beijing. (3) Expected future gains has a significant positive effect on the allocation of financial assets of urban households in Beijing. (4) Trust has a significant positive effect on the allocation of financial assets of urban households in Beijing.

Keywords: Urban residents, Household financial assets, Asset allocation, Influencing factors

Title: Study on the Influencing Factors of Financial Asset Allocation of Urban Residents' Households in Beijing

By: ZHANG ZHIHONG

Degree: Master of Business Administration

Major: International Business Management

Advisor:

廖志高

(Dr.Liao Zhigao)

20 / 11 / 2023

ABSTRACT

The objective of the study is (1) To explore whether financial knowledge positively influences the financial asset allocation of urban households in Beijing.(2) To explore whether attitude to risk positively affects the allocation of financial assets of urban households in Beijing. (3) To explore whether expected future gains positively affect the financial asset allocation of urban households in Beijing.(4)To explore whether trust positively affects the financial asset allocation of urban households in Beijing.The study adopted quantitative research method. This study chooses urban residents' families in Beijing as the research object. This study collects data through questionnaires, with a total of 410 samples and 392 valid questionnaires, with an effective rate of 95.6%.

The results show that the pearson correlation coefficients of financial knowledge, attitude to risk, expected future gains, trust, and distribution of household financial assets are all greater than 0.5 and less than 0.9, and $P < 0.01$, indicating that there is a correlation between each variable and it is positive. (1) Financial knowledge has a significant positive effect on the allocation of financial assets of urban residents' households in Beijing. (2) Attitude to risk has a significant positive effect on the allocation of financial assets of urban households in Beijing. (3) Expected future gains has a significant positive effect on the allocation of financial assets of urban households in Beijing. (4) Trust has a significant positive effect on the allocation of financial assets of urban households in Beijing.

Keywords: Urban residents, Household financial assets, Asset allocation, Influencing factors

ACKNOWLEDGEMENTS

First of all, I sincerely express my gratitude to my tutor who is knowledgeable, self-disciplined and innovative. His selfless work attitude and innovative spirit deeply influenced me. Secondly, I would like to say thanks to my classmates and friends who have been helping me, and have put forward many valuable suggestions in the thesis-writing process. Finally, I would like to express my special thanks to my family for their understanding and support. In a word, thank you for all you have done for me.



Declaration

I, ZHANG ZHIHONG hereby certify that the work embodied in this independent study entitled "Study on the Influencing Factors of Financial Asset Allocation of Urban Residents' Households in Beijing" is result of original research and has not been submitted for a higher degree to any other university or institution.



CONTENTS

ABSTRACT.....	I
ACKNOWLEDGEMENTS.....	II
CONTENTS.....	IV
Chapter 1 Introduction.....	1
1.1 Research Background.....	1
1.2 Research questions.....	2
1.3 Objective of the study.....	3
1.4 Scope of the study.....	3
1.5 Significant of the study.....	3
Chapter 2 Literature Reviews.....	5
2.1 Introduction.....	5
2.2 Literature Reviews.....	5
2.3 Theory of Reviews.....	8
2.4 Research Relevant.....	9
2.5 Conceptual Framework.....	10
Chapter 3 Research Methodology.....	12
3.1 Introduction.....	12
3.2 Research Design.....	12
3.3 Hypothesis.....	13
3.4 Population and Sampling.....	14
3.5 Data Collection.....	14
3.6 Data Analysis.....	15
Chapter 4 Finding.....	19
4.1 Introduction.....	20
4.2 Description of statistical variables.....	20
4.3 Results of the Study.....	21
Chapter 5 Conclusion and Recommendation.....	23
5.1 Conclusion.....	23
5.2 Discussion.....	24
5.3 Recommendation.....	25

REFERENCES	28
APPENDIX.....	31
QUESTIONNAIRE	31



TABLE CONTENTS

Table 3.1 Marketing Contents measurement item	12
Table 3.2 Variate reliability test.....	15
Table 3.3 Classroom questioning factor analysis	16
Table 3.4 Group discussion factor analysis	17
Table 3.5 Pre-class self-study factor analysis	17
Table 3.6 Learning interest factor analysis	18
Table 3.7 Class participation factor analysis	18

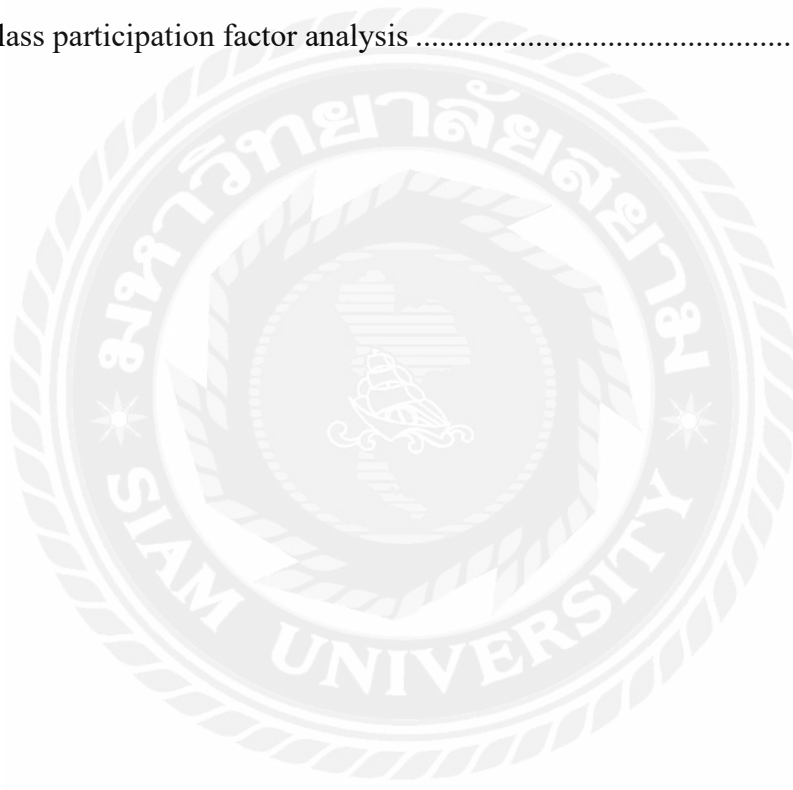


FIGURE CONTENTS

Figure 2.1 Conceptual framework	11
Figure 3.1 Hypotheses	14



Chapter 1 Introduction

1.1 Research Background

In 2020, GDP growth is harmful in many countries, but household wealth is increasing. Total global household financial assets grew 8.3% in 2020, reaching \$250 trillion. The concept of household finance was first proposed in 2006 (Ou et al., 2013), and since then, household finance has received extensive attention from the finance community as a new research direction. The family is not only the basic social unit in which the members of society live but also an essential link in the economy. Family finance is mainly a study of how families can use various financial instruments to make a reasonable allocation within the scope of limited financial assets to maximize the effect and realize the preservation and appreciation of wealth. Family finance also affects asset pricing, so it studies the allocation of family financial assets. is necessary

In 2020, China's urban residents per capita disposable income reached 43,834 yuan, expanding seven times from 6,280 yuan in 2000. The above data reflects the rapid growth of China's total economy and residents' incomes in recent years, primarily stimulating the demand for various financial products among residents and families. The increasing improvement of China's financial market and the continuous innovation of financial institutions have also provided strong support from the supply side (Williamson, 2020), enriching and optimizing the structure of household financial assets, and more and more households are participating in the risky financial market in addition to bank savings.

From China's current overall situation, the proportion of residents' property income is on the low side; data show that the property income of residents in developed countries accounts for 40% of the total income, while this value is only 7.6% in China. At the same time, China's financial development also has huge regional and urban-rural differences (Zheng et al., 2019). In recent years, with the introduction of some economic national policies and the prosperous development of the financial market, coupled with the impact of the sudden epidemic of new coronary pneumonia, the behavior of household financial asset allocation has appeared some new features, and the influencing factors have become more diversified and complex. By exploring the characteristics, problems, and influencing factors of household financial asset allocation of urban residents in Beijing, this study has specific practical significance for increasing the property income of Beijing residents and narrowing the differences in regional financial development (Friedman & Savage, 1948).

Beijing is the capital city of China. In 2020, the resident population of Beijing was 21.893 million. The urban population is 19,128,000 people, and the rural population is 2,715,000 people; the proportion of the urban population in the city's resident population is 87.6%. In 2022, the gross domestic product of Beijing was 4,161,090,000,000 yuan, and urban residents' per capita disposable income was 84,023 yuan, an increase of 3.1%.

Economic development has achieved a favorable trend, the living standards of the residents have been improving, and the development of the financial market has made significant progress, which is fully reflected in the structure of residents' household assets. First, there has been a substantial increase in urban residents' household financial assets. Secondly, in terms of structure, residents' families are no longer satisfied with traditional financial management methods such as savings deposits but are investing more in securities and insurance financial instruments. However, some problems have been revealed at the same time, such as the proportion of monetary financial assets still being too large and the proportion of securities financial assets holdings fluctuating greatly. In this context, this paper analyzes the characteristics of the financial asset allocation of urban residents in Beijing through data analysis, explores the existing problems and influencing factors, and finally puts forward targeted recommendations.

