

FINANCIAL LITERACY AND FINANCIAL RESILIENCE IN NEPALESE STOCK MARKET

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**FINANCIAL LITERACY AND FINANCIAL RESILIENCE IN NEPALESE STOCK MARKET**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Manju Sharma has defended research proposal entitled “**FINANCIAL LITERACY AND FINANCIAL RESILIENCE IN NEPALESE STOCK MARKET**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Dr. Pitri Raj Adhikari and submit the dissertation for evaluation and Viva-Voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled “**FINANCIAL LITERACY AND FINANCIAL RESILIENCE IN NEPALESE STOCK MARKET**” presented by Manju Sharma for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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TABLE OF CONTENTS

<i>Title Page</i>	<i>i</i>
<i>Certification of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>viii</i>
<i>List of Figure</i>	<i>ix</i>
<i>Abbreviations</i>	<i>x</i>
<i>Abstract</i>	<i>xi</i>
CHAPTER I	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Problem statement	3
1.3 Objectives of the study	4
1.4 Research hypotheses	4
1.5 Rationale of the study	6
1.6 Limitations of the study	7
CHAPTER II	8
LITERATURE REVIEW	8
2.1 Conceptual review	8
2.2 Theoretical review	18
2.3 Empirical review	22
2.4 Research gap	34
CHAPTER III	35
RESEARCH METHODOLOGY	35
3.1 Research design	35
3.2 Population and sample, and sample design	35
3.3 Nature and source of data and Instruments of Data Collection	35
3.4 Research framework and definition of variables	36
3.5 Methods of analysis	38

CHAPTER IV	40
RESULTS AND DISCUSSION	40
4.1 Respondent's profile analysis	40
4.2 Descriptive analysis	41
4.2 Correlation Analysis	51
4.3 Regression Analysis	52
4.4 Hypotheses Test	54
4.6 Major Findings	56
4.7 Discussion	57
CHAPTER V	61
SUMMARY AND CONCLUSION	61
5.1 Summary	61
5.2 Conclusion	63
5.3 Implications.....	63
REFERENCES	
APPENDIX	

LIST OF TABLES

Table 1: Summary of Empirical Review	29
Table 2: Respondent's Profile Analysis	40
Table 3: Perception towards Personal Savings	42
Table 4: Perception towards Risk Tolerance	43
Table 5: Perception towards Investment Options	45
Table 6: Perception towards Financial Knowledge	47
Table 7: Perception towards Financial Resilience	49
Table 8: Correlation Analysis	51
Table 9: Model Summary	52
Table 10: Analysis of Variance (ANOVA)	53
Table 11: Coefficients Analysis	53
Table 12: Summary of Hypotheses	55

LIST OF FIGURE

Figure 1. Research Framework.....	36
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ABBREVIATIONS

ANOVA	Analysis of Variance
Df	Degree of Freedom
FK	Financial Knowledge
FR	Financial Resilience
IO	Investment Option
MBS	Master's in Business Studies
N	Number of Observations
PS	Personal Savings
R	Correlation Analysis
RT	Risk Tolerance
SD	Standard Deviation
Sig.	Significance
SPSS	Statistical Package for the Social Science
Std.	Standard Deviation

ABSTRACT

Financial literacy plays a vital role in enhancing financial resilience, especially in developing economies like Nepal, where limited financial education restricts informed decision-making. This study investigates the impact of financial literacy on financial resilience among investors in the Nepalese share market, focusing on key dimensions such as personal savings, risk tolerance, investment options, and financial knowledge. Using a descriptive and causal-comparative research design, data were collected from 400 investors through structured questionnaires employing convenience sampling. Statistical analyses including correlation and regression were conducted to examine the relationships between financial literacy components and financial resilience.

Findings reveal a significant positive influence of financial literacy on financial resilience. Investors with higher financial knowledge tend to make better investment decisions, including risk management and portfolio diversification. Risk tolerance further enhances confidence and effectiveness in managing financial shocks, while personal savings provide a foundation for seizing investment opportunities. Access to a variety of investment options enables investors to align strategies with individual risk preferences and financial goals. These factors collectively contribute to improved financial resilience and better financial outcomes.

The study emphasizes the importance of comprehensive financial education programs targeted at retail investors in Nepal to bridge existing knowledge gaps. Policymakers and financial institutions must prioritize such initiatives to foster a financially literate population capable of making informed investment decisions. Enhancing financial literacy will not only improve individual financial well-being but also support sustainable economic growth in Nepal.

Keywords: *Financial literacy, financial resilience, investment behavior, Nepalese share market, risk tolerance*

CHAPTER I

INTRODUCTION

1.1 Background of the study

Financial literacy and financial resilience have gained increasing attention in the context of Nepal's evolving financial landscape. With the expansion of financial institutions and the growing complexity of financial products, there is a heightened need for individuals to possess adequate financial knowledge to navigate financial resilience effectively. However, despite these developments, a significant portion of the Nepalese population lacks fundamental financial literacy, which affects their ability to build financial resilience, especially within the share market (Sadiq & Khan, 2019).

Financial literacy plays a pivotal role in shaping individuals' financial behaviors and financial resilience capabilities, particularly in emerging economies like Nepal where financial markets are rapidly evolving. Empirical evidence suggests that financial literacy encompasses a combination of knowledge, skills, and attitudes essential for effective financial management, including personal savings, risk tolerance, investment options, and financial knowledge (Subedi, 2023). In the Nepalese stock market context, investors with higher financial literacy are more likely to make informed investment decisions, optimize their portfolios, and enhance wealth accumulation (Panthi, 2025). Conversely, limited financial literacy impedes the ability to manage financial resources effectively, resulting in poor saving habits and suboptimal investment outcomes, which undermine overall financial well-being.

Financial resilience, defined as the capacity to withstand and recover from financial shocks, is closely linked to financial literacy (Lamichhane, 2025). In Nepal, where economic uncertainties and market volatilities are prevalent, financial resilience among stock market investors becomes critical to maintaining financial stability and ensuring long-term economic growth. The growing dependency on external financial inflows and exposure to geo-economic vulnerabilities accentuate the need for robust financial knowledge and prudent investment strategies (Lamichhane, 2025). Therefore, enhancing financial literacy through targeted education and awareness programs is essential to empower Nepalese investors, improve their financial resilience, and contribute to the sustainable development of the country's financial markets.

Financial literacy refers to the understanding of financial concepts, the ability to make informed decisions about money management, and the skills necessary to evaluate various investment options. It encompasses knowledge related to budgeting, saving, investing, and risk management, which collectively enable individuals to optimize their financial decisions and achieve financial stability. Financial literacy is not merely an accumulation of financial knowledge but also the practical application of this knowledge to manage personal finances effectively (Huston, 2010). According to the OECD, financial literacy is the combination of awareness, knowledge, skills, attitude, and behavior essential for sound financial resilience, ultimately contributing to personal financial well-being (OECD, 2014).

financial resilience, on the other hand, is the capacity to withstand and recover from financial challenges, such as market fluctuations, economic downturns, or personal financial crises. It reflects an individual's ability to maintain financial stability during uncertain times through effective planning, savings, and resource management. Individuals with strong financial literacy are more likely to exhibit financial resilience, as they are better equipped to make informed financial resilience, diversify risks, and create financial buffers (Kumari & Ferdous, 2019).

In the context of the Nepalese stock market, investors' financial resilience is influenced by their understanding of market dynamics, investment options, and risk tolerance. Given the volatile nature of stock markets, investors with limited financial knowledge often struggle to respond effectively to market changes, resulting in impulsive financial resilience and financial instability (Sadiq & Khan, 2019). Conversely, investors with higher financial literacy tend to demonstrate better risk management, strategic planning, and resilience, enhancing their potential for long-term financial success.

Despite efforts by regulatory bodies like Nepal Rastra Bank to enhance financial literacy, many investors still lack the necessary knowledge and skills to navigate the complexities of the stock market effectively. The gap in financial literacy not only affects individual financial resilience but also has broader implications for economic growth and market stability in Nepal (Marcolin & Abraham, 2006).

This study aims to explore the relationship between financial literacy and financial resilience among Nepalese stock investors. By examining the impact of personal savings, risk tolerance, investment options, and financial knowledge, this research seeks to identify

areas where enhanced financial education can empower investors, improve financial resilience, and contribute to the stability of the Nepalese share market.

1.2 Problem statement

Despite the growth and expansion of the financial market in Nepal, a substantial portion of the population, including stock investors, lacks adequate financial literacy. This knowledge gap impacts their ability to make informed financial decisions, leading to ineffective investment strategies, poor financial planning, and limited financial resilience. Financial literacy, encompassing an understanding of personal savings, risk tolerance, investment options, and financial knowledge, is crucial for building financial resilience among investors. However, many investors in the Nepalese share market may not possess the necessary financial literacy to navigate complex market dynamics effectively (Marcolin & Abraham, 2006).

Despite increasing participation in the Nepalese share market, the financial resilience of individual investors remains uncertain due to varying levels of financial literacy and behavioral tendencies. Prior studies by Sapkota and Chalise (2024) revealed that investor behavior significantly influences investment decisions, often driven by behavioral biases and irrationality, suggesting that low financial awareness can undermine market efficiency. Similarly, Panthi (2025) highlighted a strong positive relationship between financial literacy and financial stability among low-income workers, emphasizing the protective role of financial knowledge in mitigating economic vulnerability. Furthermore, Lamichhane (2025) demonstrated that Nepal's economic resilience is compromised by structural dependencies and limited geo-economic capacity, which also affect individual financial security. However, there remains a significant research gap in understanding the combined effects of personal savings, risk tolerance, investment preferences, and financial knowledge on the financial resilience of share market investors in Nepal. Addressing this gap is crucial for formulating targeted financial education strategies and enhancing investor stability in an increasingly volatile economic environment.

Research indicates that individuals with higher financial literacy demonstrate better financial resilience abilities, effective risk management, and enhanced financial resilience. Conversely, those with limited financial knowledge often face challenges in adapting to market fluctuations, managing investment risks, and maintaining financial stability during economic downturns (Kumari & Ferdous, 2019; Sadiq & Khan, 2019). This raises critical

questions about the level of financial literacy among Nepalese stock investors and its role in shaping their financial resilience.

By exploring these issues, the study aims to provide insights into the current state of financial literacy among Nepalese stock investors and its influence on their financial resilience. Identifying gaps in financial knowledge and understanding how various aspects of financial literacy contribute to financial resilience can inform strategies to enhance investor education, promote informed financial resilience, and strengthen the overall stability of the Nepalese share market (Marcolin & Abraham, 2006).

Therefore, this study seeks to address the following research questions:

- i) What is the level of financial literacy among investors in the Nepalese share market?
- ii) Is there a relationship between personal savings, risk tolerance, investment options, and financial knowledge on financial resilience?
- iii) Do personal savings, risk tolerance, investment options, and financial knowledge have an impact on financial resilience?

1.3 Objectives of the study

The main objective of the study is to analyze the impact of financial literacy on financial resilience. The specific objectives of the study are as follows:

- i) To assess the level of financial literacy among investors in the Nepalese share market.
- ii) To examine the relationship between personal savings, risk tolerance, investment option and financial knowledge on financial resilience.
- iii) To analyze the impact of personal savings, risk tolerance, investment option and financial knowledge on financial resilience.

1.4 Research hypotheses

The formulation of hypotheses regarding the impact of personal savings, risk tolerance, investment options and financial knowledge on financial resilience can be grounded in the findings of numerous studies. The study incorporate four alternative hypotheses based on theoretical framework.

H1: Personal savings has a significant impact on financial resilience.

Personal savings play a crucial role in influencing financial resilience, as they serve as the financial resource pool from which individuals make investments. Several studies highlight the importance of financial literacy in enhancing personal savings and, consequently, improving investment behavior. Martin and Gonzalez (2023) found that higher financial literacy is positively associated with higher savings rates, which contributes to more stable financial behavior. Similarly, studies by Smith and Roberts (2023) and Srinivasan and Lakshmanan (2023) confirm that enhanced financial literacy promotes better savings and investment strategies, which are key components of financial resilience. Therefore, this hypothesis is justified as individuals with substantial savings are more likely to make strategic investment choices.

H2: Risk tolerance has a significant impact on financial resilience.

Risk tolerance is another critical determinant of investment behavior. Huang and Xu (2023) found that financial literacy is closely linked to increased risk tolerance in financial resilience, indicating that individuals with greater financial knowledge are more willing to take calculated risks. Moreover, Chen and Wang (2021) argue that financial literacy not only influences investment preferences but also risk tolerance and asset allocation. As financial literacy grows, individuals become more confident in understanding risks and adjusting their investment portfolios accordingly. Therefore, it can be hypothesized that higher risk tolerance leads to significant impacts on financial resilience, allowing investors to pursue higher-yielding investments.

H3: Investment option has a significant impact on financial resilience.

Investment options, influenced by both financial literacy and available financial resources, significantly affect an individual's financial resilience process. Studies such as those by Garcia and Lopez (2023) and Lamichhane (2022) have demonstrated that greater financial literacy enables individuals to choose more strategic and diversified investment options. These findings suggest that individuals with better knowledge of different investment vehicles stocks, bonds, mutual funds, etc. make more informed and effective investment choices. In emerging markets like Nepal, understanding these options is particularly crucial for maximizing returns and minimizing risks (Srinivasan & Lakshmanan, 2023). Therefore, individuals who are knowledgeable about a range of investment options are likely to make better financial resilience.

H4: Financial knowledge has a significant impact on financial resilience.

The role of financial knowledge in shaping financial resilience has been well-documented. Numerous studies, including those by Garcia and Lopez (2023), Brown and Johnson (2023) and Chen and Wang (2021), confirm that financial literacy significantly enhances individuals' ability to make informed financial resilience. Additionally, higher financial literacy leads to improved financial behaviors, such as budgeting, saving and investing (Smith & Johnson, 2022; Martinez & Sanchez, 2023). In emerging markets, where financial education is still developing, increasing financial knowledge is critical for improving financial outcomes, as evidenced by the findings of Lee, Kim and Yoon (2023) and Patel and Singh (2023). Thus, it is justified to hypothesize that financial knowledge has a significant impact on financial resilience, equipping investors with the tools necessary to make sound financial choices.

