

**FINANCIAL LITERACY AND FINANCIAL BEHAVIOR AMONG  
YOUTH IN KATHMANDU METROPOLITAN CITY**

**A Dissertation**

Submitted to office of the Dean, Faculty of Management  
Tribhuvan University  
In Partial Fulfillment of the Requirement for the Degree of  
Master of Business Studies (MBS)

**Submitted By**

**Suman Phayel**

Nepal Commerce Campus

T.U Regd. No.: - 7-2-25-213-2014

Exam Roll No.: - 12078/019

Kathmandu, Nepal

June 2025

## CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**FINANCIAL LITERACY AND FINANCIAL BEHAVIOR AMONG YOUTH IN KATHMANDU METROPOLITAN CITY**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

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 has cited in the reference section of the dissertation.

.....  
Suman Phayel  
Nepal Commerce Campus  
T.U Regd. No.: - 7-2-25-213-2014  
Exam Roll No.: - 12078/019

Date: -

**RECOMMENDATION**

This is to certify that the thesis

Submitted By

**Suman Phayel**

Entitled

**FINANCIAL LITERACY AND FINANCIAL BEHAVIOR AMONG  
YOUTH IN KATHMANDU METROPOLITAN CITY**

has been prepared as approved by this Department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

.....  
Associate Prof. Dr. Ganesh Bhattarai  
Head of Research Department

.....  
Associate Prof. Dr. Jitendra Upadhyaya  
Campus Chief & Dissertation Supervisor

Date:.....

## REPORT OF RESEARCH COMMITTEE

Mr. SUMAN PHAYEL has defended the research proposal entitled “**FINANCIAL LITERACY AND FINANCIAL BEHAVIOR AMONG YOUTH IN KATHMANDU METROPOLITAN CITY**” successfully. The research committee has registered the dissertation for further progress. It has recommended to carry out the work as per suggestions and guidance of supervisor Associate Prof. Dr. Jitendra Upadhyay and submit the thesis for evaluation and viva voce examination.

Associate Prof. Dr. Jitendra Upadhyay  
Dissertation Supervisor  
Signature: -

Dissertation Proposal Defended  
Date:- December 15, 2024

Dissertation Submitted  
Date:-

Associate Prof. Dr. Ganesh Bhattarai  
Head of Research Committee  
Signature: -

Dissertation Viva Voce  
Date:

**APPROVAL SHEET**

We have examined the dissertation entitled **“FINANCIAL LITERACY AND FINANCIAL BEHAVIOR AMONG YOUTH IN KATHMANDU METROPOLITAN CITY”** presented by Mr. SUMAN PHAYEL for the Degree of Master in Business Studies (MBS). We hereby certify that the dissertation is acceptable for the award of a degree.

Associate Prof. Dr. Jitendra Upadhyay .....  
Dissertation Supervisor

Madan Kumar Luitel .....  
Internal Examiner

.....  
External Examiner

Associate Prof. Dr. Ganesh Bhattarai .....  
Chairperson, Research Committee

Date:

## ACKNOWLEDGEMENTS

This research study on **“FINANCIAL LITERACY AND FINANCIAL BEHAVIOR AMONG YOUTH IN KATHMANDU METROPOLITAN CITY”** has been prepared as the partial fulfilment of Master of Business Studies (MBS). The interest in the study arose from the group discussing with my colleagues by realizing that not many studies have been conducted in this sector in Nepal.

First of all, I would like to express my heartiest gratitude and sincere thanks to my thesis supervisor Associate Prof Dr. Jitendra Upadhyay and Chairman of Research Committee Associate Prof Dr. Ganesh Bhattarai, Nepal Commerce Campus, who encouraged me from initial to completion of this task with their scholarly guidance and profound comment and suggestions.

I would also like to express my gratitude to all other respected teachers of Nepal Commerce Campus and from MBS department, Research department, and library staff that directly and indirectly supported and inspired me to complete this thesis. I am also thankful to my brother Mr. Shyam Kaji Kkhatri who always helped and motivated to complete this dissertation.

Lastly, my heartiest thank goes to my family members and college staffs along with classmates who have supported me by providing consistent help and encouragement.

Suman Phayel  
June 2025

## TABLE OF CONTENTS

<b>CERTIFICATION OF AUTHORSHIP .....</b>	<b>ii</b>
<b>RECOMMENDATION .....</b>	<b>iii</b>
<b>REPORT OF RESEARCH COMMITTEE .....</b>	<b>iv</b>
<b>APPROVAL SHEET .....</b>	<b>v</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>vi</b>
<b>TABLE OF CONTENTS .....</b>	<b>vii</b>
<b>LIST OF TABLES .....</b>	<b>ix</b>
<b>LIST OF FIGURES .....</b>	<b>x</b>
<b>ABBREVIATIONS .....</b>	<b>xi</b>
<b>ABSTRACT.....</b>	<b>xii</b>
<b>CHAPTER-I: INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Study.....	1
1.2 Problem Statement.....	3
1.3 Objectives of the Study.....	4
1.4 Research Hypothesis.....	4
1.5 Rationale of the Study .....	5
1.6 Limitations of the study.....	6
1.6 Organization of the Study.....	7
<b>CHAPTER-II: LITERATURE REVIEW .....</b>	<b>8</b>
2.1 Literature Review.....	8
2.2 Conceptual Review .....	8
2.2.1 Financial Literacy .....	8
2.2.2 Financial Planning Behavior.....	9
2.2.3 Investing.....	11
2.2.4 Saving .....	11
2.2.5 Financial Management.....	12
2.2.6 Financial literacy and financial behaviour.....	12
2.3 Theoretical Review .....	14
2.3.1 Theory of Planned Behavior .....	14
2.4 Empirical Review .....	14
2.5 Research Gap .....	30
<b>CHAPTER-III: RESEARCH METHODOLOGY .....</b>	<b>32</b>
3.1 Research Methodology.....	32

3.2 Research Design.....	32
3.3 Population and Sample .....	33
3.4 Nature and Sources of Data.....	33
3.5 The Nature of the Questionnaire.....	33
3.6 Development of Measurement Scale.....	34
3.7 Data Collection Procedures.....	34
3.8 Theoretical Framework .....	34
3.8.1 Terminology definitions.....	35
3.9 Pilot Study .....	37
3.10 Reliability and Validity .....	37
3.11 Data Analysis .....	37
3.12 Regression Model .....	38
<b>CHAPTER-IV: RESULTS AND DISCUSSION.....</b>	<b>40</b>
4.1 Tests of Normality .....	40
4.2 Measurement Model .....	40
4.3 Confirmatory factor analysis (CFA).....	41
4.4 Reliability and Validity.....	43
4.5 Respondents Profile .....	45
4.6 Descriptive Statistics.....	46
<b>4.7 Correlations .....</b>	<b>50</b>
<b>4.8 Structure Equation Modeling (SEM).....</b>	<b>51</b>
4.9 Major Findings .....	55
4.10 Discussion .....	58
<b>CHAPTER-V: SUMMARY AND CONCLUSION .....</b>	<b>61</b>
5.1 Summary .....	61
5.2 Conclusion.....	65
5.3 Implications .....	66
5.3.1 Practical Implication .....	66
5.3.2 Theoretical Implication.....	67
5.3.3 Suggestions for future Researchers.....	68
5.3.4 Use of this Research.....	69
<b>REFERENCES.....</b>	<b>70</b>
<b>APPENDIX I .....</b>	<b>83</b>
<b>Annex-I: Codebook.....</b>	<b>87</b>

## LIST OF TABLES

<b>Table No.</b>	<b>Title</b>	<b>Page No.</b>
Table 4. 1:	Test of Normality.....	40
Table 4. 2:	Factors loadings each construct .....	41
Table 4. 3:	Model Fit Summary .....	42
Table 4. 4:	Construct Reliability and Validity .....	43
Table 4. 5:	Heterotrait-monotrait ratio (HTMT) .....	44
Table 4. 6:	Fornell-Larcker criterion .....	44
Table 4. 7:	Respondents Profile .....	45
Table 4. 8:	Investment Management.....	46
Table 4. 9:	Saving Management .....	47
Table 4. 10:	Credit Management .....	47
Table 4. 11:	Financial Attitude .....	48
Table 4. 12:	Financial Behaviours .....	49
Table 4. 13:	Level of financial literacy, financial attitude and innovative behavior .....	50
Table 4. 14:	Correlations .....	50
Table 4. 15:	Relationship between financial literacy and financial behaviors.....	51
Table 4. 16:	Reliability and Validity of Path Analysis.....	52
Table 4. 17:	Standardized regression of direct effects for research model .....	53
Table 4. 18:	Standardized Regression of Indirect Effects for Research Model .....	53
Table 4. 19:	Direct effects.....	55
Table 4. 20:	Mediating effect.....	55

## LIST OF FIGURES

<b>Figure No.</b>	<b>Title</b>	<b>Page No.</b>
Figure 3. 1:	Conceptual Framework, 2025 .....	35
Figure 4. 1:	Confirmatory factor analysis (CFA).....	42
Figure 4. 2:	Overall direct and indirect effects for Research Model .....	52
Figure 4. 3:	Direct and indirect effect of Main Research Model .....	54

## ABBREVIATIONS

AMOS	:	Analyze the Moment's Structures
AVE	:	Average Variance Extracted
CFA	:	Confirmatory Factor Analysis
CFI	:	Comparative Fit Index
CM	:	Credit Management
CV	:	Coefficient of Variance
FA	:	Financial Attitude
FB	:	Financial Behavior
FL	:	Financial Literacy
FM	:	Financial Management
GDP	:	Gross Domestic Product
GFI	:	Goodness-of-Fit Index
IM	:	Investment Management
MSMEs	:	Micro, Small, and Medium-sized Companies
NFCS	:	National Financial Capability Study
OLS	:	Ordinary Least Squares
PLS	:	Partial Least Square
RMSEA	:	Root Mean Square Error of Approximation
SD	:	Standard Deviation
SEM	:	Structural Equation Modeling
SM	:	Saving Management
SME	:	Small and Medium-sized Enterprise
SMEs	:	Small and Medium-sized Enterprises
SPSS	:	Statistical Package for Social Science
SRMR	:	Standardized Root Mean Square Residual
TLI	:	Tucker-Lewis Index
TPB	:	Theory of Planned Behavior

## ABSTRACT

This study aims to assess the financial literacy and financial behavior among youth in Nepal: A case study of Kathmandu Metropolitan City. To achieve the research objective descriptive and causal-comparative research design were used. A quantitative approach using questionnaires distributed to 385 respondents from Kathmandu Metropolitan City was conducted. Confirmatory factor analysis, and Structural equation modeling (SEM) were used to analyze the data. Most youth agreed with investment, saving, and credit management in Kathmandu Metropolitan City. The youth's viewpoint, financial attitude, and financial Behavior factors were agreed. The factors that contribute to or detract from the acquisition of financial literacy among youth can be used to inform the development of policy interventions specifically designed to improve their financial well-being. Also, it has been verified that males generally exhibit superior financial literacy, financial attitude, financial behavior, and overall financial literacy compared to females. In Nepal, there is an insignificant and partial mediation of financial attitude in the relationship between investment, saving, credit management, and financial behavior. The mediating effects of financial attitude in the relationship between financial literacy and financial behavior are significant. Hence, the mediating role of financial attitude in the relationship between financial literacy and financial behavior is significant and partially mediated. An education policy emphasizing financial literacy is also very necessary to ensure that the next youth generation is more literate and act professionally in finance.

**Keywords:** Credit management, Financial attitude, Financial behavior, Financial literacy, Investment management, Saving management

## **CHAPTER-I**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The financial industry and academic community both have extensive discussions and research on the subject of financial literacy. Financial literacy was described by Noctor et al. (1992) as the ability to use and manage money wisely by making decisions and judgment calls based on information. Due to the 2008 global financial crisis, rising levels of debt, and the complexity of financial products and services, people's financial literacy must be sufficient to make wise financial decisions. A key strategy for fostering sustainable economic growth is acquiring financial literacy through education and entering the financial sector.

Financial literacy regards the capacity to exercise sound discernment and execute efficacious measures concerning one's present and future money management and usage. Financial literacy encompasses the capacity to comprehend and evaluate financial decisions, strategize for the future, exercise prudent spending, and handle obstacles that arise from situations such as unemployment, retirement savings, or child education expenses (Cohen & Nelson, 2011; Hidajat, 2018).

Every stage of life requires the effective management of financial affairs, but as people age, making wise financial decisions can become increasingly difficult (Hammond et al., 2023). This is significant since, on average, older individuals have to manage greater wealth and resources than they had when they were employed. Financial liberalization has also resulted in the emergence of new elderly consumers who are often unfamiliar with financial products and services. In later life, deteriorating cognitive capacities may also worsen this growing complexity. However, after years of making their own financial decisions and seeing others make them, older people might also have gained expertise. In conclusion, as society ages, it is critical to gain a deeper understanding of the variables influencing financial behaviors in later life (Fong et al., 2021).

In today's environment, personal financial management skills are becoming more and more important (Gedmintiene & Visockaite, 2016). Even wealthy people need to handle their money wisely because they have so much of it.

The primary issue is not with people's wealth but rather with their ability to manage their finances and make economically sound choices. Regardless of income, people may stretch their money farther if they follow ethical financial habits and avoid clear of difficulties (Tyson, 2010).

Financial behavior and financial literacy are closely associated with personal finance (Altfest, 2007; Tyson, 2010). Even with good information, individuals have to apply it to practice and adopt it as a behavior (Dolan et al., 2012; Sayinzoga et al., 2014). The paradigm of financial behavior uses a distinct model to study the financial market. Two viewpoints exist on financial behavior: the limits of arbitrage and cognitive psychology. Cognitive describes people's ways. An individual's money management practices and financial understanding are related (Lusardi, 2015).

Regarding the relationship between financial knowledge or financial literacy and financial behavior, the research findings are deemed inconsistent. Evidence suggests that individual pension fund preferences are influenced by perceptions and attitudes toward risk, emotional intelligence, and both fundamental and advanced financial knowledge, according to research on the relationship between financial trends and private pension funds in Turkey (Dogan, 2016).

The behavior regarding one's finances is influenced by financial literacy (Stromback et al., 2017; Kumar et al., 2017). Arifin (2017) argues that financial behavior is significantly influenced by financial knowledge (Pritazahara & Sriwidodo, 2015; Asaad, 2015). Conversely, additional studies have produced results that refute the notion that financial knowledge substantially influences financial behavior (Herdjiono et al., 2016; Susdiani, 2017).

Additionally, financial literacy has significant implications for one's financial behavior. Financial literacy has been found to have a positive impact on financial behavior (Mandell & Klein, 2009). Financial behavior encompasses all human actions and conduct that are pertinent to the administration of one's finances. Typical financial practices consist of utilizing currency, credit, and saving (Xiao, 2008). There is gap of this area. Therefore, this study to analyze the financial literacy and financial behaviour among youth in Nepal.

## 1.2 Problem Statement

Many studies examined how financial decision-making is influenced by financial literacy. Some of this research relied on proxies, or imputations, of financial intelligence to establish a connection between the proxies and outcomes rather than using direct measures of financial literacy. Scholnick et al. (2013) examined the association between wealth/income and credit card repayment in Canada and concluded that those who were poorer were more likely to make non-payment errors due to factors such as lesser wealth, education, and, probably, less sophisticated financial management. Furthermore, their subjects had no idea how much money they were wasting by not making their payments on time. According to Agarwal et al. (2009), a large number of American households have excessively high-interest rates on mortgages, credit card debt, and home equity loans. These behaviors were also more common among the elderly and young, who are likely to have the lowest levels of financial literacy.

According to Calvet et al. (2007), a large number of households in Sweden had non-negligible welfare costs and under diversified portfolios or did not engage in the financial markets. Christelis et al. (2010) concluded that persons with higher cognitive abilities had higher stock market participation rates. According to Stolper (2018), traditional financial advice was less likely to be followed by German households with traits thought to be associated with financial literacy.

Prior research on financial literacy in the elderly in the United States and other countries has typically revealed significant deficiencies in fundamental financial understanding (Bernheim, 1998; Lusardi & Mitchell, 2008, 2011a, 2011b). For instance, Bernheim (1998) was one of the first that show that a large number of American households were unable to carry out basic financial computations. Lusardi and Mitchell (2011b) used data from the Health and Retirement Study to find that just half of Americans over 50 could correctly answer two basic questions regarding inflation and compound interest, and only one-third could correctly answer both questions along with another about risk diversification. Subsequently, the identical "Big Three" questions were asked in many other industrialized nations, such as Sweden, Germany, the Netherlands, Italy, Japan, and New Zealand. The findings demonstrated that many nations have low levels of financial literacy and that older people often know less about money than younger people do (Lusardi & Mitchell,

2011a). Research on the impact of enhancing financial literacy on subsequent financial behaviors is also available.

Thus, the research analyzed financial literacy and financial behavior among youth in Nepal, which has not been researched in this area. Since the above discussion, this research concentrates on financial literacy and financial behaviors among youth. Therefore, this study explores perceptual information regarding the above issues. In context to this scenario, this study raises some questions. To answer the following questions;

- Is there a relationship between financial literacy, financial attitude, and financial behaviors in Kathmandu Metropolitan City, Kathmandu?
- Does financial literacy affect financial behaviors in Kathmandu Metropolitan City, Kathmandu?
- Does the financial attitude mediate the relationship between financial literacy and financial behaviors in Kathmandu Metropolitan City, Kathmandu?

### **1.3 Objectives of the Study**

The study's main research objective is to analyze the financial literacy and financial behavior of Nepal. In order to achieve the research objectives are set as follows;

- To analyze the relationship between financial literacy, financial attitude and financial behaviors in Kathmandu Metropolitan City, Kathmandu.
- To examine the effect of financial literacy on financial behaviors in Kathmandu Metropolitan City, Kathmandu.
- To analyze the mediating effect of financial attitude in the relationship between financial literacy and financial behaviors in Kathmandu Metropolitan City, Kathmandu.

### **1.4 Research Hypothesis**

The research aims to analyze financial literacy and financial behavior in Kathmandu Metropolitan City. The following research hypothesis are developed as follows;

- H1:* There is a significant relationship between financial literacy and financial behavior.
- H2:* There is a mediating effect of financial attitude in the relationship between financial literacy and financial behavior.
- H3:* There is a significant relationship between investment management and financial behavior.
- H4:* Financial attitude has a mediating effect in the relationship between investment management and financial behavior.
- H5:* There is a significant relationship between saving management and financial behavior.
- H6:* There is a mediating effect of financial attitude in the relationship between saving management and financial behavior.
- H7:* There is a significant relationship between credit management and financial behavior.
- H8:* Financial attitude has a mediating effect in the relationship between credit management and financial behavior.

### **1.5 Rationale of the Study**

This research implicates a number of stakeholders, including the government, young entrepreneurs, policy-makers, and academics. Because financial literacy is recognized as one of the key markers for enhancing a country's economy, the government must pay attention to this low literacy level. As a result, the government must take a number of actions, such as organizing financial literacy seminars and workshops to promote socialization. It is therefore expected that these initiatives will raise Nepal's youth generation's expertise of financial knowledge. Then, in order to draw in younger customers, young business owners need to be able to provide financial literacy, particularly those related to asset management, investing, and financing. To raise the young people's knowledge and understanding on this issue, policymakers need to consider integrating financial literacy into the curriculum.

Universities are invaluable platforms for providing financial education to young adults before they enter the workforce, where they will encounter a variety of financial decisions, including both short-term and long-term financial decisions such as investments. That is why it is crucial to incorporate college courses into the

curriculum to cultivate sustainable financial behavior. However, the financial behavior of individuals is significantly influenced by their attitudes, in addition to a curriculum integrated with financial literacy courses. To sustain sustainable financial behavior, it is imperative to develop more effective educational mechanisms that reflect the financial knowledge pupils acquire on their financial attitudes, rather than merely instructing them on financial matters.

Therefore, it is important to enhance the financial expertise of Nepalese youth. This can be achieved by offering youth opportunities to invest in alternative investment, such as capital market investments. These aspects have academic, managerial, and policy values for the concerned sectors.

### **1.6 Limitations of the study**

This study acknowledges several limitations that may affect the interpretation and generalizability of its findings.

The objective of this research study is to examine the financial literacy and behavior of young people in Nepal, with a particular emphasis on a particular demographic within the Kathmandu Metropolitan City of Kathmandu. The purpose of the study is to comprehend the financial literacy (the capacity to manage finances and the knowledge of financial concepts) and financial conduct (the manner in which individuals manage financial matters in their daily lives) of young people in Nepal. The primary method of data collection for this study was a questionnaire survey. This implies that the researchers directly obtained information from participants by requiring them to complete a survey. The sample was composed of 385 adolescents from the Kathmandu Metropolitan City. The word "youths" probably refers to young individuals between the ages of 16 and 40, however the exact ages are not stated.

- The study only includes the opinions and answers of the 385 participants who completed the questionnaire.
- The impact of financial literacy programs. It does not examine other relevant factors
- The actual financial behaviors or real-life practices of the respondents.
- The study is limited to Kathmandu Metropolitan City and cannot be generalized to other regions or districts in Nepal.

- The study relies on self-reported opinions and beliefs, rather than objective data gathered through observation or testing.