1.2 Research questions

In recent years, with the acceleration of urban transformation and urban renewal process, the economic development of Beijing has achieved a favorable trend, the living standard of the residents has been improving, and the development of the financial market has made great progress, which is fully reflected in the structure of the assets of the residents' families. Firstly, the total financial assets of urban residents have increased significantly, and secondly, in terms of structure, residents are no longer satisfied with traditional financial management methods such as savings deposits (Fang et al., 2016) but are investing more in securities and insurance financial instruments. However, some problems have also been revealed, such as the proportion of monetary financial assets still being too large and the proportion of securities financial assets holdings fluctuating greatly. Against this background, this study obtains microdata through a questionnaire survey, explores the characteristics, problems, and influencing factors of the financial asset allocation of urban residents' families in Beijing, and finally puts forward targeted suggestions. Summarizing the above factors in all aspects, therefore, the main research questions of this paper are:

(1) Does financial knowledge affect the distribution of household financial assets of urban residents in Beijing?

(2) Does attitude to risk affect the distribution of household financial assets of urban residents in Beijing?

(3) Does expected future gains affect the distribution of household financial assets of urban residents in Beijing?

(4) Does trust affect the distribution of household financial assets of urban residents in Beijing?

1.3 Objective of the study

This study will collect data and analyze the factors influencing the financial asset allocation of urban residents' families in Beijing by means of a questionnaire. Summarize the problems existing in the financial asset allocation of urban resident families. To propose countermeasures to government authorities, financial institutions, and urban households in Beijing.

(1) To explore whether Financial Knowledge positively influences the financial asset allocation of urban households in Beijing.

(2) To explore whether attitude to risk positively affects the allocation of financial assets of urban households in Beijing.

(3) To explore whether Expected future gains positively affect the financial asset allocation of urban households in Beijing.

(4) To explore whether trust positively affects the financial asset allocation of urban households in Beijing.

1.4 Scope of the study

Due to the huge difference in economic development between urban and rural areas in China, there are obvious differences between urban and rural areas in terms of the total amount and structure of household financial assets. Urban households are more involved in the financial market, so the study chose urban households in Beijing as the survey target. The scope of the study is Beijing, and the main target is urban residents in Beijing and the existence of household financial assets allocation. Residents outside of Beijing are not included in the study. Residents of Beijing who are not involved in the distribution of household financial assets are also excluded from the scope of the survey. A questionnaire was used to investigate the data. The survey includes the personal information of urban residents and surveys related to Financial Knowledge, Attitude to risk, Expected future gains, and Trust.

1.5 Significant of the study

There are many uncertainties in the financial market, and family decision-makers are always relatively rational in the investment process, easily disturbed by various external

factors. Especially in recent years, affected by the epidemic and the fund boom, etc., the allocation of household financial assets has shown new characteristics. This study obtains the latest urban residents' household financial micro-data in Beijing through survey research, which enables a more comprehensive and targeted analysis. The survey research of this study can make up for the lack of local microdata to a certain extent and help enrich the relevant theories of household finance research.

For urban households in Beijing, it is helpful to guide some households to recognize the irrationality of their own financial asset allocation so that they can optimize their financial asset structure (Manzo & Perkins, 2006), formulate scientific and reasonable investment planning and pension planning, smooth consumption throughout the life cycle, better cope with the risks of unemployment and sudden illnesses, and realize the preservation and appreciation of wealth and improve the quality of life.

For the financial institutions serving urban residents in Beijing, the research conducted in this paper is conducive to the financial institutions' better understanding of the intrinsic needs of different families for different financial products so as to innovate financial products that better meet the needs of families, and is conducive to the financial institutions' improvement of the level of financial services, expansion of the customer base, enhancement of competitiveness, improvement of profitability, and establishment of a more favorable brand image.

As for the Beijing Municipal Government, recognizing the characteristics and problems of financial asset allocation of urban households in Beijing will help the government formulate relevant policies that are more suitable for local development, guide urban households in Beijing to make reasonable financial investments, and better achieve the livelihood goal of "raising the level of wealth of households and expanding channels of family property income," as well as helping to achieve the goal of "improving the level of wealth and expanding channels of family property income." This will help to realize the goal of "improving the wealth level of residents' families and broadening the channels of their property-based income," helping to maintain social stability and deepen financial development.

Chapter 2 Literature Reviews

2.1 Introduction

This research literature review is based on the life cycle theory and behavioral finance theory to discuss the concept of household financial assets, characteristics, asset allocation, and the influence factors of asset allocation. The literature review clarifies the influencing factors of household financial asset allocation. The conceptual model of this study is constructed based on the analysis and the findings of related studies to determine the relationship between each variable.

2.2 Literature Reviews

2.2.1 Household Financial Assets

American economists first proposed family finance. Family finance and corporate finance have something in common, focusing on how families or enterprises can realize the preservation and appreciation of wealth, but family finance also has its particularities; for example, the family's investment and financial planning time is very long, and even needs to be carried out throughout the entire lifecycle; real estate accounts for a large proportion of the whole family assets, and so on. Family finance takes the family as the research object, and based on the general finance theory, it studies how the family invests its limited funds in diversified financial instruments, realizes the optimal allocation of resources across the period, and maximizes the utility (Liu, 2001).

Family assets mainly refer to the family's property, debts, and other rights, and these rights can be measured in money (Evenett, 2020). Among them, property refers mainly to all kinds of physical objects and financial products, etc.; claims mainly refer to debt rights to other people outside the family, i.e., the family lends money that can be recovered when it is due; other rights mainly refer to intellectual property rights, shares and other intangible assets, such as people's reputation, social relations, etc., although they may also bring economic profits to the family because they cannot be measured in terms of money, they will not be defined as family assets. In addition, family assets must be acquired through legal channels. According to the degree of liquidity of property, household assets can be categorized into household fixed assets (housing, automobiles, etc.) (Fort et al., 2016) and household liquid assets (cash, deposits, stocks, etc.); they can also be categorized by their attributes into household financial assets, and household non-financial assets (including owner-occupied residences, non-owner-occupied residences, automobiles, consumer durables, works of art, etc.) (Ziaei, 2022).

Household financial assets are financial instruments that can bring potential benefits to households and can reflect the exchange of funds between households and the outside world

at a certain point in time. According to the level of risk of household financial assets, they can be categorized into risky financial assets (including bank and Internet financial products, bonds, funds, stocks, gold, foreign exchange, financial derivatives, etc.) and non-risky financial assets (including cash, bank deposits, and insurance), and the rate of return of household financial assets with different levels of risk varies, and the relationship between risk and return is usually proportional. Family financial assets have a certain degree of liquidity; investors can convert them into cash when needed; in addition, different family financial assets have different maturities. In summary, household financial assets have the characteristics of risk, return, liquidity, currency, and maturity.

2.2.2 Research on Influencing Factors of Family Financial Assets

(1) Financial literacy

Scholars used the level of education as a substitute for the variable of financial literacy to study its impact on the allocation of household financial assets (Nagueh et al., 2016). An increase of one year in the number of years of education increases the probability of holding stocks in the household by four percentage points. The level of education is not equivalent to financial literacy, and scholars gradually constructed an evaluation system of financial literacy, which is more commonly used from the investor's evaluation of financial literacy to the evaluation of financial literacy. Education is not equivalent to financial literacy, so scholars have gradually constructed a system for evaluating financial literacy, which is more commonly used to assess the financial literacy of investors from the degree of their knowledge of interest rates, inflation, and the relationship between risk and diversification, etc. (Watanapongvanich et al., 2020). Financial literacy has a significant positive impact on the accumulation of household wealth, scientific, financial planning, and the development of pension planning, and household investors with more financial knowledge will hold a higher percentage of stocks. Knowledge household investors will hold a higher proportion of risky financial assets. Scholars empirically analyze the Chinese household financial survey data through the Tobit model (Aldrich & Meyer, 2015), and the results show that households with a high level of education of the head of household will invest more in risky financial assets. In addition, scholars find that improved financial literacy also positively affects household wealth accumulation, retirement planning, consumer durables preference, financial planning, and diversity of household asset portfolios. Regarding the channels through which financial literacy affects household financial asset allocation, the interaction with risk attitude is an important channel through which financial literacy affects portfolio diversity (Aldrich & Meyer, 2015).

(2) Risk Attitude

Modern portfolio theory suggests that investors are rational beings who diversify their investments according to their risk preferences to avoid systematic risk. Instead of basing their decisions on their net worth, investors choose a reference point to measure the profit and

loss of their investments in order to decide on the final portfolio of financial assets. Data from research studies in Italy and the U.S. have found that risk-averse households participate in risky financial markets to a lesser extent and to a lesser depth (American Diabetes Association, 2009). It was found that risk-averse fund investors allocate a higher proportion of risky assets. There is no direct link between risk attitudes and stock market participation. The researcher suggests that risk-preferring households have a higher allocation share of risky financial assets and that each unit increase in household risk aversion reduces the probability of stock market participation by 10.5 percent (Merton, 2017).