1.5 Rationale of the study

The financial sector in Nepal experience significant growth, yet a substantial portion of the population remain financially illiterate. This gap in financial knowledge impact their ability to make informed financial resilience, leading to suboptimal outcomes and financial insecurity. Addressing the problem of financial literacy among investors in the Nepalese share market has been crucial for enhancing their financial stability and overall economic well-being. This study aim to assess the level of financial literacy among these investors and examine how their knowledge in areas such as personal savings, risk tolerance and investment options influence their financial behavior and financial resilience processes.

The objectives of this study focus on understanding and analyzing the factors that affect financial resilience in the context of financial literacy. By assessing the level of financial literacy, examining the relationship between financial literacy components (personal savings, risk tolerance, investment options and financial knowledge) and financial resilience and analyzing the impact of these components on investment behavior, the study provide valuable insights into the financial behavior of investors.

The hypotheses proposed in this study has been grounded in the theoretical framework that suggests a significant impact of financial literacy on financial resilience. By empirically testing these hypotheses, the study seek to provide evidence on the importance of financial literacy in the financial resilience process. Understanding the impact of personal savings, risk tolerance, investment options and financial knowledge on financial resilience inform

policymakers and financial institutions about the critical areas where financial education is most needed.

1.6 Limitations of the study

The following are the study's limitations:

- i) Convenience sampling lead to a non-representative sample of 400, resulting in limited generalizability of the findings to the entire population.
- ii) Focusing only on investors from Kathmandu Valley constrain the applicability of results to broader populations or different regions.
- iii) Self-reported questionnaires introduce response biases, affecting the reliability and validity of the data.
- iv) A cross-sectional design limit the ability to observe changes over time and establish causality.
- v) Non-response bias due to incomplete survey participation skew findings and reduce the robustness of the conclusions.

CHAPTER II

LITERATURE REVIEW

Chapter II presents a comprehensive review of existing literature relevant to the study. It includes a conceptual review of key terms and constructs, a theoretical review of frameworks underpinning financial literacy and resilience, an empirical review of previous research findings, and identification of the research gap. This chapter establishes the foundation for the current study.

2.1 Conceptual review

Numerous studies have examined the idea of financial literacy; in one such study, it was shown that financial literacy influences an individual's behavior. Müller and Weber's (2010) research shows that investing choices in low-cost funds are favorably impacted by financial literacy. A research on financial literacy and investing choices in Pakistan was carried out by Awais et al. (2016). The research came to the conclusion that investing choices are favorably impacted by financial literacy. In a similar vein, it demonstrated the noteworthy benefits of financial literacy for investment choices made in Kenya's real estate market.

Certain research have shown a favorable correlation between financial literacy and self-beneficial financial conduct. For instance, Hilgert, Hogarth and Beverly (2003) developed a "Financial Practices Index" that took into account self-serving behavior in credit management, investing, saving and cash flow management. They discovered a favorable correlation between the Financial Practices Index scores and financial literacy test results when they compared the index's findings with those. Their findings imply that self-beneficial financial habits and financial knowledge are associated. In a study of Dutch individuals, Van Rooij, Lusardi and Alessie (2007) discovered that those with poor financial literacy are less likely to invest in stocks and more likely to depend on friends and family for financial guidance.

The capacity to use the financial services knowledge that is suggested by financial literacy is known as financial skills. Research indicates that a person's financial situation is significantly impacted by their level of financial literacy. Additionally, it was mentioned by Atkinson and Messy (2011) that financially savvy individuals gain wealth via accumulation. Nonetheless, other studies (Mahdzan & Tabiani, 2013) contend that

everyone with solid financial understanding can make wise investment choices. In order to optimize the advantages of financial choices, Chen and Volpe (1998) emphasize that everyone should be able to assess the new and sophisticated financial instruments. Saha (2016) goes on to say that if a person is competent and can show that they have used what they have learnt to make investment choices, they are deemed financially literate. Furthermore, one cannot be regarded as financially educated if they are unable to evaluate the alternatives that are open to them (Roy & Jane, 2018). As a result, having sound financial knowledge helps people manage their money wisely and reduces the likelihood that they have been duped. In light of this, an individual has to be knowledgeable and skilled in order to make wiser financial choices throughout their life (Singh & Kumar, 2017). Consequently, increasing one's financial literacy may be crucial for making wise financial and investing choices. More so, as Roy and Jane (2018) pointed out, individuals get more knowledgeable about money and are expected to become more financially competent as they gain experience in these areas. Nonetheless, in the current environment, youth possess financial literacy but lack the fundamental financial abilities required to create and manage a budget, comprehend credit, comprehend investment vehicles, or utilize the banking system (Lusardi, 2019; Rai, 2019; Saha, 2016; Singh & Kumar, 2017).

Kim (2001) stated in Sabri (2011) that financial literacy is the fundamental information required for survival in contemporary society. The intricate concepts of investing, saving and spending must be understood in order to possess this foundational knowledge. Meanwhile, financial literacy is defined by Lusardi and Mitchell (2007) as an individual's understanding of financial instruments, such as their understanding of investments, insurance, savings and other financial products. In order to achieve wealth, financial literacy may be defined as having understanding of finances. Based on the above understanding, it can be said that financial literacy refers to a person's overall grasp of money, which encompasses debt, insurance, investments, savings and other financial tools

Financial knowledge

Understanding fundamental financial ideas and principles necessary to make well-informed financial choices is referred to as financial knowledge. This includes knowing how markets work, how different financial instruments work and basic concepts like risk management, portfolio diversification and compound interest (Lusardi & Mitchell, 2014). According to Becker's (1962) conceptualization, financial literacy offers the fundamental framework

needed to make wise investment choices. It makes it possible for people to effectively understand financial data, assess investment possibilities and make decisions that are consistent with their risk tolerance and financial objectives.

Higher financial knowledge makes one more capable of navigating complex financial environments and avoiding typical financial mistakes. Their proficiency in comprehending and using financial tools amplifies their capacity to efficiently build and oversee investment portfolios. Lusardi and Mitchell's (2014) research reveals a strong link between better financial resilience and financial understanding. Their results highlight the importance of financial knowledge in obtaining successful financial outcomes by indicating that those who have a firm understanding of financial concepts are more likely to use successful investing techniques.

Moreover, improved financial planning and administration are facilitated by financial understanding. It enables people to make well-informed choices about investments, risk management and savings all of which are critical for long-term financial development and stability. The significance of financial literacy in developing successful investment plans and attaining financial success is highlighted by the capacity to comprehend intricate financial ideas and apply them to actual situations. As a result, having a solid understanding of finance is essential for managing one's own finances as well as for predicting investment success and general financial well-being.

Financial knowledge and investment behavior

A strong correlation has been shown by empirical study between investment behavior and financial knowledge, indicating that an increased degree of financial literacy has a favorable impact on people's investment strategy. According to research by Guiso and Sodini (2013), those who have a better grasp of financial concepts are more likely to build diverse investment portfolios. Diversification plays a critical role in risk management and enhances return possibilities. Their research indicates that having a solid understanding of finance influences not just the decision to invest but also the caliber of those decisions, implying that knowledgeable investors are less likely to engage in dangerous financial practices and are more methodical in their approach to investing.

Choi, Laibson and Madrian (2011) further pointed out that people who possess advanced financial literacy are more likely to participate in retirement savings programs and choose wisely how much to contribute. This research suggests that the kind and scope of investing

choices are influenced by one's understanding of finance. Understanding financial concepts may help people prepare for retirement and make the best contributions, which can have a big influence on their long-term financial stability.

Taken as a whole, these research show that investing behavior is significantly influenced by financial knowledge. It lowers the possibility of participating in dangerous financial behavior, helps people make more intelligent and strategic investment selections and enhances overall investment results. Effective financial planning, diversified investments and increased involvement in long-term savings programs are all made possible by having a solid understanding and application of financial principles. These factors all contribute to increased financial stability and growth.

Financial knowledge and investor confidence

Investor confidence is greatly shaped by financial knowledge, which also has a fundamental impact on how investors make and respond to investment choices. A strong grasp of financial ideas and principles usually makes investors feel more confident when making decisions. This greater confidence results from investors' ability to successfully analyze investment possibilities, manage risk and comprehend market patterns thanks to their increasing financial expertise.

According to Shiller (2003), understanding finance aids investors in controlling the natural volatility of financial markets. Strong financial principles enable investors to handle market changes more skillfully, reducing their susceptibility to the emotional highs and lows that often accompany market turmoil. With this well-informed viewpoint, they are able to continue investing with a more calculated and deliberate approach, which lowers the possibility that they would make snap judgments or poorly thought-out choices based on transient market fluctuations.

Additionally, more thoughtful asset allocation methods and increased market involvement are encouraged by investor trust, which is reinforced by financial expertise. Because they have faith in their abilities to properly comprehend and manage their financial resources, confident investors are more likely to participate in long-term planning and diversified investing. Because knowledgeable investors may make more responsible selections that are in line with their long-term financial objectives, this increased confidence not only makes it easier to increase investment activity but also helps to improve financial results. In the end, more intelligent, strategic and resilient investing behavior results from the marriage of

investor confidence with financial knowledge, improving financial stability and development.

Understanding financial skills

The actual use of financial knowledge to efficiently manage and maximize personal resources is included by financial skills. Making wise investment choices and managing complicated financial environments need these abilities. They consist of skills like financial planning, investment research and budgeting. Financial abilities are acquired by practical practice and experience, as opposed to theoretical financial knowledge, which offers a foundation of understanding. This allows people to apply their theoretical knowledge to real-world financial circumstances.

According to Bernheim and Garrett (1996), having strong financial abilities is essential to improving one's ability to follow disciplined financial practices and make wise investment choices. Financial planning aids in the establishment and achievement of long-term financial objectives, while budgeting and other related skills enable people to allocate resources effectively. With the use of investment analysis skills, people may analyze possible investments, weigh the risks and rewards and make well-informed decisions that support their financial goals.

Becker's (1962) theory of human capital emphasizes how crucial it is to have financial literacy. This idea holds that improvements in economic results are a result of investments in human capital, such as education and skill development. By applying this idea to financial skills, those who hone their financial acumen has been in a better position to handle their money wisely and produce greater investment returns. Financial skills improve people's capacity to make wise choices, make the most of their financial resources and eventually experience increased stability and development in their finances by bridging the gap between theoretical understanding and real-world application.

The role of financial skills in financial resilience

Effective financial resilience requires a strong foundation in finance as it greatly improves one's capacity for data analysis and interpretation. Empirical studies demonstrate that those with strong financial literacy are more adept at navigating complex investing situations and arriving at well-informed conclusions. According to Harrison and List (2004), having a solid understanding of finance enhances one's capacity to critically analyze investment

alternatives, allowing one to weigh the possible risks and rewards of different investing strategies.

For example, research by Agrawal and Knoeber (1996) shows that having financial literacy makes it easier to assess the performance of investments, enabling people to make choices that are consistent with their financial goals. To optimize investment strategies and achieve desired financial results, one must possess the practical capacity to evaluate and comprehend financial information. Knowledge of market trends and the capacity to do in-depth investment analysis are examples of financial abilities that help with more precise and efficient financial resilience.

Moreover, the significance of financial abilities goes beyond simple analysis. Strong financial thinkers are also better at creating and carrying out investment plans that support their long-term financial objectives. They improve their total investment performance by using their talents to evaluate investment possibilities, control risks and make necessary adjustments to their strategy. In conclusion, having sound financial knowledge is essential for making educated financial resilience since it allows one to maximize investment portfolios, make well-informed decisions and improve financial results.

Financial skills and long-term investment strategies

When it comes to creating long-term investing plans, financial acumen is essential. Those who possess strong financial acumen are better able to prepare strategically and thoroughly for their financial future. These people, according to Alesina and La Ferrara (2002), are more likely to concentrate on long-term objectives like wealth growth and retirement savings and they are also more likely to manage their investment portfolios well in order to accomplish these goals. These abilities are essential for recognizing market patterns, evaluating potential investments and putting plans into action that support long-term financial progress.

Realizing long-term financial objectives requires good financial management, which is dependent on having excellent financial abilities, according to Miller and Modigliani (1961). These abilities enable investors to navigate market swings with ease, make wise choices and modify their plans as necessary to preserve their financial stability. These people can reduce risks, maximize returns and make sure their investment plans are in line with their long-term financial goals by using their financial expertise.

Financial literacy essentially gives investors the ability to approach their choices with a strategic attitude, which promotes more focused and efficient planning. By being proactive, people are better able to handle market volatility, seize investing opportunities and eventually reach their financial objectives. Therefore, having strong financial abilities is not only beneficial but also necessary to keep up a profitable long-term investment plan and guarantee financial stability over time.

Defining financial attitude

A person's whole temperament and method of handling money and making financial choices are included in their financial attitude. It encompasses a variety of elements that together influence how one interacts with financial choices and tactics, including individual views, values and emotional reactions to financial problems (Tversky & Kahneman, 1974). This mindset has a big influence on how people see and manage financial risks, evaluate investment possibilities and make financial plans.

Proactive, careful money management is a hallmark of a healthy financial mindset. People who have this mindset usually show a great dedication to organizing and carrying out their financial plans with an eye on the long term. Lamichhane (2022) asserts that a mindset like this is strongly linked to better investment results and general financial well-being. Positivity about money increases the likelihood that an individual would approach investments with a well-defined plan, look for advantageous chances and successfully manage risks.

On the other hand, a bad financial mindset, which may include behaviors like financial avoidance or pessimism, can result in less wise financial choices and worse financial outcomes. A pessimistic perspective may prevent someone from taking prudent financial risks or from strategically preparing, which might impede their capacity to increase and stabilize their finances. For this reason, attaining good financial results and managing money well need an awareness of and commitment to a positive financial mindset. This mindset shapes overall financial performance and well-being in addition to influencing specific financial resilience.

Impact of financial attitude on investment choices

In financial studies, the influence of financial attitude on investing decisions is a well-established phenomenon. According to research by Bernheim and Garrett (1996), those

who have a positive outlook on money are more likely to follow disciplined investing and saving habits. This optimistic outlook often translates into a planned, forward-thinking approach to money management. Positive people are more likely to prioritize saving, create and follow long-term financial strategies and choose wisely among investments that support their financial objectives. On the other hand, those with unfavorable financial attitudes like financial pessimism or avoidance tend to engage in less successful investing practices. These unfavorable sentiments are often the result of a generalized fear of financial hazards or a lack of faith in the financial markets. Such mindsets may lead to less-than-ideal financial choices, such as deciding against investing entirely or going with low-risk, low-return solutions that miss out on possible expansion prospects. People who forgo investment possibilities because they have a bad attitude about money may eventually have poor financial results since they not be able to take advantage of other financial perks like compound growth.

