EFFECT OF FINANCIAL LITERACY ON FINANCIAL WELLBEING OF NEPALESE HOUSEHOLDS

A Dissertation submitted to the Office of the Dean, faculty of Management in partial fulfillment of requirement for the Master's Degree

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**EFFECT OF FINANCIAL LITERACY ON FINANCIAL WELLBEING OF NEPALESE HOUSEHOLDS”**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has it 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 declared that all information sources and literature used are cited in the reference section of the dissertation.

Nisha Shrestha

September 2024

REPORT OF RESEARCH COMMITTEE

Ms. Nisha Shrestha has defended research proposal entitled "**EFFECT OF FINANCIAL LITERACY ON FINANCIAL WELLBEING OF NEPALESE HOUSEHOLDS**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Pitri Raj Adhikari and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled "**EFFECT OF FINANCIAL LITERACY ON FINANCIAL WELLBEING OF NEPALESE HOUSEHOLDS** "presented by Ms. Nisha Shrestha for the degree of Masters of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Any remaining errors are mine.

Nisha Shrestha

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ABBREVIATIONS

ANOVA	:	Analysis of Variance
FA	:	Financial Attitude
FAW	:	Financial Awareness
FB	:	Financial Behavior
FE	:	Financial Experience
FK	:	Financial Knowledge
FS	:	Financial Skill
FW	:	Financial Wellbeing
S.D.	:	Standard Deviation
SPSS	:	Statistical Package for the Social Sciences
T.U	:	Tribhuvan University

ABSTRACT

This study has two main objectives. First, it aims to thoroughly examine the complex relationships between various financial dimensions such as financial awareness, experience, skill, behavior, knowledge, and attitude and the overall financial well-being of Nepalese households. Second, it seeks to evaluate the impact of each of these financial dimensions on the households' financial well-being. The research employs a causal-comparative design to investigate these relationships, using a sample of 384 respondents selected through a well-structured questionnaire, which was the primary tool for collecting data. The analysis of the collected data revealed that several financial dimensions, including financial knowledge, skill, attitude, awareness, and experience, have positive and statistically significant relationships with the financial well-being of Nepalese households. Notably, financial knowledge, behavior, attitude, awareness, and experience all have a positive and significant impact on financial well-being. However, while financial skill is positively related to well-being, its impact is not statistically significant.

Keywords: *financial literacy, financial wellbeing and Nepalese household*

CHAPTER- I

INTRODUCTIONS

1.1 Background of the study

In the contemporary world, financial literacy has emerged as an essential life skill that empowers individuals to navigate the increasingly complex financial landscape. This skill encompasses a broad range of financial concepts and practices, including budgeting, saving, investing, and managing debt. It equips individuals with the knowledge necessary to make informed financial decisions, which can significantly impact their overall well-being. Financial literacy is not merely about understanding financial products or services; it is about enabling individuals to develop a prudent approach to managing their personal and household finances (Kamakia et al., 2017).

In developing countries like Nepal, financial literacy holds particular importance as it directly influences the financial well-being of households. The financial well-being of a household can be defined as the ability of its members to meet current and future financial obligations, feel secure about their financial future, and make financial decisions that allow for the enjoyment of life. When households are financially literate, they are better positioned to plan and save for the future, manage financial risks, and make informed investment decisions. This, in turn, contributes to broader economic stability and growth, underscoring the crucial role of financial literacy in socio-economic development (Prakash et al., 2022).

However, the state of financial literacy in Nepal presents a concerning scenario. The level of financial literacy remains low across the country, particularly in rural and semi-urban areas where access to formal financial education and services is limited. In these regions, many households continue to rely on informal financial practices, which are often based on traditional knowledge passed down through generations. While these practices may suffice in certain situations, they are generally inadequate in helping households effectively manage their finances in today's more complex financial environment. This lack of financial literacy often leads to suboptimal financial decisions, such as inadequate saving, excessive borrowing, and inefficient investment choices, which can have long-term negative consequences on household financial well-being (Thapa & Raju, 2020).

The gap in financial literacy is not just a personal or household issue; it has broader implications for the socio-economic development of the country. Low levels of financial literacy contribute to various socio-economic challenges, including low savings rates, high levels of indebtedness, and increased vulnerability to financial shocks. For instance, households with low financial literacy are more likely to fall into debt traps, where they borrow beyond their capacity to repay, leading to a cycle of poverty and financial insecurity. Moreover, the lack of financial literacy can also hinder individuals from taking advantage of financial opportunities, such as investing in profitable ventures or utilizing financial services that could enhance their financial position (Lone & Bhat, 2022).

The issue of financial literacy is further compounded by the fact that many Nepalese households lack access to reliable financial information and resources. The financial education system in Nepal is still in its nascent stage, with limited initiatives aimed at improving financial literacy among the general population. Most financial education programs are concentrated in urban areas, leaving a significant portion of the population, especially in rural and semi-urban areas, without adequate financial knowledge. Furthermore, cultural and social factors also play a role in the low levels of financial literacy. For example, in many Nepalese communities, financial decisions are traditionally made by the male head of the household, leaving women and younger members with limited financial knowledge and decision-making power (Tahir et al., 2021).

Despite the recognized importance of financial literacy, there has been limited research in the context of Nepal that specifically examines its impact on the financial well-being of households. This gap in research is particularly concerning given the growing evidence from other countries that highlights the critical role of financial literacy in enhancing financial well-being. Studies from various parts of the world have shown that individuals with higher financial literacy are more likely to engage in sound financial practices, such as budgeting, saving, and investing, which are key determinants of financial well-being. These findings suggest that improving financial literacy in Nepal could have significant positive effects on the financial well-being of households (Kumar et al., 2023).

Understanding the relationship between financial literacy and financial well-being is crucial for designing effective financial education programs and policies that can enhance the financial stability of Nepalese households (Sharma & Rohan, 2021). Financial education programs that are tailored to the specific needs and contexts of Nepalese households can play a vital role in improving financial literacy and, consequently, financial well-being. For instance, programs that focus on practical financial skills, such as budgeting, saving, and managing debt, can help individuals make more informed financial decisions. Additionally, financial education programs that are accessible to all segments of the population, including those in rural and semi-urban areas, can help bridge the gap in financial literacy and ensure that all households have the knowledge and skills needed to manage their finances effectively (Pijoh et al., 2020).

Moreover, financial institutions also have a critical role to play in promoting financial literacy. By offering financial education programs and resources to their clients, financial institutions can help individuals understand the financial products and services available to them and make informed decisions about how to use these products to achieve their financial goals. For example, banks and microfinance institutions can offer workshops and seminars on topics such as saving, investing, and managing debt. These initiatives can not only help improve financial literacy but also build trust between financial institutions and their clients, which is essential for the growth of the financial sector in Nepal (Joshi, 2018).

Furthermore, policymakers need to recognize the importance of financial literacy in promoting economic development and take steps to incorporate financial education into the national education curriculum. By integrating financial literacy into the education system, policymakers can ensure that future generations are equipped with the knowledge and skills needed to manage their finances effectively. This can have a long-term positive impact on the financial well-being of households and the overall economic stability of the country (Kamakia et al., 2017).

Financial literacy is a critical factor that influences the financial well-being of households in Nepal. Despite its importance, the level of financial literacy in Nepal remains low, particularly in rural and semi-urban areas, leading to various socio-economic challenges. There is a need for more research to understand the relationship between financial literacy and financial well-being in the context of Nepal (Das & Mahapatra, 2023). Such research can provide valuable insights for designing effective financial education programs and policies that can enhance the financial stability of Nepalese households. By improving financial literacy, Nepal can create a more financially resilient population, which is essential for the country's economic development and growth (Lone & Bhat, 2022). This study aims to fill the research gap by exploring the effect of financial literacy on the financial well-being of Nepalese households and providing recommendations for improving financial literacy and financial well-being in Nepal.

Therefore, this study examines the effect of financial literacy on financial wellbeing among Nepalese households.

1.2 Problem statement

Financial literacy, defined as the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing, is increasingly recognized as a critical determinant of financial well-being. In the context of Nepal, a developing country with a predominantly agrarian economy, financial literacy assumes even greater importance due to the limited access to formal financial services, especially in rural and semi-urban areas (Sharma & Rohan, 2021). The financial decisions made by households, ranging from savings and investments to managing credit and debt, are significantly influenced by their level of financial literacy. However, in Nepal, the level of financial literacy remains alarmingly low, particularly among the rural population, leading to suboptimal financial decisions that adversely affect household financial well-being (Kumar et al., 2023).

Despite the vital role financial literacy plays in enhancing individual and household financial stability, there is a significant gap in both the understanding and promotion of financial literacy across Nepal. This gap has far-reaching implications for the financial well-being of Nepalese households, many of which continue to rely on informal financial practices. These practices often do not equip them to cope with the demands of the modern financial environment, which is becoming increasingly complex due to the growing availability of financial products and services. Consequently, many Nepalese households are ill-prepared to make informed financial decisions, leading to poor financial outcomes such as inadequate savings, high levels of debt, and vulnerability to financial shocks (Tahir et al., 2021).