(3) Social interaction and social trust

Social interaction will give investors more opportunities to obtain investment experience and information from people around them, thus increasing stock investment. Some scholars have researched and analyzed the influence channels, such as the demonstration group effect, partner group effect, and endogenous interaction. The higher the investor's trust in the financial market, the higher the likelihood of investing in risky financial assets (Corrigan et al., 2009). Combining both social interaction and social trust to study the impact on investors' participation in the stock market, it is found that when investors' trust in the market is generally low, more participation in social interaction will increase stock market participation. Residents' level of trust and satisfaction with financial institutions and the outside society are also important factors affecting households' financial asset allocation. Households with high levels of trust have a higher proportion of risky asset holdings, and this effect is more pronounced in households with lower financial literacy.

(4) Expected future gains

The study finds that the higher the total and stable income, the higher the proportion of risky assets held by households, and the effect of permanent income on risky assets is more significant than that of temporary income. From the perspective of income risk, the German socioeconomic panel data found that the higher the risk of household income, the lower the probability of holding risky assets (Demsetz & Lehn, 2020).

When investors are in a more pessimistic mood, they will tend to avoid losses, while when they are in a period of high sentiment, this may lead to an increase in stock market bubbles. Households with a high sense of well-being will be more inclined to maintain the status quo rather than engage in risky investment behavior and have lower expected inflation rates, but some scholars hold a different view (Giesecke & Groß, 2004). Researchers believe that household happiness has a positive effect on risky financial market participation (Brooks et al., 2020). When investors are in a state of over-optimism, they may make risky investments by borrowing; when they are in a state of relative rationality, their investment portfolios will be more rational; and when they are in a pessimistic mood, they may sell risky assets short. Households with high levels of well-being will hold fewer risky financial assets

and will participate less in the stock and fund markets.

2.3 Theory of Reviews

2.3.1 Life Cycle Theory

The concept of life cycle is very widely used; from individuals to families to enterprises, there is a life cycle. 1950s. The theory that whether it is an individual, a family, or an enterprise should start from the life cycle as a whole to carry out financial management activities, investment decisions, or consumption decisions not only to take into account the current income (Kuo et al., 2001), but also to consider the future income and expenditure, so as to smooth consumption and realize wealth preservation and appreciation. Consideration should be given not only to current income but also to future income and expenditure so that consumption can be smoothed and wealth preservation and appreciation can be realized. The proposal of life cycle theory provides a theoretical foundation for the study of the family life cycle. The family life cycle refers to the whole process of a family, from marriage to the birth of children to the independence of children and finally to the end of life (Balaban et al., 2005). The family life cycle can be roughly divided into four stages: the formation stage, the growth stage, the maturity stage, and the aging stage. Families in different stages of the life cycle have very different family sizes, asset and liability positions, income levels, risk attitudes, etc., as well as different needs for financial products and purposes of participation in the financial market.

Specifically, the period from marriage to the birth of the youngest child can be defined as the family formation period. In this period, the age of both husband and wife is about 20 to 30 years old. With the birth of children, the number of family members will increase, the family expenditure will also increase, the family income mainly relies on both sides of the salary income (Li et al., 2018), will be more inclined to pursuit high-income growth, due to the young is also able to bear greater risk, compared with the family living with parents, the family living in the sole generation may face greater pressure of indebtedness, such as home loan, car loans, etc., and have more limited assets. The period between the birth of the youngest child and the completion of his or her education can be defined as the family's formative years. In this period, the age of both husband and wife in their forties and fifties, the family size is generally more stable, the birth of children will bring the corresponding education expenditure growth, family income may be in a period of rapid growth, the return of the mortgage year by year will make the size of the debt decline (Chen et al., 2019), for the purpose of children's education and home renovation and other purposes may be to increase the savings, the family's net assets began to accumulate year by year. The period from when the oldest child finishes school to when both spouses retire can be defined as a period of family maturity. In this period, the age of both husband and wife is generally around 50 or 60 years old; with the formation of children into a new family, the number of family members

will gradually decrease, the family income and the career development of both parties may reach a peak state, the expenditure with the reduction of family members and reduce, the increase in income and the reduction of expenditures will bring about a substantial increase in savings, the liabilities are generally paid off, the assets have reached its peak, and began to start planning for retirement. After both spouses retire, the family enters a period of aging. During this period, the couple's age generally reaches 65 and above. The death of one of the spouses may bring about a decrease in the number of family members, and the family's source of income is dominated by financial income or transfer income. With the increase in age, medical expenditure may increase, which will gradually consume the pension, and new liabilities generally will not be incurred (Mohankumar & Senthilkumar, 2017).

2.3.2 Behavioral Finance Theory

Since the 1980s, the financial market has accumulated a variety of phenomena that cannot be explained by traditional financial theory; the perfect theory in guiding practice is slightly pale, and people gradually shift their perspective to some newly emerging financial theory (Folke, 2006), behavioral finance theory is an important part of it, it will be integrated into the psychology of finance, from the deep psychological point of view to explain and predict financial markets. Phenomena in the financial market from a deep psychological point of view. Traditional financial theory assumes that investors are rational, and behavioral finance mainly focuses on this criticism (Weick et al., 2005), pointing out that investors have limited rationality and cognitive bias.

In the process of social interaction, investors will pay attention to other people's decision-making behavior and will easily be influenced to change their own decision-making (Parmesan, 2006); based on the existence of information asymmetry, people may generally believe that when the majority of people make the same judgment, this judgment is likely to be correct. There is a large body of literature that suggests that people are overconfident in the accuracy of their own knowledge and judgment. On the one hand, overconfidence expands the volume of market transactions, but on the other hand, overconfidence is not necessarily a good thing for the investor himself and may be costly due to overestimation of himself (Luo & Tung, 2007). When making decisions, investors may rely too much on information obtained in the past and use the initial information as a reference to adjust their expectations and decisions. Overreaction and underreaction. It is mainly cognitive biases that lead to overreaction and under-reaction. On the one hand, investors may over-emphasize changes in data over a recent period of time due to the presence of selectivity bias while neglecting the overall trends and characteristics.

2.4 Research Relevant

Related research on risk attitudes. Modern portfolio theory suggests that investors are rational beings who diversify their investments according to their risk appetite in order to avoid systematic risk. Instead of basing their decisions on their net worth, investors choose a reference point to measure the profit and loss of their investments to determine the final portfolio of financial assets. Using data from survey studies in Italy and the United States, scholars have found that risk-averse households participate in risky financial markets to a lesser extent and depth (Kessler & Bromet, 2013).

Research related to social interaction and social incumbency. Scholars have found that social interactions increase stock investments by giving investors greater access to the investment experience and information of those around them. Some scholars have studied and analyzed the channels of influence, such as the demonstration group effect, the partner group effect, and endogenous interaction (Huijts et al., 2012). The higher the investor's trust in the financial market, the higher the likelihood of investing in risky financial assets. Scholars combine both social interaction and social trust to study the impact on investors' participation in the stock market and find that when investors' trust in the market is generally low, more participation in social interaction increases stock market participation (Moher, 2019).

By combing the literature on family financial assets, scholars mostly study the allocation of family financial assets at the national level (Carter & Linnell, 2016). At present, financial asset allocation faces the problem of unbalanced regional and urban-rural development, and the existing literature rarely analyzes regions in a targeted manner. With the development of society, new characteristics of household asset allocation have emerged, and the influencing factors have become more complicated, so the existing research cannot fully explain the current situation and problems (Mehta et al., 2020). Therefore, this study chooses the influencing factors of urban residents' household financial asset allocation in Beijing as the research content.

2.5 Conceptual Framework

With the development of the social economy, due to the precedence and differences in the financial environment, scholars have made more mature and comprehensive research on the theoretical basis of family asset allocation, forming the portfolio theory and expanding the asset capital pricing model on this basis. Specifically, on the influencing factors of financial assets, the analytical framework and general rules of external conditions, including policy influence, social governance, laws and regulations, and ethical environment, as well as internal conditions such as wealth, age, and education, have been summarized. This study constructs a model of the influence of financial asset allocation of urban residents' households in Beijing on the basis of a full understanding of life cycle theory and behavioral finance theory. This study constructs a theoretical model on the basis of fully analyzing the factors influencing the financial asset allocation of urban residents' families in Beijing. In the model, the independent variables include financial knowledge, attitude to risk, expected future gains,

and trust, and the dependent variable is the distribution of household financial assets. See Figure 2.1.