## **1.6 Organization of the Study**

This study has been divided into five chapters as:

The first chapter is an introduction. This chapter includes a background of the study, statement of the problem, objective of the study, rationale of the study, limitation of the study and report structure. The second chapter is a literature review. It includes the theoretical review, empirical review, research gap, conceptual review and research hypothesis. The third chapter is research methodology. The research methodology includes research design, nature and sources of data, population and sample data collection procedures, pilot study and data analysis tools. The fourth chapter is results and analysis. In this chapter, the researcher interprets the information collected from the respondents. Various statistical and mathematical tools were used to draw the major findings. The last and fifth chapter is the summary and conclusion. This chapter is the last and includes the study's summary, conclusion and implications. At the end of the research, references and appendices were included.

## **CHAPTER-II**

### **LITERATURE REVIEW**

#### **2.1 Literature Review**

A literature review was essential to the research work as it helped understand specific problems and drew some hypotheses. The literature review was the systematic, meticulous, and critical summary of the published literature in the related field of research through which academicians chose the topics in particular research subjects and acquired the required knowledge. A comprehensive literature review was predicted to provide the guidelines for the research in the context of theories and other research. A review of available literature was undertaken within this research study, particularly regarding the research objective. The main themes of the literature review included theoretical foundations of the study, theoretical review, empirical review, conceptual framework, and finally, finding out the research gaps.

#### **2.2 Conceptual Review**

##### **2.2.1 Financial Literacy**

The current rapid changes in society have led to a growing awareness of the importance of financial literacy. This awareness has significant implications for today's economy and has a direct impact on individuals, leading to a more prosperous existence. The interest in financial literacy has expanded globally, encompassing both developing and developed nations. The policymakers in underdeveloped nations endeavored to implement financial literacy through the implementation of educational initiatives (Xu & Zia, 2013). In 1997, the United States established the Institute of National Financial Education, which is dedicated to educating the public on financial matters (Addin et.al., 2013). The financial literacy refers to the ability to establish objectives for the utilization of financial resources, devise strategies, and implement those strategies to fulfill financial obligations and accomplish goals.

According to Huston (2012), the need for financial literacy is widely acknowledged as a fundamental human need. This is supported by the rising consumer awareness of financial security and well-being, the sophistication of the financial markets, and the risks associated with making financial decisions (Taft et al., 2013). Married couples who have developed a strong foundation for financial planning by

using a sufficient level of financial literacy and knowledge are more likely to have the opportunity to manage their household's finances successfully (Alhenawi & Elkhal, 2013). Carpena et al. (2011) have developed three components for measuring financial literacy: basic financial awareness, which includes knowledge about budgeting, savings, and loan processing fees; financial behavior or attitude to assist people in making financial decisions; and numerical skills implying interest rate, income, and comparable calculation (Xu & Zia, 2013).

According to Kusumaningrum (2013), OJK (Otoritas Jasa Keuangan) devised four level stages to categorize people's familiarity with financial literacy. These are as follows:

1. Well-literate: a person with confidence and understanding of financial institutions and their offerings, including their characteristics, advantages, and disadvantages, as well as their longevity and the competencies and abilities required for their use.
2. Sufficient Literate: a person with confidence and understanding of financial institutions, their characteristics, benefits, hazards, and the ongoing operations associated with them.
3. Less literate: a person with a limited understanding of financial institutions, their offerings, and their services.
4. Illiterate: someone who needs more confidence and knowledge about financial institutions, their goods, and services, as well as the necessary skills and competencies.

Therefore, the positive impact of financial literacy in both developed and developing countries is that it encourages individuals and households to save more and directly contribute to financial markets, thereby leading to a better quality of life and a poverty reduction (Mahdzan & Tabiani, 2013). According to Greene (2014), individuals who begin to acquire financial literacy earlier are more likely to make sound financial decisions in the future.

### **2.2.2 Financial Planning Behavior**

Xiao, et al., (2010) found that the financial management has become crucial in achieving financial well-being. Behavioral financial management encompasses various indicators of financial well-being, including (a) long-term and short-term financial

planning, (b) credit and cash management, (c) financial practices such as housing payments, insurance, and investments, and (d) future planning, such as retirement and estate planning.

Additional researchers have categorized financial behavior into many components, such as short-term and long-term planning, savings, and cash management (Greene, 2014). Within the realm of long-term behavior study, most scholars have discovered significant findings on retirement planning (Greene, 2014). Lusardi and Mitchell (2007) asserted that retirement planning is mainly influenced by greater financial literacy (Greene, 2014).

Kapoor et al. (2008) proposed eight key financial planning actions to achieve good financial planning.

1. **Obtaining:** Acquiring resources, such as income from employment, investments, or company ventures, is a crucial component of financial planning.
2. **Planning.** Implementing a budgeting process has become crucial for achieving financial objectives.
3. **Saving:** To execute long-term financial planning, it is necessary to allocate funds towards various components such as an emergency fund, purchases of products and services, education expenses, property or real estate, and so on.
4. **Borrowing:** Managing your finances by avoiding excessive debt caused by credit purchases.
5. **Expenditure:** Before making any purchases or expenditures, it is essential to carefully analyze the potential repercussions to prevent any adverse outcomes.
6. **Risk Management:** Select the appropriate insurance policies to ensure adequate coverage.
7. **Investment:** It is advisable to have a portfolio for allocating our funds to various investments.
8. **Financial planning for retirement and managing one's estate:** Engaging in retirement and estate planning is crucial since it encompasses considerations related to your home status, recreational interests, and potential involvement in part-time or volunteer employment.

### **2.2.3 Investing**

A family or household must be capable of contemplating both short-term and long-term objectives to succeed in financial planning (Rosaline & Kehinde, 2014). Dhuwita in 2003, affirmed that it is essential for an individual to initiate an action by allocating their funds to a variety of financial products offered by financial services or institutions, which are referred to as an investment (Rosaline & Kehinde, 2014).

The definition of investment is derived from Sharma (2012), who defined it as the process of an individual allocating money into an entity that is anticipated to be profitable in the long term. Several procedures must be implemented while generating profit, including the analysis, judging, prediction, gathering of information, decision-making evaluation, assessment of risks and returns, and research (Lee et al., 2011).

Mutual funds, equities, bonds, exchange-traded funds, real estate, and commodities (such as gold and silver) are among the investment options available to individuals, as noted by the U.S. Securities and Exchange Commission in their 2011 guidebook on saving and investing. Nevertheless, a risk must be present in all types of investments that cannot be avoided. However, a significant number of investors employ a technique known as "diversification" to mitigate the risk associated with their investments.

Diversification is distributing our funds across various investments in anticipation that if we experience a loss, there will be sufficient funds to offset the loss from other investments. Although diversification does not guarantee that one will not experience market declines, it can reduce the likelihood of losing all of one's money, or at least to a lesser extent, if it does occur.

### **2.2.4 Saving**

Saving is the act of setting aside funds with the intention of achieving future objectives (Nelson, 2013). Saving is also a critical aspect of long-term planning, including significant expenses and emergencies, (Nelson, 2013). Additionally, saving behavior has emerged as a critical component of financial literacy, as it establishes financial stability and mitigates credit dependence (OECD, 2013). Furthermore, saving behavior naturally impacts household or saving decisions, a component of the overall household decision-making process (OECD, 2013).

Chatzky (2010) also stated that saving is a critical factor in determining financial well-being and evaluating the positive and negative aspects of one's life, such as retirement planning, financial legacy or estate planning, and medical care. As previously stated, saving is advantageous for the individual and the entire nation or country, as it facilitates financial investment and infrastructure development, which ultimately contributes to economic growth (Mahdzan et al., 2019). In 2009, Tang and China shared a similar perspective, identifying the high savings rate as a positive indicator of the nation's economy and a source of development through capital structure. Therefore, savings are more commonly referred to as "boost the economy" rather than "freeze the economy" (Mahdzan et al., 2019).

### **2.2.5 Financial Management**

Numerous researchers have proposed various definitions of financial happiness. Addin et.al. (2013), financial well-being is the state of a family being in an adequate economic circumstance while it is freed from economic risks such as losing jobs, illness, insolvency, and distress when retired (Smith, 2002). In 2013, Addin et al. cited other perspectives, such as Hayhu and Porter (1990), who defined financial well-being as the satisfaction experienced by an individual when they achieve their financial objectives, which exceeds the expectation.

According to the Consumer Financial Protection Bureau (2015), financial well-being is a state in which one is capable of managing their daily and monthly finances, gaining the ability to confront financial shock, achieving financial objectives, and having the financial freedom to make decisions about their life. One of the commendable motivations that Rath and Harter (2010) provide for enhancing one's financial well-being is to allocate funds to charitable organizations, spend on vacations with family and friends, or donate to charity. These actions will provide you with valuable experience in managing money.

### **2.2.6 Financial literacy and financial behaviour**

Financial well-being is defined as the perception of one's capacity to maintain the current and anticipated standard of living (Bruggen et al., 2017). In order to achieve this financial well-being, it is necessary to be content with one's self-assessment of their financial future.

Individuals can only achieve this objective by engaging in responsible financial behavior and being adequately outfitted to secure their financial future. One of the primary variables that influences financial behavior is financial literacy. In their review, Lusardi and Mitchell (2007) present international evidence for a significant correlation between financial literacy and the capacity to save for retirement. In various contexts, the concept of financial literacy has been employed by various researchers. The construct of financial numeracy, which is a combination of financial literacy and financial capability, was employed by Huhmann and McQuitty (2009) in their investigation. It underscored the influence of financial numeracy on financial management outcomes, including savings, borrowings, taxes, and higher-order decisions such as retirement security, credit score, and financial well-being.

According to Sivaramakrishnan et al. (2017), interventions that improve financial literacy are likely to bridge the divide between non-participation and participation in investment plans. A study conducted in an experimental setting to evaluate the demand for financial support among the elderly in impoverished India examined the variables that influence the adoption and willingness to contribute to a micro pension scheme. The results indicated that individuals lack knowledge regarding financial matters (Mitchell & Mukherjee, 2017).

Grohmann (2018) conducted an evaluation of Thailand's pension system, which was found to be inadequate and underdeveloped. The results underscored the fact that the majority of individuals who are in their later years of life depend on their children for their financial requirements. The level of financial literacy among the populace is a cause for concern, despite the fact that sophisticated financial products are readily accessible to all in Bangkok. She believes that the changing social landscape, public policy shifts toward pensions, and increased longevity necessitate a significant need for retirement savings.

Calcagno and Monticone (2015) implied that there is a positive correlation between the demand for financial advice and financial literacy. The financial markets have been flooded with a multitude of financial products as the financial landscape has evolved over the past few decades. The necessity of educating households to engage in responsible financial management for their financial well-being has been emphasized by governments worldwide. Therefore, in order to ensure the financial security of

individuals and the economic development of the nation by upgrading human capital, policymakers and practitioners are consistently endeavoring to develop a variety of interventions that promote financial literacy.

## **2.3 Theoretical Review**

### **2.3.1 Theory of Planned Behavior**

According to Ajzen, the theory of planned behavior foresees behavioral aspects since behavior may be deliberated and planned. According to the idea of planned behavior, an individual's behavior is determined by their behavioral intention, which is made up of three variables: attitude, subjective norms, and perceived behavioral control (Ajzen, 1991). In addition to financial instruments, investor preferences have a significant role in determining return and risk assessments. The idea of planned behavior posits that an individual's actions directly influence their behavior and level of risk tolerance. Wellington, et al. (2006) assert that the theory of planned conduct has an advantage over other behavioral theories because it can distinguish between willed and unwilled action by detecting a person's belief in controlling what will happen as a consequence of behavior.

## **2.4 Empirical Review**

Scheresberg (2013) examines financial behavior and financial literacy in a sample of almost 4,500 young adults, ages 25 to 34, using data from the 2009 National Financial Capability Study. According to the report, most young folks don't know finance fundamentals. Women, persons of color, those with lower incomes, and those with less education all have deficient levels of financial literacy. However, a high degree of education does not always ensure financial literacy. Three straightforward questions meant to gauge financial literacy were only correctly answered by 49% of young respondents with college degrees and 60% with postgraduate degrees. As a result, they are less likely to use expensive borrowing options and are more likely to have emergency savings or retirement plans. The results indicate that respondents with higher financial literacy or confidence in their arithmetic or personal finance knowledge have better financial outcomes.

Asaad (2015) argued that investigates the relationship between financial decisions and financial literacy, which is made up of both perceived and actual financial confidence. Based on national survey data from the US, the findings show

that financial confidence is important at all knowledge levels and is a crucial part of financial literacy. On the other hand, overconfident people, or those with great confidence (or self-assessed expertise) but poor fundamental understanding, are more likely to participate in costly and dangerous financial behaviors. The collective findings imply that financial literacy programs must concentrate on assisting people in gaining a healthy dosage of confidence and factual knowledge.

Potrich et al. (2016) found that the current context of society, it is more important than ever to be self-sufficient and responsible, and financial literacy is crucial for leading a more prosperous adult life. In this context, attitudes and responsible knowledge formation regarding personal finance are largely influenced by the proficiency of personal finance skills. This study's goal was to create and contrast financial literacy models in light of the significance of financial literacy. Three financial knowledge, financial behavior, and financial attitude scores were utilized to represent literacy. Three conceptual models that varied in respect to these scales were constructed from these scales.

Arifin et al. (2017) found that the financial confidence, and financial knowledge affect financial behavior. This study, which was conducted based on current events and the community's preference for short-term over long-term thinking, is grounded in the TPB Model and Behavioral Finance Theory. The Theory of Planned Behavior, which rates income, knowledge, and self-confidence, serves as the foundation for people's financial behavior, which is the subject of this study. The workforce in the Jakarta Special Region, which includes those who have a fixed monthly income and a job, serves as the study's subjects. The study's findings demonstrate that while income does not seem to have the same impact on financial behavior, financial knowledge and confidence do.

Dinc Aydemir and Aren (2017) argued that to investigate the contributions of different components to the intention to make risky investments as a sign of risky financial behavior. The information was gathered via a survey tool and included the answers of 496 people. For direct and indirect effects, respectively, the authors used structural equation modeling and multigroup structural equation modeling. The findings show that while risk aversion in general has a negative effect on financial risk-taking, emotional intelligence and locus of control have a positive one. Financial

literacy interacts with external locus of control and plays a significant role as a moderator variable, despite not having a direct impact on risky financial behavior.

Kaiser & Menkhoff (2017) concluded that financial education has a significant impact on financial behavior and, to a greater extent, financial literacy, according to a meta-analysis of 126 impact evaluation studies. These findings also apply to the randomized experiment (RCT) subsample. The effects of interventions, however, vary greatly: financial education is less successful in low- and lower-middle-income nations, as well as for customers with modest incomes. It is harder to change certain behaviors, such how debt is handled, and it seems that financial education should not be required. Therefore, providing financial education during a "teachable moment" and stepping up the intensity of instruction are critical to the success of the intervention.

Stolper and Walter (2017) concluded that the body of research on financial literacy's determinants and measures. The new Panel on Household Finances dataset, a large-scale survey conducted by the Deutsche Bundesbank and indicative of German household financial circumstances, is used to augment previous findings with descriptive data about the financial literacy levels of German households. Previous studies have found significant population-wide variation in financial literacy in addition to generally low levels of financial literacy, which suggests that financially vulnerable populations are further disadvantaged by their lack of financial literacy. to evaluate the research on the effectiveness of financial education in raising financial behavior and financial literacy. According to this research, there is some unsatisfactory data regarding the programs' efficacy. We also examine how financial literacy affects a person's decision to obtain professional financial guidance and determine if expert assistance may take the place of financial literacy. We wrap off by going over a few potential lines of future investigation.

Arianti (2018) examines the impact of financial literacy, behavior, and income on investment decisions. The research method is quantitative and descriptive. Primary data refers to data acquired and processed by the researcher from an object. This study included 29.231 students and used a random sampling strategy utilizing the Slovin formula. A questionnaire was used to collect data from 100 students who participated in the study. This research utilized descriptive statistical analysis, data quality tests, classical assumption tests, multiple linear regression tests, F tests, t tests, and

coefficient of determination using the SPSS version 22 software. This study found that financial literacy does not significantly impact investment decisions, but financial and income behavior does.

Mudzingiri (2018) study examines the factors that influence financial behavior (FB) among South African university students. This study compares university students' financial behavior, confidence, time preferences, risk preferences, and perceptions based on their level of financial literacy. A questionnaire was used to collect data on personal information, financial attitudes and knowledge, as well as risk and time choices. The survey included 191 students, 53% of whom were female. A t-test analysis revealed significant differences in university students' FB, risk preferences, confidence levels, time preferences, and financial literacy views based on financial literacy level. Our study found that university students with insufficient financial literacy tend to be overconfident, risk-taking, and impatient, which can lead to financial catastrophes globally. OLS regression model research revealed that university students' FB was significantly influenced by their risk preferences, financial literacy perceived, and confidence levels. The risk choice index greatly impacted debt FB among university students.

Reswari et al. (2018) purpose of this study is to determine how demographic characteristics affect financial literacy and how that affects the financial behavior of SMEs in Banyumas, under the direction of Bank Indonesia. This study employed a case study approach in conjunction with a survey research method. Samples are chosen using convenience sampling, which is a technique evolved from non-probability sampling approaches. This study used the OLS for model estimation, with 83 respondents making up the sample. The study's findings suggest that education has a major impact on both financial behavior and financial literacy. Subsequently, income has a negligible impact on financial literacy but a major impact on financial conduct. The members' financial conduct is surprisingly unaffected by financial literacy, and neither the financial behavior nor the financial literacy level is influenced by other factors like age, gender, or marital status. This finding may provide insight into the variables influencing financial behavior and financial literacy, which may have consequences for Bank Indonesia and small and medium-sized enterprises seeking to promote overall personal financial capability.

Yap et al. (2018) concluded that the most crucial aspects of a family's daily development is their financial situation. To achieve financial contentment, the husband and wife, as the heads of the household, should be able to oversee the growth and stability of the family's finances. Motivated by earlier research findings, this study investigated the impact of financial attitudes and financial literacy on the financial management practices and overall financial well-being of married individuals residing in Kelurahan Sepanjang Jaya, Bekasi. As an independent variable, financial attitudes and financial literacy were looked at. The mediator variable was financial management practices, which functioned as both an independent and dependent variable. We'll look at financial contentment as a dependent variable. 200 married respondents who were selected through non-probability sampling made up the sample. To evaluate the hypotheses, two-step multiple regression analysis is employed. The findings indicate that the most significant predictor of financial management behavior and financial happiness were both financial attitude and financial management activity. To obtain financial contentment, researchers advise focusing more on financial mindset and financial management practice. As a result, the findings of this study help married people realize that sound money management practices and attitudes can lead to financial pleasure.

Purwidiанти and Tubastuvi (2019) concluded that the objective of this investigation is to investigate the impact of financial literacy and financial experience on the financial behavior of small and medium-sized enterprises (SMEs) in Indonesia. Financial behavior is the dependent variable, while financial literacy and financial experience are the independent variables. The four control variables employed are the age, education level, business tenure, and company size of the SME owner. The respondent sample consists of 42 proprietors of SMEs in Purwokerto Selatan. Multiple regression analysis was implemented in this investigation. The findings indicated that financial behavior is not influenced by financial literacy. Financial behavior is positively influenced by financial experience. Only the scale of the company has a substantial negative impact on financial behavior, out of the four control variables. Financial behavior is not significantly influenced by three control variables. The study's implications are that the financial behavior of small and medium-sized enterprise proprietors will be enhanced by their positive financial experiences.

Consequently, it is crucial to enhance the financial experience of small and medium-sized enterprise (SME) proprietors.

Rai et al. (2019) found that the capacity to make thoughtful decisions about the wise and economical use of one's finances is known as financial literacy. The current study's authors have shown a relationship between working women in Delhi, India's financial literacy level and their financial behavior, attitude, and knowledge. The research includes a sample size of 394 working women from various Delhi-based public and private organizations. Purposive sampling created a structured questionnaire with a 5-point Likert scale. The structural equation modeling approach (SEM) was applied to analyze the moment's structures (AMOS) and determine the goodness of fit. Path analysis examines the relationship between three independent variables to test a hypothesis. The results showed that working women's financial literacy correlates more strongly with their financial behavior and attitude than their financial knowledge.

Yahaya et al. (2019) found that the purpose of this research is to investigate Malaysian university students' financial literacy. This study specifically looks at the connections between financial attitudes and knowledge, as well as how these factors affect university students' financial behavior. Using the survey method, information was obtained from 370 university students. Both simple linear regression and multiple regression analysis were used to analyze the data. The results show that the respondents' level of financial awareness is moderate. When compared to respondents who did not take any Financial Management courses, respondents who did take a course had a better degree of financial understanding. Financial behavior was greatly influenced by financial attitudes, which in turn were greatly influenced by financial knowledge. However, financial conduct is not much impacted by financial understanding. By identifying the variables that affected financial behavior and offering recommendations for how colleges might use these practices to help students acquire sound financial attitudes and behaviors, this study enhanced the body of literature.