The problem is further compounded by the lack of comprehensive financial education programs in the country. Although there have been efforts to promote financial literacy through various government and non-governmental initiatives, these programs are often limited in scope and reach. Most financial education initiatives are concentrated in urban centers, leaving a large portion of the population, particularly those in rural and semi-urban areas, without access to essential financial knowledge. This lack of access exacerbates the already low levels of financial literacy, particularly among disadvantaged groups such as women, the elderly, and the less educated, who are often the most vulnerable to financial instability (Prakash et al., 2022)..

Moreover, the cultural and social context of Nepal also plays a significant role in shaping financial literacy and, by extension, financial well-being. In many Nepalese households, financial decision-making is traditionally seen as the responsibility of the male head of the household, with women and younger family members having limited involvement. This traditional approach to financial management often results in a significant portion of the population lacking the financial knowledge and skills necessary to contribute effectively to household financial decisions. As a result, households may be more likely to engage in risky financial behaviors, such as taking on excessive debt or failing to save adequately for the future, which can have detrimental effects on their financial well-being (Joshi, 2018).

The impact of low financial literacy on financial well-being is particularly evident in the growing issue of indebtedness among Nepalese households. Many households take on loans without fully understanding the terms and conditions or without a clear plan for repayment, leading to a cycle of debt that can be difficult to escape. This situation is exacerbated by the limited availability of financial education and resources that could help individuals make more informed decisions about borrowing and managing debt (Das & Mahapatra, 2023). Furthermore, the lack of financial literacy also hinders households from taking advantage of opportunities to improve their financial situation, such as investing in income-generating activities or utilizing financial products that could enhance their financial security.

Given these challenges, it is evident that there is a critical need for research that explores the relationship between financial literacy and financial well-being in Nepal. Understanding this relationship is essential for identifying the specific factors that contribute to low financial literacy and for developing targeted interventions that can improve financial literacy and, consequently, the financial well-being of households. Despite the growing recognition of the importance of financial literacy, there has been limited research in Nepal that systematically examines its impact on household financial well-being. This lack of research is a significant gap in the literature, particularly in a country where financial literacy is crucial for economic development and poverty reduction (Prakash et al., 2022).

This study, therefore, seeks to address this gap by investigating the effect of financial literacy on the financial well-being of Nepalese households. The research will focus on identifying the key factors that influence financial literacy and examining how these factors relate to financial well-being. By doing so, the study aims to provide valuable insights that can inform the design of effective financial education programs and policies that are tailored to the specific needs of Nepalese households. The ultimate goal of the research is to contribute to the development of strategies that can enhance financial literacy and, in turn, improve the financial resilience and well-being of households in Nepal (Sharma & Rohan, 2021).

The low levels of financial literacy in Nepal pose a significant challenge to the financial well-being of households. The lack of comprehensive financial education programs, combined with cultural and social factors, has left many Nepalese households ill-equipped to manage their finances effectively. This has led to suboptimal financial decisions and increased financial vulnerability. Therefore, there is a pressing need for research that explores the relationship between financial literacy and financial well-being in Nepal, with the aim of identifying the factors that contribute to low financial literacy and developing interventions that can enhance financial stability and resilience among Nepalese households (Joshi, 2018). This study aims to bridge these gaps by providing empirical evidence on the relationship between financial literacy and financial well-being, ultimately guiding more effective financial education and policy-making in Nepal.

i. What is the current state of financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitude, and overall financial well-being among Nepalese households?
ii. What is the relationship between financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitude, and the financial well-being of Nepalese households?

iii. How do financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitude impact the financial well-being of Nepalese households?

1.3 Objectives of the study

The specific objectives are outlined below:

i. To assess the current state of financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitude, and overall financial well-being of Nepalese households.
ii. To analyze the relationship between financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitude, and the financial well-being of Nepalese households.
iii. To examine the impact of financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitude on the financial well-being of Nepalese households.

1.4 Hypothesis of the study

H1: A significant relationship exists between financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitude, and the financial well-being of Nepalese households.

H2: Financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitude have a significant impact on the financial well-being of Nepalese households.

1.5 Rationale of the study

The financial well-being of households plays a crucial role in the economic stability and growth of a country. In Nepal, where financial inclusion is growing but still faces significant challenges, understanding the factors that influence household financial health is essential for formulating effective policies. Among these factors, financial literacy has emerged as a critical determinant of financial well-being, empowering individuals to make informed financial decisions, plan for future financial needs, and manage financial risks effectively.

Despite various efforts by the government, financial institutions, and NGOs to enhance financial literacy through programs and initiatives, a significant portion of the Nepalese population remains financially vulnerable. Many households lack the knowledge required to make sound financial decisions, such as budgeting, saving, investing, and managing debt. This often results in poor financial management, low savings rates, and susceptibility to financial shocks, ultimately affecting their overall well-being.

The rationale for this study stems from the need to empirically investigate the link between financial literacy and financial well-being in the Nepalese context. Given Nepal's unique socio-economic environment, it is essential to assess how financial literacy affects household financial behaviors such as saving, investing, and managing expenditures, and how these behaviors contribute to overall financial stability and quality of life.

By conducting this study, the research aims to provide insights into the current levels of financial literacy among Nepalese households and its direct impact on their financial well-being. The findings will be valuable for policymakers, financial institutions, and development organizations as they design and implement more targeted financial literacy programs that can help improve the financial health and resilience of Nepalese households. Additionally, the study will help identify gaps in financial knowledge and areas where interventions can be made to enhance financial decision-making and long-term financial security in Nepal.

1.6 Limitations of the study

The following are the limitation of the research.

i. Obtaining accurate and comprehensive data from households is be difficult due to varying levels of literacy

ii. The reliance on self-reported data for financial literacy and well-being can lead to biases, such as overestimation or underestimation of one's financial knowledge or situation.

iii. Nepal is a country with diverse cultures and regions, which is influence financial behavior and literacy differently.

iv. Defining and measuring financial literacy and well-being can be subjective.

v. The findings from a specific sample of Nepalese households is not be generalizable to the entire population, especially in a country with significant urban-rural disparities.

vi. Financial literacy have long-term effects on financial well-being that are not immediately observable, making it challenging to capture the full impact in a short-term study.

CHAPTER- II

LITERATURE REVIEW

The second chapter of this research is focused on the literature review. This section provides a comprehensive overview of the perspectives offered by previous researchers on the topic and related areas. It explores the objectives, methodologies, and conclusions of various studies, organized into three distinct sections. The chapter begins by defining key terms used in the study to ensure a shared understanding of the concepts. It then reviews relevant publications from both national and international contexts, summarizing the methodologies and findings of earlier research. In its final section, the chapter identifies gaps in past, present, and potential future studies, thereby contributing to a thorough understanding of the current knowledge base and highlighting areas that require further investigation.

2.1 Theoretical Review

Theory of Financial Literacy

Foundations of Financial Literacy

The theory of financial literacy is based on the idea that financial knowledge includes understanding key concepts such as budgeting, saving, investing, and managing debt. It suggests that individuals with a higher level of financial literacy are better positioned to make informed financial decisions, which leads to improved financial outcomes. This theory is supported by educational psychology, which indicates that acquiring knowledge and skills enhances individuals' abilities to apply them effectively in real-life scenarios (Sabri & Falahati, 2013).

Behavioral Economics Perspective

Behavioral economics enriches this theory by exploring how cognitive biases and heuristics affect financial decision-making. It suggests that people often base their financial choices on emotions, immediate benefits, or limited information rather than on rational analysis. Financial literacy can help counteract these biases by equipping individuals with the knowledge and tools necessary for making more rational, informed decisions. For instance, understanding

Compound interest can improve decision-making regarding savings and investments (Moein Addin et al., 2014).

Financial Capability Model

The financial capability model builds on financial literacy theory by emphasizing the practical application of financial knowledge. It argues that simply having financial literacy is not enough; individuals must also possess the capability to apply their knowledge effectively. This model includes factors such as access to financial resources, confidence, and behavioral skills. For example, a person might understand the importance of saving but may struggle to create and maintain a savings plan due to a lack of financial discipline or resources (Sabri & Falahati, 2013).

Socio-Economic Factors and Financial Literacy

The theory also considers how socio-economic factors affect financial literacy and its outcomes. Factors like income level, education, and cultural norms influence both financial knowledge and the ability to apply it. For example, those with higher education levels often have a better grasp of complex financial concepts and products. The theory suggests that financial literacy programs should be tailored to address these socio-economic differences for greater effectiveness (Moein Addin et al., 2014).

Theory of Financial Well-Being

Psychological Aspects of Financial Well-Being

Psychological theories are crucial for understanding financial well-being. The Psychological Well-Being Theory posits that financial well-being is closely linked to individuals' perceptions and attitudes toward their financial situation (Sabri & Falahati, 2013).

Financial Stress and Anxiety

High levels of financial stress can adversely affect mental health and overall well-being. Effective management of financial-related stress and anxiety is integral to achieving financial well-being (Chu et al., 2017).

Perceived Control

Individuals who feel they have control over their financial decisions and outcomes generally experience higher financial well-being. This sense of control is associated with better financial planning and management (Sabri & Falahati, 2013).

Socio-Economic Factors

Socio-economic factors such as income, education, and social support systems significantly impact financial well-being. The Socio-Economic Theory of Well-Being highlights the following aspects (Moein Addin et al., 2014):

Income and Wealth

Higher income and wealth usually lead to better financial well-being by providing more resources and reducing financial stress (Adam et al., 2017).