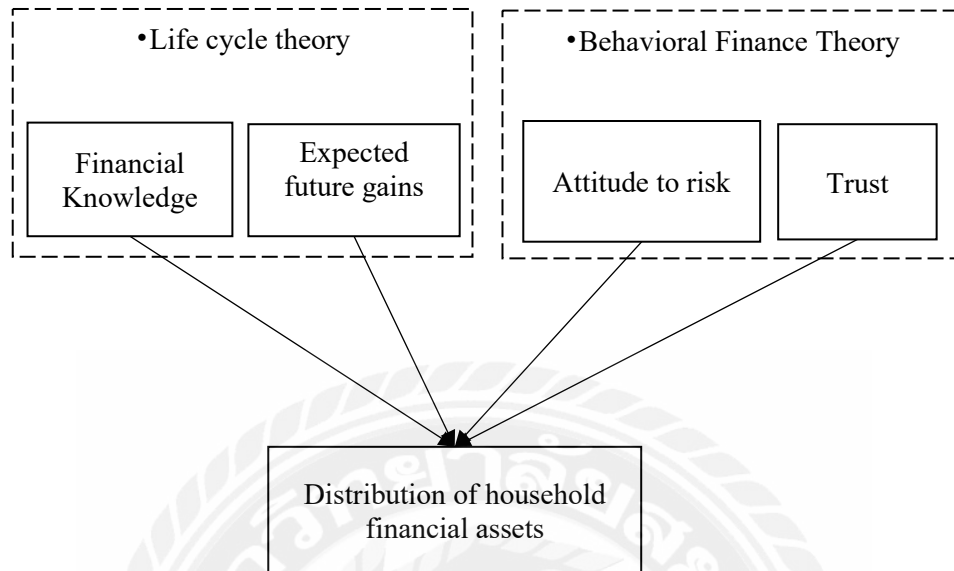


Figure 2.1 Conceptual framework

Chapter 3 Research Methodology

3.1 Introduction

The main content of this study is the factors influencing the allocation of household financial assets of urban residents in Beijing. In the model, the independent variables include financial knowledge, attitude to risk, expected future gains, and trust, and the dependent variable is the distribution of household financial assets. This study combines a questionnaire with data collection using a quantitative method. The questionnaire was based on a five-point Likert scale. The first part of the questionnaire collects the essential characteristics of the survey sample. The second part focuses on the data related to Financial Knowledge, Attitude to risk, Expected future gains, and Trust of the survey sample. Each variable has three items, totaling 15 items.

3.2 Research Design

The quantitative research method is used in the study. Based on the literature combined, the independent variables were identified as financial knowledge, attitude to risk, expected future gains, and trust. The dependent variable was the distribution of household financial assets. Combining with the related research, the number of items for each variable was identified as 3. Combined with a related study, we determined three articles for each variable, totaling 15 items, using a five-point Likert scale, with scores of 1-5, representing strongly disagree, disagree, generally agree, agree, strongly agree, and the higher the score, the more we agree with the item. The corresponding question items were designed for each variable and coded for the question items, as shown in Table 3.1.

Table 3.1 Marketing Contents measurement item

Variate	Measuring item	NO.
Financial Knowledge	1. You have studied finance and know a lot about finance.	QS1
	2. You are usually very interested in financial information	QS2
	3. You often choose different ways to get financial literacy	QS3
Attitude to risk	4. You like to invest in high-risk, high-return financial products	QS4
	5. Your financial investment risk factor is the biggest influence	QS5
	6. You don't like to take any risks.	QS6
Expected future gains	7. You are very optimistic about the future of the economy.	QS7
	8. You are very optimistic about future income levels.	QS8
	9. You are very optimistic about the future employment situation	QS9

Trust	10. You've invested in the center and are very trusting of others around you.	QS10
	11. You have invested in the center and trust the market regulator.	QS11
	12. You have invested in the middle and trust financial institutions greatly.	QS12
Distribution of household financial assets	13. You hold a high level of risk-free financial assets.	QS13
	14. You hold more types of financial assets.	QS14
	15. The types of financial assets you hold in high proportion are mainly financial products (e.g. bonds, funds, gold, foreign exchange).	QS15

3.3 Hypothesis

This study constructs a model of the impact of financial asset allocation on urban residents' households in Beijing based on a complete understanding of life cycle and behavioral finance theories. Summarizing and combing the relevant literature, a questionnaire survey was designed for each variable, and the following hypotheses were proposed based on the relationship between the variables:

H1: Financial Knowledge significantly impacts the financial asset allocation of urban residents' families in Beijing.

H2: Attitude to risk has a significant positive effect on the allocation of financial assets of urban residents' families in Beijing.

H3: Expected future gains have a significant positive effect on the allocation of financial assets of urban households in Beijing.

H4: Trust has a significant positive effect on the allocation of financial assets of urban households in Beijing.

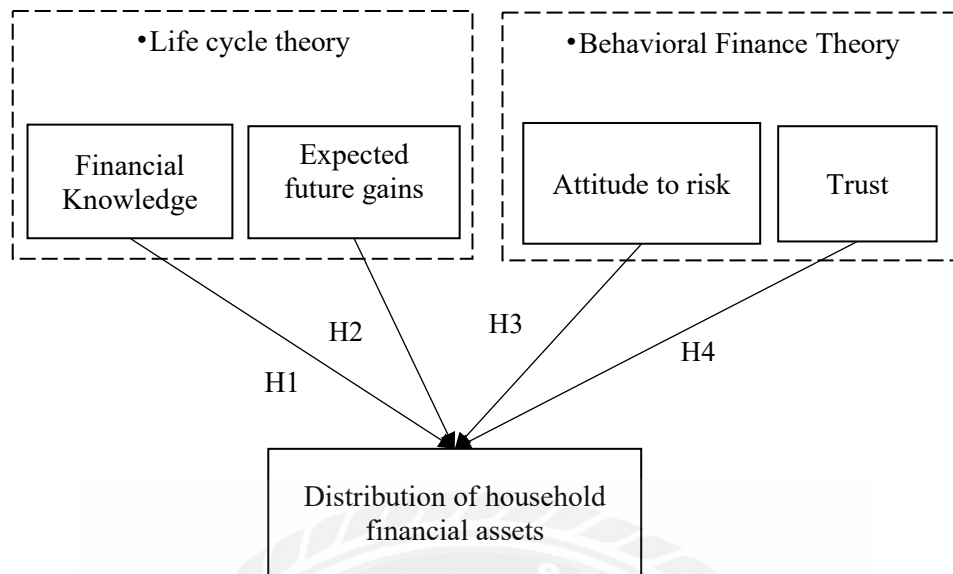


Figure 3.1 Hypotheses

3.4 Population and Sampling

This study focuses on the influence factors of family financial asset allocation of urban residents in Beijing. The scope of the study is Beijing, and the main object is urban residents in Beijing and family financial asset allocation. Residents outside of Beijing are not included in the scope of the study. Beijing residents not involved in family financial asset allocation are also excluded from the survey. The survey consists of students' gender, age, income, education level, financial knowledge, attitude to risk, expected future gains, and trust. Data values for the standard normal distribution of quartiles are collected through the sample formula calculation, for the confidence level generally takes the value of 95%. p is the sample standard deviation, the sample standard deviation of the estimated value of the standard deviation of the general use of 0.5, to determine the error tolerance E (the maximum permissible difference between the sample mean and the overall mean), $E = 0.05$. Calculation of the results obtained for the 390 samples. For the random sampling method, an online survey will be conducted using Questionnaire Star for questionnaire distribution, and the sample will be drawn randomly from the overall population.

3.5 Data Collection

Due to the vast difference in economic development between urban and rural areas in China, the total amount and structure of household financial assets of the two are different, and urban households are more involved in the financial market. Hence, this paper chooses urban households in Beijing as the survey's target for the research. The questionnaire was

designed concerning the Family Financial Maturity Scale, and combined with the main influencing factors in the literature review, the online survey was used, and the data collection was completed in three months, laying the foundation for the subsequent descriptive statistical analysis and empirical analysis.

The questionnaire was distributed from May 2023 to August 2023, considering the fast and effective way of collecting questionnaires through online distribution. The study mainly used the online distribution of questionnaires for the research; respondents can ask questions and answers if they do not understand. The study combines questionnaires, data collection, and quantitative methods. The questionnaire was based on a five-point Likert scale. The first part of the questionnaire is to collect the essential characteristics of the survey sample. The second part focuses on the data related to Financial Knowledge, Attitude to risk, Expected future gains, and Trust of the survey sample. In the survey process, 410 questionnaires were distributed, 410 questionnaires were recovered, and 392 questionnaires were valid, with a validity rate of 95.6%.