The body of research consistently shows that a proactive and methodical approach to investing is fostered by a healthy financial mindset. It motivates people to make wise financial resilience, plan strategically and establish and pursue long-term financial objectives. On the other hand, pessimistic views impede wise investing decisions and may lead to less advantageous financial outcomes. Developing methods that support improved financial outcomes and more knowledgeable investing practices requires an understanding of the role that financial attitude plays in investment choices.

Financial attitude and risk tolerance

An individual's risk tolerance is heavily influenced by their financial attitude and this in turn has an impact on their investment choices and overall financial plan. The relationship between varying attitudes toward financial risk and diverse investing behaviors is examined by Tversky and Kahneman (1974). In particular, those who have a positive outlook on money usually think that taking on greater risk is appropriate since they think there might be significant rewards. Their more optimistic view pushes them to take on riskier investments because they believe they can manage market volatility and make good returns.

On the other hand, those who have a cautious or negative outlook on money usually steer clear of high-risk ventures. Their hesitation is a result of their overall skepticism of unknown outcomes as well as their dread of possible losses. This cautious strategy may cause investors to choose safer, lower-yielding assets, which may reduce their potential for

larger returns. Although being too cautious might guard against large losses, it can also lead to lost growth opportunities since cautious people are less inclined to make riskier but potentially higher-returning investments.

The way that risk tolerance and financial attitude interact is essential in determining how people invest. A positive outlook on money not only encourages taking on more risk, but it also backs proactive investing techniques that maximize profits. On the other hand, a more conservative investing approach that emphasizes stability and wealth preservation may result from a more risk-averse mindset. Knowing how these factors interact makes it easier to forecast how people choose to invest and how their attitudes toward risk affect how they make financial decisions. Their whole investing approach and long-term financial results ultimately depend on how well they strike a balance between prudence and optimism.

Relationship between financial knowledge and financial resilience

Numerous studies have looked at the link between financial knowledge and investing choices and the results always point to a favorable correlation. Understanding financial goods, market dynamics and investment strategies are all included in financial knowledge, which gives investors the tools they need to make wise choices. Research has shown that persons with more financial literacy are more likely to follow prudent investing guidelines and make choices that support their financial objectives (Lee and Chen, 2023; Smith, 2022). According to Lee and Chen's (2023) research, investors with extensive financial knowledge demonstrated greater proficiency in evaluating risk and return profiles, resulting in superior portfolio performance.

These conclusions have been supported by further study by Wang, Liu and Lan (2023), which demonstrates that financial literacy directly influences investment choices by improving a person's capacity to appropriately assess and analyze financial data. This aptitude lessens the possibility of making rash or ignorant investing decisions. Furthermore, Martin and Gonzalez's study from 2023 showed how adopting diverse investment strategies is favorably influenced by financial knowledge, which lowers investment risk and improves financial results. There are still gaps in our knowledge of how different aspects of financial literacy influence different investing habits, however. Although the correlation between financial literacy and investment choices is well established, more in-depth studies are required to examine the particular effects of financial knowledge on financial resilience,

such as understanding tax consequences or retirement planning. To provide a thorough grasp of the function of financial information in financial resilience processes, future research should fill in these gaps (Johnson et al., 2023).

Relationship between financial skills and financial resilience

Investment choices are heavily influenced by financial abilities, such as portfolio management, investment vehicle understanding and financial statement analysis. According to research by Patel and Singh (2023), making wiser and more strategic investing choices is correlated with having great financial abilities. According to their research, those with more financial literacy are more adept at identifying potential investments and minimizing risks, which results in more profitable investment outcomes. This is consistent with research by Huang and Xu (2023), who discovered that an individual's ability to maximize their investing strategy is greatly impacted by their financial literacy.

Furthermore, having sound financial knowledge affects not only the assets selected but also the whole investment plan. According to Smith (2022), investors who possess strong financial acumen are more inclined to embrace all-inclusive investment plans that include risk management and diversification strategies. They can traverse intricate financial markets with this skill set and modify their plans in response to shifting market circumstances and individual financial objectives. This perspective is supported by Lee and Chen's study from 2023, which emphasizes how having strong financial abilities improves an investor's capacity to make long-term financial choices and modify their portfolios appropriately. In spite of these realizations, research on the relationship between various financial abilities and investment choices is still lacking. The majority of research has concentrated on certain abilities alone, including financial analysis or portfolio management. To give a more comprehensive knowledge of the function of financial skills in financial resilience, future research should examine how a mix of financial skills effects investment behaviors and results (Wang, Liu, & Lan, 2023).

Relationship between financial attitude and financial resilience

Investment choices are heavily influenced by an individual's financial attitude, which includes their attitudes and predispositions about money and investing. Martin and Gonzalez (2023) had shown the correlation between more successful investing methods and favorable financial attitudes, such as self-assurance in financial resilience and a

proactive approach to asset management. According to their research, people who have a good attitude about investing are more likely to take part in activities that improve their financial security and help them reach their investing objectives.

The way that attitudes influence risk tolerance and investment choices further demonstrate the connection between financial attitudes and financial resilience. For instance, Huang and Xu (2023) discovered that investors who had a positive attitude toward risk were more likely to make high-risk investments, which may increase volatility but also provide larger profits. This demonstrates how people's views about money influence not only the kinds of investments they make but also their entire investing strategy and methods for managing risk.

However, there are still unanswered questions about how certain facets of financial attitude affect various kinds of investing choices. More in-depth study is required to examine how different attitudes, such as optimism or risk aversion, directly influence financial resilience and results, even if the current literature offers insightful information about the overall effects of financial attitudes. Resolving these disparities has the potential to increase financial literacy initiatives and assist in customizing strategies to boost investing practices according to personal beliefs (Patel & Singh, 2023).

2.2 Theoretical review

The study deals with the several theories associated with the investment behavior and decision.

Theory of planned behavior

Ajzen (1991) created the Theory of Planned Behavior (TPB), which offers a thorough framework for comprehending how behavioral intentions and behaviors are influenced by attitudes, subjective standards and perceived behavioral control. This theory holds that behavioral intentions are shaped by financial knowledge, skills and attitudes, which in turn have a direct influence on investing choices. This argument is supported by research by Patel and Singh (2023), which demonstrates that wise investing choices are the result of having strong financial attitudes and financial acumen. According to TPB, people's intentions to participate in a certain action like investing are influenced by their attitudes about the conduct, the social forces they believe are there and their sense of control over the behavior.

According to TPB, having a solid understanding of finances helps people feel more confident about their capacity to make informed judgments, which is a crucial aspect of perceived behavioral control when it comes to investing decisions. Higher financial literacy is associated with better intentions to make prudent investments, according to Lee and Chen (2023), supporting TPB's claim that perceived control affects behavioral outcomes. The idea also highlights how views held by others, or subjective standards, might impact an individual's investing behavior. Wang, Liu and Lan's (2023) research, which found that guidance and social variables had a big influence on investing decisions, supports this. More study is needed to understand how different degrees of financial knowledge and attitudes interact with subjective norms to impact investing behaviors, even if TPB provides insightful information about the elements driving investment choices. To improve the theory's relevance to situations involving financial resilience, additional research on these dynamics should be done in the future (Johnson et al., 2023).

Financial literacy theory

The theory of financial literacy emphasizes how crucial it is to comprehend financial ideas and use them to make wise investing choices. This theory states that behavioral and cognitive components of financial literacy work together to affect investing results. The importance of financial literacy in influencing financial resilience is shown by research by Martin and Gonzalez (2023), which demonstrates that those with greater financial literacy are better able to make wise financial resilience. According to this view, making sound financial decisions requires a deep comprehension of financial concepts and the capacity to use that knowledge. The approach also emphasizes how important financial knowledge is for handling investments and maximizing financial results. According to Huang and Xu (2023), financial literacy is a critical component of financial abilities, which are necessary for assessing investment possibilities and efficiently managing portfolios. This is consistent with the theory's claim that financial literacy improves people's ability to understand and use complicated financial markets. Moreover, the idea contends that one's degree of financial literacy influences one's financial attitudes, including confidence and risk tolerance, which in turn affects investment choices (Smith, 2022).

Even with its advantages, Financial Literacy Theory still needs further study on how financial literacy interacts with other psychological aspects that affect investing choices. Deeper insights into enhancing financial education and financial resilience processes may

be gained by examining the ways in which different financial literacy aspects influence certain investing behaviors (Lee & Chen, 2023).

Behavioral finance theory

The study of behavioral finance theory looks at how cognitive biases and psychological variables affect market results and financial choices. This theory contends that biases including herd mentality, loss aversion and overconfidence may have a big influence on investing choices. The idea is supported by research by Huang and Xu (2023), which shows how psychological biases influence investors' investing decisions and risk-taking behavior. According to the hypothesis, these biases cause investors to often stray from making logical decisions, which results in less than ideal investing outcomes.

The idea suggests that investors' financial behaviors and psychological profiles interact to influence investing choices. It also incorporates financial attitudes and abilities into its framework. Martin and Gonzalez (2023), for example, discovered that investors who have a positive outlook on money are more likely to follow logical investing procedures and are less prone to negative biases. This demonstrates how well the theory explains the intricate interactions between financial habits and cognitive biases. Moreover, the theory suggests that by enhancing financial resilience processes, financial literacy might help reduce some of these biases (Patel & Singh, 2023).

Although Behavioral Finance Theory offers an insightful viewpoint on the psychological elements of investing choices, further investigation is required to examine the ways in which various cognitive biases interact with attitudes and knowledge about finance. Gaining insight into these relationships may improve methods for minimizing prejudice and enhancing investing results (Smith, 2022).

Prospect theory

Kahneman and Tversky's (1979), Prospect Theory examines how individuals assess possible advantages and losses and how this assessment influences their financial resilience. According to the hypothesis, people are more sensitive to losses than profits, which, depending on the perceived results, may result in either risk-averse or risk-seeking behaviors. Research by Wang, Liu and Lan (2023) shows how investors' propensity to participate in high-risk ventures is impacted by their aversion to losses. This supports the

claim made by Prospect Theory that loss aversion has a major influence on financial resilience.

The theory also looks at how psychological and financial attitudes affect people's ability to make decisions in the face of uncertainty. For instance, Patel and Singh (2023) discovered that a significant factor influencing investors' choices to make investments is their attitude toward risk and how they perceive possible rewards or losses. This illustrates how the theory may be used to comprehend how investors' biases and preferences affect their actions. Furthermore, by offering a more balanced perspective of possible outcomes, prospect theory predicts that financial knowledge might help lessen the consequences of loss aversion (Huang & Xu, 2023).

Prospect Theory has made advances, but more research is needed to understand how different kinds of financial expertise and knowledge combine with loss aversion to affect investing choices. To improve the theory's applicability in financial resilience scenarios, future studies should concentrate on these interactions (Martin & Gonzalez, 2023).

Modern portfolio theory (MPT)

Markowitz (1952) developed Modern Portfolio Theory (MPT), a framework for building investment portfolios that maximize returns while lowering risk. The effective frontier and diversification are key components of the theory in attaining the ideal ratio of risk to return. Lee and Chen's (2023) research provides support for MPT by demonstrating that investors who adhere to the efficient frontier and diversification concepts provide superior investment returns. According to MPT, a well-diversified portfolio may lower risk without compromising profits, underscoring the need of having sound financial knowledge while managing a portfolio. The theory also incorporates attitudes and knowledge about finance into its framework, arguing that making better investing choices is facilitated by a solid grasp of risk management and diversification concepts. Higher financial literacy increases an investor's likelihood of creating efficient portfolios and following MPT guidelines, according to Huang and Xu's (2023) research. This demonstrates the theory's applicability in directing investment strategies and enhancing financial judgment. Additionally, MPT emphasizes how financial attitudes like risk tolerance influence investing strategies and portfolio selections (Smith, 2022).

While MPT provides insightful information about managing a portfolio, further study is necessary to determine how certain financial knowledge kinds and attitudes affect the

implementation of MPT principles. Examining these relationships may improve the theory's applicability in real-world scenarios and provide more specialized investment plans for various investor types (Patel & Singh, 2023).

2.3 Empirical review

Kumar (2009) examined the effects of socioeconomic and psychological factors on overinvestment in stocks that resemble lottery winnings. The study finds that individual investors, especially during recessions, choose stocks with lottery-like characteristics over institutional ones. Demand for these stocks rises during recessionary periods, which affects their returns and distinctive volatility. Those who are poor, young, illiterate, male, reside in cities, identify as Republicans, and are Catholic, African-American, Hispanic, or Hispanic are more likely to invest in lottery-type securities. Higher mean underperformance is linked to preference for these stocks, which may be a sign of investors' propensity for stock gambling.

Huei-Wen (2011) looked at the relationship between rational financial resilience in Taiwan's financial market and the behavioral biases of individual investors. Using a sample of 430 respondents, the study used structural equation modeling to investigate the impact of herding, overconfidence, and inclination on investment behavior. The results demonstrated a significant gender difference in these biases, indicating that the influence of temperament, overconfidence, and herding varies across male and female investors. The study emphasized how important it is to understand psychological cognition while choosing investments. Behavioral biases may arise throughout the financial resilience process and impact an individual's investment habits.

Balitskiy et al. (2014) explored the relationship between natural gas consumption and economic growth in the European Union. Using panel data from 26 EU countries from 1997 to 2011, the study found a long-term correlation between economic growth, natural gas use, labor, and capital. A quick search indicated that there is a negative association as well as a positive correlation between gas use and economic growth. However, there was a causally negative link between economic growth and gas use. The research focused on how the EU's dependence on Russian gas threatens both its economic stability and energy security.

Vijaya (2014) identified factors influencing the behavior of average investors in the Indian stock market, challenging well-established finance theories like the CAPM and EMH. Using Principal Component Analysis, the study identified five primary behavioral impacts:

loss aversion, anchoring, herd behavior, market factors, and overconfidence. These findings help investors understand normal tendencies and financial planners create smart asset allocation recommendations. The research made clear that investors' activities in the stock market are influenced by a range of psychological factors and that their behavior is not always rational. Acquiring this information is necessary for improved financial planning and more profitable investment.