Education

Financial literacy and education help individuals make informed financial decisions, thereby improving their stability and security (Adam et al., 2017).

Social Support

Robust social networks and support systems can offer financial assistance and advice, enhancing financial well-being (Adam et al., 2017).

2.2 Empirical Review

Chetioui et al. (2024) conducted a study examining the factors that contribute to financial literacy and its impact on individuals' financial well-being within emerging markets. Using structural equation modeling, they analyzed a conceptual model that also explored the mediating roles of indebtedness and financial behavior. The study emphasized the role of financial literacy in reducing financial vulnerability and improving overall financial well-being. The authors recommended that policymakers in Morocco and similar developing nations utilize these findings to create effective educational programs to enhance financial literacy and well-being. Additionally, the study observed that general education had a limited effect on financial literacy, highlighting the need for a greater focus on financial education within broader educational initiatives.

Kumar et al. (2023) looked at how digital financial skills, financial independence, financial abilities, and impulsiveness affect financial decisions and well-being. Using a technique called Partial Least Squares (PLS) to check their ideas, they found that digital financial skills have a big impact on both financial decision-making and well-being. These skills help people manage complex financial situations directly and indirectly. Financial independence and abilities were also important for making decisions and improving well-being, but impulsiveness didn’t make much difference. This suggests that having strong financial skills and independence is more important for financial health than acting on impulse.

Dare et al. (2023) studied how executive functioning (mental processes for decision-making), belief in financial abilities, positive financial behaviors, and well-being are connected. They found that believing in your own financial abilities plays a big role in improving well-being when combined with good financial habits. However, executive functioning did not have a direct impact on well-being. This suggests that while mental processes help with decision-making, they don't necessarily lead to better financial well-being unless good financial habits are also present.

Das and Mahapatra (2023) looked at financial knowledge, behavior, and attitude, calling these three factors the "big three" of financial literacy. Their study found that these elements strongly affect financial well-being. People with good financial knowledge, behaviors, and attitudes are more likely to experience better financial well-being. This research shows the importance of financial literacy programs that not only teach financial concepts but also encourage positive financial habits and mindsets.

Manandhar (2023) explored what influences people to invest in mutual funds, including their financial status, risk tolerance, and knowledge of past fund performance. The study found that these factors are closely linked to financial well-being for mutual fund investors. For example, people with more financial resources, a higher tolerance for risk, and a good understanding of fund performance were more likely to feel financially secure. This research suggests that investment strategies should be personalized to match the investor's financial situation and risk preferences for better financial outcomes.

Pantha (2023) studied how financial literacy affects personal financial planning in Nepal. The research showed that people with better financial knowledge plan their finances more effectively, which leads to improved well-being. Financial literacy helps individuals understand budgeting, saving, and investing, and set long-term financial goals. The study suggests that financial education programs could improve financial planning and well-being, especially in developing countries like Nepal.

Pastor et al. (2022) examined how young professionals manage saving and investing. Their research found that factors like age, gender, education, salary, and financial knowledge all influence these behaviors. Young professionals who are better educated, earn more, and have greater financial knowledge tend to save and invest more wisely, leading to better financial well-being. The study suggests that financial education programs for young professionals could improve their financial decisions and well-being.

Prakash et al. (2022) studied how financial literacy, financial behavior, and stress affect the well-being of IT employees in India. They found that financial literacy and positive financial behaviors improve well-being, while financial stress harms it. The study highlights the need for financial literacy programs in workplaces, particularly in the IT sector, to reduce financial stress and improve employee well-being.

Mishra (2022) looked at the financial well-being of Indian households, focusing on financial knowledge, attitude, and behavior. The research found that financial behavior had the greatest impact on well-being, followed by financial knowledge and attitude. Promoting positive financial habits like saving, budgeting, and responsible borrowing can significantly improve household financial well-being. Policymakers and educators should focus on encouraging these behaviors through financial education programs.

Lone and Bhat (2022) studied financial literacy among business school faculty members and found that it positively impacted their financial self-confidence and well-being. Faculty members with higher financial literacy were more confident in managing their money and experienced better financial well-being. This research suggests that financial education programs should be offered not only to students but also to educators to improve their financial outcomes.

Sabri et al. (2021) explored the financial well-being of young adults in Malaysia, finding that financial knowledge, behavior, and stress all play a role. Higher financial literacy and positive financial behaviors improved well-being, while financial stress had a negative effect. The study recommends targeting financial education programs at young adults to help them reduce stress and build good financial habits.

Kumar and Bansal (2021) found that financial literacy helps people access credit, which in turn improves their financial well-being. Individuals with higher financial literacy are better at navigating the credit market, leading to better financial outcomes. This study highlights the importance of financial literacy in promoting financial inclusion, especially for people who have difficulty accessing credit.

Sharma and Rohan (2021) studied the relationship between financial literacy and household well-being, finding a strong positive connection between the two. Households with higher financial literacy are better at managing their money, avoiding debt, and achieving financial stability. The research suggests that promoting financial literacy at the household level can significantly improve overall well-being.

Philippas and Avdoulas (2021) examined the financial literacy of university students in Greece, finding that students with higher financial literacy were better at handling financial shocks and were less financially vulnerable. The study recommends including financial literacy programs in university curricula to help students prepare for financial challenges and improve their long-term well-being.

Voros et al. (2021) looked at how overconfidence in financial skills affects financial well-being. They found that people's belief in their financial abilities (perceived financial literacy) is a stronger predictor of well-being than their actual skills. This suggests that financial education programs should address overconfidence, as people who overestimate their abilities may make poor financial decisions that hurt their well-being.

Tahir et al. (2021) studied the link between financial literacy and well-being, finding that financial literacy improves well-being by boosting financial capabilities, especially when individuals avoid impulsive behavior. The study suggests that financial education should not only focus on improving knowledge but also on promoting self-control and responsible behavior.

Vaidya (2021) explored investor behavior in Nepal's secondary market, focusing on factors like market trends and technical analysis. These factors were important in shaping investor decisions, which in turn affected their financial well-being. The study emphasizes the need for investors to be well-informed to make better decisions in the stock market.

Thapa and Raju (2020) found that financial literacy among stock market investors in Nepal was generally low, with little influence from demographic factors like age or gender. Their research highlights the need for more financial education to improve decision-making and well-being among investors.

Filippini et al. (2020) studied how financial literacy related to energy efficiency in Nepal. They found that people with higher financial literacy had better attitudes toward energy-efficient behaviors. The study shows that financial education can encourage sustainable practices like investing in energy-efficient technologies, which benefits both financial and environmental well-being.

Pijoh et al. (2020) researched how financial behavior and anxiety affect the well-being of top managers in a manufacturing company. They found that positive financial behaviors and lower financial anxiety were linked to better financial well-being. This study suggests that companies should offer financial education and support to help reduce financial anxiety among employees.

Ismail and Zaki (2019) found that effective income management is strongly linked to financial wellness. Their research suggests that companies should offer financial education to their employees to improve their financial well-being. People who manage their income well tend to have better financial health, highlighting the importance of financial literacy in the workplace.

Younas et al. (2019) looked at how self-control and financial literacy shape financial behavior and well-being. They found that people with higher levels of self-control and financial literacy are more likely to engage in positive financial behaviors like saving and budgeting, which improves their well-being.

Shrestha (2019) studied how overconfidence affects financial decisions, especially among wealthy women. Overconfidence led to more trading activity and stronger confidence in investment decisions, which could have both positive and negative effects on financial well-being, depending on the success of those investments.

Oli (2018) examined the impact of financial literacy on personal financial planning in Nepal. The study found that financial knowledge and attitudes significantly influence financial planning. People with higher financial literacy are better equipped to manage their finances, leading to better financial outcomes.

Table 1

Summary of Article Review

Authors	Variables	Methodology	Major Findings
Chetioui et al. (2024)	Dependent Variables: financial well being Independent Variables: financial literacy's,	The study also explored the mediating roles of indebtedness and financial behavior, with the conceptual model assessed through structural equation modeling.	The findings suggest that improving financial literacy is essential for mitigating financial vulnerability and boosting financial well-being. Policymakers in Morocco and other developing countries with significant financial vulnerability can leverage these insights to design effective educational programs focused on enhancing citizens' financial literacy and overall well-being. Furthermore, the study implies that existing educational programs in Morocco may not adequately highlight the significance of financial literacy in influencing students' career trajectories and financial outcomes.
Kumar et al. (2023)	Dependent Variables: financial well being Independent Variables: skills, digital financial literacy	Partial Least Squares prediction is used to assess the accuracy of the proposed model in predicting outcomes on data it has not been trained on.	They discovered that skills have a direct impact on financial decision-making and perceived financial well-being.
Dare et al. (2023)	Dependent Variables: financial well being	Use correlation and regression analysis.	The findings showed a strong positive relationship between financial well-being and financial

	Independent Variables: financial self-efficacy, executive functioning		self-efficacy, mediated by positive financial behaviors.
Das and Mahapatra (2023)	Dependent Variables: financial well being Independent Variables: financial knowledge, financial behavior, and financial attitude	The study primarily relied on primary data gathered from a randomly selected sample of individuals from Assam, India. The data were analyzed using statistical methods including factor analysis, regression analysis, and correlation analysis.	The research suggests that financial literacy, encompassing these core elements, has a positive and significant impact on individuals' financial well-being.
Prakash et al. (2022)	Dependent Variables: financial well being Independent Variables: Financial literacy, financial stress and financial behavior	Using correlation and regression analysis.	Financial literacy and financial behavior are positively linked to financial well-being, while financial stress has a notably negative effect. Moreover, financial behavior and financial stress serve. A factors were found to significantly moderate the relationships between the factors influencing financial well-being.
Mishra (2022)	Dependent Variables: financial well being Independent Variables: financial knowledge, financial attitude, behavior	The results from logistics regression.	The key predictors of financial well-being. The findings show that both financial attitude and behavior have a positive impact on financial well-being. Interestingly, while actual financial knowledge might not significantly affect financial well-being, subjective financial knowledge one's self-assessed understanding of finances seems to have a substantial influence on financial well-being, particularly in certain cases.