Adaramola and Dada (2020) found that the autoregressive distributed lag on the chosen variables, such as real gross domestic product (GDP), inflation rate, interest rate, exchange rate, degree of economic openness, money supply, and government

consumption expenditures for the period 1980–2018, to investigate the impact of inflation on the growth prospects of the Nigerian economy. The study results show that the money supply and interest rate have a positive and large impact on economic growth, whereas the real exchange rate and inflation have a major negative impact. The model's other variables show no relationship to Nigeria's economic expansion. The causation result demonstrates the one-way links that exist between the gross domestic product, government consumption expenditures, interest rates, and exchange rates. Nonetheless, there is no evidence of a causal relationship between gross domestic output and inflation or openness levels. The study concludes that in order to prevent inflation's negative effects and ensure a manageable rate that would support Nigeria's economic growth, the monetary authorities should make a more concerted effort to target inflation.

Coskun and Dalziel (2020) concluded that the relationship between financial knowledge and financial behavior and whether it is bolstered by financial attitude. Specifically, it will analyze the relationship between various aspects of an individual's attributes and financial issues. To this end, 396 university students in Turkey are surveyed online to ascertain their financial behavior, level of financial knowledge, and attitudes toward financial issues. The relationship between the financial knowledge of the survey participants and their financial attitude and behavior, as well as the mediation effect of financial attitude in this relationship, is analyzed using Factor Analysis, Cronbach's Alpha, and Structural Equation Modeling (SEM). The relationship between financial knowledge and financial behavior is mediated by financial attitude, and the intervention of financial attitude serves to reinforce this relationship.

Dewi et al. (2020) found that the financial literacy of the millennial generation to peer at the relationships between their financial behavior and their knowledge, attitudes, and abilities. The participants' financial knowledge was assessed using multiple-choice questions, and the findings were classified into three groups: low, moderate, and high. Using the quartile method, three categories, poor, fair, and good, were also created based on financial behavior, attitude, and talents. To evaluate the hypotheses, chi-squared analysis was employed, and correspondence analysis was done to determine the millennial generation's traits and visually represent the difference. As for financial conduct, attitude, and skills, the percentages of respondents

falling into the 'fair' category were 70.6%, 66.5%, and 72.2%, in that order. Not only were there notable correlations between financial abilities and financial management behavior, but also between financial attitude and behavior. Nonetheless, there was no discernible correlation between financial behavior and financial understanding.

Morgan and Long (2020) argued that the impact of financial literacy on savings behavior and financial inclusion in Laos is investigated in this study. The define financial literacy more broadly than has been done in the past, taking into account financial conduct as well as financial views. The definition of financial inclusion that takes the viewpoint of the customer into account in addition to the supply-side viewpoint. In order to look into how financial literacy affects savings behavior and financial inclusion (and its components), additionally used more trustworthy instrumental variables. We discover that savings and financial inclusion are positively impacted by financial literacy in a statistically significant way. Furthermore, there are differences in the ways that financial literacy affects certain financial inclusion metrics. Findings also demonstrate that, even after adjusting for income and education, people with better financial literacy scores are more likely to possess savings, both formal and informal, than people with lower scores.

Panos and Wilson (2020) found that the importance of financial literacy in obtaining financial well-being. Early financial knowledge acquisition can significantly impact an individual's financial and general well-being as they grow older. Financial technology (FinTech) is rapidly evolving and altering the financial services industry. The impact of FinTech on personal finances, well-being, and society is a topic of debate. Financial education and advice are crucial as student debt, digital financial inclusion, and online fraud become more prevalent. Implementing suitable policies can improve financial well-being and overall welfare. This special issue presents seven new studies on financial literacy and responsible finance from four different streams of literature, with the goal of contributing to academic and policy agendas. This issue aims to highlight the value of financial education and ethical behaviors in fostering financial and overall well-being.

Tony and Desai (2020) found that the Financial Literacy and Education Summit 2012, which took place in Chicago, introduced the Global Financial Literacy Barometer, which offered a comprehensive understanding of the financial literacy

levels of 28 countries. India was ranked 23rd among these nations, underscoring the country's widespread issue of low financial literacy. The Indian financial sector has been endeavoring to optimize the utilization of digital platforms in line with the accelerated advancement of technology in all sectors, including finance. The primary objective of this investigation is to assess the influence of digital financial literacy on digital financial inclusion. In order to achieve this, seven dimensions related to digital financial literacy and inclusion were meticulously investigated. This study is unique in that it employs a structured questionnaire to collect data from 200 participants and is one of the few studies conducted in the context of digitalized India. As a result, the sample selection is unique.

Widyastuti et al. (2020) concluded that the impact of financial education, financial literacy, and financial behavior as perceived by teachers. The researchers collected primary data by administering a questionnaire to 96 instructors from senior high schools and vocational schools in Greater Jakarta, Indonesia. The questionnaire was used to measure all variables of interest. Given the variations in the measurement scales of the variables, the data was analyzed using the Structural Equation Model-Partial Least Square. The results indicate that there was a direct correlation between financial literacy and financial behavior. However, financial education had an insignificant effect on both financial behavior and financial literacy.

Chong et al. (2021) examines that the connections between emerging adults' financial behavior, financial literacy, self-efficacy, and self-coping. 790 participants from 11 Credit Counseling and Debt Management (CCDM) programs make up the study population. The analysis of Pearson Correlation and Multiple Regression was conducted using the Statistical Package for Social Science (SPSS). It was applied to identify the factors that influence emerging adults' financial behavior and to ascertain the linkages between them. Regression analysis was used in this study to enter financial behavior, self-efficacy, self-coping, and financial literacy variables. A total of 790 respondents who were under 40 years old were chosen. The financial behavior scores for men and women were compared using an independent sample t-test. The findings show that the mean financial behavior scores for men and women differed significantly ( $M = 89.70$ ,  $SD = 16.80$ ;  $t(765) = 2.010$ ,  $p = 0.045$ , two-tailed) ( $M = 87.20$ ,  $SD = 18.00$ ). According to the findings of the multiple regression analysis, the model strongly predicts 13.4% of the variance in financial behavior ( $F = 38.361$ ,  $p =$

0.000). Policymakers will benefit from this study in order to enhance living conditions and encourage responsible financial behavior, financial literacy, self-efficacy, and self-coping, particularly for Malaysia's emerging adults.

Khawar and Sarwar (2021) argued that this investigation was conducted with the primary objective of determining the correlation between financial literacy and financial behavior, as well as to identify the mediating role of family financial socialization in this relationship. This quantitative research investigation was cross-sectional. A comprehensive questionnaire was implemented to acquire primary data. A total of 330 employees employed in banks were selected through convenience sampling. In this examination study, knowledge investigation techniques are employed to infer outcomes, including descriptive analysis, parametric test, reliability test, and correlational examination. SPSS 23 and Smart PLS 3.0 are being employed. This investigation yielded the following results: (1) There was no discernible difference in the financial behavior of representatives from different socioeconomic backgrounds. Financial behavior is significantly positively influenced by financial education. (2) Family financial socialization also exhibits a significant positive correlation with financial education and financial behavior. (3) As a result of familial financial socialization, financial education exhibited an extraordinary abnormal influence on financial behavior. (4) Family financial socialization demonstrates a partial mediation between financial literacy and financial behavior. It is feasible to attain that the financial behavior of individuals is determined by the formal and informal training of finance.

Kamel and Sahid (2021) found that the study analyzes Malaysian undergraduates' financial behavior and knowledge. Three hundred thirty-nine respondents from public universities participated in quantitative research using questionnaires. The data were examined using multiple and linear regression analysis. Students with a high level of financial literacy also tend to have well-managed financial behaviors, such as saving, budgeting, and planning. The Theory of Planned Behavior (TPB), which holds that responsible financial attitudes improve financial literacy and motivate students to act properly in financial matters, is supported by research showing that only financial education and attitudes impact financial literacy. Financial socialization did not substantially improve financial literacy, which resulted in students' less coordinated financial behavior, supporting the Theory of Planned

Behavior (TPB). Financial literacy can improve the Theory of Planned Behavior (TPB) in subsequent research by enhancing the capacity to predict individual behavior. As primary educators, parents' ought to actively encourage financial literacy in their children. Financial literacy must be prioritized in education to guarantee that the upcoming generation is professionally and financially literate.

Lyons and Kass-Hannan (2021) emphasize the significance of defining and measuring financial literacy (FL) to comprehend its influence on financial behavior and decision-making. Despite numerous efforts, there is still a lack of consensus regarding a universally acknowledged definition or methodology for measuring FL. The emergence of digital financial services (DFS) has presented a novel challenge: the collaboration between financial inclusion (FI) and digital literacy (DL) and their mutual impact on financial outcomes. DFS are designed to improve personal financial management and enhance financial stability. Recent research has suggested a framework to operationalize the concept of digital financial literacy (DFL), as traditional FL definitions and metrics are inadequate for conveying the complexities of financial services in a digital environment. This survey article investigates the empirical research methodologies employed to evaluate FL, DL, and the emerging concept of DFL. It investigates the limitations and characteristics of these methodologies and proposes strategies for addressing the obstacles associated with the development, testing, weighting, and standardization of multidimensional measures. Additionally, methodological concerns regarding estimation and modeling are addressed. This article is a valuable resource for researchers and practitioners who are interested in FL and the rapidly changing concept of "digital" financial literacy. It provides recommendations to resolve methodological challenges, highlights the limitations of current empirical research techniques, and offers insights into their application.

Fong et al. (2021) concluded that the multivariate analysis indicates that financially knowledgeable individuals were more likely to make better financial decisions, even after accounting for other variables. A 1.5 percentage point ( $p < 0.01$ ) increase in the likelihood of consistently repaying credit card balances on time, an 8.3 percentage point ( $p < 0.01$ ) increase in the likelihood of stock market participation, and a 1.7 percentage point ( $p < 0.01$ ) increase in the likelihood of adhering to an age-appropriate investing guideline were all associated with a one-unit higher literacy

score. Better financial decisions were also consistently predicted by increased wealth. Relatively older respondents, specifically those in their 60s as opposed to those in their early 50s, were more diligent about repaying credit card balances and more inclined to invest in stocks. However, they were less likely to have risk-adjusted their investment portfolios, primarily because the value of their primary residence was the dominant factor in their portfolios. Singapore's government has promoted property ownership by allowing individuals to access their pension savings to pay for mortgage payments.

Lee and Dustin (2021) found that the investor education foundation's National Financial Capability Study (NFCS) to investigate the relationship between married individuals' financial satisfaction and financial stress on financial behavior. As was to be expected, financial stress significantly and negatively impacted financial contentment; this suggests that among married people, financial stress greatly reduced the degree of financial satisfaction. Financial behavior had the greatest influence on financial satisfaction in this study, followed by subjective financial knowledge and a greater household income level, even if financial stress had a substantial impact. Financial educators, marriage and family therapists, and marriage and financial counselors can benefit from understanding the key variables that predict married people's financial satisfaction.

Suyanto et al. (2021) concluded that the the financial behavior of college students and to offer empirical insight into the factors that may influence their financial behavior. Specifically, the study will examine the significance of financial socialization, financial experience, and financial literacy in shaping students' financial behavior. The Structural Equation Model (SEM) was employed to analyze the survey data, which was collected from 595 college students throughout Indonesia. The findings indicate that financial literacy and financial behavior are positively impacted by financial socialization. Conversely, financial behavior is positively impacted by financial experience, while financial literacy is negatively impacted. Moreover, the results indicate that financial socialization is the primary determinant of financial literacy, which is essential for financial behavior and may be derived from financial socialization and financial literacy. It suggests that students can enhance their financial literacy and behavior through the influence of social agents. Nevertheless, their financial behaviors can also be influenced by their experience. College students are at a greater risk of making financial decisions due to their lack of experience, which

results in inadequate financial knowledge. Students who demonstrate good financial behavior and possess sufficient financial knowledge can make informed decisions regarding financial planning and administration, thereby preventing potential financial problems in the future.

Asyik et al. (2022) found that the promote financial behavior and reduce financial inclusion in emerging nations like Indonesia. The sample size is 500 respondents. The analysis employs the Partial Least Square (PLS) and structural equation model (SEM) based on variance. Research indicates that financial conduct and literacy positively impact financial inclusion. Research suggests that intellectual capital can influence the impact of financial literacy and behavior on financial inclusion. Stakeholders seeking to enhance financial access for unbanked individuals in developing nations can benefit from this discovery on financial behavior. Coordination among central banks, academics, practitioners, digital financial institutions, and community members is necessary to promote financial inclusion in a targeted manner.

Asyik et al. (2022) examined the financial literacy and behaviors of young adults in the United States. Young adults' financial literacy was compared to elder cohorts using a means test conducted using a nationally representative data set. Additionally, differences were demonstrated based on demographic characteristics within the young adult cohort. The financial literacy levels of females, minorities, low-income individuals, and those with less education were significantly lower among young adults aged 18 to 34. Financial behaviors were also examined by comparing them across age cohorts and subsequently by controlling for financial literacy and other demographic characteristics. The magnitude and significance of these effects were diminished when financial literacy and other demographic controls were incorporated, even though many of the behaviors were substantially different across all young adult age cohorts. Financial literacy had a varied impact on credit card behaviors. There is a correlation between higher levels of financial literacy and better financial practices related to credit card use. Specifically, young adults with higher levels of financial literacy were less likely to pay only the minimum balance, pay fees associated with late payments and limits, and take out a cash advance.

Banthia and Dey (2022) argued that the necessity of financial literacy has increased recently, and it is now a significant global concern. The financial market provides a complex array of products, and product accessibility has increased. Therefore, in order to make the most use of their financial resources, people must possess the necessary financial knowledge and awareness. The route to financial literacy in India is extremely challenging because of the country's enormous population, low literacy rates, poverty, differences in regional languages, diversity of cultures, and huge socioeconomic inequalities. Furthermore, the vast array of cultures, beliefs, religions, and customs prevalent in many states all have an impact on an individual's behavior and attitudes. In light of these circumstances, this study is being carried out in Odisha, India, to ascertain the relationship between financial literacy and financial knowledge, attitude, and behavior. It is discovered that "Financial Behaviour" has a detrimental impact on "Financial Literacy Level." It has been discovered that "financial behavior" and "financial attitude" are positively correlated with "financial knowledge." However, there is a negative correlation between "Financial Behavior & Financial Attitude."

Eko (2022) argued that the foundation of the economy, micro, small, and medium-sized companies (MSMEs) improve GDP. MSMEs have limited capital access due to their high-risk and bankability. This research examines how financial attitudes and literacy affect investing choices in mediated financial behavior. Financial attitudes and financial knowledge affect the investing decisions. Financial conduct may decrease the impact of financial knowledge on investment decisions, but not financial attitudes. This study found that MSME owners' financial literacy, confidence, and ability to manage future finances are crucial investment factors. The impact of investment resource management on the financial behavior of MSME owners can be seen through the process of creating a budget. Investment decisions are influenced by financial attitudes, which cannot be addressed by financial behavior. Therefore, future financial management attitudes will keep MSMEs from forecasting operating costs. MSME owners find it difficult to achieve their financial goals.

Ingale and Paluri (2022) concluded that the fields of economics, finance, business, and management, a large number of exploratory, conceptual, and empirical studies on financial behavior and literacy have been carried out. However, there hasn't been any effort to date to provide a thorough scientific mapping of the region.

Therefore, by synthesizing knowledge structures, the study hopes to identify the trend in the field of research. The findings indicate that the interdisciplinary field of financial behavior and financial literacy has developed over time. Initially, the study concentrated on socioeconomic and demographic factors, but with time, it expanded to include behavioral and psychological concepts that affect financial behavior. The intellectual and social structure of the domain is revealed by this investigation in addition to its conceptual structure. This study offers valuable information about topics that require more research.

Nugraha et al. (2022) argued that this quantitative study aims to determine how investment decisions are impacted by financial behavior and financial literacy. This study's participants were students at Jakarta's Mercu Buana University. There are forty-three responders in the sample. Purposive sampling is a non-probability sampling technique. Utilizing a Google Form, questionnaires are distributed to a preselected sample to collect data. Using Smart PLS 3.0 software, the PLS (Partial Least Square) analytic method was employed in the data analysis process. The study's findings show that: (1) With a path coefficient value of 0.338, financial literacy influences investing decisions. Investment decisions are influenced by financial behavior, as indicated by the path coefficient value of 0.509.

Rahayu et al. (2022) argued that the correlation between financial behaviors, specifically saving, purchasing, and investment behavior, and the level of digital financial literacy (DFL) among the millennial generation in Indonesia. This study employed a survey method involving 741 millennials aged 25–40 from various cities in Indonesia. The relationship of the latent variable was estimated using the Structural Equation Model with Smart PLS 4. The data indicated that DFL positively impacted investment, saving, and consumption behavior. In addition, this investigation showed that the DFL was significantly influenced by social factors, including income.

Xu et al. (2022) concluded that everyone who cares about household portfolio decisions and public wellbeing must be financially literate. In this study, we use the China Household Financial Survey Data (CHFS) from 2015 and 2017 to examine the influence of household financial literacy on people's financial behavior. The findings indicate that financial knowledge significantly impacts financial behavior in the short, medium, and long terms. The results of this study imply that financial behavior is

shaped and enhanced by financial literacy. Second, inhabitants with low attention spans can benefit from financial literacy, while those with strong attention spans are more likely to own formal bank accounts, trade stocks, and engage in riskier financial activities. The financial behavior of the population has also improved with high attention. This relationship suggests that through limited attention channels that facilitate access to specific financial information, financial literacy positively impacts holding formal bank accounts, participating in financial markets, holding credit cards, holding commercial insurance, and holding pension plans. Furthermore, heterogeneity analysis revealed notable differences in the influence of financial literacy on financial behavior between households in urban and rural areas, as well as between genders and varying educational levels. The study offers insightful information for policy recommendations to raise financial literacy, such as providing financial education to residents to increase their understanding of financial matters and further optimize household financial decision-making.

Setiawan, et. al. (2022) investigates the relationship between Indonesian millennials' current saving and spending behavior, digital financial literacy (DFL), and the capacity to predict future spending and saving behavior. In order to investigate the interrelations between these variables, the researchers implemented structural equation modeling. The survey was conducted among millennials aged 25 to 40 who reside in a variety of urban areas on Java Island. There was a collection of data on indicators that comprise the latent variables. The findings indicate that DFL is positively correlated with current saving and spending behavior and is influenced by socioeconomic status. Additionally, individuals' foresight regarding future saving and spending patterns is substantially influenced by their current saving and spending behavior. The study suggests that policymakers prioritize the provision of millennials with knowledge and education regarding DFL in light of these findings.

Srouji and Torre (2022) concluded that the global COVID-19 pandemic has substantially altered payment systems and preferences. Digital payment instruments have become increasingly popular as cash usage decreases, and the discourse surrounding central bank digital currencies has intensified. This article examines the development of digital payments and the cashless agenda before and after the pandemic. It specifically investigates the impact of the evolving payment landscape on the priorities and decisions of financial intermediaries, regulators, and institutions

concerning the future of payment systems. The Research Paper emphasizes that the pandemic has demonstrated the benefits of establishing a digital payments ecosystem that is competitive, advanced, and integrated. Nevertheless, it also illuminates a burgeoning divergence, rather than convergence, between payment systems in various regions of the globe. The study emphasizes the necessity of adapting to the evolving landscape, underscoring the transformative impact of the pandemic on payment systems. It implies that despite the substantial advantages of digital payments, regulators and financial institutions should prioritize the resolution of fragmentation among payment systems in the future.

Mireku et al. (2023) found that the increasing intricacy of financial service products amid an endless stream of Ponzi schemes and the low financial literacy levels documented by earlier research serve as our driving forces for this article. In example, while the majority of the material that has already been written has concentrated on different financial literacy factors, little is known about how financial literacy affects behavior related to money. Therefore, the main goal of our empirical investigation is to determine the relationship between financial behavior and financial literacy. The family resource management theory, which holds that a person's behavior is a function of their knowledge, were developed hypothesis. Therefore contend that in terms of financial behavior and financial literacy, financially literate people are more likely than financially illiterate people to display healthy financial behavior. Using a cross-sectional sample of 3,932 students enrolled in a range of undergraduate and graduate programs at public and private universities in Ghana. This research findings support our theoretical assumptions by demonstrating that students who are financially aware are more likely to behave sensibly with money. The findings show that financial behavior is heavily influenced by financial literacy.

## **2.5 Research Gap**

Numerous researchers have investigated various aspects of financial literacy and its influence on financial behavior, resulting in contradictory conclusions. Although some studies indicate that financial literacy has a substantial impact on financial behavior (Pritazahara & Sriwidodo, 2015; Purwidiyanti & Mudjiyanti, 2016), Susdiani's (2017) research did not uncover a significant correlation between financial

literacy and financial behavior. Arianti (2018) employed a quantitative and descriptive research methodology to investigate the influence of financial literacy, behavior, and income on investment decisions.

Mudzingiri (2018) concluded that students who possessed inadequate financial literacy were more susceptible to impatience, risk-taking, and overconfidence, which resulted in adverse financial outcomes. Kamel and Sahid (2021) conducted the Theory of Planned Behavior (TPB), which posits that responsible financial attitudes enhance financial literacy and encourage students to behave responsibly in financial situations. Asyik et al. (2022) discovered that the financial inclusion is positively influenced by financial conduct and literacy. The influence of financial literacy and behavior on financial inclusion can be influenced by intellectual capital. Banthia and Dey (2022) found that the indicated a negative correlation between financial behavior and financial literacy levels.