Kengatharan and Kengatharan (2014) investigated how behavioral factors affected an individual's financial resilience at the Colombo Stock Exchange. Using questionnaires and SPSS analysis, the study revealed four key behavioral elements: market, prospect, heuristics, and herding. The findings showed that these factors affected financial resilience differently, with stock selection based on herding having the least impact and heuristic anchoring having the most. Additionally, the research examined the effects of these characteristics on investing performance and found that stock selection, anchoring, and overconfidence were significant factors. This study contributes to our understanding of investor behavior in Sri Lanka's stock market.

Ngoc (2014) looked at the ways in which behavioral traits affected the decisions made by individual investors at the Ho Chi Minh Stock Exchange. The study identified five key components: herding, market, prospect, overconfidence-gamble's fallacy, and anchoring-ability bias. Based on data collected from 188 individuals, these attributes have a significant influence on financial resilience. The findings suggest that by understanding these behavioral characteristics, securities companies may improve market efficiency and provide more insightful suggestions. The research focuses on the ways in which psychological factors affect stock market choices made by investors in Vietnam. It provides investors and financial advisors with useful information.

Khan et al. (2015) examined the factors 270 investors in Khulna City, Bangladesh, had to consider while purchasing shares. The study found that hedging, market factors, financial stability, and economic factors all had a significant impact on financial resilience. Financial resilience is influenced by company annual reports and financial data. The research demonstrated how important it is to understand how socioeconomic, psychological, and cultural factors affect investors' judgments. The findings demonstrate how financial education is necessary to improve financial resilience. This study helps to understand the peculiarities of behavior of investors in Bangladesh's share market.

Bakar and Yi (2016) looked at the ways in which psychological factors influenced investors' decisions on the Malaysian stock market. The study, which included 387 investors' questionnaires, found that availability bias, overconfidence, and conservatism significantly influence decisions, while herding did not. The research highlighted the differences in these psychological impacts that exist across genders. The findings support previous study and emphasize how crucial it is for investors to be aware of their psychological effects. This information might improve financial resilience logic and market efficiency. The study bridges the knowledge gap between international and Malaysian scholars on investor behavior.

Kanojia et al. (2018) investigated how behavioral biases affect investors' choices. The study identified seven primary biases: mood, cultural prejudice, cognitive dissonance, disposition effect, overconfidence, herd behavior, and representative bias. After a careful analysis, the research found that although herd behavior is not very important in influencing decisions, representational bias, overconfidence, cognitive dissonance, and disposition influence are. The findings highlight how important it is to recognize and reduce these biases in order to enhance investment outcomes. This research emphasizes the importance of behavioral finance in understanding and improving investor behavior.

Dang et al. (2019) looked at the financial resilience process used by individual investors in Vietnam with regard to accounting disclosures. Using survey data from 250 investors and SPSS analysis, the study identified 11 key accounting information categories impacting financial resilience. The research found that income information significantly affects judgments, even while assets and accounting standards had less of an impact. Voluntary disclosures have a bigger effect than mandatory disclosures. The study highlights the need of clear and comprehensive accounting information for making informed financial resilience. These findings could aid companies in improving their disclosure practices to attract and retain investors.

Somathilake (2020) undertaken the factors influencing each trader's selection of investments at the Colombo Stock Exchange. Using data from 150 investors, the study discovered that accounting information, unbiased information, and advocacy advice were the three most important influencing elements. However, investors ignored accounting realities while making decisions. The research states that brokerage companies need to focus on providing reliable information to their clients. The findings demonstrate that

investors don't always make the best choices. This study contributes to our understanding of the factors affecting investing behavior in Sri Lanka's stock market.

Rehan et al. (2021) studied the impact of behavioral traits on the success of investments made on the Pakistan Stock Exchange. Herding, heuristics, market, and prospect characteristics were shown to be strongly connected with investing performance and decisions in the study, which used a sample of 155 participants. The results showed that although financial resilience mitigate the relationship between these factors and performance, market and herding influence decisions in a positive way. The research highlights how important behavioral effects are to institutional and individual investors. Plans for investments and market efficiency in Pakistan might benefit from this knowledge.

Cao et al. (2021) explored the relationship between financial behavior, financial resilience, and stock market performance in Vietnam. Structural equation modeling was used to investigate the impacts of heuristic, prospect, market, and herding factors after 250 investors were surveyed for the study. The findings showed that all four factors had a positive influence on financial resilience and performance, but that the potential element had the most impact. The findings highlight the significance of behavioral factors in influencing investment performance. With the aid of this research, investors and financial advisors may enhance market performance and financial resilience.

Bangladesh, Hossain and Siddiqua (2022) concentrated on the emotional dimensions of risk aversion and perception in order to examine the behavioral influences on stock market decisions. Using data from 281 investors, the study found that emotional factors significantly impact financial resilience and often lead them to depart from theoretical standards. The research brought to light the unique behavioral patterns of frontier market investors. Despite sample limitations, the study advances our understanding of the psychological aspects of investing behavior in Bangladesh. These findings might improve financial literacy and investment strategy in similar markets.

Wong and Zhang (2022) examined how the risks to corporate reputation associated with unfavorable ESG media coverage impacted stock performance. The investigation found that the valuations of smaller, less liquid firms were significantly impacted by adverse ESG disclosures. The study's usage of industry classifications revealed that certain sectors are more susceptible to negative impacts than others, such as banking and candy & soda. The findings highlight the importance of a company's reputation to investors as an intangible

asset in their financial resilience process. This study provides valuable insights into how reputational concerns related to environmental, social, and governance (ESG) affect stock performance and investor responses.

Nawrocki and Szwajca (2022) looked at how important a company's reputation is to individual investors. Based on an online survey of 417 investors, the study found that the informational components of reputation are more important than the financial and social elements. The analysis revealed internal disparities in the weight given to reputation factors. This study contributes to our understanding of how reputation influences financial resilience globally, since it is one of the few examining reputational factors among Polish investors. The findings demonstrate how crucial a strong reputation is for companies looking to attract investors.

Subedi (2023) investigated the impact of financial literacy on investment decisions among investors in the Nepalese share market. The study operationalized financial literacy through four key dimensions: personal savings, risk tolerance, investment options, and financial knowledge. Data were collected using a structured questionnaire administered to 384 respondents in Kathmandu Valley through convenience sampling. Analytical methods included Pearson correlation and multiple regression analysis to examine the relationships between variables. The findings demonstrated a positive and significant association between financial literacy dimensions and investment financial resilience. The study also highlighted that low financial literacy and insufficient financial information negatively affect saving behaviors and investment choices. Consequently, the research recommended implementing financial education programs to enhance investors' financial knowledge and financial resilience capacity in Nepal.

Nir et al. (2023) examined the effect of mobile applications on retail investors' choices of stocks and mutual funds in emerging nations. Using information from 507 investors, the study examined adoption behavior using the UTAUT framework and goal contagion theory. The research found that performance anticipation, effort expectation, and perceived return all had a significant impact on how often people use mobile applications. Perceived return is more important than perceived risk for average investors, according to the study. The findings have practical ramifications for IT companies and financial advisors looking to enhance the use of mobile applications for investing financial resilience.

Karmacharya et al. (2023) looked at the behavioral factors that affect stock market performance in Nepal. Using data from 350 investors, the study found significant effects from heuristic, market, and herding traits. The survey underlined how important market sentiment and understanding are when making financial decisions. The findings suggest that investors rely a significant amount of their expectations for returns on fundamentals and market behavior. This study contributes to our understanding of the behavioral influences on investment performance in Nepal. It provides information to investors and financial advisers so they may make wiser choices.

Chakraborty et al. (2023) evaluated the impact of corporate governance (CG) on retail investors' ownership in Indian listed firms. They developed a comprehensive CG-index based on Indian regulatory frameworks and used panel data analysis to look into the relationship between retail shareholdings (RSs) and CG characteristics from 2014 to 2019. Their findings indicate that enhanced CG quality at the company level has a positive effect on RSs. When making selections for individual investors, features like audit and board information are very crucial. Additionally, they noted that the degree to which various company types have a CG influence on RSs varies, emphasizing the need for businesses to enhance their CG practices in order to increase retail investor engagement and comply with regulatory obligations.

Azhgaliyeva (2023) concentrated on Asian nations. Using a fixed effects panel model, the study looked at how government policies—such as R&D funding, feed-in tariffs, tax benefits, and technology costs—affect private investment across a range of financing sources, including asset finance, corporate R&D, public markets, and venture capital in the analysis of the variables influencing private investment in renewable energy across 13 economies. The findings highlight the varying impacts of various policies; feed-in tariffs, for example, significantly boost public market investments in renewable energy, particularly in Asian countries. This research provides quantitative understanding of how effectively policies support renewable energy investment.

Ah Mand et al. (2023) investigated investor herding behavior in a developing country's stock market by contrasting Islamic and conventional stocks. Using Chang et al.'s herding model and daily data from 1995 to 2016, they found evidence of herding among Shariah-compliant shares during market volatility, particularly in upmarket situations. Conversely, conventional stocks exhibited no herding tendency at all. Our understanding of how

investors act in diverse market situations is advanced by their study, which demonstrates the behavioral dynamics that vary between Islamic and regular stock markets.

Almeida and Gonçalves (2023) conducted a systematic review and bibliometric analysis of 166 articles pertaining to the conduct of investors in the cryptocurrency market. Their study demonstrates that social factors and market sentiment have a greater influence on investing decisions in this market than does fundamental analysis. They observed characteristics such as high levels of trading activity and speculative bubbles brought on by divergent investor views and market inefficiencies. Their findings provide a comprehensive overview of the factors driving cryptocurrency investors' behavior and offer insightful data for next research projects and the creation of regulatory frameworks for this emerging sector.

Sapkota and Chalise (2024) examined the impact of investor behavior on equity financial resilience in the Nepalese stock market. They used a quantitative approach and data from 400 individual investors to find that investor behavior had a significant influence on investing decisions. This research emphasizes how important behavioral biases and irrationality are in financial markets. Their study suggests that reducing irrational trading behaviors and increasing market efficiency may be possible by addressing these behavioral aspects with expert supervision and education.

Lamichhane (2025) conducted a comparative quantitative study to assess the impact of geo-economics on Nepal's economic resilience and security. Using independent sample t-tests and secondary data from 1995, the research compared Nepal with India, the USA, China, SAARC, East Asia and Pacific, and Europe and Central Asia based on variables such as external debt, FDI, remittances, economic growth, gross fixed capital formation, and per capita income. The findings revealed significant differences, highlighting Nepal's dependency on remittances and trade, weak per capita GDP growth, and rising external debt threatening economic freedom and sovereignty. The study concluded that geo-economic capacity significantly affects national economic security and is shaped by global political and geographical dynamics.

Panthi (2025) conducted an empirical study to examine the influence of financial literacy on wealth accumulation and financial stability among blue-collar workers in Nepal. Utilizing survey data, the study assessed variables such as financial literacy, income, education level, and financial activities. The findings revealed a positive relationship between financial literacy and both wealth accumulation and financial stability. Financially

literate workers demonstrated better saving habits, investment decisions, and debt management. The study emphasized that financial literacy serves as a protective factor against economic shocks, particularly for low-income earners. Furthermore, the research highlighted the need for targeted financial education programs to promote economic inclusion, reduce poverty, and empower marginalized communities, thereby fostering long-term economic development in Nepal.

Table 1

Summary of Empirical Review

Author(s)	Methodology	Variables	Major Findings
Kumar (2009)	Aggregate and cross-sectional analysis.	Independent: Socioeconomic factors, lottery environments. Dependent: Investment in lottery-type stocks.	Preference for lottery-type stocks increases during economic downturns. Lottery-related underperformance among low-income investors. State lotteries and lottery-type stocks attract similar clienteles.
Lin (2011)	Survey (sampling survey of 430 respondents)	Independent: Demographic variables. Dependent: Disposition effect, herding, overconfidence.	Irrational biases exist in various financial resilience stages. Gender differences in disposition effect, herding, and overconfidence.
Balitskiy, Bilan, & Strielkows (2014)	Panel time series data analysis.	Independent: Natural gas consumption, labor, capital. Dependent: Economic growth.	Long-run relationship between economic growth and natural gas consumption. Bidirectional causality in the short run.
Vijaya (2014)	Principal Component Analysis (PCA).	Factors: Overconfidence, Anchoring, Aversion, behavior, Market factors.	Five major factors influencing retail investor behavior identified. Useful for investors and financial planners.

Kengatharan, & Kengatharan (2014)	Survey (questionnaires) and data analysis (SPSS).	Factors: Herding, Prospect, Market, Overconfidence, Anchoring.	Several behavioral factors affect financial resilience. Three variables influence investment performance.
Ngoc (2014)	Survey (188 responses).	Factors: Herding, Prospect, Market, Overconfidence, Anchoring.	Identifies five behavioral factors of individual investors.
Khan, Afrin, & Rahman (2015)	Survey (sample of 270 investors)	Independent: Financial security examples, Market factors, Hedging factors, Economic factors, Corporate annual report. Dependent: financial resilience.	Financial security examples have the most influence. Market, hedging, and economic factors also influence decisions. Corporate annual reports play a role.
Bakar & Yi (2016)	Questionnaires (sample size of 387 investors)	Independent: Psychological factors (Overconfidence, Conservatism, Availability bias, Herding), Gender. Dependent: Investors' financial resilience.	Overconfidence, conservatism, and availability bias impact financial resilience. Herding does not. Gender affects psychological factors' impact.
Kanojia, Singh, & Goswami, (2018)	Correlation and regression analysis (data from 150 investors).	Independent: Accounting information, Neutral information, Advocate recommendation. Dependent: Individual financial resilience.	Neutral information and advocate recommendation influence decisions. Accounting information is less influential. Investors not always rational.
Dang, Phan, Tran, Tran, & Pham (2019)	Survey questionnaires (SPSS analysis, 82 items, 11 accounting information groups)	Independent: Income information, assets, accounting principles, policies, voluntary disclosures, mandatory disclosures.	Income information significantly affects decisions. Assets, principles, and policies have limited impact. Voluntary disclosures more effective.