Lone and Bhat (2022)	Dependent Variables: financial well being Independent Variables: financial literacy, financial self-efficacy	The study collected data through a questionnaire survey administered to faculty members from business schools, using simple random sampling for participant selection. Confirmatory factor analysis was conducted to validate the questionnaire's scale, and structural equation modeling was employed to analyze and test the study's hypotheses.	The study discovered that financial literacy and its various aspects had a significant positive impact on both financial self-efficacy and financial well-being. Additionally, it was found that financial self-efficacy partially mediated the relationship between financial literacy and financial well-being. The research was limited to faculty members from business schools, and the constructs were measured subjectively.
Sabri et al. (2021)	Dependent Variables: financial well being Independent Variables: financial knowledge, financial socialization, financial behavior, financial strain	A multi-stage random sampling approach was employed to collect a representative sample of young adults in Malaysia, with completed responses gathered through a self-administered questionnaire.	All four factors investigated as determinants of financial well-being financial knowledge, financial socialization, financial behavior, and financial strain demonstrated statistically significant relationships, with the exception of financial strain, which was negatively related to financial well-being.
Kumar and Bansal (2021)	Dependent Variables: financial well being Independent Variables: financial literacy (FL), access to credit (AC)	The results from logistics regression.	The results indicate that financial literacy alone does not improve financial well-being for individuals in the National Capital Region of India who lack access to credit. While previous research has examined the connection between financial literacy and financial well-being, the mediating role of access to credit in this relationship has not been explored before.
Sharma and Rohan (2021)	Dependent Variables: financial well being	The study is descriptive in nature and cross sectional research had been conducted.	They reject the null hypothesis, which suggests that financial literacy does not significantly affect household financial well-being.

	Independent Variables: financial literacy,		Instead, they accept the alternative hypothesis, which indicates a positive impact of financial literacy on household financial wellness.
Philippas and Avdoulas (2021)	Dependent Variables: financial well being Independent Variables: education, financial fragility and financially literate	They developed and distributed a survey to a randomly selected group of university students in Greece. The data analysis involved methods such as cross-tabulations, chi-square tests, logistic regressions, and conducting.	The results indicate that male students, those who monitor their expenses, or students whose fathers have higher levels of education tend to have higher financial literacy. Additionally, the study examines aspects of financial fragility, revealing that financially literate students are better equipped to handle unexpected financial challenges.
Vörös et al. (2021)	Dependent Variables: financial well being Independent Variables: financial literacy (FL), FL skills and overestimation (OE)	To investigate the relationships between financial literacy, various types of financial literacy overconfidence, and financial well-being, data were collected from Hungarian participants using a self-reported questionnaire and random sampling methods.	The results indicate a positive association between financial literacy and overestimation with household financial outcomes. Perceived FL is highlighted as a stronger predictor of financial well-being compared to actual FL skills. Additionally, the study underscores that different forms of overconfidence, such as over precision and OE, can have varying impacts, potentially leading to negative outcomes.
Tahir et al. (2021)	Dependent Variables: financial well being Independent Variables: financial capability, financial literacy, future-oriented behavior	They used PROCESS macros in IBM SPSS Statistics to analyze the moderated mediation model and assess data from the Household, Income, and Labor Dynamics in Australia Survey.	The empirical investigation reveals that financial capability partially mediates the relationship between financial literacy and financial well-being. Additionally, the analysis of moderated mediation indicates that non-impulsive, future-oriented behavior amplifies the connections between financial literacy and both financial capability and financial well-being. Specifically, individuals

			with high non-impulsive, future-oriented behavior scores show significantly stronger positive relationships between financial literacy and financial capability, as well as between financial literacy and financial well-being.
Pijoh et al. 2020)	Dependent Variables: financial well being Independent Variables: financial behavior, prudent financial practices,	A cross-sectional survey was used to gather data from randomly selected participants at the senior management level of a manufacturing company. The hypothesized relationships were analyzed using Partial Least Squares, a structural equation modeling technique.	The results indicate that employees' financial well-being is significantly impacted by both their financial behavior and financial anxiety. Additionally, financial literacy affects financial anxiety, financial behavior, and overall financial well-being. The study further emphasizes that respondents' financial well-being is influenced by their financial behavior, with responsible and prudent financial practices being positively associated with higher levels of financial well-being. Furthermore, financial literacy has a notable positive effect on the financial behavior of senior management-level employees.
Ismail and Zaki (2019)	Dependent Variables: financial well being Independent Variables: robust,	Correlation and regression analysis.	The study found a strong positive correlation between these factors, highlighting the importance of understanding earners' ability to manage their finances effectively and apply this knowledge to make sound financial decisions. Consequently, organizations should consider introducing financial education programs for their employees to improve financial literacy and alleviate financial strain.

Younas et al. (2019)	Dependent Variables: financial well being Independent Variables: Financial literacy, self-control	A survey was conducted with individuals from educational institutions, corporate sectors, and food courts in Pakistan to empirically assess how self-control and financial literacy influence financial behavior and financial well-being.	Financial literacy has a significant direct effect on financial well-being, while the direct impact of self-control on financial well-being is considered minimal. The effect of financial behavior on financial well-being is more pronounced than the effects of both financial literacy and self-control.
Chu et al. (2017)	Dependent Variables: financial well being Independent Variables: financial literacy	Using data from the Chinese Survey of Consumer Finance, researchers assessed levels of financial literacy, classifying it into basic and advanced categories based on their evaluations.	The results showed that households with higher levels of financial literacy, particularly those skilled in advanced financial literacy, were more likely to entrust part of their portfolios to experts and engage in mutual fund investments.

2.3 Research Gap

While there's a lot of research on financial literacy and its effects on financial well-being, some important gaps remain. For example, Chetioui et al. (2024) showed that financial literacy helps reduce financial problems and improve well-being in emerging markets but found that general education alone isn't enough to boost financial literacy. Kumar et al. (2023) found that digital financial literacy affects financial decision-making, but they didn't consider other factors that might influence this relationship. Similarly, Sabri et al. (2021) identified that financial strain negatively affects well-being but only explained a small part of the variations in financial well-being, suggesting more factors need to be explored. Kumar and Bansal (2021) looked at how access to credit affects financial literacy and well-being but didn't fully examine how this access interacts with other financial literacy aspects.

Moreover, studies by Philippas and Avdoulas (2021) and Vörös et al. (2021) focused on specific groups and parts of financial literacy but didn't look at how different types of financial knowledge combined affect well-being. Research by Tahir et al. (2021) and Younas et al. (2019) discussed how financial capability and behavior mediate financial well-being but didn't consider how financial experience and behavior interact with financial literacy. Finally, studies like Shrestha (2019) and Oli (2018) focused on financial literacy in Nepal but didn't delve into the specific financial behaviors and experiences of different groups within Nepal.

The current study aims to fill these gaps by using a causal-comparative approach to explore how various aspects of financial literacy (knowledge, awareness, experience, skill, and behavior) affect financial well-being. To providing a more detailed understanding of these interactions, which has not been fully covered in existing research.

CHAPTER-III

RESEARCH METHODOLOGY

This chapter includes elements such as research design, sources of data, population and sample, and methods and tools for data analysis. The key components of the research methodology in the context of this study are outlined below.

3.1 Research Design

The research utilized both descriptive and causal comparative designs to achieve its objectives. The descriptive aspect involved detailed analysis of demographic and descriptive statistics. The comparative design focused on examining relationships between dependent and independent variables through correlation and regression analyses.

3.2 Population Sample and Sampling Technique

The entire Nepalese household are the population of the study. Due to the very big area of study from different geographical area of Nepal. Using cluster sampling Kathmandu city is the area of the sample study.

$n_0 = Z^2 pq/e^2$

Where,

n= Sample size

p = Population percentage having a particular trait

q = 1-p

z = Z value (95% confidence interval: 1.96, for example)

e= Error margin

The suggested value of p and q for the unidentified population is 50% for each. At a 95%

Level of confidence, the z value is 1.96, and the sampling error e = 5%.

$n_0 = Z^2 pq/e^2$

$n_0 = 1.96^2 * 0.5 * 0.5/0.5^2 = 384$

Using the formula, the minimum required sample size is determined to be 384. This indicates that a sample of at least 384 participants is necessary to attain the desired level of accuracy and confidence for the study.