Few studies have examined the relationship between financial literacy and behavior in Nepal, despite a wealth of data on the subject in other countries. Numerous scholars have investigated financial behavior and literacy across various demographic groups and geographical regions, but research has yet to explicitly target young people in Nepal. Furthermore, the impact Nepal's particular cultural, socioeconomic, and geographical characteristics may have on financial behavior and literacy has yet to be explored in the literature.

This discrepancy emphasizes the necessity of researching the financial behavior and literacy of young people in Nepal, especially in Kathmandu Metropolitan City. The current research seeks to close this knowledge gap and advance the worldwide understanding of financial literacy and behavior by providing insights unique to the Nepalese context.

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Methodology**

This chapter focuses on research design, nature and sources of data, population and sample, data collection procedures, data analysis tools, and the study's methodological limitations, which are described in consecutive sections.

The quantitative method is characterized by the generalization and objectivity of its findings, primarily concerned with predictions. Using quantitative methods necessitates that researchers forgo their personal experiences, biases, and perceptions to focus on the results of surveys and the testing of hypotheses, ultimately leading to conclusions (Harwell, 2011). The main objective of positivist researchers is to make context-free findings that can be generalized. Therefore, this study has a positivist research philosophy. The deductive method logically conforms best to the views and demands of positivist research philosophy. Therefore, since many propositions are developed for testing with empirical verification, a deductive approach is more likely to be used in quantitative research to test the theory (Khatri, 2023).

#### **3.2 Research Design**

This research was a quantitative approach. To achieve the research objective, descriptive and causal-comparative research design were used. Descriptive research design used to analyze the understanding level of financial literacy of youth in Kathmandu Metropolitan City and to analyze the financial attitude and financial behaviors of youth in Kathmandu Metropolitan City. Similarly, a causal-comparative research design was used to analyze the relationship between financial literacy, financial attitude and financial behaviors, to examine the effect of financial literacy on financial behaviors in Kathmandu Metropolitan City and to examine the mediating effect of financial attitude in the relationship between financial literacy on financial behaviors in Kathmandu Metropolitan City. The research work is based on the perceptual ideas of the respondents.

### 3.3 Population and Sample

According to the National Youth Policy, 2072, “Youth” means citizens aged 16 to 40 years. According to the Census, 2021, Total population of Kathmandu Metropolitan City is 13,69,268. Among them, 8,55,404 youth live in Kathmandu Metropolitan City. There is a population of this study. The sample was taken from university students who studies in Kathmandu Metropolitan City. 384 samples were taken for judgmental sampling and collected through online forms and college visits in Kathmandu Metropolitan City. This survey were used a self-reported questionnaire to collect data. The sample size were estimated using a formula based on appropriate assumptions.

The sample size estimation (Krehbiel et al. 2004) is as follows:

$$n = \frac{z^2 \times \hat{p}(1-\hat{p})}{\epsilon^2}$$

Here,

*Z* = Confidence interval (95%)

*e* = Marginal errors (5%)

*n* = Sample size

*p* = population proportion (50%)

A sample size of at least 384 people would be necessary in the scenario mentioned above based on a 95% z-score and a 5% error margin.

### 3.4 Nature and Sources of Data

This study was based on primary data. The primary data were collected from a questionnaire survey. This study was based on the data collected using the structured questionnaire containing the respondent's demographic-related information through nominal scale, closed ended questions, and a 5-point Likert scale questionnaire.

### 3.5 The Nature of the Questionnaire

The questionnaire prepared to collect the information from the survey were divided into two parts. The first part of the survey instrument covers the demographic information of respondents. The demographic information carries the data as the profession/occupation, gender, marital status, age, and educational qualification. The

second part of the questionnaire consists of perceptual questions relating to financial literacy, financial attitude and financial behaviors.

### **3.6 Development of Measurement Scale**

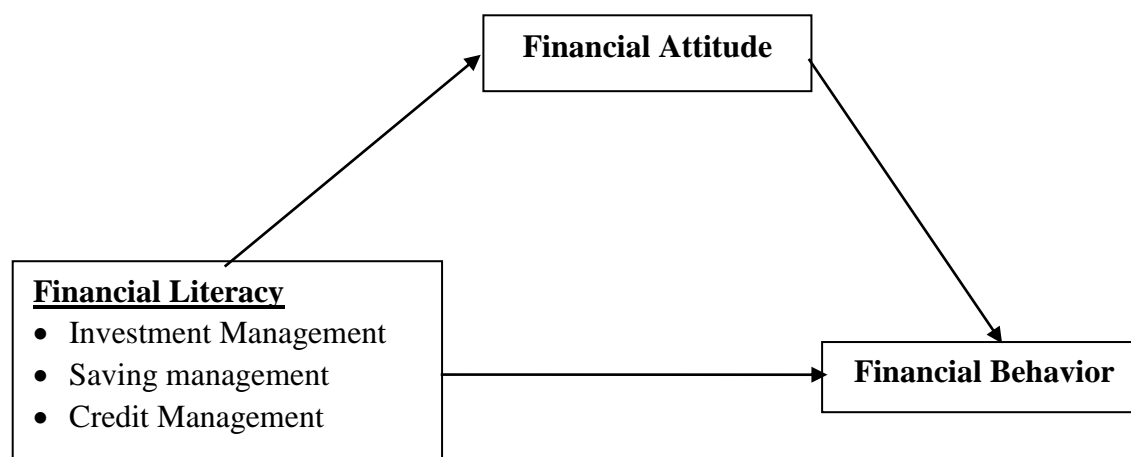
The development of the measurement of variables is the way of quantifying attributes to place them in an artificial, numerical, objective world where the mess of subjectivity of the natural world can be minimized and removed. This research attempted to develop the different measurement scales related to the components included in the survey instrument. The questionnaires were adapted to (Asaad, 2015) and contextualization. The survey instrument mainly constitutes the bipolar scale questions included in the questionnaire were presented in a five-point Likert type scale indicating strongly disagree, 1= strongly disagree, 2 = disagree, 3= neutral, 4 = agree, 5= strongly agree.

### **3.7 Data Collection Procedures**

The population for the study was the youth of Kathmandu district. A questionnaire survey was conducted to collect data. The questionnaire were translated into the Nepalese language. Questionnaire were distributed through google form and print questionnaire both.

### **3.8 Theoretical Framework**

The study contributes to empirical research on Nepal's financial literacy and financial behavior. The theoretical framework was test of Nepalese context and contextualization of (Eko, 2022) research model. The theoretical framework, the independent variable is the financial literacy (i.e., financial management, saving management, credit management, investment management, and risk management), Mediating variable is the financial attitude (i.e. saving each month, expenditure control and future financial management) and dependent variable is financial behavior (i.e. financial planning, budget planning and expenditure control), are taken from (Eko, 2022) of this research study.

**Figure 3. 1***Conceptual Framework, 2025*

### 3.8.1 Terminology definitions

#### Financial literacy

Financial literacy refers to an individual's capacity to understand and apply information about their personal money. Humaira and Sagoro (2018) define financial literacy as understanding basic financial concepts and effectively managing personal finances. This includes short-term and long-term financial planning to prepare for life events and changes. However, the economic situation is shifting. Chen and Volpe (1998) identified four variables for measuring financial literacy: fundamental financial management knowledge, credit management, savings and investment management, and risk management. Van Rooij, et al. (2011) assessed financial literacy through financial management, debt, savings, insurance, and investing. Financial literacy can be examined using indicators of the fundamental understanding of personal money, savings, loans, insurance, and investing (Mendari & Kewal, 2013).

Herawati and Dewi (2020) found that financial literacy influences a person's desire in investing. Effective investing requires strong financial literacy (Fachrudin & Fachrudin, 2016).

Financial literacy influences investment decisions, according to Hamza and Arif (2019). Financial literacy impacts investment decisions for small enterprises in Southeast Sulawesi (Kalsum & Wawo, 2018). Jemutai, et al. (2020) found that

financial literacy had a negative impact on investment decisions for small businesses in Kenya. Arianti (2020) found that financial literacy does not significantly impact MSMEs' investment decisions in South Tangerang.

### **Financial Attitude**

Rajna, et al. (2011) define financial attitude as using financial fundamentals to make successful decisions and manage resources to create and retain value. According to Irine and Lady (2016) and Ososuakpor (2022), financial attitude refers to a person's thoughts, opinions, or judgments about money. According to Pankow (2003), financial attitude refers to one's thoughts, opinions, and evaluations regarding finances. Astiti, et al. (2019) found that financial attitudes benefit investment decisions among Bali Hands Up Business Community members. Atmaningrum, et al. (2021) found that financially savvy employees in Jakarta make better investment judgments. Ismail et al. (2017) found that financial attitudes positively impact investment decisions in Makassar City. Niazi and Malik (2019) found that financial attitudes negatively effect Pakistan's public investment decisions.

### **Financial Behavior**

Shefrin (2010) defines financial behavior as the impact of psychological factors on financial decisions. Parrotta and Johnson (1998) identified financial behavior indicators such as planning, credit management, retirement plans, and financial management. Kempson, et al. (2017) identified six markers for analyzing financial behavior: spending restraint, active saving, avoiding everyday expenses, budgeting, money tracking, and informed product choice. Akben-Selcuk (2015) established three financial behavior indicators: timely bill payments, personal budgeting, and emergency savings.

Shokey (2002) defines financial attitude as a combination of information, sentiments about learning, and a desire to respond positively, which leads to financial action. Zemtsov et al. (2015) suggest that knowledge, attitudes, and management determine financial behavior. Humaira and Sagoro (2018) and Dai et al. (2021) found that financial perspectives and attitudes influence MSMEs' financial management behavior.

### **3.9 Pilot Study**

An opinion leader survey was done to design and pre-test the construct questionnaire. The questionnaires were distributed to 28 respondents. Among them 7 specialists, 7 potential entrepreneur, 7 existing entrepreneur, and 7 university professors. The goal of the pilot study was to (a) to make or construct validation to assure accurate item selection and (b) to eliminate any unneeded, unclear, or irrelevant items. Items deemed redundant or irrelevant were eliminated, and new items deemed necessary to complete the sub-sections were recommended. Some questions were clarified by using better wording.

Furthermore, questions with nearly similar weights were removed because they might reveal universal truths. A reliability test was also performed to determine inter-item, inter-subgroup, inter-segment, and positive-negative relationships. Questions with low or no correlations were also eliminated. Questions with relatively strong correlation values were retained.

### **3.10 Reliability and Validity**

Reliability and validity tests are needed to confirm the accuracy and consistency of the variables. According to Hair et al. (2007), for a scale to be reliable, respondents must consistently answer the questions in a strongly linked manner. If they do not, the scale would not be reliable. For this research, the reliability of the questionnaire was verified by Cronbach's Alpha. This method allows for the computation of the Alpha coefficient if one variable is removed from the original set, making it possible to select the subset with the highest dependability coefficient. The scales are reliable if all the values are over 0.7 (Sousa et al., 2006). However, Hair et al. (2007) indicated that lower coefficients may be acceptable depending on the research objectives. Nunnally (1978) indicated that alpha coefficients of 0.50 to 0.60 will be judged adequate for exploratory research.

### **3.11 Data Analysis**

Data was analyzed using SPSS, SMART PLS 4, and Excel. Firstly, data were screened to refine further analysis. The respondents who missed a response of more than 10% were removed, and the mean value of the corresponding construct replaced those who missed less than 10%. Then, unengaged data were removed from the direct observation and the standard deviation. As influential but unengaged respondents, data

with a standard deviation of less than 0.50 was removed (Gaskin, 2011). Outlier data were removed after missing and unengaged data were resolved. As significant outliers, all respondents with Mahalanobis d-square P values less than 0.05 have been removed (Gaskin, 2011). After that, the remaining data was refined for further analysis.

Secondly, confirmatory factor analysis was calculated. The goodness of fit index was calculated. The goodness of fit index and calculated latent construct from an observable variable have been determined by calculating confirmatory factor analysis (CFA) for each multiple-scale item in the data collected. Trial and error using different confirmatory factor analysis (CFA) series over the outcome reached the acceptable cutoff point of the goodness of fit index (Awang, 2015). The factor retention from the confirmatory factor analysis (CFA) factor loading. Each construct's items were verified by factors loading from CFA. Factors were imputed from the latent construct to the observed variable for additional analysis after the goodness of fit index verified that the collected and refined data were well-fitted with a measurement model.

Thirdly, the participants' demographic data have been analyzed and expressed as descriptive statistics, i.e., frequency, percentages, mean, SD, and CV for each latent variable. The Karlperson correlation was calculated to measure the correlation between independent and dependent variables. Lastly, SEM was used to estimate the parameters and structure and test the research hypothesis.

The required data were collected through a questionnaire and then managed. After gathering all the completed questionnaires from the respondents, they were presented and analyzed using suitable tools and techniques. The data was collected and processed using the Statistical Package of Social Science computer software. After analyzing and interpreting the responses, the results have been presented. Thus, its reliability and validity tests are conducted as per the research study. The various statistical tools such as frequencies, percentages, descriptive statistics, mean, Standard deviation, Coefficient of variation, correlation analysis, and regression are used to test the study's hypothesis. Confirmation Factor Analysis was utilized for the same purpose.

### **3.12 Regression Model**

The following research model was used to measure the effect of financial literacy on financial behaviors in Nepal.

The equations were:

$$\hat{Y} = \alpha + \beta_1 X_1 + e_i$$

Where,

$\hat{Y}$  = Dependent variable (financial behaviors)

$X_1$  = Independent Variables (financial literacy)

$\alpha$  = Constant

$\beta_1$  = (Beta value) Coefficient of the slope of regression model

$e_i$  = Error term

## CHAPTER-IV

### RESULTS AND DISCUSSION

The measuring model was presented at the start of this chapter and is the outcome of the constructs' confirmatory factor analyses. It presents results from descriptive and inferential statistics. This chapter concludes by listing the results of the testing hypothesis.

#### 4.1 Tests of Normality

**Table 4. 1**

*Test of Normality*

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Investment Management	0.098	384	0.000	0.979	384	0.000
Saving management	0.077	384	0.000	0.982	384	0.000
Credit management	0.078	384	0.000	0.985	384	0.000
Financial Attitude	0.185	384	0.000	0.87	384	0.000
Financial Behavior	0.18	384	0.000	0.9	384	0.000

a Lilliefors Significance Correction

Table 4.1 shows that to confirm the assumption of normality, the Shapiro-Wilk test was carried out. This test is significant. The hypothesis of normality since the p-value of the test is less than 0.01. It is concluded that the error terms are normality distributed.

#### 4.2 Measurement Model

Confirmatory factor analysis (CFA) was used to confirm the Organizational Justice (i.e., Distributive justice, Procedural justice, and Interactional justice), knowledge sharing and innovative behavior constructs. Using SMART PLS 4.1.0.3 was used to conduct confirmatory factor analysis (CFA) to determine model fit. First of all, all the 35 measuring items were loaded for the respective five latent constructs. Out of 35 items, 10 items were removed one by one from the measurement model as they were loading less than 0.60 in their respective latent construct.

Removed measuring items were four items (IM1, IM2, IM5 & IM6) from latent construct investment management. Similarly, the latent construct saving management removed three measuring items (SM3, SM4 & SM7). In the same way, the latent construct of credit management items removed one (CM7) item. Once more, one item (FA6) was removed from the financial attitude latent construct. Likewise, one item (FB6) from the latent constructs of financial behaviour was removed as measuring items. As a result, a good model fit index was achieved.

### 4.3 Confirmatory factor analysis (CFA)

When data analysts have previous theoretical knowledge about the common structure underlying the data and want to validate or refute the suggested structure, they use confirmatory factor analysis (CFA).

**Table 4. 2**

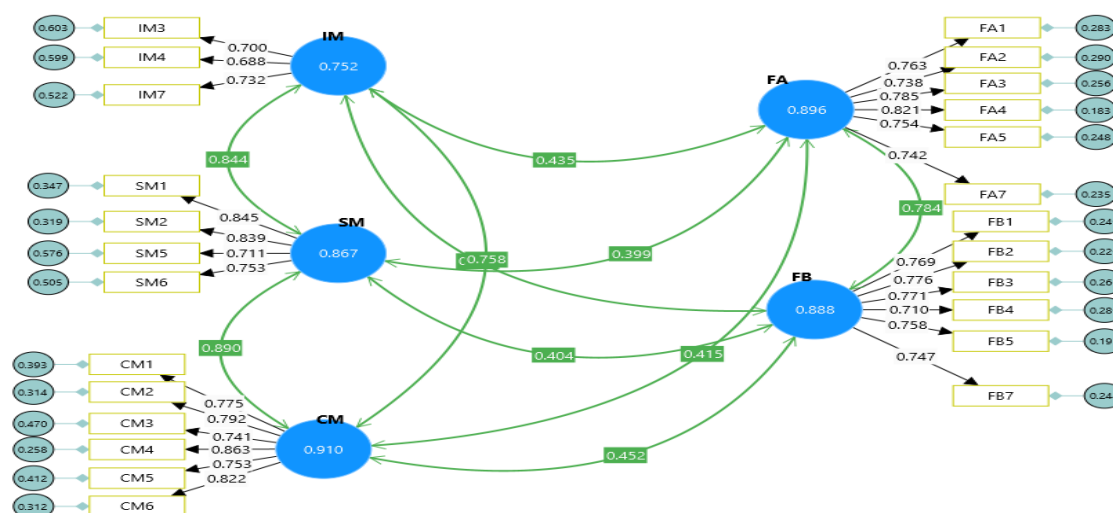
*Factors loadings each Construct*

	1	2	2	4	5
CM1	0.77				
CM2	0.79				
CM3	0.74				
CM4	0.86				
CM5	0.75				
CM6	0.82				
FA1		0.76			
FA2		0.74			
FA3		0.78			
FA4		0.82			
FA5		0.75			
FA7		0.74			
FB1			0.77		
FB2			0.78		
FB3			0.77		
FB4			0.71		
FB5			0.76		
FB7			0.75		
IM3				0.70	
IM4				0.69	
IM7				0.73	
SM1					0.85
SM2					0.84
SM5					0.71
SM6					0.75

Table 4.2 shows that the standardized factor loading ranged from 0.69 to 0.85, and the threshold value was  $>0.60$  (Anderson & Srinivasan, 2003). The composite reliability values exceeded the suggested  $>0.70$  (Hair et al., 2010). Therefore, each construct and items were the composite reliability.

**Figure 4. 1**

*Confirmatory factor analysis (CFA)*



The measurement model is used to measure the validity and reliability of the correlations between the constructs. The model's main objectives are to obtain the composite reliability, discriminant validity, and convergent validity displayed in below Tables. Whereas discriminant validity evaluates constructs or measurements that should not be associated or connected, convergent validity examines standardized factor loadings. The confirmatory factor analysis (CFA) summary of model fit is presented.

**Table 4. 3**

*Model Fit Summary*

Fit Indices	Recommended Value	Obtained Value	Results
P value	<.001	0.000	Acceptable
CMNI/df	<3	2.941	Acceptable
GFI	>.90	0.859	Acceptable
CFI	>.90	0.916	Acceptable
TLI	>.90	0.905	Acceptable
SRMR	<.08	0.051	Acceptable
RMSEA	<.08	0.071	Acceptable

The evaluation of the Structural Equation Model (SEM) using key fit indices indicates an overall acceptable model fit. The p-value (0.000) is less than the recommended threshold of  $< .001$ , suggesting statistical significance. The CMNI/df value of 2.83 is within the acceptable range ( $< 3$ ), indicating that the model is appropriately complex for the data. Although the Goodness-of-Fit Index (GFI) is slightly below the recommended value (0.86 vs.  $> .90$ ), it is still considered acceptable. The Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI) values are both above the recommended threshold ( $> .90$ ), with values of 0.92 and 0.91 respectively, indicating good fit. The Standardized Root Mean Square Residual (SRMR) value of 0.05 and the Root Mean Square Error of Approximation (RMSEA) value of 0.07 both fall within acceptable ranges ( $< .08$ ), further supporting the model's fit. Overall, the fit indices collectively suggest that the SEM provides a robust and adequate representation of the observed data, effectively and validity of each constructs.

The evaluation of the Structural Equation Model (SEM) involves several key fit indices that determine the adequacy of the model in representing the observed data. The following interpretation compares the recommended threshold values for each fit index with the obtained values, assessing the overall model fit. The obtained p-value of 0.000 is less than the recommended threshold of  $< .001$ , indicating that the model fit is statistically significant. This result suggests that there is a significant difference between the observed data and the model, warranting further examination of specific fit indices.

#### 4.4 Reliability and Validity

**Table 4. 4**

*Construct Reliability and Validity*

	Cronbach's alpha (standardized)	Cronbach's alpha (unstandardized)	Composite reliability (rho_c)	Average variance extracted (AVE)
IM	0.752	0.752	0.749	0.50
SM	0.867	0.867	0.868	0.623
CM	0.910	0.910	0.910	0.627
FA	0.896	0.896	0.896	0.589
FB	0.888	0.888	0.888	0.571

Table 4.4 found that the Cronbach Alpha values ranged from 0.752 to 0.910 (>0.70). Hence, construct reliability was established for each construct in the study. The composite dependability scores were more than 0.70 and varied from 0.749 to 0.910. Similarly, AVE was used to measure the convergent validity of the constructs, and the results varied from 0.50 to 0.627 (> 0.50). Therefore, the scales used for this study require construct reliability, composite reliability, and convergent validity.