3.6 Data Analysis

3.6.1 Reliability

Reliability refers to the consistency of the results obtained from multiple repeated measurements of the same object using the same method, which can reflect the degree of reliability of the data. In this paper, the Cronbach α coefficient is used to conduct reliability analysis, which is also the most commonly used method of reliability analysis. Based on the survey data, the overall reliability test of the questionnaire was conducted with a total of 15 questions. The reliability of the questionnaire is usually measured with the help of Cronbach's α . Generally speaking, the Cronbach's α value is between 0 and 1. The larger the α coefficient is, the higher the reliability of the questionnaire is. In order to ensure that the research data are reliable, the reliability test of the data collected by the questionnaire is needed. Cronbach's alpha value was generally used in the study to test the reliability of the questionnaire collection data. By analyzing the data, the reliability test was conducted on five variables: Financial Knowledge, Attitude to risk, Expected future gains, trust, and Distribution of household financial assets. The Cronbach's Alpha for each variable is 0.846, 0.869, 0.896, 0.891, 0.855. The Cronbach's Alpha for each variable is more significant than 0.8, indicating that the scales' stability and reliability are good.

Table 3.2 Variate reliability test

Variable	Cronbach's Alpha	N of Items
Financial Knowledge	0.846	3
Attitude to risk	0.869	3
Expected future gains	0.896	3
Trust	0.891	3

Distribution of household financial assets	0.855	3
--	-------	---

3.6.2 Validity

Validity analysis refers to assessing the appropriateness of the selection of the measurement instrument. Validity analysis is determined primarily through exploratory factor analysis. Conducting factor analysis requires the following steps:

First, determine whether the data are suitable for factor analysis. Factor analysis can be used only when there is a strong correlation between the original variables. If they are independent of each other, there is no need to conduct factor analysis. KMO test and Bartlett's Spherical Test are required. Only when the KMO test value is greater than 0.6 and the Sig value is significant, is the scale suitable for factor analysis.

Second, extract the common factor. The key to factor analysis is to solve the loading matrix, and the leading position in the solving method is the principal component analysis. Generally, the number of factors will be determined according to the eigenvalues of the correlation coefficient matrix, and then the factors with eigenvalues greater than one will be selected.

Third, the amount of factor explanation is calculated, and the cumulative explanation is greater than 50%, which meets the requirements. Through these tests and analyses, it is ensured that the validity of the research scale meets the requirements.

(1) Financial Knowledge

The variable Financial Knowledge was factor analyzed using SPSS. The data analysis yielded a significant Sig value and a KMO value of 0.730, which is greater than 0.6. According to the conclusion, factor analysis can be performed. The principal component analysis of the collected data yielded the factor loadings table, and factor explanations data in Table 3.3, and the cumulative explanations were 76.473%, which is greater than 50% and meets the requirements. Meanwhile, the loadings of each factor are greater than 0.8, which meets the requirements.

Table 3.3 Classroom questioning factor analysis

Variable	Items	1
Classroom questioning	QS1	0.878
	QS2	0.876
	QS3	0.870
% of Variance		76.473%
Cumulative %		76.473%
KMO		0.730
df		3
Sig.		0.000

(2) Attitude to risk

The data analysis resulted in a significant Sig value and a KMO value of 0.727, greater than 0.6, to meet the requirements and can be factor analyzed. The principal component analysis of the collected data obtained from the factor loadings table and facet explanatory quantity data are shown in Table 3.4; the cumulative explanatory quantity is 79.234%, which is greater than 50% and meets the requirements. Meanwhile, the loadings of each measurement item are greater than 0.8, which indicates that the explanatory power is good and each measurement item has good convergent validity.

Table 3.4 Group discussion factor analysis

Variable	Items	1
Group discussion	QS4	0.878
	QS5	0.914
	QS6	0.878
% of Variance		79.234%
Cumulative %		79.234%
KMO		0.727
df		3
Sig.		0.000

(3) Expected future gains

According to the data analysis, it can be learned that the Sig value of Expected future gains is 0.000, which indicates that the Sig is significant, while the KMO value is 0.744, which indicates that the results of this study can be analyzed by factor analysis. The principal component analysis of the collected data to get the factor loadings table and factor explanations data are shown in Table 3.5; the cumulative explanations are 82.750%, which is greater than 50% and meets the requirements. Meanwhile, the loadings of each measurement item are greater than 0.8, which indicates that the explanatory power is good and each measurement item has good convergent validity.

Table 3.5 Pre-class self-study factor analysis

Variable	Items	1
Pre-class self-study	QS7	0.901
	QS8	0.903
	QS9	0.925
% of Variance		82.750%
Cumulative %		82.750%
KMO		0.744
df		3
Sig.		0.000

(4) Trust

According to the data analysis, Trust's Sig value is 0.000, which indicates that Sig is significant, while the KMO value is 0.749, which suggests that the results of this study can be analyzed by factor analysis. The principal component analysis of the collected data to get the factor loadings table and factor explanations data are shown in Table 3.6; the cumulative resolution is 81.842%, which is greater than 50% and meets the requirements. Meanwhile, the loadings of each measurement item are more significant than 0.8, which indicates that the explanatory power is good and each measurement item has good convergent validity.

Table 3.6 Learning Interest Factor Analysis

Variable	Items	1
Learning interest	QS10	0.900
	QS11	0.906
	QS12	0.913
% of Variance		81.842%
Cumulative %		81.842%
KMO		0.749
df		3
Sig.		0.000

(5) Distribution of household financial assets

The data analysis yielded a significant Sig value and a KMO value of 0.732, indicating that the results of this study can be factor-analyzed. Factor analysis of the problem items resulted in a factor loading matrix to obtain the household financial assets factor loading table distribution, as shown in Table 3.7. From the data in the table, it can be seen that the allocation of household financial assets extracted only one public factor, which explains 77.527% of the variance, which indicates that the ability to explain the variance is strong. The loadings of each measurement item are all greater than 0.7, meaning that the explanatory power is better, and each measurement item has better convergent validity.

Table 3.7 Class Participation Factor Analysis

Variable	Items	1
Class participation	QS13	0.889
	QS14	0.885
	QS15	0.868
% of Variance		77.527%
Cumulative %		77.527%
KMO		0.733
df		3
Sig.		0.000

The results of factor analysis for each variable revealed that the cumulative explanatory rates of financial knowledge, attitude to risk, expected future gains, and trust were 76.473%, 79.234%, 82.750%, and 81.842%, respectively, indicating that the independence of each dimension was good. This indicates that the overall validity of the questionnaire is good.



Chapter 4 Finding

4.1 Introduction

The factors influencing the financial asset allocation of urban residents' families in Beijing were sorted out through the literature review. The study adopted a quantitative research method, and the data reliability and validity of the collected questionnaires were analyzed to determine the validity of the collected data. Descriptive statistics and correlation analysis analyzed the data to further understand the relationship between the variables. Through the analysis to verify the hypotheses, to clarify the mutual influence relationship of each variable in the model of financial asset allocation influencing factors of urban residents' families in Beijing.

4.2 Description of Statistical Variables

Through this research study, from the gender characteristics of the sample, it can be understood that there are 220 females, accounting for 56.1%, and 172 males, accounting for 43.9%. Females are slightly higher than males, which meets the statistical requirements. From the age distribution of the respondents, among them, 18-34, there are 167 people, accounting for 42.6%; 35-44 there are 77 people, accounting for 19.6%; 45-54 there are 107 people, accounting for 27.3%, 55-63 there are 24 people, accounting for 6.1%, ABOVE 63 there are 17 people, accounting for 4.3%. The research sample consisted mainly of young people. The distribution of household income was 44 people below 50,000 yuan, accounting for 11.2%, 95 people in 50,000-100,000 yuan, accounting for 24.2%, 59 people in 100,000-150,000 yuan, accounting for 15.1%, 42 people in 150,000-200,000 yuan, accounting for 10.7%, and 17 people in above 63, accounting for 4.3%. People account for 10.7%, 200,000-250,000 yuan for 32 people, 8.2%, and 250,000 above yuan for 120 people, accounting for 13.5%. Overall, it meets the statistical requirements. In terms of the distribution of education level, the most educated are undergraduates. According to the data analysis, Junior high school for 53 people, accounting for 13.5%; senior high school for 98 people, accounting for 25%; Undergraduate for 123 people, accounting for 31.4%; Master's degree for 107 people, accounting for 27.3%, Others for 11 people, accounting for 2.8%. See Table 4.1. The sample data are true and accurate, and the sample is representative.

Table 4.1 Distribution of basic characteristics of samples

Item	Options	Frequency	Percent%
GEN	Male	172	43.9
	Female	220	56.1
AGE	18-34	167	42.6
	35-44	77	19.6
	45-54	107	27.3

	55-63	24	6.1
	Above 63	17	4.3
INC	50,000 yuan below	44	11.2
	50,000-100,000-yuan	95	24.2
	100,000-150,000-yuan	59	15.1
	150,000-200,000-yuan	42	10.7
	200,000-250,000-yuan	32	8.2
	250,000 above yuan	120	30.6
EDU	Junior high school	53	13.5
	Senior high school	98	25.0
	Undergraduate	123	31.4
	Master's degree	107	27.3
	Others	11	2.8
	Total	392	100.0

4.3 Results of the Study

4.3.1 Correlation analysis

Correlation analysis is a test of the relationship between variables. Using Pearson's correlation analysis mainly measures the linear relationship between two variables. As one variable increases, does the rate of change of the other variable increase or decrease? The Pearson correlation coefficient ranges from -1 to 1, where the closer the absolute value of the correlation coefficient is to 1, the higher the correlation between the two variables. The closer to 0, the lower the correlation. This study focuses on the influence factors of household financial asset allocation of urban residents in Beijing, and the main elements of the analysis include financial knowledge, attitude to risk, expected future gains, trust, and distribution of household financial assets.