In this study the questionnaire is used a tools for the collection of data and the sample size is 384 respondent based on purposive sampling methods.

3.3 Nature and Source of Data and Instrument of Data Collection

Data are classified into two types: primary and secondary. Primary data were collected directly for the research, while secondary data were sourced from various publications. The collected using a questionnaire is primary data, which included both questions and demographic information about the respondents. Secondary data were gathered from relevant bank websites, annual reports, economic reports from Nepal Rastra Bank and other published statistical data. Additionally, informal discussions and procedures provided supplementary information.

3.4 Methods of Analysis

This study utilized various analytical techniques to comprehensively analyze the data. Descriptive analysis was applied to highlight essential characteristics of the dataset, using measures like mean, median, and standard deviation to reveal patterns and trends. Inferential methods, including hypothesis testing and confidence intervals, were employed to make generalizations about the broader population. Regression analysis explored the connections between independent and dependent variables, offering insights and predictive information about their relationships. Additionally, correlation analysis assessed the strength and direction of associations between key variables.

3.4.1 Reliability Analysis

Table 2

Cronbach's Alpha table

Cronbach's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \leq 0.8$	Good
$0.8 > \alpha \leq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$A > 0.5$	Unacceptable

Reliability is assessed using Cronbach’s alpha, a technique that evaluates the consistency of multiple-question Likert scale surveys. A common guideline for interpreting Cronbach's alpha in Likert scale questions is:

3.4.2 Statistical Analysis

3.4.2.1 Descriptive Statistics

Mean ($\bar{X}$)

In statistics, the mean represents the average or arithmetic average of a set of numbers. It is a measure of central tendency within a probability distribution, along with the median and mode. It is also often called the expected value. $\bar{X} = \frac{\sum X}{n}$

Where,

X=variables

$\bar{X}$ = mean

n= No. of Period

Standard Deviation (σ):

Standard deviation measures the degree of variation or dispersion within a set of values. Calculated as the square root of the variance, it involves evaluating how each data point deviates from the mean (Acharya et al., 2018). It is represented by the symbol (**σ**).

Standard Deviation (**σ**) = $\sqrt{\frac{\sum(X - \bar{X})^2}{n}}$

Where,

X=variables

$\bar{X}$ = mean

n= No. of Period

Minimum and Maximum

In the research context, the minimum represents the lowest frequency value, while the maximum denotes the highest frequency value in the distribution. This measurement helps in understanding the range of frequency variations within the research values.

3.4.2.2 Correlation Analysis (r):

Correlation analysis was employed to evaluate the strength and direction of relationships between key variables. This technique involved calculating correlation coefficients, which range from -1 to 1, to determine the degree of association between two variables. A coefficient close to 1 indicates a strong positive correlation, where an increase in one variable is matched by an increase in the other. Conversely, a coefficient close to -1 reflects a strong negative correlation, where an increase in one variable corresponds to a decrease in the other. A coefficient around 0 suggests a weak or no linear relationship between the variables. This analysis aimed to uncover significant relationships and understand how variations in one variable might affect another.

$$\text{Correlation Coefficient (r)} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{[\{n\sum X^2 - (\sum X)^2\}\{n\sum Y^2 - (\sum Y)^2\}]}}$$

Where,

n = number of X and Y

$\sum XY$ = Sum of the series X and Y

$\sum X$ = Sum of the series X

$\sum Y$ = Sum of the series Y

$\sum X^2$ = Sum of the square of series X

$\sum Y^2$ = Sum of the square of series Y

According to Acharya et al. (2018), correlation analysis is a statistical tool used to determine the direction and strength of the relationship between two sets of variables. It shows how two variables co-vary and measures the degree of their association. The Pearson correlation coefficient is used to describe this relationship, with values ranging from -1 to +1. A value of -1 represents a perfect negative correlation, meaning the variables move in exact opposition to each other, while a value of +1 indicates a perfect positive correlation, meaning the variables move in the same direction.

3.4.2.3 Regression Analysis

Regression analysis was utilized to explore the relationships between independent and dependent variables. This method involved modeling how changes in one or more predictor variables affect a response variable. By fitting a regression model to the data, the analysis aimed to quantify the strength and nature of these relationships, allowing for predictions and insights into how different factors interact. The results from regression analysis provided valuable information on how changes in the independent variables are likely to influence the dependent variable, helping to identify significant predictors and understand their impacts on the outcome of interest.

Model

$FW = \beta_0+\beta_1\times FK+ \beta_2\times FB+ \beta_3\times FS+ \beta_4\times FA+ \beta_5\times FAW + \beta_6\times FE +e$

Where,

FW= Financial Wellbeing

FK= Financial Knowledge

FB= Financial Behavior

FS= Financial Skill

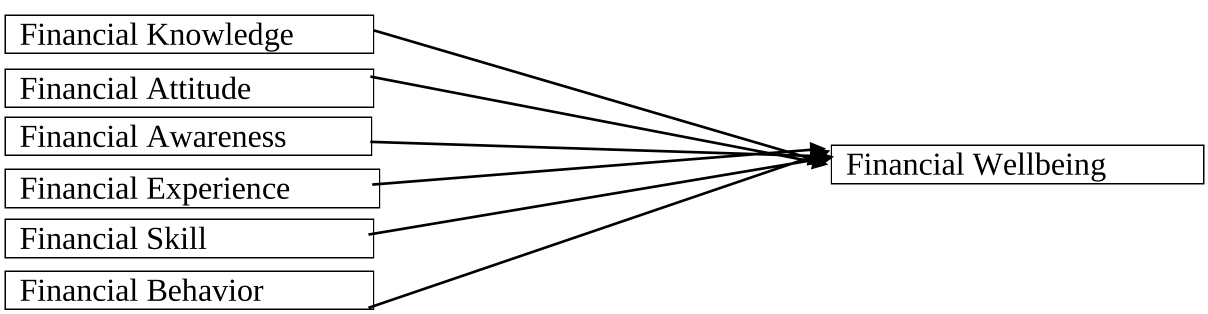
FA= Financial Attitude

FAW= Financial Awareness

FE= Financial Experience

3.5 Research Framework and Definition of the Variables

Independent variables Dependent Variable



Source: *Lone & Bhat, (2022)*

Figure 1: *Research Framework*

Independent Variables

Financial Awareness

Financial awareness encompasses an individual's understanding and knowledge of financial concepts, products, and strategies that affect their personal and financial situations. This includes familiarity with budgeting, saving, investing, managing debt, and planning finances. Being financially aware means being adept at managing and allocating resources, comprehending the consequences of financial decisions, and recognizing the different tools and options for reaching financial objectives. Improved financial awareness enables people to make well-informed decisions, avoid financial mistakes, and attain greater financial stability and security (Lone & Bhat, 2022).

Financial Experience

Financial experience involves the practical knowledge and skills individuals gain by actively participating in financial activities and making decisions over time. This includes tasks such as budgeting, saving, investing, managing debt, and planning for future financial needs. Gained through hands-on engagement with personal finances, navigating financial products, and addressing various financial challenges, this experience enhances one's ability to make informed financial decisions. It aids in understanding market trends and effectively managing resources, leading to improved financial stability and confidence (Sabri et al., 2021).

Financial Skill

Financial skill denotes the capability to manage and utilize financial resources efficiently through a blend of practical expertise and knowledge. This encompasses skills such as budgeting, investing, saving, and debt management, along with a grasp of financial products and market trends. Acquiring financial skills involves both learning and hands-on experience, which equips individuals to make informed financial choices, set future objectives, and handle complex financial situations. Mastery of financial skills leads to improved financial management, better decision-making, and sustained financial stability and success (Kumar & Bansal, 2021).

Financial Behavior

Financial behavior encompasses the actions and decisions related to managing money, such as earning, spending, saving, investing, borrowing, and managing finances. Influenced by personal values, attitudes, and beliefs, it is shaped by factors like past experiences, socioeconomic status, cultural influences, and economic conditions. Positive financial behavior includes practices like budgeting, saving for the future, making informed investment choices, and managing debt responsibly (Sharma & Rohan, 2021).

Financial Knowledge

Financial knowledge involves understanding essential financial principles and concepts crucial for making informed decisions. It covers areas such as budgeting, saving, investing, debt management, and financial planning. This knowledge includes comprehending how various financial products operate, interpreting economic indicators, and assessing how financial choices affect long-term objectives. Gaining financial knowledge enables individuals to analyze financial data, weigh different options, and create effective strategies for managing their resources. It forms the basis for effective financial management, helping individuals handle financial challenges, enhance their financial outcomes, and attain stability and growth (Philippas & Avdoulas, 2021).

Financial Attitude

Financial attitude describes an individual's general perspective and approach towards managing their finances. It includes their personal beliefs, values, and behaviors related to money, such as their views on financial risk, responsibility, and planning. A positive financial attitude is characterized by proactive budgeting, saving, and investing, along with a commitment to financial education and sound decision-making. On the other hand, a negative financial attitude might involve neglecting financial matters, taking excessive risks, or showing disinterest in financial planning. This attitude plays a significant role in how individuals handle their financial resources, make decisions, and work towards their long-term financial objectives. Cultivating a positive financial attitude is essential for effective money management and achieving overall financial stability (Tahir et al., 2021).