**Table 4. 5**

*Heterotrait-monotrait Ratio (HTMT)*

	CM	FA	FB	IM	SM
CM	-				
FA	0.406	-			
FB	0.460	0.781	-		
IM	0.750	0.430	0.369	-	
SM	0.847	0.391	0.415	0.843	-

Table 4.5 found that the Heterotrait-Monotrait (HTMT) Ratio were used to evaluate the study's discriminant validity, which varied from 0.69 to 0.847 (>0.50). When the construct's square root of AVE is higher than its correlation with the other construct in the study, discriminant validity is established, per the criteria established by Fornell and Larcker (1981). Thus, the construct's discriminant validity was confirmed.

**Table 4. 6**

*Fornell-Larcker Criterion*

	CM	FA	FB	IM	SM
CM	0.792				
FA	0.415	0.768			
FB	0.452	0.784	0.755		
IM	0.758	0.435	0.371	0.707	
SM	0.890	0.399	0.404	0.844	0.789

Table 4.6 shows that the Fornell and Larcker criteria are used to establish discriminant validity. All ratios, however, were below the necessary cutoff of 0.85 when evaluated using the HTMT ratio (Henseler et al., 2015). Hence, discriminant validity was established.

#### 4.5 Respondents Profile

The demographic information carries the data as the faculty, age, experience, position, education, and gender were presented in the table below:

**Table 4. 7**

*Respondents Profile*

		Frequency	Percent
Gender	Male	330	85.70
	Female	55	14.30
Age	Below 19 years	52	13.51
	20 to 25 years	178	46.23
	Above 25 years	155	40.26
Education	Below Bachelor	157	40.78
	Bachelor	103	26.75
	Above Bachelor	125	32.47
Experience	Married	167	43.38
	Unmarried	218	56.62
Total		385	100

*Note.* Field Survey, 2025

Table 4.7 shows that among the total respondents, 85.70 percent of respondents are male, and 14.30 percent of respondents are female. It indicates that the majority of respondents are male. Similarly, most of the respondents, 56.62 percent, are unmarried, and 43.38% are married. Also, 40.78 percent of respondents' education levels are running bachelor's or below, 26.75 percent are bachelor's, and 32.47% are above bachelor's. Furthermore, 46.23 percent of respondents have age 20 to 25, 13.51 percent have below 19 years, and 40.26 percent have above 25 years age.

## 4.6 Descriptive Statistics

This section discusses the descriptive analysis of investment, saving, credit management, financial attitude, and financial behaviours. The variables in the study were analyzed using descriptive statistics such as mean, standard deviation, minimum, and maximum.

**Table 4. 8**

### *Investment Management*

	Min.	Max.	Mean	SD	C.V	N
I have been buying companies' IPOs.	1	5	3.97	0.935	23.55	385
I buy shares from my savings.	1	5	3.96	0.919	23.21	385
Even if I take loans, I invest in different companies.	1	5	3.16	1.088	34.43	385
As soon as I have money, I buy shares of different companies.	1	5	3.15	1.068	33.90	385
I believe that I can become rich only by investing.	1	5	2.88	1.074	37.29	385
I want to be a investor.	1	5	3.7	0.894	24.16	385
I know about the investment of business.	1	5	2.85	1.061	37.23	385
Mean	1	5	3.38	1.01	29.74	385

*Note.* Field Survey, 2025

Table 4.8 shows that the descriptive statistics of individual techniques within the investment. The table shows that the items of investment management have a mean value ranging from 2.85 to 3.97, whereas the standard deviation ranges from 0.894 to 1.088. Among the seven investment techniques, the investment of business has scored the lowest mean of 2.85 with a C.V of 37.23. In contrast, the first item has achieved the highest mean of 3.97 with a standard deviation of 0.935.

Further, the overall mean score of the seven items of the investment management is 3.38, which indicates that the investment management mean score is above average, i.e.,  $3.38 > 3$ . Thus, the overall mean score revealed that the extent of use of the investment management related construct agreed with realted items.

**Table 4. 9**  
*Saving Management*

	Min.	Max.	Mean	SD	C.V	N
I save regularly from my earnings.	1	5	3.13	1.106	35.34	384
I make my savings in the bank	1	5	2.98	1.039	34.87	385
I will invest in ventures in the future from my savings.	1	5	3.19	1.139	35.71	385
I spend monthly only after deducting the savings from my earnings.	1	5	3.27	0.95	29.05	385
I am happy with my savings.	1	5	2.92	1.081	37.02	385
I solve future economic problems with my savings.	1	5	3.12	1.081	34.65	385
If the possible, I will save the earning money.	1	5	3.37	1.048	31.10	385
Mean	1	5	3.14	1.06	33.87	385

*Note.* Field Survey, 2025

The table 4.9 shows that the items of saving management have a mean value ranging from 2.92 to 3.37, whereas the coefficient of variation ranges from 29.05 to 37.02. Among the seven investment techniques, the 'I am happy with my savings' has scored the lowest mean of 2.92 with a coefficient of variation of 37.02. In contrast, the last item 'If the possible, I will save the earning money' has achieved the highest mean of 3.37 with a coefficient of variation of 31.10. Further, the overall mean score of the seven items of the saving management is 3.14, which indicates that the saving management mean score is above average, i.e.,  $3.14 > 3$ . Thus, the overall mean score revealed that the extent of use of the saving management related construct are agreed with realted items.

**Table 4. 10**  
*Credit Management*

	Min.	Max.	Mean	SD	C.V	N
I have taken a loan to start and run a business.	1	5	3.57	0.993	27.82	385
I pay the interest and installments of the loan on time.	1	5	3.69	0.919	24.91	385
My family allows me to mortgage my property to take a loan.	1	5	3.01	1.023	33.99	385
The bank gives loans to start and run a business.	1	5	3.29	1.005	30.55	385
I have taken a loan to start and run a business.	1	5	3.06	0.977	31.93	385
I have a handle on my loan.	1	5	3.18	0.981	30.85	385
I have a business loan to run my business.	1	5	2.92	1.035	35.45	385
Mean	1	5	3.25	0.99	30.51	385

Table 4.10 shows that the descriptive statistics of individual techniques within the credit management. The table shows that the items of credit management have a mean value ranging from 2.92 to 3.69, whereas the coefficient of variation ranges from 29.05 to 37.02. Among the seven investment techniques, the 'business loan to run my business.' has scored the lowest mean of 2.92 with a coefficient of variation of 35.45. In contrast, the second item 'pay the interest and installments of the loan on time' has achieved the highest mean of 3.36 with a coefficient of variation of 24.91. Further, the overall mean score of the seven items of the credit management is 3.25, which indicates that the credit management mean score is above average, i.e.,  $3.25 > 3$ . Thus, the overall mean score revealed that the extent of use of the credit management related construct are agreed with realted items.

**Table 4. 11**

*Financial Attitude*

	Min.	Max.	Mean	SD	C.V	N
I find it more satisfying to spend money than to save it for the long term.	1	5	4.06	0.825	20.32	385
I am prepared to risk some of my own money when saving or making an investment.	1	5	4.05	0.799	19.73	385
Money is there to be spent.	1	5	4.17	0.817	19.59	385
I am satisfied with my present financial situation.	1	5	4.12	0.751	18.23	385
I keep a close personal watch on my financial affairs.	1	5	4.23	0.76	17.97	385
I use my mobile phone to make or receive payments.	1	5	4.05	0.777	19.19	385
My financial situation limits my ability to do the things that are important to me.	1	5	4.17	0.724	17.36	385
Mean	1	5	4.12	0.78	18.90	385

*Note.* Field Survey, 2025

Table 4.11 shows the descriptive statistics of individual techniques within the financial attitude. The table shows that the items of financial attitude have a mean value ranging from 4.05 to 4.17, whereas the coefficient of variation ranges from 17.36 to 20.32. Among the seven financial attitude techniques, the mobile phone to make or receive payments' has scored the lowest mean of 4.05 with a coefficient of variation of 19.19.

Also, the last item 'I keep a close personal watch on my financial affairs' has achieved the highest mean of 4.23 with a coefficient of variation of 17.97. Further, the overall mean score of the seven items of the financial attitude is 4.12, which indicates that the financial attitude mean score is above average, i.e.,  $4.12 > 3$ . Thus, the overall mean score revealed that the extent of use of the financial attitude related construct are agreed with realted items.

**Table 4. 12**

*Financial Behaviours*

	Min.	Maxi.	Mean	SD	C.V	N
My financial condition can meet all my financial needs only.	1	5	3.92	0.782	19.95	385
I spend money than to save it for the long term.	1	5	3.95	0.76	19.24	385
I believe in paying my bills on time.	1	5	3.91	0.81	20.72	385
My financial condition restricts me to do some important things in my life.	1	5	3.88	0.765	19.72	385
I keep a close watch on my financial affairs.	1	5	4.14	0.678	16.38	385
I have the habits of keeping the records of all of my financial activities.	1	5	3.96	0.85	21.46	385
I have the tendency to analyze my affordability before buying	1	5	4.04	0.743	18.39	385
Mean	1	5	3.97	0.05	1.54	385

*Note.* Field Survey, 2025

Table 4.12 shows that the descriptive statistics of individual techniques within the financial behaviours. The table shows that the items of financial behaviours have a mean value ranging from 3.88 to 4.14, whereas the coefficient of variation ranges from 16.38 to 21.46. Among the seven financial behaviours techniques, the 'My financial condition restricts me to do some important things in my life' has scored the lowest mean of 3.88 with a coefficient of variation of 19.72. In contrast, the item 'I keep a close watch on my financial affairs' has achieved the highest mean of 4.14 with a coefficient of variation of 16.38.

Further, the overall mean score of the seven items of the financial behaviours is 3.97, which indicates that the financial behaviours mean score is above average, i.e.,  $3.97 > 3$ . Thus, the overall mean score revealed that the extent of use of the financial behaviours related construct are agreed with realted items.

**Table 4. 13***Level of financial literacy, financial attitude and innovative behavior*

	Min	Max.	Mean	SD	C.V
Investment Management	1	5	3.99	1.12	27.96
Saving management	1	5	3.85	1.10	28.67
Credit management	1	5	3.31	0.81	24.36
Financial Attitude	1	5	4.13	0.64	15.44
Financial Behavior	1	5	3.97	0.61	15.27

Table 4.13 shows that the average of investment management is 11.98. The minimum and maximum investment management are 3 and 15. The number of items retained related to investment management is 3, and the mean value is greater than 9. This means that most respondents argued about investment management. The mean values of saving management, credit management, financial attitude and financial behavior are 15.38, 19.87, 24.80 and 23.83, respectively. This means most respondents have agreed with saving management, credit management, and financial attitude and behavior in Nepal.

#### 4.7 Correlations

**Table 4. 14***Correlations*

	1	2	3	4	5
1) Investment Management	-				
2) Saving management	.689**	-			
3) Credit management	.312**	.369**	-		
4) Financial Attitude	.365**	.349**	.665**	-	
5) Financial Behavior	.399**	.338**	.599**	.780**	-
N	385	385	385	385	385

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

Table 4.14 found that the correlation coefficient between financial behaviour and investment management, saving management, credit management, and financial

attitude are 0.399, 0.338, 0.599 and 0.780 respectively. There was a positive correlation between financial behaviour and investment management, saving management, credit management, and financial attitude, which was significant at the 0.01 level ( $r = 0.399, 0.338, 0.599 \text{ \& } 0.780, n = 385, p < 0.001$ ).

**Table 4. 15**

*Relationship between Financial literacy and Financial behaviors*

	1	2	3
1) Financial Behavior	-		
2) Financial Attitude	.690**	-	
3) Financial Literacy	.413**	.395**	-
N	384	384	384

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

Table 4.15 indicated that the correlation coefficient between financial behaviour and Financial Literacy is 0.413. There was a positive correlation between financial behaviour and financial literacy, which was significant at the 0.01 level.

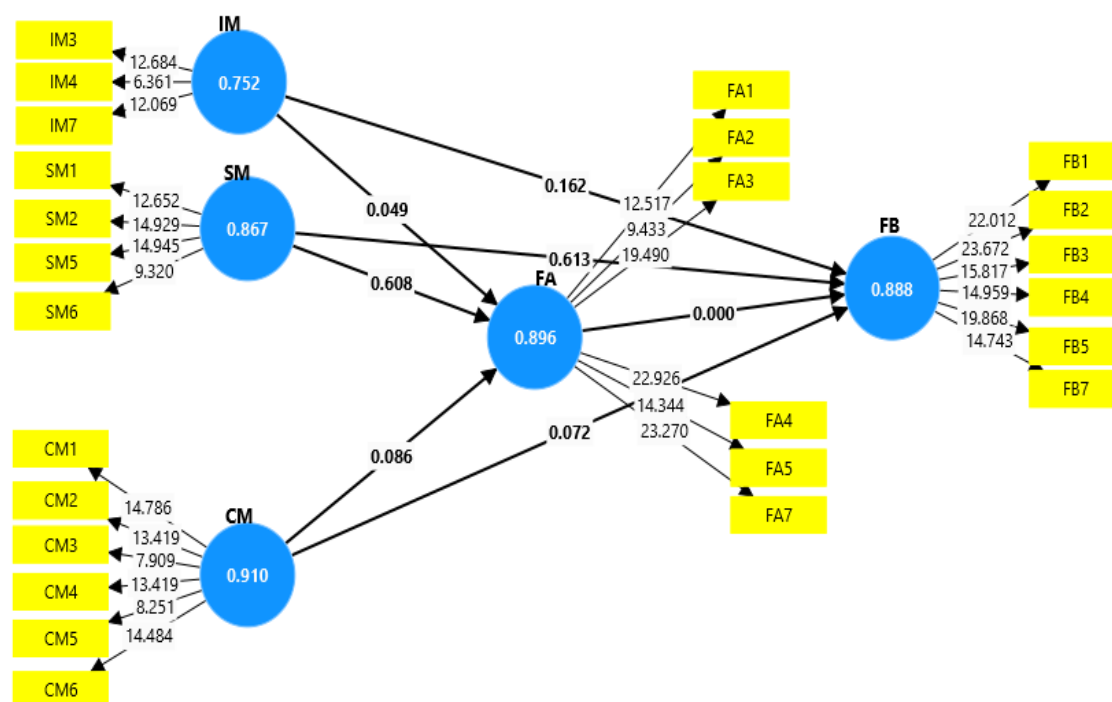
#### **4.8 Structure Equation Modeling (SEM)**

Structural equation modeling (SEM) employs partial least squares SEM (PLS-SEM) when estimating structural equation models. In this study, SEM explores the mediating effect of financial attitude in the relationship between financial literacy (i.e., investment management, saving management, and credit management) and financial attitude.

Figure 3 : SEM of the mediating effect of financial attitude in the relationship between financial literacy (i.e., investment management, saving management, and credit management) and financial behavior.

**Figure 4. 2**

*Overall direct and indirect effects for Research Model*

**Table 4. 16**

*Reliability and Validity of Path Analysis*

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CM	0.91	0.912	0.93	0.690
FA	0.896	0.902	0.92	0.657
FB	0.888	0.89	0.915	0.642
FL	0.935	0.938	0.944	0.567
IM	0.752	0.755	0.858	0.668
SM	0.867	0.871	0.91	0.716

Note. Field Survey, 2025

Table 4.16 shows that the Cronbach Alpha values are between 0.752 and 0.91, greater than 0.70 for every construct. The composite reliability values exceeded the suggested  $>0.70$  (Hair et al., 2010). Similarly, the convergent validity of the constructs was estimated using the Average Variance Extracted, ranging from 0.567 to 0.716, above a threshold value of 0.50 (Fornell & Larcker, 1981). Therefore, the scales used

for this study have a required construct reliability, convergent validity, composite reliability, and convergent validity above Table 9.

**Table 4. 17**

*Standardized Regression of Direct Effects for Research Model*

		<b>Beta</b>	<b>SE</b>	<b>T</b>	<b>P values</b>	<b>Results</b>
<i>H3</i>	IM -> FB	0.239	0.126	1.901	0.057	Rejected
<i>H5</i>	SM -> FB	-0.083	0.164	0.505	0.614	Rejected
<i>H7</i>	CM -> FB	0.206	0.122	1.686	0.092	Rejected

Note. Field Survey, 2025

Table 4.17 shows the direct effects of financial literacy, such as investment management, saving management, and credit management factors on financial behavior in Nepal. The direct effect of investment management on financial behavior was found insignificant ( $B=0.239$ ,  $t = 1.901$ ,  $p>0.05$ ) and rejected *H3*. Similarly, a direct effect of saving management on financial behavior was found insignificant ( $B=-0.083$ ,  $t = 0.505$ ,  $p >0.05$ ) and accepted *H5*. Also, the direct effect of credit management on financial behavior was found to be insignificant ( $B=0.206$ ,  $t = 1.686$ ,  $p>0.05$ ) and *H7* was accepted.

**Table 4. 18**

*Standardized Regression of Indirect Effects for Research Model*

	<b>Total effects</b>	<b>Direct Affects</b>	<b>Relationship</b>	<b>Indirect Effects</b>	<b>Confidence Interval</b>		<b>T</b>	<b>P value</b>	<b>Results</b>
					Lower Bound	Upper Bound			
<i>H4</i>	0.073 ( $P>0.05$ )	0.239 ( $P>0.05$ )	IM -> FA -> FB	0.239	0.022	0.520	1.901	0.057	Rejected & partial mediation
<i>H6</i>	-0.004 ( $P>0.05$ )	-0.083 ( $P>0.05$ )	SM -> FA -> FB	-0.083	-0.425	0.222	0.505	0.614	Rejected & partial mediation
<i>H8</i>	0.410 ( $P<0.05$ )	0.206 ( $P>0.05$ )	CM -> FA -> FB	0.206	-0.039	0.442	1.686	0.092	Accepted & full mediation

Table 4.18 shows the mediating effects of financial attitude in the relationship with financial literacy (i.e., investment management, saving management, and credit management) on financial behavior in Nepal. The results revealed an insignificant

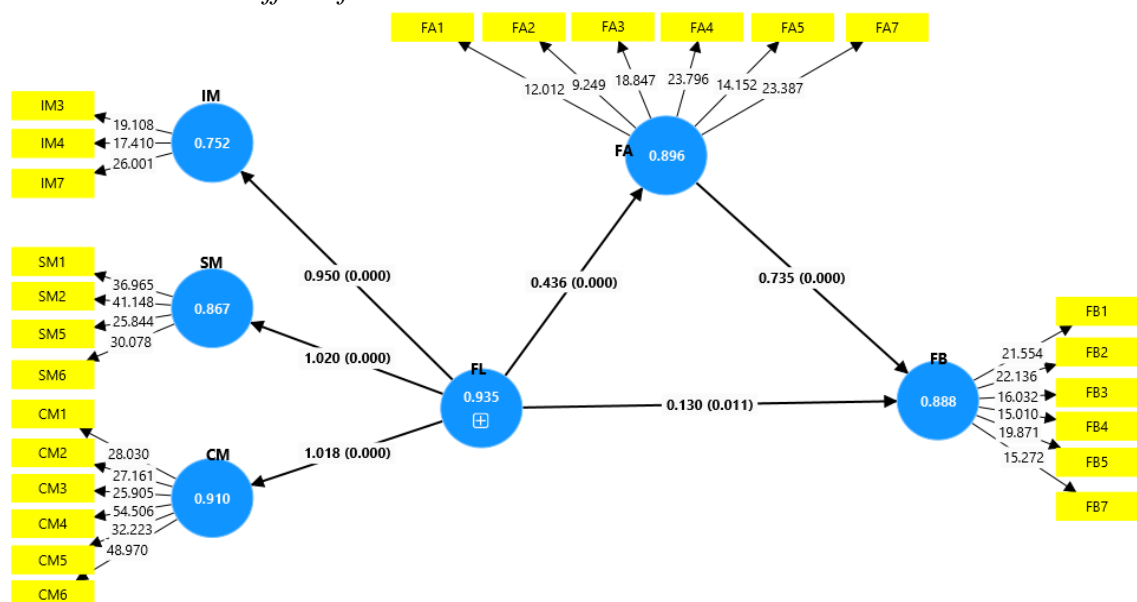
indirect effect of financial attitude in the relationship between investment management and financial behavior ( $B=0.239$ ,  $t = 1.901$ ,  $p >0.05$ ), rejected  $H4$ . Furthermore, the direct effect of investment management on financial behavior was also found significant ( $B=0.239$ ,  $t = 1.901$ ,  $p >0.05$ ). Hence, there is insignificant and full mediation of financial attitude in the relationship between investment management and financial behavior.

Similarly, the results revealed an insignificant indirect effect of financial attitude in the relationship between saving management and financial behavior ( $B=0.16$ ,  $t = 1.625$ ,  $p >0.05$ ), rejected  $H6$ . Furthermore, the direct effect of saving management on financial behavior was also found significant ( $B=-0.103$ ,  $t = 2.436$ ,  $p >0.05$ ). Hence, there is insignificant and partial mediation of financial attitude in the relationship between saving management and financial behavior.

Also, the results exposed an insignificant indirect effect of financial attitude in the relationship between credit management and financial behavior ( $B=0.025$ ,  $t = 0.808$ ,  $p >0.05$ ), rejected  $H8$ . Furthermore, the direct effect of financial attitude in the relationship between credit management and financial behavior was also significant ( $B=0.107$ ,  $t = 2.604$ ,  $p >0.05$ ). Hence, there is insignificant and partial mediation of financial attitude in the relationship between credit management and financial behavior.