Table 4.2 Correlation between variables (Pearson correlation matrix)

Pearson Correlation					
Variables	Financial Knowledge	Attitude to risk	Expected future gains	Trust	Distribution of household financial assets
Financial Knowledge	1	.612**	.597**	.593**	.592**
Attitude to risk	.612**	1	.650**	.694**	.648**
Expected future gains	.597**	.650**	1	.656**	.590**
Trust	.593**	.694**	.656**	1	.700**
Distribution of household financial assets	.592**	.648**	.590**	.700**	1

NOTE: *P<0.05, **P<0.01, ***P<0.001

According to the table, it can be learned that Pearson's correlation coefficient of financial knowledge, attitude to risk, expected future gains, trust, and distribution of household financial assets are all greater than 0.5 and less than 0.9, and $p < 0.01$, indicating that there is a correlation between the variables and it is positive.

The Pearson correlation coefficient between Financial Knowledge and Distribution of household financial assets is 0.592, and $P < 0.01$, indicating a correlation between Financial Knowledge and Distribution of household financial assets, and it is a height correlation. The correlation is positive. Therefore, hypothesis H1 is valid.

The Pearson correlation coefficient between attitude to risk and distribution of household financial assets is 0.648, and $P < 0.01$, indicating that there is a correlation between attitude to risk and distribution of household financial assets, and it is a high correlation. The correlation is positive. Therefore, hypothesis H2 is valid.

The Pearson correlation coefficient between Expected future gains and distribution of household financial assets is 0.590, and $P < 0.01$, indicating that there is a correlation between Expected future gains and allocation of household financial assets, and it is a high correlation. The correlation is positive. Therefore, hypothesis H3 is valid.

The Pearson correlation coefficient between Trust and Distribution of household financial assets is 0.700, and $P < 0.01$, indicating that there is a correlation between Trust and Distribution of household financial assets, and it is a high correlation. The correlation is positive. Therefore, hypothesis H4 is valid.

The analysis of the above research shows that different families have different financial asset needs, and the influencing factors of the financial asset allocation of urban residents in Beijing mainly include Financial Knowledge, Attitude to risk, Expected future gains, Trust, etc. Therefore, to achieve the goal of financial asset allocation of urban residents in Beijing, it is necessary to have a positive correlation between Trust and Distribution of household financial assets. Therefore, to realize the rationalization of the financial asset allocation of urban residents in Beijing, it is necessary for the regional government, families, and financial institutions to participate in promoting the rationalization and scientificization of financial asset allocation. The correlation between variables indicates that each variable plays a specific role in the model, reflecting the rationality of the model construction.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This paper designs and distributes a questionnaire on the financial asset allocation of urban residents' families in Beijing, and a total of 392 valid samples were retrieved as data support. After the data were entered into SPSS, descriptive statistical analysis was conducted first, and the research hypotheses were put forward based on this. Then, the correlation between the variables was dealt with by using factor analysis. The common factors were extracted after reducing the dimensions of the variables, and after that, the correlation analysis was carried out. Correlation analysis is a way to explore the main factors affecting the allocation of financial assets of urban residents' families in Beijing. The main conclusions of this paper through literature research, questionnaire survey, and empirical analysis are as follows:

Financial Knowledge significantly impacts the allocation of financial assets of urban residents' families in Beijing. Therefore, hypothesis H1 is established. The more financial knowledge urban resident households in Beijing acquire, the more assets they will invest in financial assets. Financial knowledge becomes an important factor in the allocation of assets of urban residents in Beijing.

Attitude to risk has a significant positive effect on the allocation of financial assets of urban residents' households in Beijing. Therefore, hypothesis H2 is valid. The risk attitude factor significantly impacts the risky financial asset allocation of urban residents' homes in Beijing. Household investors with a high-risk appetite are more likely to participate in complex financial markets. Attitude toward risk determines the investment in financial assets of urban residents in Beijing.

Expected future gains significantly affect the allocation of financial assets of urban residents' households in Beijing. Therefore, hypothesis H3 is valid. Expected future gains become an essential factor in urban residents' financial asset allocation. When urban residents' expectation of future income is higher, the higher the level of urban residents' financial asset allocation in Beijing.

Trust has a significant positive effect on urban residents' household financial asset allocation in Beijing. Therefore, hypothesis H4 is established. The higher the level of trust, the higher the financial asset allocation of urban residents' households in Beijing, and the more likely they are to participate in risky financial markets.

5.2 Discussion

Through the correlation analysis of the factors influencing the financial asset allocation of urban residents in Beijing, it is known that financial literacy has a significant positive impact on the participation of urban residents in the risky financial market. Families can acquire financial knowledge through various channels; for example, they can read books on investment theories to invest according to their risk tolerance and reasonably diversify risks in the future. Families of Beijing urban residents can also participate in social gatherings among neighbors and colleagues to gain more financial knowledge and learn from successful experiences, and at the same time, avoid unthinkingly following the trend without understanding the investment risks. Before making investment decisions, families should establish a scientific investment philosophy and abandon the idea of speculation. Families can acquire financial knowledge through various channels to avoid investment risks. Families can target the formation of financial planning and investment portfolios suitable for their families by consulting with professional investment organizations. The government should strengthen the regulation of listed companies to make the information more open and transparent. Families can consult with professional investment institutions or through their research, combined with their own family's economic situation and risk tolerance, to form a targeted financial planning and investment portfolio suitable for their families and choose insurance, funds, stocks, and other types of investment in the savings, so that they can better cope with the children's education expenses, the purchase of family consumer durables and other emergencies.

An investor's investment mindset can significantly affect investment decision-making behavior. In real life, some investors miss the best time to invest because they are overly worried about the future, and some investors suffer huge losses due to the blind pursuit of high returns, so scientific investment thinking and rational investment mentality are particularly important. Families should first establish a scientific investment philosophy and abandon the idea of speculation before making investment decisions. Financial institutions can only do with the support of big data if they want to innovate their products. While increasing their investment in fetch, they also need to focus on selecting and training financial talents to expand their clientele, enhance their competitiveness, and increase their profit margins. Respondents' trust in the media and information disclosure of listed companies is low, limiting residents' investment in risky financial assets. The government should strengthen the supervision of listed companies to make the information more open and transparent and increase the punishment for illegal behavior that deceives investors and raises the violation cost. Financial institutions can only innovate products with the support of big data. While increasing investment in financial technology, they should also focus on selecting and training financial talents to expand the customer base, improve competitiveness, and increase profitability.

The study results show that income level impacts urban residents' participation in

Beijing's risky financial market. In recent years, the economic development of Beijing has generally been favorable, allowing every family to share the fruits of reform and growth. The government can create more jobs by increasing support for local small and micro enterprises and introducing new enterprises. At the same time, the minimum wage can be raised appropriately so that relatively low-income families can also participate in the financial market, preventing the gap between the rich and the poor from worsening further. In addition, the government should propose more effective measures in medical care, transportation, housing, and education. Some efforts to reduce the cost of living of households give families more to deal with risk so that families have idler funds to participate in risky financial markets.

Respondents' trust in the media and information disclosure of listed companies is low, limiting residents' investment in risky financial assets. The government should strengthen the supervision of listed companies to make the information more open and transparent and increase the punishment for illegal behaviors that deceive investors and raise the cost of violation. The financial sector can join hands with the Internet information department to carry out special rectification activities to create a cleaner and more upright network atmosphere. In addition, one of the reasons why households are less likely to invest in derivative financial products is that the local financial market needs to be better to provide a good investment environment. The government should provide a healthier growth space for financial institutions such as banks, insurance companies, and securities firms to develop healthily in the competition.

The survey research in this paper shows that the cost of entering the risky financial market will be lower after the education level of the residents' families has been improved, and the education level is closely related to financial literacy, which will form a more favorable investment atmosphere in the city after it has been generally improved. Overall, Beijing's current higher education resources need to be further upgraded, but there is still a lot of room for development in terms of both quantity and quality. Increased financial support, through the introduction of talent to improve the level of teachers and the quality of education, and a combination of measures to enhance the level of education of residents, improve the environment for the development of higher education.