Dependent Variables

Financial Well-Being

Financial well-being refers to having a stable and healthy financial situation that enhances one's overall quality of life. It involves effectively managing financial resources, meeting both current and future financial needs, and achieving financial objectives. Essential elements of financial well-being include maintaining a balanced budget, having sufficient savings, keeping debt levels under control, and engaging in sound financial planning. It also means feeling secure about one's financial future, being resilient in the face of financial challenges, and having a sense of control over one's financial situation. Attaining financial well-being requires not just financial literacy and effective money management, but also a positive attitude toward finances and the ability to make well-informed, strategic decisions (Lone & Bhat, 2022).

CHAPTER- IV

RESULT AND DISCUSSION

Chapter included result and discussion. The result is about the presentation of data, statistical analysis and significant finding. The discussion included the interpretation of result with comparison with previous studies.

4.1 Results

The result included the presentation of demographics analysis, reliability analysis, descriptive statistics, correlation analysis and regression analysis of the data.

4.1.1 Demographics Analysis

Demographics analysis included the analysis of different personal information of the research respondent. They are age, marital status, gender, educations and profession. Detail presented on below

Age of respondent

The age of the respondent are in different categories. They are in between 18-25, 30-40 and above 40. Which are in the table.

Table 3

Age of respondents

		Frequency	Percent	Cumulative Percent
Valid	between 18-25	97	25.3	25.3
	30-40	163	42.4	67.7
	above 40	124	32.3	100.0
	Total	384	100.0	

Source: *Questionnaire - 2024*

Table 3 shows the age of respondent and the age of total number 384 respondent are presented in to three part. The age group are “between” 18-25. 30-40, above 40 are mention here. They are in number 97, 163 and 124 respectively. They are in percentage are 25.3, 42.4 and 32.3 percentage respectively.

Marital Status of respondents

The marital status of respondent are married, unmarried, divorce, and widow. Presented in the table.

Table 4

Marital Status of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	140	36.5	36.5	36.5
	unmarried	167	43.5	43.5	79.9
	Divorce	48	12.5	12.5	92.4
	Widow	29	7.6	7.6	100.0
	Total	384	100.0	100.0	

Source: *Questionnaire - 2024*

Table 4 present the marital status of respondent and the marital status of total number 384 respondent are presented in to four parts. The status of respondent group is married, unmarried, divorce and widow are mention here. They are in number 140, 167, 48 and29 respectively. They are in percentage are 36.5, 43.5, 12.5 and 7.6 percentage respectively.

Gender of respondents

The gender of the respondent included the male, female and other. They are in the table detail presented.

Table 5

Gender of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	112	29.2	29.2	29.2
	female	259	67.4	67.4	96.6
	Other	13	3.4	3.4	100.0
	Total	384	100.0	100.0	

Source: *Questionnaire - 2024*

Table 5 present the gender of respondent and the gender of total number 384 respondent are presented in to three parts. The gender of respondent group is male, female and other are mention here. They are in number 112, 259 and13 respectively. They are in percentage are 29.2, 67.4 and 3.4 percentage respectively.

The Education of the respondent

The educations of the respondent are presented in to below slc, having slc/See, intermediate, bachelor and master and above degree. They are presented below table.

Table 6

Educations of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than SLC	80	20.8	20.8	20.8
	SLC/See	130	33.9	33.9	54.7
	+2 level	68	17.7	17.7	72.4
	bachelor	95	24.7	24.7	97.1
	master and more than masters	11	2.9	2.9	100.0
	Total	384	100.0	100.0	

Source: *Questionnaire - 2024*

Table 6 present the educations of respondent and the educations of total number 384 respondent are presented in to three parts. The educations of respondent are group below slc, SLC/See, +2 Level, bachelor and master and more than masters. They are in number 80, 130, 68, 95 and 11 respectively. They are in percentage are 20.8, 33.9, 17.7, 24.7 and 2.9 percentage respectively.

Profession of the respondents

The profession of the respondents is presented in the student, bankers, employees and business person; are presented in the following.

Table 7

Profession of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	60	15.6	15.6	15.6
	bankers	105	27.3	27.3	43.0
	employees	105	27.3	27.3	70.3
	business person	114	29.7	29.7	100.0
	Total	384	100.0	100.0	

Source: *Questionnaire - 2024*

Table 7 present the profession of respondent and the profession of total number 384 respondent are presented in to three parts. The profession of respondent is group in to student, bankers, employees and business person. They are in number 60, 105, 105 and 114 respectively. They are in percentage are 15.6, 27.3, 27.3 and 29.7 percentage respectively.

4.1.2 Reliability Analysis

The reliability statistics shows the reliability of her questionnaire statement and they are presented in the level of acceptance in the table.

Table 8

Reliability statistics

Variables	Items	Alpha value	Remarks
Financial Wellbeing	7	.849	Good
Financial Knowledge	5	.529	Poor
Financial Behaviors	5	.606	Questionable
Financial Skill	5	.753	Acceptable
Financial Attitude	5	.651	Questionable
Financial Awareness	5	.878	Good
Financial Experience	5	.643	Questionable

Source: *Questionnaire - 2024*

Table 8 reliability testing result is presented and the all the variables have the level of above than unacceptable. The result represented the question which set the research are accurate for the collection of the data from the respondents.

4.1.3 Descriptive Analysis.

The description of minimum, maximum, mean and standard deviation from the 384 respondents on the variables are presented here under. The table shows the detailed here under.

Table 9 below presented the minimum, maximum, mean and standard deviation of the 384 respondents.

Table 9

Descriptive statistics of the respondents

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Wellbeing	384	4.14	5.00	4.95	.14
Financial Knowledge	384	4.60	5.00	4.89	.17
Financial Behaviors	384	4.40	5.00	4.8	.19
Financial Skill	384	4.40	5.00	4.8	.270
Financial Attitude	384	4.00	5.00	4.83	.254
Financial Awareness	384	4.00	5.00	4.84	.25
Financial Experience	384	4.00	5.00	4.83	.26
Valid N (listwise)	384				

Source: *Questionnaire - 2024*

The minimum, maximum, mean and standard deviation of the financial wellbeing are 4.14, 5.00, 4.95 and .14 respectively. The minimum, maximum, mean and standard deviation of the financial knowledge are 4.60, 5.00, 4.89 and .17 respectively. The minimum, maximum, mean and standard deviation of the financial behavior are 384, 4.40, 5.00 4.8 and .19 respectively. The minimum, maximum, mean and standard deviation of the financial skill are 4.40, 5.00, 4.8 and .270 respectively. The minimum, maximum, mean and standard deviation of the financial attitude are 4.00, 5.00, 4.83 and .254 respectively. The minimum, maximum, mean and standard deviation of the financial awareness are 4.00, 5.00, 4.84 and .25respectively.The minimum, maximum, mean and standard deviation of the financial experience are 4.00, 5.00, 4.83 and .26 respectively.

The results shows that all variables are fluctuating nature because the variation of the variable is higher.

4.1.4 Correlations Analysis

Correlation analysis is a statistical method used to evaluate the strength and direction of relationships between two or more variables. It measures how changes in one variable are related to changes in another, often using a correlation coefficient like Pearson's r. This coefficient, which ranges from -1 to +1, indicates the nature of the relationship: values near +1 represent a strong positive correlation (where an increase in one variable corresponds with an increase in the other), values near -1 reflect a strong negative correlation (where an increase in one variable corresponds with a decrease in the other), and values close to 0 indicate a weak or nonexistent linear relationship. Although widely used in various disciplines to examine relationships between variables, it is crucial to note that correlation does not establish causality.

Table 10

Correlation analysis

		FW	FK	FB	FS	FA	FAW	FE
FW	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	384						
FK	Pearson Correlation	.225**	1					
	Sig. (2-tailed)	.000						
	N	384	384					
FB	Pearson Correlation	.266**	.944**	1				
	Sig. (2-tailed)	.000	.000					
	N	384	384	384				
FS	Pearson Correlation	.258**	.876**	.825**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	384	384	384	384			
FA	Pearson Correlation	.290**	.870**	.871**	.798**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	384	384	384	384	384		
FAW	Pearson Correlation	.141**	.883**	.880**	.803**	.941**	1	
	Sig. (2-tailed)	.006	.000	.000	.000	.000		
	N	384	384	384	384	384	384	
FE	Pearson Correlation	.325**	.801**	.790**	.742**	.961**	.892**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	384	384	384	384	384	384	384

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

Source: *Questionnaire - 2024*

Table 10 present the correlation analysis of 384 respondent of the research related to the financial literacy and financial wellbeing.

The financial knowledge and financial wellbeing have positive and significant relationship. The hypothesis also true. The positive relationship shows by the relationship value .225 and significant shows by the significant value 0.000; so, the hypothesis is true.

The financial behavior and financial wellbeing have positive and significant relationship. The hypothesis also true. The positive relationship shows by the relationship value .266 and significant shows by the significant value 0.000; so, the hypothesis is true.

The financial skills and financial wellbeing have positive and significant relationship. The hypothesis also true. The positive relationship shows by the relationship value 0.258 and significant shows by the significant value 0.000; so, the hypothesis is true.

The financial attitude and financial wellbeing have positive and significant relationship. The hypothesis also true. The positive relationship shows by the relationship value 0.298 and significant shows by the significant value 0.000; so, the hypothesis is true.