**Figure 4. 3**

*Direct and indirect effect of Main Research Model*



**Table 4. 19***Direct effects*

	Beta	SE	t	P values	Results
<i>H1</i> FL -> FB	0.320	0.048	6.741	0.000	Accepted

Table 4.19 shows that the direct effect of financial literacy on financial behavior was found significant (B=0.227, t = 7.059, p<0.001), accepted *H1*. Hence, there are significant effects on financial literacy and financial behavior.

**Table 4. 20***Mediating effect*

	Total effects	Direct Affects	Relationship	Indirect Effects	Confidence Interval		T	P value	Results
					Lower Bound	Upper Bound			
<i>H2</i>	0.450 (P<0.01)	0.320 (P<0.01)	FL -> FA -> FB	0.320	0.228	0.415	6.741	0.000	Accepted & full mediation

Table 4.20 shows the mediating effects of financial attitude in the relationship between financial literacy and financial behavior. The results revealed a significant indirect effect of financial attitude in the relationship between financial literacy and financial behavior (B=0.320, t = 6.741, p <0.01), accepted *H2*. Furthermore, the direct effect of financial literacy and financial behavior was also significant (B=0.320, t = 6.741, p <0.01). Hence, the mediating role of financial attitude in the relationship between financial literacy and financial behavior is significant and partially mediated.

**4.9 Major Findings**

The study's findings analyze the mediating role of financial attitude in the relationship between financial literacy and financial behavior as follows:

1. The total respondents, 85.70 percent of respondents are male, and 14.30 percent of respondents are female. It indicates that the majority of respondents are male. Similarly, most of the respondents, 56.62 percent, are unmarried, and 43.38% are married. Also, 40.78 percent of respondents' education levels are running bachelor's or below, 26.75 percent are bachelor's, and 32.47% are

above bachelor's. Furthermore, 46.23 percent of respondents have age 20 to 25, 13.51 percent have below 19 years, and 40.26 percent have above 25 years age.

2. The standardized factor loading ranged from 0.69 to 0.85, and the threshold value was  $>0.60$  (Anderson & Srinivasan, 2003). The composite reliability values exceeded the suggested  $>0.70$  (Hair et al., 2010). Therefore, each construct and items were the composite reliability.
3. The average of investment management is 11.98. The minimum and maximum investment management are 3 and 15. The number of items retained related to investment management is 3, and the mean value is greater than 9. It means that most respondents argued that investment management. The mean values of saving management, credit management, financial attitude and financial behavior are 15.38, 19.87, 24.80 and 23.83 respectively. This means most respondents have agreed with saving management, credit management, financial attitude and financial behavior in Nepal.
4. The correlation coefficient between financial behaviour and investment management, saving management, credit management, and financial attitude are 0.399, 0.338, 0.599 and 0.780 respectively. There was a positive correlation between financial behaviour and investment management, saving management, credit management, and financial attitude, which was significant at the 0.01 level.
5. The Cronbach Alpha values are between 0.752 and 0.91, greater than 0.70 for every construct. The composite reliability values exceeded the suggested  $>0.70$  (Hair et al., 2010). Similarly, the convergent validity of the constructs was estimated using the Average Variance Extracted, ranging from 0.567 to 0.716, above a threshold value of 0.50 (Fornell & Larcker, 1981). Therefore, the scales used for this study have a required construct reliability, convergent validity, composite reliability, and convergent validity above Table 9.
6. The direct effect of investment management on financial behavior was found insignificant ( $B=0.239$ ,  $t = 1.901$ ,  $p>0.05$ ) and rejected *H3*. Similarly, a direct effect of saving management on financial behavior was found insignificant ( $B=-0.083$ ,  $t = 0.505$ ,  $p >0.05$ ) and accepted *H5*. Also, a direct effect of credit management on financial behavior was found insignificant ( $B=0.206$ ,  $t = 1.686$ ,  $p>0.05$ ) and accepted *H7*.

7. The results revealed an insignificant indirect effect of financial attitude in the relationship between investment management and financial behavior ( $B=0.239$ ,  $t = 1.901$ ,  $p >0.05$ ), rejected  $H4$ . Furthermore, the direct effect of investment management on financial behavior was also found significant ( $B=0.239$ ,  $t = 1.901$ ,  $p >0.05$ ). Hence, there is insignificant and full mediation of financial attitude in the relationship between investment management and financial behavior.
8. The results revealed an insignificant indirect effect of financial attitude in the relationship between saving management and financial behavior ( $B=0.16$ ,  $t = 1.625$ ,  $p >0.05$ ), rejected  $H6$ . Furthermore, the direct effect of saving management on financial behavior was also found significant ( $B=-0.103$ ,  $t = 2.436$ ,  $p >0.05$ ). Hence, there is insignificant and partial mediation of financial attitude in the relationship between saving management and financial behavior.
9. The results exposed an insignificant indirect effect of financial attitude in the relationship between credit management and financial behavior ( $B=0.025$ ,  $t = 0.808$ ,  $p >0.05$ ), rejected  $H8$ . Furthermore, the direct effect of financial attitude in the relationship between credit management and financial behavior was also significant ( $B=0.107$ ,  $t = 2.604$ ,  $p >0.05$ ). Hence, there is insignificant and partial mediation of financial attitude in the relationship between credit management and financial behavior.
10. The direct effect of financial literacy on financial behavior was found significant ( $B=0.227$ ,  $t = 7.059$ ,  $p <0.001$ ), accepted  $H1$ . Hence, there are significant effects on financial literacy and financial behavior.
11. The mediating effects of financial attitude in the relationship between financial literacy and financial behavior. The results revealed a significant indirect effect of financial attitude in the relationship between financial literacy and financial behavior ( $B=0.320$ ,  $t = 6.741$ ,  $p <0.01$ ), accepted  $H2$ . Furthermore, the direct effect of financial literacy and financial behavior was also significant ( $B=0.320$ ,  $t = 6.741$ ,  $p <0.01$ ). Hence, the mediating role of financial attitude in the relationship between financial literacy and financial behavior is significant and partially mediated.

#### 4.10 Discussion

The investigation conducted in Kathmandu Metropolitan City found that most young people concurred with the significance of credit management, saving, and investment. The positive correlation discovered between financial behavior and these financial management aspects investment, saving, and credit management is consistent with the findings of Kaiser and Menkhoff (2017), Asaad (2015), and Scheresberg (2013). This agreement emphasizes the substantial influence of financial literacy on financial behavior, according to the findings of these studies.

According to the research, financial literacy has two components: the ability to understand financial advice and the literacy to challenge it and evaluate data in private. According to the research, asking questions about guidance can result in independent decision-making, but understanding it increases the chance of searching it out. This complex link supports the theory that financial literacy can result in the more thoughtful use of financial advice, and it is consistent with earlier research by Arianti (2018), Mudzingiri (2018), and Purwidiyanti and Tubastuvi (2019).

There was a positive correlation between financial behaviour and investment management, saving management, credit management, and financial attitude, which was significant. This results similarly results to Scheresberg (2013); Asaad (2015) and Kaiser and Menkhoff (2017) also found the significant effects financial literacy on financial behavior. This is because the financially knowledge advisee is aware of the advice and chooses to heed it only when it is more convenient for her to follow than to do her independent research. This results support previous research as; Arianti (2018); Mudzingiri (2018) and Purwidiyanti and Tubastuvi (2019).

Research has also revealed the relationship between behavior, attitudes, and financial literacy. Higher financial literacy was associated with a greater chance of having a bank account, according to Klapper et al. (2012), while Lusardi and Tufano (2009) connected debt literacy to financial experiences and noted that those with less understanding were more likely to borrow money at high costs and face higher risks of debt. Similarly, Van Rooij et al. (2009) found a strong link between retirement planning and financial literacy in Dutch households.

This study also underscores the critical importance of financial literacy in anticipating financial behavior, particularly in developing economies. Agarwalla et al. (2013) observed a positive correlation between financial knowledge and behavior, but

a negative correlation between financial behavior and attitude, which underscores the importance of addressing financial illiteracy in order to achieve financial inclusion. The comprehension of the interaction between these factors is further complicated by the absence of a correlation between financial knowledge and attitude.

The current study suggests no clear mediating role for financial attitude in the relationship between saving, investing, credit management, and financial behavior. This research implies that although financial views are significant, these beliefs may have little direct impact on financial behavior in Nepal. The study revealed that financial attitude plays a significant and partially mediated mediating function between financial literacy and financial behavior. This finding is consistent with earlier studies conducted by Dewi et al. (2020), Widyastuti et al. (2020), Khawar and Sarwar (2021), and Suyanto et al. (2021).

Several research have also attempted to uncover the interconnectedness between these three aspects of financial literacy. A study by Klapper et al. (2012) discovered that individuals who responded more accurately to financial literacy questions were more inclined to possess a bank account. Lusardi and Tufano (2009) found a significant link between debt literacy and financial experiences. They discovered that less knowledgeable Americans were experiencing excessive debt or uncertainty about their debt situation. These individuals were more probable to engage in high-cost borrowing and less favorable financial transactions.

The results revealed an insignificant indirect effect of financial attitude in the relationship between investment, saving and credit management and financial behavior and the direct effect of investment, saving and credit management on financial behavior was also found insignificant. Therefore, there is an insignificant and partial mediation of financial attitude in the relationship between investment, saving, credit management, and financial behavior in Nepal.

The mediating effects of financial attitude in the relationship between the financial literacy and financial behavior are positive and significant. Hence, the mediating role of financial attitude in the relationship between financial literacy and financial behavior is significant and partially mediated. This research result support to previous research such as Dewi et al. (2020), Widyastuti et al. (2020), Khawar and Sarwar (2021) and Suyanto et al. (2021).

They also concluded that financial literacy is a key factor in predicting financial behavior in developing economies. Additionally, they emphasized the importance of addressing financial illiteracy as a major obstacle to achieving financial inclusion. Agarwalla et al. (2013) discovered a noteworthy positive correlation between financial knowledge and financial behavior. However, they observed a negative correlation between financial behavior and financial attitude, and no correlation between financial knowledge and financial attitude.

Moreover, Cole et al. (2009) have conducted research that indicates that incentives and financial literacy training have a limited effect on the increase in bank account ownership among financially illiterate households. These results emphasize the necessity of targeted policies and programs to enhance financial literacy among young individuals, taking into account socio-economic and demographic factors. Furthermore, the majority of researchers have discovered a correlation between financial knowledge, financial attitude, and financial behavior.

In conclusion, this study underscores the intricacy of financial literacy and its correlation with financial attitudes and behaviors. The function of financial attitudes varies, despite the fact that financial literacy has a substantial impact on financial behavior. These insights are essential for the development of effective financial education programs and policies that will improve financial literacy and behavior, particularly among young people in developing economies such as Nepal.

## **CHAPTER-V**

### **SUMMARY AND CONCLUSION**

This chapter focuses on the empirical findings of this study, which have been described in detail in the previous chapter. Contextual considerations from this study and prior research are drawn to give a concise discussion. The chapter starts with a summary of the key findings of this study, followed by the descriptive and research hypotheses detailed in the previous chapter. Finally, the conclusion and implication of the study are presented.

#### **5.1 Summary**

This study aimed to analyze the financial literacy and financial behavior among youth in Kathmandu Metropolitan City, focusing on the mediating effect of financial attitude. Financial literacy has significant implications for one's financial behavior. Financial literacy has been found to have a positive impact on financial behavior. Financial behavior encompasses all human actions and conduct that are pertinent to the administration of one's finances. Typical financial practices consist of utilizing currency, credit, and saving (Xiao, 2008). There is gap of this area. Therefore, this study to analyze the financial literacy and financial behaviour among youth in Nepal.

Many studies examined how financial decision-making is influenced by financial literacy. Some of this research relied on proxies, or imputations, of financial intelligence to establish a connection between the proxies and outcomes rather than using direct measures of financial literacy. The main research objective of this research to examine the mediating effect of financial attitude in the relationship between financial literacy and financial behaviors in Nepal. Financial behavior and financial literacy are closely associated with personal finance. The paradigm of financial behavior uses a distinct model to study the financial market. Financial literacy is the capacity to exercise sound discernment and execute efficacious measures concerning one's current and future money management and usage. Financial literacy encompasses comprehending and evaluating financial decisions, strategizing for the future, exercising prudent spending, and handling obstacles that arise from unemployment, retirement savings, or child education expenses.

The research employed descriptive and causal-comparative research designs to accomplish its objectives, utilizing a quantitative approach. In order to evaluate the degree of financial literacy and analyze financial attitudes and behaviors among Nepali youth, the descriptive research design was implemented. The causal-comparative design evaluated the mediating role of financial attitude and the relationships between financial literacy, financial attitude, and financial behavior. A questionnaire survey was administered to young people in the Chitwan district, and the data was collected through Google Forms and print distribution. The survey was translated into Nepali. Positive financial attitudes and behaviors were reflected in most respondents in Kathmandu Metropolitan City, who concurred with the significance of investment management, saving management, and credit management.

The majority respondents were agreed with the investment management in youth of Kathmandu Metropolitan City. The mean values of saving management, credit management, financial attitude and financial behavior are 15.38, 19.87, 24.80 and 23.83 respectively. This means most respondents have a agreed with saving management, credit management, financial attitude and financial behavior in Nepal. There was a positive correlation between financial behaviour and investment management, saving management, credit management, and financial attitude, which was significant at the 0.01 level ( $r = 0.399, 0.338, 0.599 \& 0.780, n = 385, p < 0.001$ ).

The results revealed an insignificant indirect effect of financial attitude in the relationship between investment management and financial behavior ( $B=0.239, t = 1.901, p >0.05$ ). Furthermore, the direct effect of investment management on financial behavior was also found significant ( $B=0.239, t = 1.901, p >0.05$ ). Hence, there is insignificant and full mediation of financial attitude in the relationship between investment management and financial behavior. Similarly, the results revealed an insignificant indirect effect of financial attitude in the relationship between saving management and financial behavior ( $B=0.16, t = 1.625, p >0.05$ ). Furthermore, the direct effect of saving management on financial behavior was also found significant ( $B=-0.103, t = 2.436, p >0.05$ ). Hence, there is insignificant and partial mediation of financial attitude in the relationship between saving management and financial behavior. Also, the results exposed an insignificant indirect effect of financial attitude in the relationship between credit management and financial behavior ( $B=0.025, t = 0.808, p >0.05$ ). Furthermore, the direct effect of financial attitude in the relationship

between credit management and financial behavior was also significant ( $B=0.107$ ,  $t = 2.604$ ,  $p >0.05$ ). Hence, there is insignificant and partial mediation of financial attitude in the relationship between credit management and financial behavior.

The mediating effects of financial attitude in the relationship between financial literacy and financial behavior. The results revealed a significant indirect effect of financial attitude in the relationship between financial literacy and financial behavior ( $B=0.320$ ,  $t = 6.741$ ,  $p <0.01$ ). Furthermore, the direct effect of financial literacy and financial behavior was also significant ( $B=0.320$ ,  $t = 6.741$ ,  $p <0.01$ ). Hence, the mediating role of financial attitude in the relationship between financial literacy and financial behavior is significant and partially mediated.

The study found a significant mediating effect of financial attitude in the relationship between financial literacy and financial behavior. Both the indirect effect ( $B=0.320$ ,  $t=6.741$ ,  $p<0.01$ ) and the direct effect ( $B=0.320$ ,  $t=6.741$ ,  $p<0.01$ ) were significant, it indicating that financial attitude was significant and partially mediated.

These findings suggest that enhancing financial literacy among Nepali youth can positively influence their financial behavior, with financial attitudes playing a crucial mediating role. This insight is vital for policymakers and educators aiming to improve financial literacy and behavior among young people in Nepal, the importance of targeted financial education programs.

Financial literacy is still a crucial issue in Nepal that needs a lot of work and development. As things are, there is a significant lack of knowledge and implementation of basic financial ideas among the populace. Better access to financial resources and education has led to some progress in urban areas like Kathmandu. Rural communities still face challenges with low financial literacy, including a lack of awareness of basic concepts like inflation and interest rates, as well as the significance of investing and saving. Programs for financial literacy frequently fall short of the required breadth and depth, which exacerbates the knowledge gap—particularly in rural areas.

Several obstacles stand in the way of Nepal's financial literacy progress. Geographical obstacles, such as the country's untamed landscape and a dispersed population, make it challenging to provide financial education consistently. The fact that many people living in rural areas have inadequate access to high-quality education

contributes significantly to educational inequality. Furthermore, the efficient implementation of financial literacy programs may be hampered by the diversity of languages and cultural customs. Low-income levels and a lack of infrastructure and resources lead many people to put short-term financial requirements ahead of long-term planning. The digital divide worsens. These problems occur since fewer rural communities have access to digital technology, restricting the online resources available for financial education.

Financial literacy has the potential to significantly improve Nepalese society, despite the obstacles it faces. Empowering individuals to make informed financial decisions is a potential benefit of enhanced financial literacy, which can contribute to the stability of both the national and personal economies. Increased financial inclusion can be achieved by improving awareness of financial products and services, which enables a greater number of individuals to engage in the formal financial sector. Targeted education programs for young people can equip them with the necessary skills to manage their finances in the future, thereby cultivating a financially knowledgeable generation. Furthermore, individuals who are financially literate are more inclined to participate in entrepreneurial endeavors, which in turn stimulates economic growth and innovation. By facilitating the more efficient saving, investing, and budgeting of individuals, effective financial management skills can also contribute to the reduction of poverty.

Financial behavior among Nepalese youth is progressively changing, but there is still plenty of opportunity for improvement. Although some urban youth have developed saving habits, many rural youth do not engage in regular saving due to their limited financial knowledge and income. Impulsive spending is commonplace, with immediate gratification frequently prioritized over long-term financial planning. The number of youths unfamiliar with investment options beyond conventional savings accounts is a significant factor in the low level of awareness and participation in investment opportunities. The comprehension of credit management is also restricted, as many individuals need to be made aware of the consequences of loan or credit card usage. Youth attitudes toward financial management need to be more consistent; while some acknowledge the significance of financial literacy, others remain indifferent due to inadequate financial education.

Efforts to enhance financial literacy among Nepalese youth must prioritize comprehensive education that addresses behavioral gaps to address these issues and argue the potential benefits. A broader audience can be reached by utilizing technology and community-based programs. Nepal can establish a more financially literate and economically resilient future by overcoming these obstacles and capitalizing on the advantages.

## **5.2 Conclusion**

After reviewing several studies on financial literacy, Researchers found that financial literacy has attracted the greatest attention from many scholars, organizations, and economies. The global economies' persistent efforts to raise the standard of living for their inhabitants' financial well-being have led to the growing significance of financial literacy since it enables people to make wise financial decisions that will improve their financial wellness. Numerous studies have examined financial literacy dimensions and the impact of socioeconomic and demographic factors on financial literacy levels, revealing a global concern. This research investigates the financial literacy and financial behavior among youth in Nepal: A case study of Kathmandu metropolitan city. In addition, it aims to analyze the mediating effects of financial attitude in the relationship between financial literacy and financial behavior.

Most youth agreed with investment, saving, and credit management in Kathmandu Metropolitan City. The youth's viewpoint, financial attitude, and financial Behavior factors were agreed. The factors that contribute to or detract from the acquisition of financial literacy among youth can be used to inform the development of policy interventions specifically designed to improve their financial well-being. In the past, it has been discovered that financial literacy could be improved in developing countries. Additionally, it has been verified that males generally exhibit superior financial literacy, financial attitude, financial behavior, and overall financial literacy compared to females. Young individuals typically exhibit low skills in financial literacy, attitude, and behavior.

There was a positive correlation between financial behavior and investment management, saving management, credit management, and financial attitude, which was significant. The results revealed an insignificant indirect effect of financial attitude in the relationship between investment, saving, and credit management and

financial behavior, and the direct effect of investment, saving, and credit management on financial behavior was also found insignificant. Therefore, there is an insignificant and partial mediation of financial attitude in the relationship between investment, saving, credit management, and financial behavior in Nepal.

The mediating effects of financial attitude in the relationship between financial literacy and financial behavior are positive and significant. Hence, the mediating role of financial attitude in the relationship between financial literacy and financial behavior is significant and partially mediated.

### **5.3 Implications**

The field of financial literacy has expanded to cover behavioral and personality variables that influence personal financial decisions. To understand how these elements interact, analyze various financial and economic decisions, including retirement planning, credit, insurance, investments, savings, and consumption. Key research areas include defining and assessing financial literacy, determining its impact on financial behavior, and detecting exogenous variables. Exploring the various characteristics of financial behavior and moderating and mediating variables can help us better understand how financial literacy influences financial decisions. To understand the conceptual framework, researchers should focus on literature relevant to these subjects.

#### **5.3.1 Practical Implication**

The findings of this study have several practical implications for improving financial literacy and behavior among youth in Nepal. Firstly, educational institutions should integrate targeted financial education programs into their curriculum to enhance students' understanding of financial management. This includes covering essential topics such as budgeting, saving, credit management, and investment. Regular workshops and seminars focusing on practical financial skills can also help reinforce theoretical knowledge and provide hands-on experience.