5.3 Recommendation

They are improving the social security system and enhancing the satisfaction of residents. The whole social security system includes social insurance, social welfare, social relief, and a social favor system; the level of social security directly affects the allocation of financial assets of residents' families; when the level of protection is not high, people tend to produce preventive motivation, will reduce the risky asset investment. Therefore, the relevant departments should clarify their responsibilities, deepen the reform of the social security system, do an excellent job of social security, expand the scope of protection, and improve

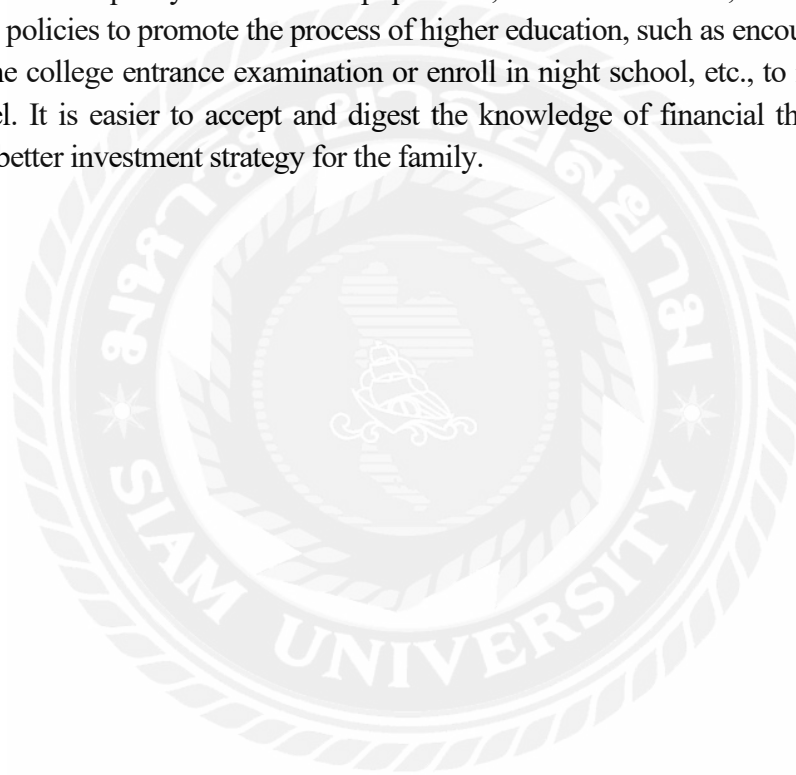
the level of safety in order to reduce the residents' concern about future risks. Improve the social insurance business to relieve residents' worries. Provide effective insurance services for the general public by establishing an all-round, multi-level financial insurance system. With the deepening of China's aging, social residents pay more attention to life protection after old age, and in practice, they tend to increase their future living funds by reducing consumption and increasing savings, so there is an urgent need to improve the basic old-age insurance system and enhance the residents' sense of security in life.

Strengthen financial market supervision and improve the financial legal system. Following the principles of regulation by the law, moderation, classification, synergy, and innovation, the CBRC, the SEC, and other departments have made concerted efforts to effectively regulate the financial business, to realize compliance with the law, to crack down on insider trading, market manipulation, and other illegal acts, to safeguard the legitimate rights and interests of investors, and to create a safe environment for residents to invest in finance. In addition, It is also necessary to strengthen the transparency of capital information in the financial market so that residents can fully understand the market information and jointly participate in the regulation of the financial market, enhance confidence in investment and financing to adjust their asset allocation structure promptly and make full use of the financial market to manage their assets and maximize returns.

It is building a financial market system to improve the asset structure of residents. Improve the securities market by providing a good platform for residents' investment and financing. The government should do an excellent job of regulating market entry and exit, strengthening the construction of a risk warning mechanism, properly guiding residents to invest in stocks, realizing sound asset appreciation, and meeting the needs of families at different levels for reserves. Second is the bond market; the stability and safety of bonds are now generally recognized by residents; the government can expand the issuance of treasury bonds, establish a transparent circulation system, and diversify the residents' deposit savings so that the structure of the residents' financial assets is more reasonable. Innovate diversified financial products to meet different levels of demand. First, it is necessary to introduce mature financial instruments with the help of others' advanced experience and to transform and innovate them. Secondly, increasing investment in financial product innovation, intensifying research and development, serving the financial market at the fastest speed, and increasing publicity to improve residents' acceptance of new financial products is essential. Once again, it is necessary to design different products according to the changes in the market environment and the characteristics of the residents, such as the emergence of Internet finance, online lending, and other financial products to enable residents to better integrate into the market and improve the structure of financial asset allocation. Finally, in the sales process, it is necessary to focus on customer service, smooth customer problem feedback channels, and improve customer satisfaction.

Publicize financial-related knowledge and guide residents to dabble in finance.

Government departments and financial institutions should strengthen the publicity of financial knowledge; for urban residents, you can regularly carry out financial knowledge lectures or organize economic knowledge quiz competitions, etc., to stimulate the interest of social residents in learning financial knowledge, according to the knowledge learned, rationally adjust the family's financial assets, diversified investment, reduce risk. Improve the cultural level of residents and enhance their ability to digest knowledge. At present, Chinese residents do not have enough knowledge and understanding of financial knowledge, which is mainly rooted in the cultural level of the people, especially the lower-educated people's ability to accept new things is weaker, and the understanding of financial knowledge is relatively scarce, so it is necessary to strengthen cultural education. On the one hand, we can increase education expenditure to realize the popularization of primary education and improve the overall quality of the whole population; on the other hand, we can formulate encouraging policies to promote the process of higher education, such as encouraging adults to refer to the college entrance examination or enroll in night school, etc., to improve their cultural level. It is easier to accept and digest the knowledge of financial theories and to formulate a better investment strategy for the family.