			Dependent: financial resilience.
Somathilake (2020)	Correlation and regression analysis (data from 150 investors).	Independent: Accounting information, Neutral information, Advocate recommendation. Dependent: Individual financial resilience.	Neutral information and advocate recommendation influence decisions. Accounting information is less influential. Rationality questioned.
Rehan, Alvi, Javed, & Saleem (2021)	Questionnaires (sample size of 155 investors)	Independent: Herding, heuristics, market, prospects. Dependent: financial resilience, investment performance.	Behavioral factors correlate with financial resilience and performance. Market and herding have positive associations.
Hossain, & Siddiqua (2022)	Utilized data from 281 respondents on the Dhaka Stock Exchange (DSE). Employed statistical methods, including chi-square test, one-way ANOVA, paired-samples t-test, and descriptive analysis.	Examined emotional dimensions such as risk aversion and risk perception influencing individual investors' decisions.	Bangladeshi individual investors tend to make emotionally-driven financial resilience, deviating from theoretical frameworks. Risk aversion and risk perception emerge as influential emotional dimensions impacting choices. Investors deviate from recommended financial norms.
Karmacharya, Chapagain, Dhungana, & Singh (2022)	Structural model analysis (data from 350 investors).	Independent: Market, heuristic, herding factors. Dependent: Investment performance.	Market, heuristic, and herding factors significantly impact investment performance. Investors rely on market information.
Wong, & Zhang (2022)	Data analysis and regression (firm-level analysis).	Independent: Corporate reputation risks (CRR), ESG media coverage.	Adverse ESG media coverage negatively impacts firm valuation, especially for smaller

		Dependent: Firm and less liquid firms. valuation (stock performance).	Industry differences noted.
Nawrocki & Szwajca (2022)	Internet survey (417 individual investors).	Variables: Cognitive, affective aspects of reputation.	Informational aspects of company reputation are more important than financial, growth, and social aspects for Polish individual investors.
Subedi (2023)	Survey using structured questionnaire; Pearson correlation and multiple regression; convenience sampling (384 respondents)	Personal savings, risk tolerance, investment options, financial knowledge, investment decisions	Positive and significant relationship between financial literacy dimensions and investment decisions; low financial literacy hinders saving and investment; calls for financial education programs.
Nair, Shiva, Yadav & Tandon (2023)	Questionnaire (507 usable responses), UTAUT framework, Goal contagion theory.	Independent: Effort expectancy, Performance expectancy, Perceived return, Perceived risk. Dependent: Behavioral intentions to use mobile applications.	Effort expectancy, performance expectancy, and perceived return are primary determinants of behavioral intentions to use mobile apps. Habit influences adoption behavior. Perceived risk is not as important.
Chakraborty, Gupta, Mahakud, & Tiwari (2023)	Panel data approach (2014–2015 and 2018–2019).	Independent: Corporate governance attributes, Audit and board information. Dependent: Retail shareholdings.	Firm-level corporate governance quality positively affects retail investors' shareholding. Investors focus on audit and board information. Impact varies with firm characteristics.
Azhgaliyeva, Beirne, & Mishra (2023)	Fixed effects panel model (2008–2018).	Independent: Government renewable energy policies, Feed-in tariffs, Tax incentives, Technology costs,	Government expenditure on R&D affects investment from asset finance and corporate R&D. Feed-in tariffs stimulate public market

		Energy prices. investment, especially in Asia. Tax incentives have mixed effects. Technology costs and energy prices affect asset finance investment.
Ah Mand, Janor, Abdul Rahim, & Sarmidi (2023)	Daily data (1995–2016), Herding model of Chang et al. (2000).	Independent: Market conditions, Market return, Shariah compliance. Dependent: Herding.
Almeida & Gonçalves (2023)	Bibliometric analysis, systematic literature review (166 papers).	Variables: Herding, Social influence, Public sentiment, Fundamentals, Socio-demographic characteristics, Market inefficiency.
Sapkota & Chalise (2024)	Descriptive cum analytical research design, 400 individual investors' sample.	Independent: Investors' behavior, Gender. Dependent: Equity financial resilience.
Lamichhane (2025)	Comparative quantitative analysis using independent sample t-test; secondary data from 1995	External debt, FDI, personal remittances, economic growth, gross fixed capital formation, per capita income
Panthi (2025)	Survey-based quantitative analysis	Financial literacy, income, education between financial literacy and wealth

level, activities	financial	accumulation; improved financial stability among literate workers; policy implications for economic inclusion.
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2.4 Research gap

Despite extensive research on financial literacy and financial resilience in Nepalese share markets, significant gaps remain, particularly in the context of Nepal. First, while previous studies have explored the general influence of financial literacy, few have specifically investigated the relationship between individual components such as personal savings, risk tolerance, investment options and financial knowledge on financial resilience. Most studies, like those conducted by Lamichhane (2022) and Kang, Park and Jang (2024), have not disaggregated these factors to fully understand their distinct effects on investors' behavior. This oversight underscores the necessity for more nuanced research that examines how each variable influences investment choices individually.

Second, methodological limitations in existing research further contribute to the gap. Studies such as those by Johnson et al. (2023) and Wang, Liu and Lan (2023) primarily utilize convenience sampling and self-reported data, which may introduce bias and reduce the generalizability of findings. Moreover, research has often been concentrated in specific geographic regions, like the Chinese markets explored by Huang and Xu (2023), neglecting other developing markets like Nepal. This geographic focus creates a gap in understanding the influence of financial knowledge and risk tolerance in diverse economic settings. Furthermore, the lack of longitudinal studies, as highlighted by Martin and Gonzalez (2023) and Patel and Singh (2023), limits the ability to assess the long-term effects of financial literacy on financial resilience. Addressing these gaps with more comprehensive and contextually relevant research will provide deeper insights and inform financial education policies aimed at enhancing investor financial resilience in Nepal.

CHAPTER III

RESEARCH METHODOLOGY

This study adopts a comprehensive quantitative research methodology to examine the influence of financial literacy dimensions on financial resilience among individual investors in Kathmandu Valley. Descriptive and causal-comparative research designs guide the investigation, enabling both fact-finding and the establishment of cause-and-effect relationships. Primary data are collected using structured questionnaires administered electronically and in person, while secondary data support the contextual foundation. A combination of descriptive statistics, correlation analysis, and regression modeling is employed to analyze the data. This methodological approach ensures robust, reliable, and valid insights into the financial behavior and resilience of Nepalese investors.

3.1 Research design

The study has been incorporating the descriptive research design and causal comparative research design. This study deals with the various types of independent variable with their relationship with the dependent variable. The descriptive research design help in fact-finding regarding the main subjects of this study are dependent variables (i.e., financial resilience) and independent variables (i.e., personal savings, risk tolerance, investment option and financial knowledge). Similarly, the causal comparative research design tend to establish cause and effect relationship between financial literacy and financial resilience.

3.2 Population and sample, and sample design

The target population of this study comprises individual investors aged 18 and above residing in the Kathmandu Valley. A non-probability convenience sampling method has been employed to facilitate accessibility and timely data collection. A total of 525 questionnaires were distributed, and 400 valid responses were considered as the final sample size for analysis. The convenience sampling method is justified as it allows efficient engagement with respondents within the researcher's network, making it practical and cost-effective for exploratory studies.

3.3 Nature and source of data and Instruments of Data Collection

The study employed a descriptive research design using both primary and secondary data sources. Primary data were collected through a structured questionnaire distributed electronically via Google Forms. The questionnaire included close-ended questions,

comprising multiple-choice single-response and Likert scale items ranging from 1 (strongly disagree) to 5 (strongly agree), to ensure ease of response and minimize bias. This approach facilitated efficient data collection, especially for a large sample, due to its cost-effectiveness and ease of administration. The use of electronic surveys ensured broader reach, while paper-based surveys allowed direct engagement with respondents.

3.4 Research framework and definition of variables

The study research framework as well as showing the hypotheses relationships between the constructs. The researcher has used the financial resilience as the dependent variable and different dimensions of financial literacy as an independent variables. Financial literacy refers to the combination of knowledge, skill and attitude necessary to make informed and wise decisions regarding the use of money and ultimately achieving financial wellbeing. The findings suggest that enhancing financial literacy can lead to better financial resilience, improved investment outcomes and overall economic growth in Nepal (Subedi, 2023).

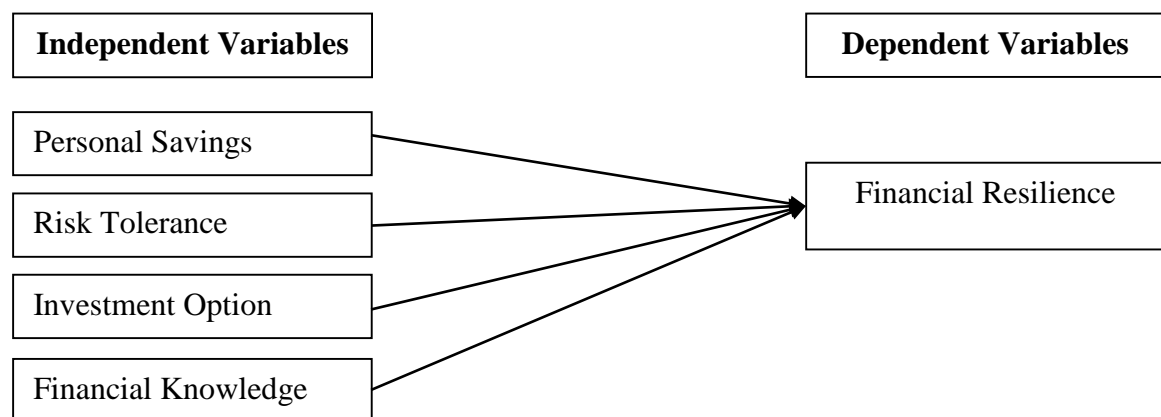


Figure 1. Research Framework

Source: Subedi (2023)

Personal savings

Personal savings refer to the portion of an individual's income that is not consumed immediately but set aside for future use. It represents the financial resources available for investment and serves as a buffer against unforeseen financial emergencies. According to Ando and Modigliani (1963), personal savings are influenced by various factors including income level, consumption patterns and future financial goals. In the context of this study, personal savings has been defined as the amount of money that investors in the Nepalese share market allocate from their income towards savings and investments, impacting their financial resilience capacity and investment behavior.

Risk tolerance

Risk tolerance is the degree to which an individual is to endure the uncertainty of returns on their investments. It reflects their comfort level with potential losses and the variability of investment outcomes. Grable and Lytton (1999) describe risk tolerance as a crucial psychological trait that influences financial decisions, where individuals with higher risk tolerance are more likely to invest in high-risk, high-reward assets. In this study, risk tolerance has been defined as the ingress of Nepalese investors to take financial risks, which affects their choices in the share market and their overall investment strategy.

Investment options

Investment options refer to the various financial instruments and assets available for investment, such as stocks, bonds, mutual funds, real estate and others. Each option has different risk and return profiles, liquidity and time horizons. According to Markowitz (1952), the selection of investment options is critical in portfolio management and diversification strategies. In the context of this study, investment options has been defined as the range of financial instruments that Nepalese investors consider for their portfolios, influencing their financial resilience based on perceived risks, returns and individual financial goals.

Financial knowledge

Financial knowledge encompasses an individual's understanding of financial concepts, products and markets. It includes the ability to make informed financial decisions, manage finances effectively and plan for the future. Lusardi and Mitchell (2011) emphasize that financial knowledge is essential for financial literacy, enabling individuals to navigate the complexities of the financial world. In this study, financial knowledge has been defined as the awareness and understanding that Nepalese investors have regarding financial principles, investment strategies and market dynamics, which shapes their financial resilience and financial behavior.

Financial Resilience

Financial resilience refers to the ability of individuals to withstand financial challenges, adapt to unexpected financial shocks, and maintain financial stability over time. It involves effectively managing financial resources, making informed financial decisions, and possessing the necessary financial knowledge to navigate complex financial situations.

According to Huston (2010), financial resilience is closely linked to an individual's financial literacy, as greater financial knowledge enhances the capability to plan, save, and respond to financial uncertainties.

3.5 Methods of analysis

Statistical analysis is a kind of quantitative research, which seeks to quantify the data and typically, applies for some form of statistical analysis. Quantitative data involves descriptive data, such as survey data and observational data. Descriptive statistical tools were used in this study for data analysis. The descriptive statistical tools include frequency distribution, measures of central tendency, etc. Similarly, it is necessary to follow certain steps and procedures in analyzing data in order to understand the results and generalize the findings. The analysis of the data intends to study the relationship and cause and effect between the variables. This section is divided into various subsections first of which deals with the descriptive statistics of the sample observations including the mean, standard deviation, minimum and maximum values of the observations. Correlation analyses have been carried out in the second section followed by the stepwise regression analysis.

Descriptive statistics

Descriptive statistics are employed to organize and summarize quantitative data, facilitating clearer interpretation of large datasets. Common statistical tools used in the analysis include measures of central tendency such as mean and weighted mean, which represent the average values of variables.

Measures of dispersion like standard deviation (SD) are applied to assess the variability or spread of data points around the mean. Additionally, frequency distributions and percentages are utilized to provide detailed profiles of respondents based on demographic variables such as gender, age, income, occupation, and investment type. These statistical tools help present data in a concise, understandable format, often supported by tables for enhanced clarity.

Correlation analysis

Correlation analysis is the process of studying the strength of that relationship with available statistical data and it is used to identify direction and magnitude between two sets of variables. Correlation analysis deals with the association between two or more variables which precisely determines the direction and degree of the relationship. In the study, correlation is used to measure and analyze the relationship between personal savings, risk

tolerance, investment option and financial knowledge and and financial resilience. As per the purpose of the study, correlation analysis has been employed. A positive correlation reveals that the direction of the relationship is positive with one increasing in reaction to others increase. Meanwhile, a negative correlation reveals an inverse of the above and increases in one when the other decreases.

Regression model

Regression analysis is a statistical process for estimating the relationship and impact among variables. Personal savings, risk tolerance, investment option and financial knowledge and financial resilience is taken as the dependent variable for the research. Linear and multiple regressions have been used in this study to determine the influence of the independent variable on the dependent variable. Regression analysis provides more information about the slope of the relationship. It is used to describe the nature of the relationship and to make a prediction. The regression equation for the current study is presented below:

$$FR = \alpha + \beta_1 PS + \beta_2 RT + \beta_3 IO + \beta_4 FK$$

Where,

FR = Financial Resilience

α = Constant Term

β = Coefficient of Independent Variables

PS = Personal Savings

RT = Risk Tolerance

IO = Investment Option

FK = Financial Knowledge

CHAPTER IV

RESULTS AND DISCUSSION

The results section uses various tools to analyze the data: respondent's profile analysis outlines the sample demographics, descriptive analysis summarizes variable trends, correlation analysis explores relationships between variables, regression analysis assesses the impact of predictors and hypotheses testing evaluates the validity of the proposed theories.