Parents should be encouraged to actively engage in their children's financial education, and resources and training can be provided to help them guide their children in making sound financial decisions. Community centers and local organizations can offer financial literacy programs and counseling services to youth,

providing additional support outside of formal education. Policy interventions are necessary to promote financial literacy. The government can establish policies that mandate financial education in schools and allocate funding for community financial education programs. National campaigns have the potential to increase awareness of the significance of financial literacy and motivate individuals to invest in financial education. Financial education can be more widely available by utilizing technology. To engage users and improve learning, digital platforms and mobile applications can include interactive lectures, tests, and financial planning tools. A larger audience can be reached via financial literacy online courses, particularly for people living in distant places who might not have access to traditional educational resources.

Research must continue to comprehend how young people's needs for financial literacy are changing. This can aid in improving the efficacy of educational policies and programs. The implementation of feedback systems as a means of evaluating the efficacy of financial literacy initiatives can facilitate essential modifications and enhancements. Youth can learn useful money management skills by participating in entrepreneurship initiatives promoting financial independence. These initiatives can give guidance, resources, and training to young people who want to start their businesses. A culture of saving and good financial conduct among young people can also be promoted by starting savings and investing clubs in communities and schools. Stakeholders may greatly enhance young Nepali's financial behavior and literacy by putting these doable steps into practice. This will improve their ability to make sound financial decisions and increase their overall financial well-being.

### **5.3.2 Theoretical Implication**

The findings of this study have significant theoretical implications for understanding the relationship between financial literacy, financial attitude, and financial behavior among youth in Nepal. The results of this study have considerable theoretical implications for comprehending the relationship between financial literacy, financial attitude, and financial behavior among young people in Nepal. These implications apply to the broader field of financial literacy research and enhance the current theoretical frameworks. Initially, the research substantiates and broadens the Theory of Planned Behavior (TPB) by illustrating the substantial impact of financial literacy and attitudes on financial behavior.

The results indicate that financial literacy indirectly impacts financial behavior through financial attitudes, in addition to a direct impact. This underscores the necessity of incorporating both cognitive and attitudinal factors when predicting financial behavior. In addition, the requirement to include attitudinal variables in financial literacy models is underscored by the substantial mediation effect of financial attitude in the relationship between financial literacy and financial behavior. This mediating role implies that the impact of financial literacy on financial behavior can be strengthened by enhancing financial attitudes, thereby providing a more comprehensive understanding of how financial education is translated into practice.

Furthermore, the study enhances theoretical models by recognizing the heterogeneity within the youth population, which aligns with and builds upon existing research that underscores the importance of contextual factors in determining financial outcomes. This is achieved by analyzing the socio-economic and demographic factors influencing financial literacy and behavior. The results also challenge the notion that financial literacy alone can enhance financial behavior, necessitating a more sophisticated theoretical approach considering multiple pathways and mediating factors. Additionally, the study's findings suggest that financial education programs should prioritize the development of positive financial attitudes and transmitting knowledge, thereby improving the design and execution of more effective financial education interventions. Finally, the study underscores the necessity of additional research on the interconnections between financial literacy, attitude, and behavior in various cultural and economic contexts. It proposes that future theoretical models integrate cultural, economic, and social dimensions to more effectively comprehend and address financial literacy across diverse populations. Future research can enhance the current study's findings by addressing these theoretical implications, thereby enabling the development of more robust models and interventions designed to enhance financial literacy and behavior in Nepal and other similar contexts worldwide.

### **5.3.3 Suggestions for future Researchers**

Based on the findings of this study, several suggestions for future researchers can be made to further explore the dynamics of financial literacy and financial behavior among youth, particularly in the context of developing countries like Nepal. This study's results lead to suggestions for future studies on the dynamics of financial literacy and financial behavior among the young, especially in developing nations like

Nepal. First, the long-term impact of financial education programs and changes in financial attitudes can be revealed by observing how financial literacy and behavior change with time. Future studies should also incorporate a more varied demographic sample, including several areas, socioeconomic origins, and educational levels, to offer a complete knowledge of the impact of these elements. Furthermore, interventional studies should be used to assess the success of particular financial education programs by planning and carrying out tests. One can ascertain the best strategies for raising financial literacy and behavior by comparing classroom-based education, online courses, and hands-on seminars.

#### **5.3.4 Use of this Research**

The knowledge acquired through this study on youth financial behavior and financial literacy in Nepal is extremely valuable in the real world. Policymakers can use these results to develop focused financial education initiatives that fill in the gaps and meet the needs that were found in the study, encouraging improved financial practices and inclusivity. These insights can be included in the curricula of educational institutions, with an emphasis on the practical aspects of financial management, such as investing, credit management, and saving. Financial firms can create programs to improve financial literacy and goods and services that address the financial behaviors of young people. Financial literacy initiatives run by government and non-governmental organizations can be improved by more accurately focusing interventions. Parents can use the results to teach their children money management skills early on and encourage appropriate spending habits. Encouraging young people to understand the value of financial literacy can also result in their making wise financial decisions, which can advance Nepal's economy. This study arranges the groundwork for future investigations that will enable scholars to examine additional aspects and long-term impacts of financial literacy, ultimately resulting in a more inclusive and financially empowered society.

## REFERENCES

- Adaramola, A. O., & Dada, O. (2020). Impact of inflation on economic growth: evidence from Nigeria. *Investment Management & Financial Innovations*, 17(2). [http://dx.doi.org/10.21511/imfi.17\(2\).2020.01](http://dx.doi.org/10.21511/imfi.17(2).2020.01)
- Addin, M. M., Nayebzadeh, S., Taft, M. K., Sadrabadi, M. M. (2013). Financial Strategies and Investigating The Relationship Among Financial Literacy, Financial Well-Being and Financial Worry. *European Online Journal of Natural and Social Sciences* 2(3). Pp. 1279-1289, ISSN 1805-3602.
- Agarwal, S., Driscoll, J.C., Gabaix, X., Laibson, D., (2009). *The age of reason: financial decisions over the life cycle and implications for regulation*. Brook. Pap. Econ. Act. 2009, 51–117.
- Agarwalla, S. K., Barua, S. K., Jacob, J., & Varma, J. R. (2013). Financial Literacy among Working Young in Urban India. *IIMA Working Paper* 2013-10-02, 1-27.
- Ajzen, I. (1991). *The theory of planned behavior*. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211.
- Akben-Selcuk, E. (2015). Factors influencing college students' financial behaviors in Turkey: Evidence from a national survey. *International Journal of Economics and Finance*, 7(6), 87-94. <https://doi.org/10.5539/ijef.v7n6p87>.
- Alhenawi, Y., & Elkhail, K. (2013). Financial literacy of U.S. households: Knowledge vs. Long-term Financial Planning. *Financial Services Review* (22), 211–244.
- Altfest, L. J. (2007). *Personal Financial Planning*. McGraw-Hill /Irwin
- Arianti, B. F. (2018). The influence of financial literacy, financial behavior and income on investment decision. *Economics and Accounting Journal*, 1(1), 1-10.
- Arianti, F. B. (2020). The influence of income, career, and work experience on financial literacy. *Journal of Management and Finance*, 3(2), 288-302.
- Arifin, A. Z. (2017). The Influence of Financial Knowledge, Control and Income on Individual Financial Behavior. *European Research Studies Journal*, 20(3), 635-648. ISSN:11082976
- Arifin, A. Z., Kevin, K., & Siswanto, H. P. (2017). The influence of financial knowledge, financial confidence, and income on financial behavior among the workforce in Jakarta. *MIX: Jurnal Ilmiah Manajemen*, 7(1), 154883.

- Asaad, C. T. (2015). Financial literacy and financial behavior: Assessing knowledge and confidence. *Financial Services Review*, 24(2), 101-117. <https://doi.org/10.61190/fsr.v24i2.3236>
- Astiti, N. P. Y., Warmana, G. O., & Hidayah, M. (2019). Financial literation and investment decision behavior of entrepreneurs in Bali. *International Journal of Applied Business and International Management*, 4(3), 64-68. <https://doi.org/10.32535/ijabim.v4i3.683>.
- Asyik, N. F., Wahidahwati, W., Laily, N., & Wahidahwati, W. (2022). The role of intellectual capital in intervening financial behavior and financial literacy on financial inclusion. *WSEAS Transactions on Business and Economics*, 19, 805-814. <https://doi.org/10.37394/23207.2022.19.70>
- Atmaningrum, S., Kanto, D. S., & Kisman, Z. (2021). Investment decisions: The results of knowledge income and self-control. *Journal of Economics and Business*, 4(1), 100-112. <https://doi.org/10.31014/aior.1992.04.01.324>.
- Banthia, D., & Dey, S. K. (2022). Impact of financial knowledge, financial attitude and financial behaviour on financial literacy: Structural equitation modeling approach. *Universal Journal of Accounting and Finance*, 10(1), 327-337. <https://doi.org/10.13189/ujaf.2022.100133>
- Bernheim, B.D., Garrett, D.M., (2003). The effects of financial education in the workplace: evidence from a survey of households. *J. Public Econ.* 87 (7–8), 1487–1519. [https://doi.org/10.1016/S0047-2727\(01\)00184-0](https://doi.org/10.1016/S0047-2727(01)00184-0)
- Bruggen, E.C., Hogleve, J., Holmlund, M., Kabadayi, S. and Eofgren, M. (2017). Financial well-being: A conceptualization and research agenda. *Journal of Business Research*, 79, 1487-1519. [https://doi.org/10.1016/S0047-2727\(01\)00184-0](https://doi.org/10.1016/S0047-2727(01)00184-0)
- Calcagno, R. and Monticone, C. (2015). Financial literacy and the demand for financial advice. *Journal of Banking and Finance*, 50, 363-380. <https://doi.org/10.1016/j.jbankfin.2014.03.013>
- Calvet, L.E., Campbell, J.Y., Sodini, P., (2007). Down or out: assessing the welfare costs of household investment mistakes. *J. Polit. Econ.* 115, 707–747. <https://doi.org/20109690>
- Carpena, F., Cole, S. A., Shapiro, J., & Zia, B. (2011). Unpacking the causal chain of financial literacy. *World Bank Policy Research Working Paper*, (5798). SSRN: <https://ssrn.com/abstract=1930818>

- Chatzky, J. (2010). *50 Ways to Love Your Money*. Tewksbury, MA: AARP Financial Inc.
- Chen, H., & Volpe, R. P. (1998). An analysis of personal financial literacy among college students. *7*(2), 107–12. [https://doi.org/10.1016/S1057-0810\(99\)80006-7](https://doi.org/10.1016/S1057-0810(99)80006-7)
- Chong, K. F., Sabri, M. F., Magli, A. S., Abd Rahim, H., Mokhtar, N., & Othman, M. A. (2021). The effects of financial literacy, self-efficacy and self-coping on financial behavior of emerging adults. *The Journal of Asian Finance, Economics and Business*, *8*(3), 905-915. <https://doi.org/10.13106/jafeb.2021.vol8.no3.0905>
- Christelis, D., Jappelli, T., Padula, M., (2010). Cognitive abilities and portfolio choice. *Eur. Econ. Rev.* *54*, 18–38. <https://doi.org/10.1016/j.euroecorev.2009.04.001>
- Cohen, M., & Nelson, C. (2011). Financial Literacy: A Step for Clients towards Financial Inclusion. *Global Microcredit Summit*, 14-1.
- Coskun, A., & Dalziel, N. (2020). Mediation effect of financial attitude on financial knowledge and financial behavior: The case of university students. *International Journal of Research in Business and Social Science* (2147-4478), *9*(2), 01-08. <https://doi.org/10.20525/ijrbs.v9i2.647>
- Creswell, J. W. (2008). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches, 3rd Edition*. Thousand Oaks, CA: SAGE Publications.
- Crisis. *NETSPAR Discussion Papers*, 03/2012-007, 1-52.
- Dai, R. M., Kostini, N., & Tresna, P. W. (2021). The influence of financial attitude and financial literacy on behavioral finance: A study on leading small and medium enterprises in Cimahi city Indonesia. *Review of Integrative Business and Economics Research*, *10*(1), 322-329.
- Denzin, K. N., & Lincoln, S. Y. (2005). *Introduction: The Discipline and Practice of Qualitative Research (2nd ed.)*. Thousand Oaks, CA: SAGE Publications. <https://doi.org/10.1177/1468794108098034>
- Dewi, V., Febrian, E., Effendi, N., & Anwar, M. (2020). Financial literacy among the millennial generation: Relationships between knowledge, skills, attitude, and behavior. *Australasian Accounting, Business and Finance Journal*, *14*(4), 24-37. <https://doi.org/10.14453/aabfj.v14i4.3>

- Dinc Aydemir, S., & Aren, S. (2017). Do the effects of individual factors on financial risk-taking behavior diversify with financial literacy?. *Kybernetes*, 46(10), 1706-1734. <https://doi.org/10.1108/K-10-2016-0281>
- Dogan, M. (2016). *Testing The Relationship Between Behavioral Finance Trends and Private Pension Funds: an Application on the Bank Employees in Turkey*. *Haziran*, 18(2), 543- 564. <https://doi.org/10.1108/K-10-2016-0281>
- Dolan, P., Elliott, A., Metcalfe, R., and Vlaev, I. (2012). Influencing Financial Behavior: From Changing Minds to Changing Contexts. *The Journal of Behavioral Finance*, 13, 126-142. <https://doi.org/10.1080/15427560.2012.680995>
- Eko, B. (2022). The role of financial behavior as a mediator of the influence of financial literacy and financial attitudes on msme investment decisions in indonesia. *Journal of Social Economics Research*, 9(4), 193-203. <https://doi.org/10.18488/35.v9i4.3231>
- Fachrudin, K. R., & Fachrudin, K. A. (2016). The influence of education and experience toward investment decision with moderated by financial literacy. *Polish Journal of Management Studies*, 14(2), 51–60. Available at: <https://doi.org/10.17512/pjms.2016.14.2.05>.
- Fong, J. H., Koh, B. S., Mitchell, O. S., & Rohwedder, S. (2021). Financial literacy and financial decision-making at older ages. *Pacific-Basin Finance Journal*, 65, 101481. <https://doi.org/10.1016/j.pacfin.2020.101481>
- Fong, J. H., Koh, B. S., Mitchell, O. S., & Rohwedder, S. (2021). Financial literacy and financial decision-making at older ages. *Pacific-Basin Finance Journal*, 65, 101481. <https://doi.org/10.1016/j.pacfin.2020.101481>
- Gedmintiene, D. D., and Visockaite, A. (2016). The Importance of Personal Finance for Investment and Applying Financial Behaviour Principles in Personal Finance Investment Decisions in Lithuania. *Societal Studies Research Journal*, 8(1), 118-131. <https://doi.org/10.13165/SMS-16-8-1-7>
- Greene, H., R. (2014). *How Financial Literacy Influences Long and Short-term Financial Behaviors in Different Age Cohorts*. Dissertation of Philosophy, University of Georgia.
- Grohmann, A. (2018). Financial literacy and financial behavior: evidence from the emerging Asian middle class. *Pacific-Basin Finance Journal*, 48, pp. 129-143. <https://doi.org/10.1016/j.pacfin.2018.01.007>

- Hammond, A., Arkorful, V. E., Diriye, A. W., & Budu, G. (2023). Caregivers' Roles and Challenges, Evidence from Rural and Urban Somalia. In *Global Encyclopedia of Public Administration, Public Policy, and Governance* (pp. 1384-1393). Cham: Springer International Publishing.
- Hamza, N., & Arif. (2019). Impact of financial literacy on investment decisions: The mediating effect of big-five personality traits model. *Market Forces College of Management Sciences*, 4(1), 43-60.
- Harwell, R.M. (2011). *Research design: Qualitative, Quantitative, and Mixed Methods*. The Sage Handbook for Research in Education: Pursuing Ideas As The Keystone of Exemplary Inquiry (2nd ed.). Thousand Oaks, CA: SAGE Publications. <https://doi.org/10.4135/9781483351377.n11>
- Herawati, N. T., & Dewi, N. W. Y. (2020). The effect of financial literacy gender and students income on investment intention. *The Case of Accounting Students*, 394, 133–138. Available at: <https://doi.org/10.2991/assehr.k.200115.022>.
- Herdjiono, I., Damanik, L. A., & Musamus, U. (2016). Pengaruh Financial Attitude, Financial Knowledge, Parental Income terhadap Financial Management Behavior. *Jurnal Manajemen Teori dan Terapan*, 9(3), 226-241.
- Hidajat, T. (2018). Financial Literacy, Ponzi and Pyramid Scheme in Indonesia. *Jurnal Dinamika Manajemen*, 9(2), 198-205.
- Huhmann, B. and McQuitty, S. (2009). A model of consumer financial numeracy”, *International Journal of Bank Marketing*, 27(4), 270-293. <https://doi.org/10.1108/02652320910968359>
- Humaira, I., & Sagoro, E. M. (2018). The effect of financial knowledge financial attitudes and personality on financial management behavior in small and medium enterprises (SMEs) in the batik craft center of bantul regency. *Nominal Journal*, 2(1), 96-112. <https://doi.org/10.37641/jiakes.v13i2.3191>
- Huston, S. J. (2012). Financial literacy and the cost of borrowing. *International Journal of consumer studies*, 36(5), 566-572. <https://doi.org/10.1111/j.1470-6431.2012.01122.x>
- Ingale, K. K., & Paluri, R. A. (2022). Financial literacy and financial behaviour: A bibliometric analysis. *Review of Behavioral Finance*, 14(1), 130-154. <https://doi.org/10.1108/RBF-06-2020-0141>
- Ismail, S., Faique, F. A., Bakri, M. H., Zain, Z. M., Idris, N. H., Yazid, Z. A., Taib, N. M. (2017). The role of financial self-efficacy scale in predicting financial

- behavior. *Advanced Science Letters*, 23(5), 4635-4639. Available at: <https://doi.org/10.1166/asl.2017.8992>.
- Jemutai, B., L., Cheboi, J., & Muganda, C. (2020). Overconfidence bias financial literacy and investment decisions moderation approach a reflection from small and micro enterprises in Nairobi county Kenya. *African Journal of Education, Science and Technology*, 6(1), 221-232. <https://doi.org/10.18488/35.v9i4.3231>
- Kahneman, D., & Tversky, A. (1979). Prospect Theory: an Analysis of Decision under Risk. *Econometrica: Journal of the Econometric Society*, 47(3), 263-291.
- Kaiser, T., & Menkhoff, L. (2017). Does financial education impact financial literacy and financial behavior, and if so, when?. *The World Bank Economic Review*, 31(3), 611-630. <https://doi.org/10.1093/wber/lhx018>
- Kalsum, U., & Wawo, A. B. (2018). Role of access to finance in mediating effects financial literacy and investment experience on investment 53 decisions in small enterprises in Southeast Sulawesi. *International Journal of Scientific & Engineering Research*, 9(5), 849–857
- Kamel, A. M., & Sahid, S. (2021). Financial Literacy and Financial Behaviour of University Students in Malaysia. *Turkish Online Journal of Qualitative Inquiry*, 12(9).
- Kapoor, et al. (2008). Good financial planning. *Unpublished Doctoral Thesis*. Jaypee Institute of Information Technology University.
- Kempson, E., Finney, A., & Poppe, C. (2017). *Financial well-being a conceptual model and preliminary analysis (Final ed.)*. Norway: Consumption Research Norway - Sifo.
- Khawar, S., & Sarwar, A. (2021). Financial literacy and financial behavior with the mediating effect of family financial socialization in the financial institutions of Lahore, Pakistan. *Future Business Journal*, 7, 1-11. <https://doi.org/10.1186/s43093-021-00064-x>
- Klapper, L. F., Lusardi, A., & Panos, G. A. (2012). *Financial literacy and the financial crisis* (No. w17930). National Bureau of Economic Research. <https://doi.org/10.3386/w17930>.
- Krehbiel, B. L., Levin, D. M., & Berenson, M. L. (2004). Basic Business Statistics. Concept and applications. <https://dl.acm.org/doi/10.1145/234611.234616>.