The financial awareness and financial wellbeing have positive and significant relationship. The hypothesis also true. The positive relationship shows by the relationship value 0.141 and significant shows by the significant value 0.000; so, the hypothesis is true.

The financial experience and financial wellbeing have positive and significant relationship. The hypothesis also true. The positive relationship shows by the relationship value 0.325 and significant shows by the significant value 0.000; so, the hypothesis is true.

4.1.5 Regression Analysis

Regression analysis is a statistical method employed to investigate the relationship between a dependent variable and one or more independent variables. Its purpose is to model and quantify the effect that variations in the independent variables have on the dependent variable. In its most basic form, linear regression, the analysis generates an equation that predicts the dependent variable based on the independent variables' values. The strength and direction of these relationships are represented by coefficients in the regression equation, indicating the expected change in the dependent variable for each unit change in an independent variable. Regression analysis is commonly used across different fields to forecast outcomes, identify trends, and explore the connections between variables. However, it's important to note that while regression analysis can reveal associations, it does not prove causation.

Table 11

Model summary of regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.320	.309	.122

Source: *Questionnaire - 2024*

Table 11 present the model summary of the respondent of the research. The respondent is 384 and the regression model summary is presented here. The adjusted r square is .309 which represents the total 30.9% variation explained. They are independent to the dependent variables. The standard error is .122 which is low, means the regression impact calculated is more accurate.

Table 12

ANOVA of the respondent

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.647	6	.441	29.604	.000
	Residual	5.618	377	.015		
	Total	8.264	383			

Source: *Questionnaire - 2024*

Table 12 present the ANOVA regression of the respondent; the respondent is 384 and their significant value is .000. The significant value is .000 which represent the regression is significant the independent variables to the dependent variables. The regression is strong.

Table 13

Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.946	.220		17.898	.000
	FK	-.310	.133	-.361	-2.330	.020
	FB	.523	.108	.681	4.856	.000
	FS	.139	.048	.256	2.874	.004
	FA	.214	.131	.371	1.637	.103
	FWA	-.767	.078	-1.343	-9.827	.000
	FE	.409	.092	.728	4.440	.000

a. Dependent Variable: FWB

Source: *Questionnaire survey- 2024*

Table 13 present the regression coefficient of respondent. The respondent of the research are 384 and the respondent beta, standard error and significant related explanation are presented here.

The impact of financial knowledge on financial well-being is negative and significant, validating the research hypothesis. This is indicated by a beta value of -0.31 and a standard error of 0.133, suggesting a high level of accuracy in the calculation. The significance level of 0.02, being less than 0.05, confirms the impact's significance.

In contrast, financial behaviors have a positive and significant impact on financial well-being, supporting the hypothesis. The positive effect is reflected in a beta value of 0.523 and a standard error of 0.108, indicating high calculation accuracy. The significance level of 0.00, which is below 0.05, further supports the significance of this impact.

Similarly, financial skills positively and significantly affect financial well-being, aligning with the research hypothesis. This is shown by a beta value of 0.139 and a standard error of 0.048, demonstrating a high accuracy in the calculation. The significance level of 0.004, less than 0.05, confirms the impact's significance.

However, the impact of financial attitude on financial well-being is positive but not significant, contradicting the hypothesis. The beta value of 0.214 and a standard error of 0.131 suggest high accuracy, but the significance level of 0.103, which exceeds 0.05, indicates that the impact is not statistically significant.

The impact of financial awareness on financial well-being is negative and significant, supporting the hypothesis. A beta value of -0.767 and a standard error of 0.078, along with a significance level of 0.000 (below 0.05), demonstrate the significant nature of this impact.

Lastly, financial experience positively and significantly affects financial well-being, validating the hypothesis. This is evidenced by a beta value of 0.409 and a standard error of 0.092, showing high calculation accuracy. The significance level of 0.000, which is less than 0.05, confirms the impact's significance.

4.2 Discussion

The analysis reveals that all variables exhibit fluctuating behavior due to significant variations, aligning with findings from Oli (2018).

Financial knowledge is found to have a positive and significant relationship with financial well-being, consistent with Chetioui et al. (2024) and Oli (2018). Similarly, financial behavior shows a positive and significant link with financial well-being, in agreement with Kumar et al. (2023). Financial skills also have a positive and significant relationship with financial well-being, aligning with Dare et al. (2023) and Joshi (2018). Financial attitude demonstrates a positive and significant connection with financial well-being, consistent with Das and Mahapatra (2023). Financial awareness exhibits a positive and significant relationship with financial well-being, supporting Manandhar (2023). Financial experience also shows a positive and significant relationship with financial well-being, in line with Pantha (2023).

The research hypothesis is validated by the negative and significant impact of financial knowledge on financial well-being, corroborated by Pastor et al. (2022). The positive and significant impact of financial behaviors on financial well-being supports the hypothesis, consistent with Prakash et al. (2022) and Thapa and Raju (2020). The positive and significant effect of financial skills on financial well-being also supports the hypothesis, aligning with Mishra (2022). However, the positive yet insignificant impact of financial attitude on financial well-being does not support the hypothesis, as observed by Lone and Bhat (2022). The negative and significant effect of financial awareness on financial well-being is consistent with the hypothesis and with findings from Sabri et al. (2021) and Manandhar (2023). Finally, the positive and significant impact of financial experience on financial well-being confirms the hypothesis, consistent with Kumar and Bansal (2021).

CHAPTER-V

SUMMARY AND CONCLUSION

The summary included the detail from the beginning and ending of research work. The conclusion included the conclusion related to the objective and finding based. The other part of this chapter is about the implication. The implication included the uses of the research in the future days.

5.1 Summary

In today's world, financial literacy is an essential skill for individuals to effectively manage the increasingly complex financial landscape. It involves a broad range of practices and principles, including budgeting, saving, investing, and managing debt. In countries like Nepal, financial literacy is especially important as it plays a key role in ensuring the financial stability of households. Household financial well-being refers to the ability of family members to meet their present and future financial needs, feel secure about their finances, and make informed decisions that improve their quality of life. The lack of financial literacy is not just a personal or household problem; it has widespread implications for the nation's socio-economic progress. This problem is worsened by the fact that many Nepalese families have limited access to trustworthy financial information and resources. Financial education in Nepal remains underdeveloped, with only minimal efforts aimed at improving financial literacy across the population. Despite its importance, there is a notable lack of research in Nepal specifically exploring the impact of financial literacy on household financial well-being. This research gap is concerning, especially given evidence from other countries highlighting the crucial role of financial literacy in enhancing financial stability. The low levels of financial literacy in Nepal, particularly in rural and semi-urban areas, contribute to numerous socio-economic challenges.

The causal comparative research design, 384 sample is determined by the through questionnaire, data are collected through questionnaire and result is calculated through primary data. The research found that the financial knowledge, financial skill, financial attitude, financial awareness, and financial experience are positive and significant relations. The impact of Financial Knowledge, Financial Behaviors, Financial Attitude, Financial Awareness and

Financial Experience is significant to the financial wellbeing. The Financial Skill has insignificant impact to the financial wellbeing.

5.2 Conclusion

The analysis shows that all variables exhibit a fluctuating nature due to high variation. This indicates that financial literacy and financial well-being are not stable over time and are influenced by various factors. In conclusion, both financial literacy and financial well-being are subject to fluctuation.

Additionally, it is found that financial knowledge, financial skills, financial attitudes, financial awareness, and financial experience have positive and significant relationships with each other. This suggests that improvements in one area, such as financial knowledge, can positively influence other areas like financial skills and attitudes. In conclusion, the relationships among these independent variables are significant, showing their interconnectivity.

Regarding financial well-being, the impact of financial knowledge, behaviors, attitudes, awareness, and experience is significant. These factors are essential in shaping an individual's ability to manage finances, plan for the future, and maintain financial stability. Financial knowledge, behaviors, and attitudes, in particular, play crucial roles in enhancing financial well-being. However, financial skills, while part of financial literacy, have an insignificant impact on financial well-being. This suggests that skills alone may not be enough to improve financial stability without the support of knowledge, experience, and awareness.

5.3 Implications

The following are the implications of the research.

i. Findings from the research could inform policymakers in Nepal about the critical role of financial literacy in improving household financial wellbeing.
ii. The study could highlight the need for incorporating financial literacy into the national education curriculum, ensuring that future generations are equipped with essential financial skills from an early age.
iii. By demonstrating the positive impact of financial literacy on financial wellbeing, the research could encourage individuals to seek out financial education and make more informed decisions regarding savings, investments, and debt management.

iv. Financial institutions could use the insights from the research to tailor their products and services to better meet the needs of financially literate customers, potentially leading to the development of more user-friendly and accessible financial products.

v. Enhanced financial wellbeing among households could contribute to broader social and economic stability in Nepal by reducing poverty levels, lowering financial stress, and improving the overall quality of life.

vi. Non-governmental organizations and international development agencies could use the research findings to design and implement programs that focus on financial education as a tool for poverty alleviation and economic empowerment.

vii. The study could identify gaps in current knowledge and suggest areas for further research, such as exploring the impact of digital financial literacy or the role of cultural factors in shaping financial behavior.