4.1 Respondent's profile analysis

The respondent's profile analysis provides a concise overview of the demographic characteristics of the study participants. The analysis includes key variables such as gender, marital status, age, education level, monthly income and work experience, offering insight into the composition of the sample. The total sample consists of 400 respondents, representing a diverse population across various demographic categories.

Table 2

Respondent's Profile Analysis

Category	Subcategory	Frequency	Percentage (%)
Gender	Male	218	54.50
	Female	182	45.50
Marital Status	Married	223	55.75
	Unmarried	177	44.25
Age	Below 20 years	43	10.75
	21–30 years	184	46.00
	31–40 years	126	31.50
	40 years above	47	11.75
Education Level	School Level	26	6.50
	Bachelor Level	210	52.50
	Masters and Above	164	41.00
Monthly Income	Rs. 20,000–50,000	202	50.50
	Rs. 51,000–100,000	141	35.25
	Rs. 100,000 above	59	14.75
Work Experience	0–4 years	80	20.00
	4–8 years	163	40.75
	8 years above	157	39.25
Total		400	100.00

Note. Survey, 2025

The demographic profile of the 400 respondents reveals a slightly higher representation of males (54.5%) compared to females (45.5%), indicating a balanced gender distribution

within the study sample. Regarding marital status, a majority of respondents were married (55.75%), while the remaining 44.25% were unmarried, reflecting a diverse marital composition. The age distribution shows that the largest group falls within the 21–30 years range (46%), followed by 31–40 years (31.5%), with smaller proportions of respondents below 20 years (10.75%) and above 40 years (11.75%). This indicates a predominantly young and middle-aged investor base in the Nepalese share market. Education levels vary considerably, with more than half of the respondents (52.5%) holding a bachelor's degree, while 41% possess a master's degree or higher. Only 6.5% have completed education up to the school level. This distribution suggests a relatively well-educated sample, which may influence financial literacy and investment behaviors. Monthly income among respondents shows that half earn between Rs. 20,000 and Rs. 50,000 (50.5%), 35.25% earn between Rs. 51,000 and Rs. 100,000, and 14.75% have an income exceeding Rs. 100,000, illustrating a range of income levels among investors.

Work experience is also diversified, with 40.75% having 4 to 8 years of experience and 39.25% exceeding 8 years, while 20% have less than 4 years of work experience. This variation in professional tenure suggests differing levels of exposure to financial markets and investment opportunities. Overall, the respondent profile highlights a balanced mix of demographic characteristics that can provide meaningful insights into financial literacy and investment financial resilience within the Nepalese stock market.

4.2 Descriptive analysis

Conducting this descriptive analysis is essential for identifying trends and patterns in financial behaviors, which can inform more targeted and effective investment strategies. By summarizing the central tendencies and variability of key variables, the analysis provides valuable insights into the attitudes and practices of stock investors in NEPSE, aiding in the development of strategies that cater to their specific needs and preferences.

Perception of investors towards personal saving

The topic represented in Table 4 focuses on the perception of individuals towards personal savings. It assesses various aspects of saving behavior, including regular saving habits, prioritizing savings over non-essential spending, setting specific savings goals and the confidence individuals have in their ability to save. The table also examines the perceived importance of saving for financial security. The data highlights a general positive attitude towards savings, with respondents expressing confidence in their saving abilities and

recognizing the importance of saving for their future. This perception plays a key role in financial resilience and financial planning.

Table 3

Perception towards Personal Savings

Statement	Mean	SD
I regularly set aside a portion of my income for savings.	4.14	1.02
I prioritize saving money over spending on non-essential items.	4.41	0.51
I have a specific financial goal for my savings.	4.13	0.87
I feel confident about my ability to save money.	4.06	0.95
I believe saving money is important for my financial future.	4.66	0.55
Weight average	4.28	0.78

Note. Survey, 2025

Table 3 presents the respondents' perceptions regarding personal savings, providing insights into their saving behaviors and attitudes. The item "I regularly set aside a portion of my income for savings" has a mean score of 4.14 and a standard deviation of 1.02. This relatively high mean indicates a strong tendency among respondents to allocate a portion of their income towards savings. However, the standard deviation suggests some variability in responses, which could imply differing levels of discipline in saving among individuals. For stock investors in NEPSE, this indicates a general inclination towards saving, which might reflect a cautious approach to financial management, potentially affecting their investment behavior and risk tolerance.

The statement "I prioritize saving money over spending on non-essential items" received a mean score of 4.41 with a low standard deviation of 0.51. This suggests that respondents strongly prioritize saving over discretionary spending, indicating a conservative financial approach. For NEPSE investors, this prioritization might translate into a preference for stable, long-term investments over high-risk opportunities, reflecting a more cautious investment strategy. Respondents scored an average of 4.13 (SD = 0.87) on the statement "I have a specific financial goal for my savings." This score shows that most individuals have defined savings goals, though with some variability. Having clear financial goals can help investors in NEPSE make more targeted financial resilience, aligning their portfolio with long-term objectives and potentially leading to more strategic investment choices.

The statement "I feel confident about my ability to save money" had a mean of 4.06 and a standard deviation of 0.95. While the confidence in saving is relatively high, the standard deviation suggests that there is considerable variation in how confident individuals feel about their saving capabilities. This self-reported confidence could influence investors' risk-taking behavior, with more confident individuals potentially being more willing to engage in riskier investments.

Lastly, the perception that "I believe saving money is important for my financial future" scored the highest mean of 4.66 and a low standard deviation of 0.55. This strong belief in the importance of saving suggests a high level of awareness about the value of saving for future financial stability. For NEPSE investors, this could indicate a preference for investment strategies that emphasize long-term growth and stability over short-term gains, aligning their investments with their savings-oriented mindset. The weighted average for personal savings is 4.28 with a standard deviation of 0.78. This overall high score reflects a general positive perception of personal savings among respondents. For stock investors in NEPSE, this positive attitude towards saving can influence their investment behavior, potentially leading them to prioritize investments that complement their saving habits and long-term financial goals.

Perception of Investors on Risk Tolerance

Table 4 focuses on individuals' perception towards risk tolerance in relation to their investment behavior. It assesses how comfortable investors are with taking risks, their preference for high-risk, high-reward investment opportunities, their ability to handle fluctuations in investment values and their reaction to potential losses.

Table 4

Perception towards Risk Tolerance

Statement	Mean	SD
I am comfortable taking risks with my investments.	4.30	0.91
I prefer high-risk, high-reward investment opportunities.	3.89	0.83
I can handle significant fluctuations in the value of my investments.	3.50	0.95
I lose some of my initial investment for the chance of higher returns.	3.05	1.07
I do not get anxious about the potential losses of my investments.	3.03	1.21
Total (Weighted)	3.55	0.99

Note. Survey, 2025

Table 4 provides an overview of respondents' perceptions regarding risk tolerance in investment, highlighting their comfort with risk, preferences for high-risk opportunities and their ability to handle investment fluctuations. This analysis is crucial for understanding how risk tolerance influences investment behavior, particularly for stock investors in NEPSE. The item "I am comfortable taking risks with my investments" has a mean score of 4.30 with a standard deviation of 0.91. This high mean indicates that a majority of respondents are relatively comfortable with taking risks in their investments. The moderate standard deviation suggests a degree of variability in this comfort level, implying that while many investors are willing to take risks, there are differences in how comfortable they are with varying levels of risk. For NEPSE investors, this implies that there is a substantial segment of the market that is open to aggressive investment strategies, which could influence market volatility and the types of investment opportunities they pursue.

The statement "I prefer high-risk, high-reward investment opportunities" scored a mean of 3.89 with a standard deviation of 0.83. This score indicates a general preference for high-risk investments among respondents, though not as strong as their overall comfort with risk. The lower standard deviation reflects more consistency in this preference. For NEPSE investors, this suggests that while there is an inclination towards high-risk opportunities, it is not as pronounced, potentially impacting their investment choices and the types of assets they are willing to explore. Respondents scored an average of 3.50 (SD = 0.95) on "I can handle significant fluctuations in the value of my investments." This indicates a moderate ability to tolerate fluctuations, with some variability in individual responses. Investors in NEPSE who can handle market volatility may be more inclined to invest in stocks with higher price swings, which could affect their portfolio management strategies and risk assessment.

The item "I lose some of my initial investment for the chance of higher returns" received a mean score of 3.05 with a standard deviation of 1.07. This lower mean suggests that respondents are less inclined to accept initial investment losses for the potential of higher returns, reflecting a more conservative approach to risk. The high standard deviation indicates significant variability in this acceptance, with some investors more willing to tolerate losses than others. For NEPSE investors, this could mean a more cautious approach to investments, with a focus on strategies that minimize initial losses.

Finally, the statement "I do not get anxious about the potential losses of my investments" had a mean of 3.03 and a standard deviation of 1.21. The low mean indicates a general tendency towards experiencing anxiety over potential losses, with considerable variability in individual responses. This suggests that a significant portion of investors may be prone to anxiety regarding losses, which could influence their financial resilience and risk tolerance levels. The overall weighted average for risk tolerance is 3.55 with a standard deviation of 0.99. This average reflects a moderate level of risk tolerance among respondents, with some variation in how they approach and handle investment risks. For stock investors in NEPSE, this moderate risk tolerance can impact their investment strategies, influencing their willingness to engage in high-risk investments and their overall approach to portfolio management. Understanding these risk tolerance levels is essential for tailoring investment strategies and ensuring they align with investors' comfort levels and financial goals.

Perception of Investors on Investment Options

Table 5 focuses on investors' perceptions regarding the different investment options available in the market. It evaluates how well investors are informed about the variety of investment opportunities, their approach to considering multiple options and their tendency to diversify and review their investment portfolios. Additionally, it looks at whether investors seek professional advice when making financial resilience. This table highlights the importance of investment awareness, strategic planning and expert guidance in making informed and diversified investment choices.

Table 5

Perception towards Investment Options

Statement	Mean	SD
I am aware of the different investment options available in the market.	4.63	0.63
I consider a variety of investment options before making a decision.	4.02	0.70
I diversify my investments across different asset types.	3.96	1.01
I regularly review and adjust my investment portfolio.	4.18	0.88
I seek professional advice when selecting investment options.	4.00	1.18
Weight average	4.16	0.88

Note. Survey, 2025

Table 5 provides insights into respondents' perceptions regarding various investment options, shedding light on their awareness, financial resilience processes, diversification practices, portfolio management and use of professional advice. These aspects are crucial for understanding investor behavior, particularly in the context of NEPSE.

The statement "I am aware of the different investment options available in the market" has a mean score of 4.63 with a standard deviation of 0.63. This high mean indicates that respondents generally have a strong awareness of the investment options available. The relatively low standard deviation suggests consistent awareness among investors. For stock investors in NEPSE, this high level of awareness is beneficial, as it enables them to explore a broader range of investment opportunities and make more informed decisions, potentially leading to more diversified and strategically balanced portfolios.

The item "I consider a variety of investment options before making a decision" received a mean of 4.02 and a standard deviation of 0.70. This score reflects a solid tendency among respondents to evaluate multiple options prior to making financial resilience. The low standard deviation indicates that this behavior is fairly consistent among investors. For NEPSE investors, this practice of considering various options before investing can enhance financial resilience processes and reduce the likelihood of making impulsive or poorly considered investments.

Respondents scored an average of 3.96 (SD = 1.01) on "I diversify my investments across different asset types." This suggests a moderate level of diversification, with some variability in how extensively investments are spread across different asset types. For NEPSE investors, moderate diversification is generally advisable as it helps in mitigating risk by spreading investments across various assets, thus reducing the impact of any single asset's poor performance on the overall portfolio.

The statement "I regularly review and adjust my investment portfolio" had a mean score of 4.18 with a standard deviation of 0.88. This high mean indicates that respondents frequently review and adjust their portfolios, although there is some variability in how consistently this practice is applied. Regular portfolio reviews are crucial for NEPSE investors, as they help in identifying any imbalances or opportunities for improvement, ensuring that the investment strategy remains aligned with changing market conditions and financial goals.

The item "I seek professional advice when selecting investment options" scored a mean of 4.00 with a standard deviation of 1.18. This score reflects a solid tendency to consult

professionals, though with considerable variability in how often this advice is sought. Seeking professional advice can provide valuable insights and guidance for NEPSE investors, potentially leading to more informed investment choices and better management of investment risks.

The overall weighted average for perceptions towards investment options is 4.16 with a standard deviation of 0.88. This average suggests a generally positive attitude towards understanding and managing investment options among respondents. For stock investors in NEPSE, this positive perception indicates a proactive and informed approach to investment management, which can contribute to more strategic and effective financial resilience. Understanding these perceptions helps in identifying how well investors are equipped to navigate the complexities of the market and make well-rounded investment choices.

Perception of Investors on Financial Knowledge

Table 6 examines investors' perceptions of their financial knowledge, focusing on their understanding of investment principles, current market trends, risk and benefits of investment options and personal finance management. It evaluates how confident investors feel in making informed financial resilience and their ability to effectively manage their finances. This table highlights the importance of financial knowledge in empowering individuals to make educated decisions and better navigate the complexities of financial markets.

Table 6

Perception towards Financial Knowledge

Statement	Mean	SD
I understand the basic principles of investing.	4.78	0.48
I keep myself informed about the current financial market trends.	4.14	0.53
I feel confident in my ability to make informed financial resilience.	4.08	0.87
I understand the risks and benefits of different investment options.	4.35	0.85
I can effectively manage my personal finances.	4.71	0.65
Weight average	4.41	0.68

Note. Survey, 2025

Table 6 outlines respondents' perceptions regarding their financial knowledge, which is a key determinant of their investment behavior and financial resilience. This analysis

highlights their understanding of investment principles, market trends, risk management and overall financial management. Understanding these perceptions is vital for stock investors in NEPSE, as it affects their investment strategies and confidence.

The statement "I understand the basic principles of investing" has a mean score of 4.78 with a standard deviation of 0.48. This very high mean indicates that respondents generally possess a strong understanding of fundamental investment principles. The low standard deviation suggests that this understanding is consistent among investors. For NEPSE investors, a solid grasp of basic investment principles is crucial, as it forms the foundation for making informed financial resilience and implementing effective strategies in the stock market.