- Kumar, S., Watung, C., Eunike, J., Luinata, L. (2017). The Influence of Financial Literacy towards Financial Behavior and Its Implication on Financial Decisions: a Survey of President University Students in Cikarang–Bekasi. *Firm Journal of Management Studies*, 2(1), 169-179.
- Lee, Y. G., & Dustin, L. (2021). Explaining financial satisfaction in marriage: The role of financial stress, financial knowledge, and financial behavior. *Marriage & Family Review*, 57(5), 397-421.  
<https://doi.org/10.1080/01494929.2020.1865229>
- Lee, Y. J, Wang, G. L., Kao, K. S., Chen, C. Y., Zhu, F. P. (2011). *The Investment Behavior, Decisions Factors and Their Effects Toward Investment Performance in the Taiwan Stock Market*. Shu-Te University, 4(9).
- Lusardi, A. (2015). Financial literacy: Do people know the ABCs of finance? *Public Understanding of Science*, 24(3), 260- 271.  
<https://doi.org/10.1177/0963662514564516>
- Lusardi, A. and Mitchell, O. (2007). Financial literacy and retirement preparedness: evidence and implications for financial education. *Business Economics*, 42 (1), pp. 35-44. <https://doi.org/10.2145/20070104>
- Lusardi, A., & Tufano, P. (2009). Debt Literacy, Financial Experiences, and Overindebtedness. *NBER Working Paper* 14808, 1-44.  
<https://doi.org/10.1017/S1474747215000232>
- Lusardi, A., Mitchell, O.S., (2008). Planning and financial literacy: how do women fare? *Am. Econ. Rev.* 98, 413–417. <https://doi.org/10.1257/aer.98.2.413>
- Lusardi, A., Mitchell, O.S., (2011a). Financial literacy and retirement planning in the United States. *J. Pension Econ. Fin.* 10, 509–525.  
<https://doi.org/10.1017/S147474721100045X>
- Lusardi, A., Mitchell, O.S., (2011b). Financial literacy around the world: an overview. *J. Pension Econ. Fin.* 10, 497–508.  
<https://doi.org/10.1017/S1474747211000448>
- Lusardi, A., Mitchell, O.S., (2014). The economic importance of financial literacy: theory and evidence. *J. Econ. Lit.* 52, 5–44. <https://doi.org/10.1257/jel.52.1.5>
- Lusardi, A., Mitchell, O.S., Oggero, N., (2018). The changing face of debt and financial fragility at older ages. *AEA Papers Proceed.* 407–411.  
<https://doi.org/10.1257/pandp.20181117>

- Lusardi, M., & Mitchell, O. S. (2014). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, 52(1). <https://doi.org/10.1257/jel.52.1.5>
- Lyons, A. C., & Kass-Hanna, J. (2021). A methodological overview to defining and measuring “digital” financial literacy. *Financial Planning Review*, 4(2), 1–19. <https://doi.org/10.1002/cfp2.1113>
- Mahdzan, N. S., & Tabiani, S. (2013). The Impact of Financial Literacy on Individual Saving: An Exploratory Study in the Malaysian Context. *Transformation in Business and Economics* 12(1).
- Mahdzan, N. S., Zainudin, R., Sukor, M. E. A., Zainir, F., & Wan Ahmad, W. M. (2019). Determinants of subjective financial well-being across three different household income groups in Malaysia. *Social Indicators Research*, 146, 699–726. <https://doi.org/10.1007/s11205-019-02138-4>
- Mandell, L., and Klein, L. S. (2009). The Impact of Financial Literacy Education on Subsequent Financial Behavior. *Journal of Financial Counseling and Planning*, 20(1). SSRN: <https://ssrn.com/abstract=2224231>
- Mendari, A. S., & Kewal, S. S. (2013). The level of financial literacy among STIE MUSI students. *Economy Journal*, 9(2), 130-140.
- Mireku, K., Appiah, F., & Agana, J. A. (2023). Is there a link between financial literacy and financial behaviour?. *Cogent Economics & Finance*, 11(1), 2188712. <https://doi.org/10.1080/23322039.2023.2188712>
- Mitchell, O. and Mukherjee, A. (2017). Assessing the demand for micro pensions among India’s poor. *The Journal of the Economics of Ageing*, 9, pp. 30-40. <https://doi.org/10.1016/j.jeoa.2016.05.004>
- Mitchell, O. S., Hammond, P. B., & Utkus, S. P. (Eds.). (2017). *Financial Decision Making and Retirement Security in an Aging World*. Oxford University Press. ISBN 978-0-19-880803-9.
- Morgan, P. J., & Long, T. Q. (2020). Financial literacy, financial inclusion, and savings behavior in Laos. *Journal of Asian Economics*, 68, 101197. <https://doi.org/10.1016/j.asieco.2020.101197>
- Mudzingiri, C., Muteba Mwamba, J. W., & Keyser, J. N. (2018). Financial behavior, confidence, risk preferences and financial literacy of university students. *Cogent Economics & Finance*, 6(1), 1512366. <https://doi.org/10.1080/23322039.2018.1512366>

- Nelson, B., E. (2013). *Financial Management Systems and Practices of GA Rural Women and Their Influence on Family Welfare*. Thesis of University Ghana, Legon, Science Degree.
- Niazi, M. K. S., & Malik, Q. A. (2019). Financial attitude and investment decision making-moderating role of financial literacy. *NUML International Journal of Business & Management*, 14(1), 102-115.
- Noctor, M., Stoney, S., & Stradling, R. (1992). *Financial Literacy*. A report prepared for the National Westminster Bank, London
- Nugraha, R. K., Eksanti, A. P., & Haloho, Y. O. (2022). The Influence of Financial Literacy and Financial Behavior on Investment Decision. *Jurnal Ilmiah Manajemen Dan Bisnis*, 8(1), 68. ISSN 2460-8424.
- OECD (2013). *Women and Financial Literacy. Financial Literacy and Education Russia Trust Fund. Paris, France*. Retrieved on April 1, 2016 from [http://www.oecd.org/daf/fin/financialeducation/TrustFund2013\\_OECD\\_INF\\_E\\_Women\\_and\\_Fin\\_Lit.pdf](http://www.oecd.org/daf/fin/financialeducation/TrustFund2013_OECD_INF_E_Women_and_Fin_Lit.pdf)
- Ososuaqpor, J. (2022). Corporate governance and organizational performance: Evidence from Nigeria. *International Journal of Public Policy and Administration Research*, 9(3), 46–55. Available at: <https://doi.org/10.18488/74.v9i3.3112>.
- Pankow, D. (2003). Financial values attitudes and goals North Dakota State University Extension Service.
- Panos, G. A., & Wilson, J. O. S. (2020). Financial literacy and responsible finance in the FinTech era: capabilities and challenges. *European Journal of Finance*, 26(4–5), 297–301. <https://doi.org/10.1080/1351847X.2020.1717569>
- Parrotta, J. L., & Johnson, P. J. (1998). The impact of financial attitudes and knowledge on financial management and satisfaction of recently married individuals. *Financial Counseling and Planning*, 9(2), 59-74.
- Potrich, A. C. G., Vieira, K. M., & Mendes-Da-Silva, W. (2016). Development of a financial literacy model for university students. *Management Research Review*, 39(3), 356-376. <https://doi.org/10.1108/MRR-06-2014-0143>
- Pritazahara, R., & Sriwidodo, U. (2015). Pengaruh Pengetahuan Keuangan dan Pengalaman Keuangan terhadap Perilaku Perencanaan Investasi dengan Self Control sebagai Variabel Moderating. *Jurnal Ekonomi Dan Kewirausahaan*, 15(1), 28-37.

- Purwidiyanti, W., & Mudjiyanti, R. (2016). Analisis Pengaruh Pengalaman Keuangan dan Tingkat Pendapatan terhadap Perilaku Keuangan Keluarga Di Kecamatan Purwokerto Timur. *Benefit: Jurnal Manajemen Dan Bisnis*, 1(2), 141-148.
- Purwidiyanti, W., & Tubastuvi, N. (2019). The effect of financial literacy and financial experience on SME financial behavior in Indonesia. *JDM (Jurnal Dinamika Manajemen)*, 10(1), 40-45.
- Rahayu, R., Ali, S., Aulia, A., & Hidayah, R. (2022). The current digital financial literacy and financial behavior in Indonesian millennial generation. *Journal of Accounting and Investment*, 23(1), 78-94. <https://doi.org/10.18196/jai.v23i1.13205>
- Rai, K., Dua, S., & Yadav, M. (2019). Association of financial attitude, financial behaviour and financial knowledge towards financial literacy: A structural equation modeling approach. *FIIB Business Review*, 8(1), 51-60. <https://doi.org/10.1177/2319714519826651>
- Rajna, A., Sharifah, E., & Junid, A. A. (2011). Financial management attitude and practice among the medical practitioners in. *Public and Private Medical Service in Malaysia*, 6(8), 1-9. Available at: <https://doi.org/10.5539/ijbm.v6n8p105>.
- Rath, T., & Harter, J. K. (2010). *Wellbeing: The five essential elements*. Simon and Schuster.
- Reswari, A. D., Sudarto, S., & Widyastuti, E. (2018). The influence of financial literacy towards financial behavior. *Journal of Research in Management*, 1(2), 11-17.
- Rosaline, O. O., & Kehinde, O. J. (2014). Assessment of knowledge sharing behaviours of postgraduate students in selected Nigerian universities. *Assessment*, 4(11). ISSN 2224-5758 (Paper) ISSN 2224-896X
- Sayinzoga, A., Bulte, E. H., and Lensink, R. (2014). Financial Literacy and Financial Behaviour: Experimental Evidence from Rural Rwanda. *The Economic Journal*. 126(594), 1571–1599, <https://doi.org/10.1111/eoj.12217>
- Scheresberg, C. (2013). Financial literacy and financial behavior among young adults: Evidence and implications. *Numeracy*, 6(2), 5. <http://dx.doi.org/10.5038/1936-4660.6.2.5>

- Setiawan, M., Effendi, N., Santoso, T., Dewi, V. I., & Sapulette, M. S. (2022). Digital financial literacy, current behavior of saving and spending and its future foresight. *Economics of Innovation and New Technology*, 31(4), 320–338. <https://doi.org/10.1080/10438599.2020.1799142>
- Sharma, R. (2012). *Introduction to Financial Planning*. Master Your Money, The Wealth Wisher Financial Planners.
- Shefrin, H. (2010). *Behavioralizing finance*. *Foundations and Trends in Finance*, 4(12), 1-184. Available at: <https://doi.org/10.1561/05000000030>.
- Shokey, S. S. (2002). *Low wealth adult's financial literacy money management behavior and associates factors including critical thinking*. Unpublished Doctoral Dissertasion. The Ohio State University ATT 3039524.
- Sivaramakrishnan, S., Srivastava, M. and Rastogi, A. (2017). Attitudinal factors, financial literacy, and stock market participation. *International Journal of Bank Marketing*, 35(5), pp. 818-841. <https://doi.org/10.1108/IJBM-01-2016-0012>
- Smith, G. (2002). London gold prices and stock price indices in Europe and Japan. *World Gold Council*, 9(2), 1-30.
- Srouji, J., & Torre, D. (2022). The Global Pandemic, Laboratory of the Cashless Economy? *International Journal of Financial Studies*, 10(4). <https://doi.org/10.3390/ijfs10040109>
- Stolper, O. A., & Walter, A. (2017). Financial literacy, financial advice, and financial behavior. *Journal of business economics*, 87, 581-643. <https://doi.org/10.1007/s11573-017-0853-9>
- Stolper, O., (2018). It takes two to tango: Households' response to financial advice and the role of financial literacy. *J. Bank. Financ.* 92, 295–310. <https://doi.org/10.1016/j.jbankfin.2017.04.014>
- Strömbäck, C., Lind, T., Skagerlund, K., Västfjäll, D., & Tinghög, G. (2017). Does Self-Control Predict Financial Behavior and Financial Well-being? *Journal of Behavioral and Experimental Finance*, 14, 30-38. <https://doi.org/10.1016/j.jbef.2017.04.002>
- Susdiani, L. (2017). Pengaruh Financial Literacy dan Financial Experience terhadap Perilaku Perencanaan Invests PNS Di Kota Padang Influence. *Journal Pembangunan Nagari*, 2(1), 61-74. <http://scholar.unand.ac.id/id/eprint/22425>

- Suyanto, S., Setiawan, D., Rahmawati, R., & Winarna, J. (2021). The impact of financial socialization and financial literacy on financial behaviors: an empirical study in Indonesia. *The Journal of Asian Finance, Economics and Business*, 8(7), 169-180. <https://doi.org/10.13106/jafeb.2021.vol8.no7.0169>
- Taft, M. K., Hosein, Z. Z., Mehrizi, S. M. T., & Roshan, A. (2013). The relation between financial literacy, financial wellbeing and financial concerns. *International journal of business and management*, 8(11), 63. <https://doi.org/10.5539/ijbm.v8n11p63>
- Tony, N., & Desai, K. (2020). Impact of digital financial literacy on digital financial inclusion. *International Journal of Scientific and Technology Research*, 9(1), 1911–1915.
- Tversky, A., & Kahneman, D. (1981). The Framing of Decision and The Psychology of Choice. *Science* 211(30): 453-458.
- Tyson, E. (2010). *Personal Finance for Dummies*. 6th Edition. Wiley Publishing.
- Van Rooij, M. C. J., Lusardi, A., & Alessie, R. J. M. (2011). Financial literacy and retirement planning in the Netherlands. *Journal of Economic Psychology*, 32(4), 593–608. Available at: <https://doi.org/10.1016/j.joep.2011.02.004>.
- van Rooij, M., Lusardi, A., Alessie, R., & National Bureau of Economic Research. (2007). Financial literacy and stock market participation [NBER working paper 13565] Retrieved from <http://papers.nber.org/papers/w13565>
- Wellington, B., Waxmonsky, S., & Melamed, D. (2006). *Empirical lower bounds on the complexity of translational equivalence*. Paper presented at the Proceedings of the 21st International Conference on Computational Linguistics and 44th Annual Meeting of the Association for Computational Linguistics, pages 977–984, Sydney, Australia. Association for Computational Linguistics.
- Widyastuti, U., Sumiati, A., Herlitha, H., & Melati, I. (2020). Financial education, financial literacy, and financial Behaviour: What does really matter?. *Management Science Letters*, 10(12), 2715-2720.
- Xiao, J. J. (2008). *Applying Behavior Theories to Financial Behavior*. Handbook of Consumer Finance Research.
- Xiao, J. J., Chen, C., & Chen, F. (2014). Consumer financial capability and financial satisfaction. *Social indicators research*, 118, 415-432. <https://doi.org/10.1007/s11205-013-0414-8>

- Xu, L., & Zia, B. (2013). Financial Literacy in the Developing World An Overview of Evidence with Practical Suggestions for the Way Forward. *World Bank Russia Trust Development Economics Research Group (DECFP), Policy Working Paper No. 6107.*
- Xu, S., Yang, Z., Ali, S. T., Li, Y., & Cui, J. (2022). Does financial literacy affect household financial behavior? The role of limited attention. *Frontiers in psychology, 13*, 906153. <https://doi.org/10.3389/fpsyg.2022.906153>
- Yahaya, R., Zainol, Z., Osman, J. H., Abidin, Z., & Ismail, R. (2019). The effect of financial knowledge and financial attitudes on financial behavior among university students. *International Journal of Academic Research in Business and Social Sciences, 9*(8), 22-32.
- Yap, R. J. C., Komalasari, F., & Hadiansah, I. (2018). The effect of financial literacy and attitude on financial management behavior and satisfaction. *BISNIS & BIROKRASI: Jurnal Ilmu Administrasi dan Organisasi, 23*(3), 4. <https://doi.org/10.20476/jbb.v23i3.9175>
- Zemtsov, A. A., Osipova, T. Y., & Osipova, T. (2015). Financial well-being as a type of human wellbeing: Theoretical review. *The European Proceedings of Social & Behavioral Sciences, 7*, 385-392. <https://doi.org/10.15405/epsbs.2016.02.49>

**APPENDIX I**  
**Questionnaire Survey 2025**

Sir/ Madam

This questionnaire is prepared for your perceptual views regarding different aspects of **“FINANCIAL LITERACY AND FINANCIAL BEHAVIOR AMONG YOUTH IN KATHMANDU METROPOLITAN CITY”**. We heartily request you to give us your estimable ideas, which will contribute to the knowledge-creation process on the subject. Your ideas shared through this questionnaire will be used only for the use of MBS thesis preparation. We assure you about the secrecy. Thank you very much for your kind cooperation.

**Suman Phayel**  
Researcher

<b>Part-I: Respondents Profile</b>
------------------------------------

1. College/Organization Name:-
2. Marital Status
  - a. Married
  - b. Unmarried
3. Gender :
  - a. Male
  - b. Female
  - c. Others
4. Age .....
5. Occupation.....
6. Education
  - a. Below Bachelor
  - b. Bachelor
  - c. Above bachelor

7. Gender
- Male
  - Female

**Part-I: Financial Literacy**

11. The following sentences inform about the **investment management** the things regarding the **financial literacy**. Indicate your level of consent. 1= Strongly disagree, 2= Disagree, 3= Neutral 4 = Agree, 5= strongly agree

**Investment Management**

S.N.	Items	1	2	3	4	5
1.	I have been buying companies' IPOs.					
2.	I buy shares from my savings.					
3.	Even if I take loans, I invest in different companies.					
4.	As soon as I have money, I buy shares of different companies.					
5.	I believe that I can become rich only by investing.					
6.	I want to be a businessman.					
7.	I know about the investment of business.					

12. The following sentences inform about the **Saving management** regarding the **financial literacy** of the place where you run your business. Indicate your level of consent.

1= Strongly disagree, 2= Disagree, 3= Neutral 4 = Agree, 5= strongly agree

**Saving management**

S.N.	Items	1	2	3	4	5
1.	I save regularly from my earnings.					
2.	I make my savings in the bank					
3.	I will invest in ventures in the future from my savings.					
4.	I spend monthly only after deducting the savings from my earnings.					
5.	I am happy with my savings.					
6.	I solve future economic problems with my savings.					

7.	If the possible, I will save the earning money.					
----	---	--	--	--	--	--

13. The following sentences inform about the **credit management** regarding the **financial literacy** of the place where you run your business. Indicate your level of consent. 1= Strongly disagree, 2= Disagree, 3= Neutral 4 = Agree, 5= strongly agree

### Credit Management

S.N.	Items	1	2	3	4	5
1.	I have taken a loan to start and run a business.					
2.	I pay the interest and installments of the loan on time.					
3.	My family allows me to mortgage my property to take a loan.					
4.	The bank gives loans to start and run a business.					
5.	I have taken a loan to start and run a business.					
	I have a handle on my loan.					
	I have a business loan to run my business.					

### Part-II: Financial Attitude

14. The following sentences inform about the **Financial attitude** in your view. Indicate your level of consent. 1= Strongly disagree, 2= Disagree, 3= Neutral 4 = Agree, 5= strongly agree

### Financial Attitude

S.N.	Items	1	2	3	4	5
1.	I find it more satisfying to spend money than to save it for the long term.					
2.	I am prepared to risk some of my own money when saving or making an investment.					
3.	Money is there to be spent.					
4.	I am satisfied with my present financial situation.					
5.	I keep a close personal watch on my financial affairs.					
6.	I use my mobile phone to make or receive payments.					
7.	My financial situation limits my ability to do the					

	things that are important to me.					
--	----------------------------------	--	--	--	--	--

**Part-III: Financial Behavior**

- 15.** The following sentences inform about the **financial behavior** regarding your view. Indicate your level of consent. 1= Strongly disagree, 2= Disagree, 3= Neutral 4 = Agree, 5= strongly agree

**Financial Behavior**

S.N.	Items	1	2	3	4	5
1.	My financial condition can meet all my financial needs only.					
2.	I spend money than to save it for the long term.					
3.	I believe in paying my bills on time.					
4.	My financial condition restricts me to do some important things in my life.					
5.	I keep a close watch on my financial affairs.					
6.	I have the habits of keeping the records of all of my financial activities.					
7.	I have the tendency to analyze my affordability before buying					

**Thank You.**

## Annex-I: Codebook

Name	Label	Coding Schemes	Variable
S.N	Serial Number	None	None
Q1	Organization Name	None	
Q2	Marital Status	1= Married, 2= Unarried, 3= others	
Q3	Age	1= Below 19, 2= 20-29, 3=30-39, 4=40 and above	
Q4	Occupation	1= Students, 2= entrepreneurs, 3= Others	
Q5	Education	1=Below Bachelor, 2=Bachelors, 3= Above bachelor	
Q6	Gender	1=Male, 2=Female	
IM1	I have been buying companies' IPOs.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	<b>Investment Management</b>
IM2	I buy shares from my savings.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
IM3	Even if I take loans, I invest in different companies.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
IM4	As soon as I have money, I buy shares of different companies.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
IM5	I believe that I can become rich only by investing.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
IM6	I want to be a businessman.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
IM7	I know about the investment of business.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
SM1	I save regularly from my earnings.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	<b>Saving management</b>
SM2	I make my savings in the bank	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
SM3	I will invest in ventures in the future from my savings.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
SM4	I spend monthly only after deducting the savings from my earnings.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
SM5	I am happy with my savings.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
SM6	I solve future economic problems with my savings.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
SM7	If the possible, I will save the earning money.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	

CM1	I have taken a loan to start and run a business.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	<b>Credit management</b>
CM2	I pay the interest and installments of the loan on time.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
CM3	My family allows me to mortgage my property to take a loan.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
CM4	The bank gives loans to start and run a business.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
CM5	I have taken a loan to start and run a business.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
CM6	I have a handle on my loan.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
CM7	I have a business loan to run my business.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FA1	I find it more satisfying to spend money than to save it for the long term.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	<b>Financial Attitude</b>
FA2	I am prepared to risk some of my own money when saving or making an investment.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FA3	Money is there to be spent.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FA4	I am satisfied with my present financial situation.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FA5	I keep a close personal watch on my financial affairs.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FA6	I use my mobile phone to make or receive payments.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FA7	My financial situation limits my ability to do the things that are important to me.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FB1	My financial condition can meet all my financial needs only.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	<b>Financial Behavior</b>
FB2	I spend money than to save it for the long term.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FB3	I believe in paying my bills on time.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FB4	My financial condition restricts me to do some important things in my life.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FB5	I keep a close watch on my financial affairs.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 =	

		Agree, 5= Strongly Agree	
FB6	I have the habits of keeping the records of all of my financial activities.	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	
FB7	I have the tendency to analyze my affordability before buying	1= Strongly Disagree, 2 = Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree	

**Thank You.**