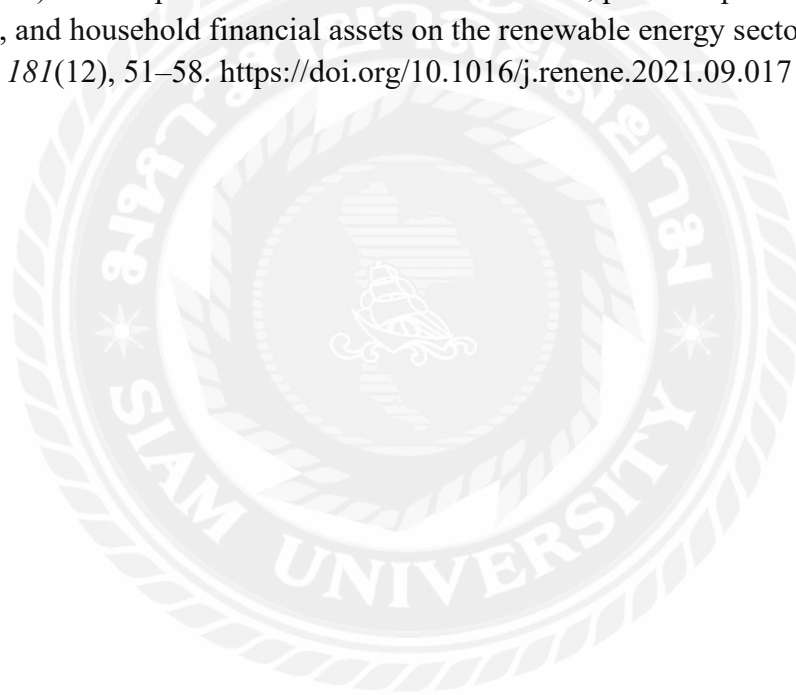


References

- Aldrich, D. P., & Meyer, M. A. (2015). Social capital and community resilience. *American Behavioral Scientist*, 59(2), 254–269. <https://doi.org/10.1177/0002764214550299>
- American Diabetes Association. (2009). Standards of medical care in diabetes--2010. *Diabetes Care*, 33(Supplement_1), S11–S61. <https://doi.org/10.2337/dc10-s011>
- Balaban, R. S., Nemoto, S., & Finkel, T. (2005). Mitochondria, oxidants, and aging. *Cell*, 120(4), 483–495. <https://doi.org/10.1016/j.cell.2005.02.001>
- Brooks, S. K., Webster, R. K., Smith, L. E., Woodland, L., Wessely, S., Greenberg, N., & Rubin, G. J. (2020). The psychological impact of quarantine and how to reduce it: Rapid review of the evidence. *The Lancet*, 395(10227), 912–920. [https://doi.org/10.1016/S0140-6736\(20\)30460-8](https://doi.org/10.1016/S0140-6736(20)30460-8)
- Carter, N. H., & Linnell, J. D. C. (2016). Co-Adaptation is key to coexisting with large carnivores. *Trends in Ecology & Evolution*, 31(8), 575–578. <https://doi.org/10.1016/j.tree.2016.05.006>
- Chen, S., Niu, C., Lee, H., Li, Q., Yu, L., Xu, W., Zhang, J.-G., Dufek, E. J., Whittingham, M. S., Meng, S., Xiao, J., & Liu, J. (2019). Critical Parameters for Evaluating Coin Cells and Pouch Cells of Rechargeable Li-Metal Batteries. *Joule*, 3(4), 1094–1105. <https://doi.org/10.1016/j.joule.2019.02.004>
- Corrigan, P. W., Larson, J. E., & Rusch, N. (2009). Self-stigma and the “why try” effect: Impact on life goals and evidence-based practices. *World Psychiatry*, 8(2), 75–81. <https://doi.org/10.1002/j.2051-5545.2009.tb00218.x>
- Demsetz, H., & Lehn, K. (2020). The structure of corporate ownership: Causes and consequences. *Journal of Political Economy*, 93(6), 1155–1177.
- Evenett, S. J. (2020). Chinese whispers: COVID-19, global supply chains in essential goods, and public policy. *Journal of International Business Policy*, 3(12). <https://doi.org/10.1057/s42214-020-00075-5>
- Fang, H., Gu, Q., Xiong, W., & Zhou, L.-A. (2016). Demystifying the chinese housing boom. *NBER Macroeconomics Annual*, 30(1), 105–166. <https://doi.org/10.1086/685953>
- Folke, C. (2006). Resilience: The emergence of a perspective for social–ecological systems analyses. *Global Environmental Change*, 16(3), 253–267. <https://doi.org/10.1016/j.gloenvcha.2006.04.002>
- Fort, M., Manaresi, F., & Trucchi, S. (2016). Adult financial literacy and households’ financial assets: The role of bank information policies. *Economic Policy*, 31(88), 743–782. <https://doi.org/10.1093/epolic/eiw012>
- Friedman, M., & Savage, L. J. (1948). The utility analysis of choices involving risk. *Journal of Political Economy*, 56(4), 279–304. <https://doi.org/10.1086/256692>
- Giesecke, J., & Groß, M. (2004). External labour market flexibility and social inequality. *European Societies*, 6(3), 347–382. <https://doi.org/10.1080/1461669042000231456>
- Huijts, N. M. A., Molin, E. J. E., & Steg, L. (2012). Psychological factors influencing sustainable energy technology acceptance: A review-based comprehensive framework. *Renewable and Sustainable Energy Reviews*, 16(1), 525–531. <https://doi.org/10.1016/j.rser.2011.08.018>

- Kessler, R. C., & Bromet, E. J. (2013). The epidemiology of depression across cultures. *Annual Review of Public Health, 34*(1), 119–138. <https://doi.org/10.1146/annurev-publhealth-031912-114409>
- Kuo, Tsai-C., Huang, S. H., & Zhang, Hong-C. (2001). Design for manufacture and design for “X”: Concepts, applications, and perspectives. *Computers & Industrial Engineering, 41*(3), 241–260. [https://doi.org/10.1016/s0360-8352\(01\)00045-6](https://doi.org/10.1016/s0360-8352(01)00045-6)
- Li, J., Du, M., Lv, G., Zhou, L., Li, X., Bertoluzzi, L., Liu, C., Zhu, S., & Zhu, J. (2018). Interfacial Solar Steam Generation Enables Fast-Responsive, Energy-Efficient, and Low-Cost Off-Grid Sterilization. *Advanced Materials, 30*(49), 1805159. <https://doi.org/10.1002/adma.201805159>
- Liu, L. S. (2001). Chinese characteristics compared: A legal and policy perspective of corporate finance and governance in taiwan and china. *SSRN Electronic Journal, 11*(22). <https://doi.org/10.2139/ssrn.273174>
- Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies, 38*(4), 481–498. <https://doi.org/10.1057/palgrave.jibs.8400275>
- Manzo, L. C., & Perkins, D. D. (2006). Finding common ground: The importance of place attachment to community participation and planning. *Journal of Planning Literature, 20*(4), 335–350. <https://doi.org/10.1177/0885412205286160>
- Mehta, P., McAuley, D. F., Brown, M., Sanchez, E., Tattersall, R. S., & Manson, J. J. (2020). COVID-19: Consider cytokine storm syndromes and immunosuppression. *The Lancet, 395*(10229), 1033–1034. [https://doi.org/10.1016/S0140-6736\(20\)30628-0](https://doi.org/10.1016/S0140-6736(20)30628-0)
- Merton, Robert C. (2017). A simple model of capital market equilibrium with incomplete information. *The Journal of Finance, 42*(3), 483–510. <https://doi.org/10.1111/j.1540-6261.1987.tb04565.x>
- Mohankumar, S., & Senthilkumar, P. (2017). Particulate matter formation and its control methodologies for diesel engine: A comprehensive review. *Renewable and Sustainable Energy Reviews, 80*(12), 1227–1238. <https://doi.org/10.1016/j.rser.2017.05.133>
- Moher, D. (2019). Preferred reporting items for systematic reviews and meta-analyses: The PRISMA statement. *Annals of Internal Medicine, 151*(4), 264. <https://doi.org/10.7326/0003-4819-151-4-200908180-00135>
- Nagueh, S. F., Smiseth, O. A., Appleton, C. P., Byrd, B. F., Dokainish, H., Edvardsen, T., Flachskampf, F. A., Gillebert, T. C., Klein, A. L., Lancellotti, P., Marino, P., Oh, J. K., Popescu, B. A., & Waggoner, A. D. (2016). Recommendations for the Evaluation of Left Ventricular Diastolic Function by Echocardiography: An Update from the American Society of Echocardiography and the European Association of Cardiovascular Imaging. *Journal of the American Society of Echocardiography, 29*(4), 277–314. <https://doi.org/10.1016/j.echo.2016.01.011>
- Ou, Y.-C., de Vries, L., Wiesel, T., & Verhoef, P. C. (2013). The role of consumer confidence in creating customer loyalty. *Journal of Service Research, 17*(3), 339–354. <https://doi.org/10.1177/1094670513513925>

- Parmesan, C. (2006). Ecological and evolutionary responses to recent climate change. *Annual Review of Ecology, Evolution, and Systematics*, 37(1), 637–669.
<https://doi.org/10.1146/annurev.ecolsys.37.091305.110100>
- Watanapongvanich, S., Binnagan, P., Putthinun, P., Khan, M. S. R., & Kadoya, Y. (2020). Financial literacy and gambling behavior: Evidence from Japan. *Journal of Gambling Studies*, 67(44). <https://doi.org/10.1007/s10899-020-09936-3>
- Weick, K. E., Sutcliffe, K. M., & Obstfeld, D. (2005). Organizing and the process of sensemaking. *Organization Science*, 16(4), 409–421.
<https://doi.org/10.1287/orsc.1050.0133>
- Williamson, O. E. (2020). Transaction-Cost economics: The governance of contractual relations. *The Journal of Law and Economics*, 22(2), 233–261.
- Zheng, J., Mi, Z., Coffman, D., Shan, Y., Guan, D., & Wang, S. (2019). The slowdown in China's carbon emissions growth in the new phase of economic development. *One Earth*, 1(2), 240–253. <https://doi.org/10.1016/j.oneear.2019.10.007>
- Ziaei, S. M. (2022). The impacts of household social benefits, public expenditure on labour markets, and household financial assets on the renewable energy sector. *Renewable Energy*, 181(12), 51–58. <https://doi.org/10.1016/j.renene.2021.09.017>



Appendix Questionnaire

Dear Sir/Madam,

Thank you for your participation in this questionnaire survey. The survey will be conducted anonymously, and your relevant information will be kept confidential. Thank you again for your cooperation.

Part I :

1. Gender? A Male B Female

2. Age? A 18-34 B35-44 C45-54 D55-63 E above 63

3. Annual household income?

A 50,000 yuan below B 50,000-100,000-yuan C 100,000-150,000-yuan D. 150,000-200,000-yuan E. 200,000-250,000-yuan F. 250,000 above yuan

4. Education? A Junior high school B Senior high school C Undergraduate D Master's degree E Others

Part II : Please judge to what extent you agree with the following statement, please choose the most appropriate option, and mark the corresponding number "√". The questionnaire used Likert scale, ranging from 1 to 5 in which 1 indicates strongly disagree (or strongly disagree), 2 indicates relatively disagree (or relatively disagree), 3 indicates neutral, 4 indicates relatively agree (or relatively agree), and 5 indicates strongly agree (or strongly agree)

Measuring item	Strongly disagree	Disagree	General	Agree	Strongly agree
Financial Knowledge					
1. You have studied finance and know a lot about finance.					
2. You are usually very interested in financial information					
3. You often choose different ways to get financial literacy					
Attitude to risk					
4. You like to invest in high-risk, high-return financial products					
5. Your financial investment risk factor is the biggest influence					

6. You don't like to take any risks.					
Expected future gains					
7. You are very optimistic about the future of the economy.					
8. You are very optimistic about future income levels.					
9. You are very optimistic about the future employment situation					
Trust					
10. You've invested in the center and are very trusting of others around you.					
11. You have invested in the center and have great trust in the market regulator.					
12. You have invested in the middle and have great trust in financial institutions.					
Distribution of household financial assets					
13. You hold a high level of risk-free financial assets.					
14. You hold more types of financial assets.					
15. The types of financial assets you hold in high proportion are mainly financial products (e.g. bonds, funds, gold, foreign exchange).					