Respondents scored an average of 4.14 (SD = 0.53) on "I keep myself informed about the current financial market trends." This high mean indicates that investors are actively engaged in staying updated with market trends, while the low standard deviation suggests a consistent approach to market awareness. For NEPSE investors, staying informed about market trends can lead to more timely and strategic financial resilience, enhancing their ability to capitalize on market movements and opportunities.

The item "I feel confident in my ability to make informed financial resilience" received a mean score of 4.08 with a standard deviation of 0.87. This score reflects a high level of confidence in making financial resilience, although with some variability in individual responses. High confidence in financial resilience is beneficial for NEPSE investors, as it can lead to more decisive actions and a proactive approach to managing their investment portfolios.

Respondents scored 4.35 (SD = 0.85) on "I understand the risks and benefits of different investment options." This indicates a strong understanding of the complexities associated with various investment options, with some variability in how well this understanding is applied. For NEPSE investors, comprehending the risks and benefits of different investments is crucial for balancing their portfolios and making well-informed choices that align with their financial goals and risk tolerance.

The item "I can effectively manage my personal finances" had a mean score of 4.71 with a standard deviation of 0.65. This high mean suggests a high level of effectiveness in personal financial management and the low standard deviation indicates that this effectiveness is consistently perceived among respondents. Effective personal finance management is

essential for NEPSE investors, as it supports their ability to plan, budget and allocate resources wisely, ultimately contributing to more successful investment outcomes. The overall weighted average for financial knowledge is 4.41 with a standard deviation of 0.68. This high average reflects a generally strong perception of financial knowledge among respondents, with consistent understanding across the surveyed population.

Perception of Investors on Financial Resilience

Table 7 focuses on investors' perceptions regarding their financial resilience, evaluating how they assess investment opportunities, align decisions with financial goals and the confidence they have in their ability to make sound choices. It also examines the role of financial knowledge in guiding financial resilience and the extent to which investors regularly review their investment performance. This table highlights the financial resilience process of investors and emphasizes the importance of strategic planning and continual assessment in achieving financial objectives.

Table 7

Perception towards Financial Resilience

Statement	Mean	SD
I can adapt my financial plans when unexpected expenses arise.	4.56	0.59
I have a financial buffer to manage emergencies without significant stress.	4.12	0.60
I am confident in my ability to recover financially from setbacks.	4.04	0.93
I can maintain my standard of living even during economic downturns.	4.69	0.50
I actively seek ways to strengthen my financial stability over time.	3.82	1.09
Weight average	4.25	0.74

Note. Survey, 2025

Table 7 provides insights into respondents' approaches and attitudes towards making financial resilience. It highlights how investors evaluate opportunities, align decisions with financial goals, confidence in their financial resilience abilities, reliance on financial knowledge and regular review practices. This understanding is essential for stock investors in NEPSE as it impacts their investment effectiveness and strategy formulation.

The item "I carefully evaluate investment opportunities before making a decision" has a mean score of 4.56 with a standard deviation of 0.59. This high mean indicates that respondents generally practice thorough evaluation of investment opportunities and the low

standard deviation suggests that this approach is consistently applied. For NEPSE investors, careful evaluation is crucial as it helps in identifying the most promising investment opportunities and avoiding potential pitfalls, leading to more informed and strategic investment choices.

Respondents scored an average of 4.12 (SD = 0.60) on "I align my financial resilience with my financial goals." This score reflects a strong tendency to ensure that financial resilience are in line with personal financial objectives, with relatively low variability. For investors in NEPSE, aligning decisions with financial goals is essential for achieving long-term success and maintaining a clear focus on investment targets, which can enhance overall portfolio performance and financial stability.

The statement "I am confident in my ability to make good financial resilience" received a mean score of 4.04 with a standard deviation of 0.93. This score suggests a high level of confidence in financial resilience abilities, though with some variability among respondents. Confidence in making financial resilience is beneficial for NEPSE investors as it can lead to more decisive actions and a proactive approach, fostering a positive investment mindset and potentially leading to better investment outcomes.

The item "I rely on my financial knowledge to guide my financial resilience" scored a mean of 4.69 with a standard deviation of 0.50. This high mean indicates that respondents heavily depend on their financial knowledge for making financial resilience, with very low variability in this reliance. For NEPSE investors, leveraging financial knowledge is advantageous as it ensures that investment choices are well-informed and based on sound principles, enhancing the quality and effectiveness of their investment strategies.

The item "I review my investment performance regularly to ensure it meets my objectives" had a mean score of 3.82 with a standard deviation of 1.09. This score reflects a moderate frequency of performance reviews, with considerable variability in how regularly this practice is applied. For NEPSE investors, regular performance reviews are important for assessing whether investments are meeting their objectives and for making necessary adjustments to stay on track with financial goals.

The overall weighted average for perceptions towards financial resilience is 4.25 with a standard deviation of 0.74. This average indicates a generally positive attitude towards the financial resilience process among respondents, with consistent practices across the surveyed population.

For stock investors in NEPSE, this positive perception suggests a disciplined and informed approach to financial resilience, which can significantly contribute to effective portfolio management and achieving investment objectives. Understanding these perceptions helps in identifying areas where investors are strong and where they might benefit from further support or development in their investment strategies.

4.2 Correlation Analysis

Table 8 presents the correlation analysis between various factors influencing financial resilience: Personal Savings (PS), Risk Tolerance (RT), Investment Options (IO), Financial Knowledge (FK) and financial resilience (FR). The table shows the strength and significance of relationships between these factors, which are crucial for understanding investor behavior in NEPSE.

Table 8

Correlation Analysis

Variables	PS	RT	IO	FK	FR
PS	1				
RT	.349** 0.000	1			
IO	.465** 0.000	.428** 0.000	1		
FK	.422** 0.000	.409** 0.000	.515** 0.000	1	
FR	.382** 0.000	.412** 0.000	.498** 0.000	.506** 0.000	1

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient between Personal Savings (PS) and financial resilience (FR) is 0.382, with a significance level of 0.000. This positive correlation indicates a moderate relationship where higher personal savings are associated with more favorable financial resilience. For NEPSE investors, this suggests that those who regularly save are more likely to make well-considered investment choices. Personal savings provide a financial cushion that can support more strategic and informed financial resilience, enhancing overall investment effectiveness. The correlation coefficient between Risk Tolerance (RT) and financial resilience (FR) is 0.412, with a significance level of 0.000. This moderate positive correlation implies that investors with higher risk tolerance tend to make more decisive

financial resilience. For NEPSE investors, this means that those comfortable with taking risks are more likely to engage in investments that may offer higher returns. Understanding risk tolerance is crucial for developing investment strategies that align with individual comfort levels and risk preferences.

The correlation coefficient between Investment Options (IO) and financial resilience (FR) is 0.498, with a significance level of 0.000. This indicates a moderate to strong positive relationship, suggesting that investors who are more aware of and utilize a variety of investment options tend to make more informed financial resilience. For NEPSE investors, a broad understanding of available investment options and effective diversification can lead to better financial resilience and enhanced portfolio performance. The correlation coefficient between Financial Knowledge (FK) and financial resilience (FR) is 0.506, with a significance level of 0.000. This strong positive correlation shows that higher financial knowledge is closely linked to more effective financial resilience. For NEPSE investors, possessing substantial financial knowledge enables them to make well-informed decisions, manage risks better and optimize their investment strategies. This correlation underscores the importance of financial literacy in achieving successful investment outcomes.

4.3 Regression Analysis

The regression analysis utilized in this study aims to examine the influence of Personal Savings (PS), Risk Tolerance (RT), Investment Options (IO) and Financial Knowledge (FK) on financial resilience (FR). Tools employed include multiple regression analysis to quantify the relationships between these predictors and financial resilience, alongside ANOVA to assess the overall model fit and coefficient analysis to evaluate the significance and strength of each predictor's effect. This comprehensive approach facilitates understanding of how these factors collectively impact investment behavior among NEPSE investors.

Table 9

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.603	.363	.355	.34946

Predictors: (Constant), FK, RT, PS, IO

Table 9 provides the coefficient of determination, R-square is 0.363, indicating that approximately 36.3% of the variance in financial resilience can be explained by these

predictors. The Adjusted R-square value of 0.355 accounts for the number of predictors in the model, showing that the model still explains a substantial portion of the variability. The standard error of the estimate is 0.34946, reflecting the average distance between the observed values and the predicted values from the regression model.

Table 10

Analysis of Variance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	21.944	4	5.486	44.922	.000
Residual	38.469	395	.122		
Total	60.414	399			

Dependent Variable: FR

Predictors: (Constant), FK, RT, PS, IO

The F-value is 44.922 with a significance level of 0.000, which is well below the conventional alpha level of 0.05. This high F-value and low p-value suggest that the regression model significantly predicts financial resilience, confirming the overall validity of the model.

Table 11

Coefficients Analysis

Model	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
1 (Constant)	1.424	.253	5.635	.000
PS	.112	.061	1.840	.067
RT	.097	.031	3.125	.002
IO	.186	.044	4.273	.000
FK	.277	.056	4.960	.000

Dependent Variable: FR

The unstandardized coefficient for Financial Knowledge (FK) is 0.277 with a t-value of 4.960 and a significance level of 0.000, indicating a strong and significant positive effect on financial resilience. This suggests that greater financial knowledge significantly enhances the quality of financial resilience, making it crucial for NEPSE investors to continually improve their financial literacy.

The unstandardized coefficient for Risk Tolerance (RT) is 0.097 with a t-value of 3.125 and a significance level of 0.002. This positive and significant coefficient shows that higher risk tolerance contributes positively to financial resilience, indicating that investors who are more willing to take risks are more likely to make decisive investment choices.

Investment Options (IO) has an unstandardized coefficient of 0.186 with a t-value of 4.273 and a significance level of 0.000. This significant positive effect suggests that awareness and utilization of diverse investment options improve financial resilience, highlighting the importance of exploring various investment avenues for NEPSE investors.

Personal Savings (PS) has an unstandardized coefficient of 0.112 with a t-value of 1.840 and a significance level of 0.067. Although this coefficient is positive, it is not statistically significant at the 0.05 level, indicating that while personal savings may have a positive effect on financial resilience, this effect is not as pronounced or consistent as the effects of the other predictors.

4.4 Hypotheses Test

Table 12 presents the results of hypothesis testing based on the regression analysis. The table summarizes the p-values associated with each hypothesis and provides remarks on whether the hypotheses are accepted or rejected. The hypotheses pertain to the impact of Personal Savings (PS), Risk Tolerance (RT), Investment Options (IO) and Financial Knowledge (FK) on financial resilience (FR).

H1: Personal Savings has a Significant Impact on financial resilience

The p-value for this hypothesis is 0.067, which is above the conventional significance level of 0.05. As a result, the hypothesis is rejected. Despite the positive coefficient (0.112) for Personal Savings in the regression model, indicating a potential positive effect on financial resilience, this effect is not statistically significant. This suggests that while personal savings may have some influence on financial resilience, it is not strong enough to be considered significant in the context of this analysis. For investors in NEPSE, this implies that other factors might be more influential in shaping their financial resilience compared to personal savings.

H2: Risk Tolerance has a Significant Impact on financial resilience

The p-value for this hypothesis is 0.002, which is well below the 0.05 significance level. Thus, the hypothesis is accepted. The regression coefficient for Risk Tolerance is 0.097,

which is statistically significant and positively impacts financial resilience. This indicates that investors with higher risk tolerance are more likely to make decisive and confident investment choices. For NEPSE investors, this underscores the importance of understanding and managing risk tolerance to enhance financial resilience-making.

H3: Investment Options has a Significant Impact on financial resilience

The p-value for this hypothesis is 0.000, indicating a significant effect well below the 0.05 threshold. Consequently, the hypothesis is accepted. With a positive and significant regression coefficient of 0.186, Investment Options have a strong influence on financial resilience. This suggests that investors who are more aware of and utilize a variety of investment options are better equipped to make informed decisions. For NEPSE investors, this highlights the importance of exploring and diversifying investment options to improve investment outcomes.

H4: Financial Knowledge has a Significant Impact on financial resilience

The p-value for this hypothesis is 0.000, which is also well below the 0.05 level, leading to the acceptance of the hypothesis. The regression coefficient for Financial Knowledge is 0.277, demonstrating a strong positive impact on financial resilience. This indicates that higher financial knowledge significantly enhances the ability to make effective financial resilience. For NEPSE investors, improving financial literacy is crucial for better financial resilience and achieving favorable investment results.

Table 12

Summary of Hypotheses

Alternative Hypotheses	P-value	Remarks
H1: Personal savings has a significant impact on financial resilience.	.067	Rejected
H2: Risk tolerance has a significant impact on financial resilience.	.002	Accepted
H3: Investment option has a significant impact on financial resilience.	.000	Accepted
H4: Financial knowledge has a significant impact on financial resilience.	.000	Accepted

4.6 Major Findings

The study offers the following major findings;

- i) The sample is diverse with a majority being male (54.7%) and married (55.6%). The age distribution is skewed towards younger investors (45.9% aged 21-30 years) and most have undergraduate education (87.2%).
- ii) Respondents show a strong inclination towards saving, with a weighted mean of 4.28. This suggests a significant emphasis on personal savings for financial security.
- iii) The weighted mean of 3.55 indicates a moderate level of risk tolerance among respondents. This suggests that while investors are generally comfortable with taking risks, there is a need for balanced risk management strategies.
- iv) With a weighted mean of 4.16, respondents are highly aware of and utilize various investment options. This highlights the importance of diversification in investment strategies.
- v) Respondents score highest in financial knowledge (weighted mean of 4.41), indicating that well-informed investors are likely to make better financial resilience.
- vi) The weighted mean of 4.25 shows that respondents generally make informed financial resilience, reflecting a strong alignment between financial knowledge and financial resilience.
- vii) Significant positive correlations were found between financial resilience and financial knowledge ($r = 0.506$), investment options ($r = 0.498$), risk tolerance ($r = 0.412$) and personal savings ($r = 0.382$). This underscores the interconnectedness of these factors in influencing financial resilience.
- viii) The regression model explains 36.3% of the variance in financial resilience, indicating a good fit and suggesting that the included predictors are relevant for understanding investment behavior.
- ix) Risk tolerance, investment options and financial knowledge significantly impact financial resilience, with p-values of 0.002, 0.000 and 0.000, respectively. This emphasizes their critical role in shaping investment choices.

- x) Although positively associated with financial resilience, personal savings did not have a statistically significant impact ($p = 0.067$). This suggests it may be less influential compared to other factors.
- xi) Investors with higher risk tolerance are more decisive in their investments. This suggests that enhancing risk tolerance could lead to more proactive investment behaviors.
- xii) Awareness and utilization of diverse investment options are crucial. This implies that investors should explore a wide range of options to optimize their investment strategies.
- xiii) High financial knowledge strongly correlates with better financial resilience, indicating that increasing financial literacy can significantly improve investment outcomes.
- xiv) The descriptive analysis reveals that while respondents generally exhibit positive behaviors towards savings and investment, their risk tolerance remains moderate. This suggests a balanced approach is preferred.
- xv) The regression results highlight that enhancing financial knowledge, understanding risk tolerance and exploring various investment options are key to making informed financial resilience in NEPSE. Personal savings, while important, appears to be less central in influencing financial resilience compared to the other factors.

4.7 Discussion

The findings of the present study confirm and extend the growing body of literature examining the relationship between financial literacy, personal savings, risk tolerance, investment options, and financial resilience among individual investors. The results demonstrate that financial literacy and investment options significantly enhance financial resilience, aligning with Subedi (2023) and Garcia and Lopez (2023), who asserted that improved financial literacy fosters more informed investment behavior and greater resilience against financial shocks. Similarly, Panthi (2025) emphasized the protective effect of financial literacy among blue-collar workers, reinforcing the notion that knowledge and awareness directly influence stable financial decision-making.

Findings related to risk tolerance revealed a moderate but weaker-than-expected impact on financial resilience. While Huang and Xu (2023) highlighted that financial literacy strengthens risk tolerance and investment strategy, the present study recorded a comparatively lower average risk tolerance among Nepalese investors. This deviation may be attributed to context-specific factors such as lower income predictability, investment culture, or market volatility within the Nepalese share market. This divergence also mirrors the conclusions of Hossain and Siddiqua (2022), who found that investors in emerging markets often rely on emotional dimensions such as risk aversion and risk perception, deviating from classical financial theories.

In terms of investment options, the findings support the conclusions of Wang, Liu, and Lan (2023) and Zhang, Chen, and Wu (2023), both of whom noted that awareness and diversification of financial products significantly improve financial outcomes. This is further supported by Dang et al. (2019), whose research on income information and voluntary disclosures showed that informed investment options play a vital role in financial decision-making and resilience. Such findings demonstrate that financial inclusion and awareness of product choices are fundamental components of long-term investor resilience.

The study also observed a positive perception of personal savings, consistent with Smith and Roberts (2023) and Martin and Gonzalez (2023), who emphasized that financial education enhances savings behavior and overall financial well-being. Despite the positive correlation, the impact of personal savings on resilience was less significant than expected. This is comparable to the results of Rehan et al. (2021) and Karmacharya et al. (2022), where behavioral and market factors took precedence over traditional savings behavior in influencing financial outcomes.

Furthermore, findings concerning financial resilience-making echo the results of Johnson et al. (2023) and Lee, Kim, and Yoon (2023), who underscored the role of digital and traditional financial literacy in fostering long-term financial planning, especially regarding retirement and investment performance. The regression outcomes of the present study, however, diverge from Srinivasan and Lakshmanan (2023), who found that personal savings and risk tolerance play a dominant role in financial resilience in emerging markets. This contrast may be due to differences in socio-economic infrastructure, financial access, or investor education levels across regions.

Theoretical underpinnings from earlier research also validate the findings. For example, Bakar and Yi (2016) and Nawrocki and Sz wajca (2022) emphasize that psychological and reputational perceptions, such as overconfidence or corporate reputation, can significantly influence investor behavior and decision outcomes. Similarly, Khan, Afrin, and Rahman (2015), and Kanojia et al. (2018), argued that financial security factors and external informational sources like advocate recommendations influence investor decisions more than rational accounting data, consistent with the behavioral nature of financial resilience observed in this study.

In addition to aligning with existing empirical studies, the findings of this research strongly support the Financial Literacy Theory, which emphasizes that understanding and applying financial concepts significantly enhances investment decisions and financial resilience. The significant influence of financial literacy and investment options found in this study affirms the theoretical claim that cognitive and behavioral components of financial knowledge jointly shape financial outcomes. As highlighted by Martin and Gonzalez (2023) and Huang and Xu (2023), individuals with higher financial literacy demonstrate improved financial decision-making, portfolio management, and resilience against economic volatility.

The study also supports Smith's (2022) assertion that financial literacy impacts confidence and risk tolerance, which are essential for strategic investment choices. However, the comparatively weaker influence of risk tolerance and personal savings observed in this context suggests the need for further exploration of how financial literacy interacts with other psychological and contextual variables, as argued by Lee and Chen (2023). These findings validate the core premises of Financial Literacy Theory while also calling for deeper theoretical integration of behavioral finance elements to better understand financial resilience in emerging markets like Nepal.

These comparisons illustrate that while this study's findings are generally consistent with existing literature, there are nuanced differences that highlight the complexity of financial behavior and financial resilience. Such insights are valuable for tailoring financial education and investment strategies to different contexts and populations.

In conclusion, the study contributes to the growing body of financial behavior literature by confirming the relevance of financial literacy and investment knowledge as critical factors for building financial resilience. While personal savings and risk tolerance also play roles, their varying degrees of influence highlight the contextual nature of financial decision-

making within Nepal's share market environment. These insights can inform targeted financial education programs, improve financial inclusion policies, and strengthen investment behavior in similar emerging economies.

CHAPTER V

SUMMARY AND CONCLUSION

Chapter V presents the summary, conclusion, and implications of the study on relationship marketing and customer satisfaction in the restaurant business of Kathmandu. It summarizes key findings, concludes the influence of competence, communication, and conflict handling on satisfaction, and outlines practical implications for improving customer relationships and strategic marketing practices within the hospitality sector.

5.1 Summary

Financial literacy is a critical factor influencing financial resilience, particularly in developing markets such as Nepal, where limited financial education hinders informed financial resilience. In the context of the Nepalese share market, where retail investors play a significant role, understanding the impact of financial literacy on investment behavior remains essential. Financial literacy encompasses the knowledge and skills required to make sound financial decisions, such as understanding investment options, risk management, personal savings, and portfolio diversification. As Nepal's financial market continues to grow, ensuring that investors possess adequate financial knowledge is crucial for improving personal financial outcomes and contributing to the country's economic development.

This study investigates the impact of financial literacy on financial resilience among investors in the Nepalese share market. The primary objective is to assess the level of financial literacy among Nepalese investors and explore the relationship between key factors such as personal savings, risk tolerance, investment options, and financial knowledge on investment behavior. Understanding how financial literacy influences financial resilience is vital for promoting informed choices and improving financial outcomes for individuals in Nepal's developing economy. This research addresses a gap in existing studies, particularly those focusing on financial literacy's role in financial resilience within the Nepalese context.

Existing literature strongly links financial literacy with better investment behavior. Lusardi and Mitchell (2014) find that individuals with higher financial literacy make more informed financial decisions, such as investing wisely and saving adequately for the future. Similarly, research by Mandell and Klein (2009) establishes that financial literacy positively

correlates with higher participation in stock markets and an enhanced understanding of risk-return trade-offs. In Nepal's context, studies reveal that limited access to financial education and a lack of understanding of financial products hinder effective market participation (Poudel, 2016). This study contributes by exploring how financial literacy directly impacts financial resilience in Nepal, an area that has not been extensively researched.

The descriptive design assesses the current level of financial literacy and investment behavior among Nepalese investors, providing a snapshot of their financial resilience. The causal-comparative design explores cause-and-effect relationships between financial literacy components (such as financial knowledge, risk tolerance, personal savings, and investment options) and financial resilience. A sample of 400 investors is selected using convenience sampling, and data is collected through structured questionnaires. The data is analyzed using correlation and regression analysis to evaluate the relationships between the dependent variable (financial resilience) and independent variables (financial literacy, risk tolerance, savings, and investment options).

The study finds that financial literacy significantly influences financial resilience in the Nepalese share market. Investors with higher levels of financial knowledge make better investment choices, such as selecting appropriate financial products and managing risks effectively. Higher risk tolerance links to more confident and informed financial resilience, while personal savings play a crucial role in facilitating investment opportunities. Investors with more savings diversify their portfolios and manage risk more effectively. Access to various investment options allows investors to align their strategies with their risk preferences and financial goals, ultimately leading to more informed and effective financial resilience.

In conclusion, financial literacy is essential for informed financial resilience-making in the Nepalese share market. The study highlights that financial knowledge, risk tolerance, personal savings, and access to diverse investment options significantly shape investment behavior. Enhancing financial literacy among Nepalese investors leads to more informed decisions, improved financial outcomes, and contributes to Nepal's economic growth. The study recommends implementing comprehensive financial education programs, particularly targeting retail investors, to equip them with the tools necessary to navigate the complexities of investment markets.

5.2 Conclusion

The study assesses the level of financial literacy among investors in the Nepalese share market. The findings reveal that investors exhibit a strong understanding of fundamental financial concepts, including budgeting, saving, and investment strategies. This financial literacy enables them to manage their personal finances effectively, plan for future needs, and make informed financial resilience. A higher level of financial literacy enhances their ability to make strategic investment choices, contributing to better financial outcomes. Investors with a deeper understanding of financial principles align their decisions with long-term financial goals, positioning themselves for greater success in the market.

The personal savings, risk tolerance, and financial knowledge significantly influence investors' decisions in the Nepalese share market. Regular personal savings provide the financial stability needed to explore diverse investment opportunities, while higher risk tolerance motivates investors to take on more volatile investments with the potential for higher returns. Familiarity with various investment options allows investors to diversify their portfolios, effectively managing risk and seizing opportunities across different asset classes. Financial knowledge drives well-informed decisions by empowering investors to evaluate market trends and investment risks comprehensively.

The findings highlight that these factors collectively shape investment behavior, with financial knowledge emerging as the most influential element. Investors with higher levels of financial literacy confidently make informed decisions and optimize their investment strategies. The study also reveals that a diversified portfolio, supported by regular savings and a solid understanding of market dynamics, enhances investment outcomes. Overall, the study underscores the importance of financial literacy, savings habits, risk management, and investment diversification in driving successful financial resilience in the Nepalese share market.

5.3 Implications

The study offers the following implications.

Theoretical Implications

The findings present significant theoretical implications for understanding investor behavior in emerging markets such as Nepal. The observed influence of financial literacy, personal savings, risk tolerance, and awareness of investment options aligns with

established behavioral finance theories that emphasize the role of cognitive and psychological factors in financial resilience. These insights support the Theory of Planned Behavior, indicating that knowledge and attitudes significantly shape investors' intentions and actions. The strong impact of financial literacy and knowledge reinforces the Human Capital Theory, suggesting that individuals invest in education to enhance financial resilience capability and financial outcomes. Additionally, the interaction between risk tolerance and financial resilience validates components of Prospect Theory, emphasizing how individual risk preferences influence choices under uncertainty.

Practical Implications

From a practical perspective, the findings underscore the necessity for policymakers, financial institutions and advisors to adopt a multi-faceted approach to investor education and support. Promoting a culture of saving and financial literacy is critical to equipping investors with the tools needed for sound financial management. Financial advisors should tailor investment strategies to individual risk profiles and provide guidance on portfolio diversification. Educational initiatives must be expanded to cover not only fundamental financial concepts but also practical application in portfolio management and risk assessment. A comprehensive and integrated investment management framework that combines financial knowledge, savings discipline, risk tolerance assessment and exploration of investment options can enhance investor participation, foster market stability and contribute to long-term economic development.

Future Scope

Future research could explore the dynamic relationship between financial literacy and investment behavior in more diverse settings and demographic groups within Nepal. Longitudinal studies could assess how financial literacy impacts financial resilience over time and how changes in economic conditions influence this relationship. Additionally, examining the role of emerging financial technologies and their impact on investor behavior could provide valuable insights into modern investment practices.

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APPENDIX
SURVEY QUESTIONNAIRES

Dear respondents,

I, Manju Sharma, am student from Shanker Dev Campus, conducting a research on **“FINANCIAL LITERACY AND FINANCIAL RESILIENCE IN NEPALESE SHARE MARKET”**. This survey has been part of my academic research requirement. Thank you for your time and effort in filling out this questionnaire. I assure you that the information and responses you have provided in this questionnaire has been kept highly confidential, secured and has been used only for my academic purpose only.

Group A: Respondent's Profile Analysis

A. Gender.

Male Female

B. Marital Status

Married Unmarried

C. Age Category.

Below 20 21-30 31-40 Above 40

D. Education Status.

School level Bachelor Level Masters and Above

E. Income Level

Rs. 20,000-50,000 Rs. 51,000-100,000 Rs. 100,000 above

F. Work Experience.

0 to 4 years 4 to 8 years Above 8 years

Group B: Likert Scale Questions

The statement is based on performance appraisal practices and is measured in five Likert scales 1 as strongly disagree, 2 as disagree, 3 as neutral, 4 as agree and 5 as strongly disagree.

Variable	Item	SD	D	N	A	SA
Personal Savings	I regularly set aside a portion of my income for savings.					
	I prioritize saving money over spending on non-essential items.					
	I have a specific financial goal for my savings.					
	I feel confident about my ability to save money.					
	I believe saving money is important for my financial future.					
Risk Tolerance	I am comfortable taking risks with my investments.					
	I prefer high-risk, high-reward investment opportunities.					
	I can handle significant fluctuations in the value of my investments.					
	I lose some of my initial investment for the chance of higher returns.					
	I do not get anxious about the potential losses of my investments.					
Investment Options	I am aware of the different investment options available in the market.					
	I consider a variety of investment options before making a decision.					
	I diversify my investments across different asset types.					
	I regularly review and adjust my investment portfolio.					
	I seek professional advice when selecting investment options.					
Financial Knowledge	I understand the basic principles of investing.					
	I keep myself informed about the current financial market trends.					
	I feel confident in my ability to make informed financial resilience.					
	I understand the risks and benefits of different investment options.					
	I can effectively manage my personal finances.					
Financial Resilience	I can adapt my financial plans when unexpected expenses arise.					
	I have a financial buffer to manage emergencies without significant stress.					
	I am confident in my ability to recover financially from setbacks.					
	I can maintain my standard of living even during economic downturns.					
	I actively seek ways to strengthen my financial stability over time.					

Thank You

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