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APPENDICES

Appendix 1: Survey Questionnaire

August, 2024

Dear Respondent,

As required by the MBS program, I am conducting this questionnaire survey for an academic study. “EFFECT OF FINANCIAL LITERACY ON FINANCIAL WELLBEING OF NEPALESE HOUSEHOLDS “is the title of my study. I would like to make it clear that this research is solely for academic purposes, and I am only looking for an honest response from you. I guarantee that all information you provide will be kept strictly confidential and used solely for academic purposes. Convenience sampling was used to guarantee that the traders chosen for the study were those who showed an interest in taking part and were prepared to respond to the questionnaire.

Thank you for your cooperation.

Nisha Shrestha

Shanker Dev Campus

Part I: Personal detail

1. Your Full Name

   ____

2. Age

- between 18-30 ( )
- 30-40 ( )
- above 40 ( )

3. Marital status
   - Married ( )
   - Unmarried ( )
   - Divorce ( )
   - Widow ( )

4. Gender of the respondent
    - Male ( )
    - Female ( )
    - Other ( )
5. Education
    - Below SLC/SEE ( )
    - Having SLC/SEE ( )
    - Intermediate ( )
    - Bachelor ( )
    - Master and Above ( )
6. Mention your profession.
    - Student ( )
    - bankers ( )
    - employees ( )
    - business person ( )

Part II

Below are several statements about you with which you may agree or disagree. Using the response scale below, indicate your agreement or disagreement with each item by choosing the appropriate number. Please give your responses as follows.

(1 = strongly Disagree, 2= Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree)

A) Financial Wellbeing

Items	1	2	3	4	5
Achieving financial well-being requires a foundation of financial literacy.					
Having financial knowledge influences financial well-being.					
There is a connection between financial behavior and financial well-being.					
Financial well-being is associated with financial expertise.					

Financial awareness, which is part of financial literacy, is crucial for financial well-being.					
Financial experience, a component of financial literacy, plays a significant role in financial well-being.					
Financial Experience related financial literacy is importance to the Financial Wellbeing.					

B) Financial Knowledge

Items	1	2	3	4	5
The role of financial knowledge in achieving financial well-being.					
In Nepal, achieving financial well-being necessitates financial expertise.					
For Nepalese individuals, financial well-being is tied to having solid financial knowledge.					
Financial expertise affects investment choices.					
Effective financial behavior is considered essential for financial well-being.					

C) Financial Behavior

Items	1	2	3	4	5
Financial behavior impacts financial well-being.					
In Nepal, financial well-being depends on financial behavior.					
Financial well-being is central to the lives of the Nepalese people.					
Financial behavior has a significant effect on financial well-being.					
You view effective financial behavior as a key component of financial well-being.					

D) Financial Skill

Items	1	2	3	4	5
The significance of financial knowledge for achieving financial well-being.					
For Nepalese individuals, financial well-being requires financial skills.					
In Nepal, financial well-being is fundamentally a matter of financial competence.					
Financial skills impact financial well-being.					
You consider financial skills to be a crucial attribute for financial well-being.					

E) Financial Attitude

Questions	1	2	3	4	5
The role of financial knowledge in achieving financial well-being.					
Financial well-being among Nepalese individuals depends on having the right financial attitude.					
In Nepal, financial well-being is fundamentally a matter of financial competence.					
Financial well-being is affected by one's financial attitude.					
You believe that a positive financial attitude is an essential quality for financial well-being.					

F) Financial Awareness

Questions	1	2	3	4	5
The significance of financial knowledge for financial well-being.					
For Nepalese individuals, achieving financial well-being necessitates financial awareness.					

In Nepal, financial well-being largely hinges on financial competence.					
Financial well-being is impacted by financial awareness					
You consider financial awareness to be a key quality for financial well-being.					

G) Financial Experience

Questions	1	2	3	4	5
The role of financial knowledge in achieving financial well-being.					
For Nepalese individuals, financial well-being requires financial experience.					
In Nepal, financial well-being is fundamentally based on financial competence.					
Financial experience affects financial well-being.					
You view financial experience as a crucial factor for financial well-being.					

Thank you for your participation. Hope you have a great day!

Appendix: 2

Result from SPSS calculations

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	between 18-25	97	25.3	25.3	25.3
	30-40	163	42.4	42.4	67.7
	above 40	124	32.3	32.3	100.0
	Total	384	100.0	100.0	

marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	140	36.5	36.5	36.5
	unmarried	167	43.5	43.5	79.9
	Divorce	48	12.5	12.5	92.4
	Widow	29	7.6	7.6	100.0
	Total	384	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	112	29.2	29.2	29.2
	female	259	67.4	67.4	96.6
	Other	13	3.4	3.4	100.0
	Total	384	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below slc	80	20.8	20.8	20.8
	having slc/See	130	33.9	33.9	54.7
	intermediate	68	17.7	17.7	72.4
	bachelor	95	24.7	24.7	97.1
	master and above degree	11	2.9	2.9	100.0
	Total	384	100.0	100.0	

Profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	60	15.6	15.6	15.6
	bankers	105	27.3	27.3	43.0
	employees	105	27.3	27.3	70.3
	business person	114	29.7	29.7	100.0
	Total	384	100.0	100.0	

Reliability Statistics

Cronbach's Alpha	N of Items
.849	7

Reliability Statistics

Cronbach's Alpha	N of Items
.529	5

Reliability Statistics

Cronbach's Alpha	N of Items
.606	5

Reliability Statistics

Cronbach's Alpha	N of Items
.753	5

Reliability Statistics

Cronbach's Alpha	N of Items
.651	5

Reliability Statistics

Cronbach's Alpha	N of Items
.878	5

Reliability Statistics

Cronbach's Alpha	N of Items
.643	5

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Wellbeing	384	4.14	5.00	4.9568	.14690
Financial Knowledge	384	4.60	5.00	4.8964	.17097
Financial Behaviors	384	4.40	5.00	4.8849	.19114
Financial Skill	384	4.40	5.00	4.8146	.27038
Financial Attitude	384	4.00	5.00	4.8344	.25419
Financial Awareness	384	4.00	5.00	4.8422	.25730
Financial Experience	384	4.00	5.00	4.8396	.26114
Valid N (listwise)	384				

Correlations

		Financial Wellbeing	Financial Knowledge	Financial Behaviors	Financial Skill	Financial Attitude	Financial Awareness	Financial Experience
Financial Wellbeing	Pearson Correlation	1	.225**	.266**	.258**	.290**	.141**	.325**
	Sig. (2-tailed)		.000	.000	.000	.000	.006	.000
	N	384	384	384	384	384	384	384
Financial Knowledge	Pearson Correlation	.225**	1	.944**	.876**	.870**	.883**	.801**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	384	384	384	384	384	384	384
Financial Behaviors	Pearson Correlation	.266**	.944**	1	.825**	.871**	.880**	.790**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	384	384	384	384	384	384	384
Financial Skill	Pearson Correlation	.258**	.876**	.825**	1	.798**	.803**	.742**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	384	384	384	384	384	384	384
Financial Attitude	Pearson Correlation	.290**	.870**	.871**	.798**	1	.941**	.961**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	384	384	384	384	384	384	384
Financial Awareness	Pearson Correlation	.141**	.883**	.880**	.803**	.941**	1	.892**
	Sig. (2-tailed)	.006	.000	.000	.000	.000		.000
	N	384	384	384	384	384	384	384
Financial Experience	Pearson Correlation	.325**	.801**	.790**	.742**	.961**	.892**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	384	384	384	384	384	384	384

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.320	.309	.12207

a. Predictors: (Constant), Financial Experience, Financial Skill, Financial Behaviors, Financial Awareness, Financial Knowledge, Financial Attitude

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.647	6	.441	29.604	.000[b]
	Residual	5.618	377	.015		
	Total	8.264	383			

a. Dependent Variable: Financial Wellbeing
b. Predictors: (Constant), Financial Experience, Financial Skill, Financial Behaviors, Financial Awareness, Financial Knowledge , Financial Attitude

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.946	.220		17.898	.000
	Financial Knowledge	-.310	.133	-.361	-2.330	.020
	Financial Behaviors	.523	.108	.681	4.856	.000
	Financial Skill	.139	.048	.256	2.874	.004
	Financial Attitude	.214	.131	.371	1.637	.103
	Financial Awareness	-.767	.078	-1.343	-9.827	.000
	Financial Experience	.409	.092	.728	4.440	.000

a. Dependent Variable: Financial Wellbeing

EFFECT OF FINANCIAL LITERACY ON FINANCIAL WELLB...

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ii ABSTRACT This study has two main objectives. First, it aims to thoroughly examine the complex relationships between various financial dimensions such as **financial awareness, experience, skill, behavior, knowledge, and attitude and** the overall **financial** well-being of Nepalese households. Second, it seeks **to evaluate the impact of** each of these **financial** dimensions **on** the households' **financial well-being**. The research employs a causal-comparative design to investigate these relationships, using a sample of 384 respondents selected through a well- structured questionnaire, which was the primary tool for collecting data. The analysis of the collected data revealed that several financial dimensions, including financial knowledge, skill, attitude, awareness, and experience, have positive and statistically significant relationships with the financial well-being of Nepalese households. Notably, financial knowledge, behavior, attitude, awareness, and experience all have a positive and significant impact on financial well- being. However, while financial skill is positively related to well-being, its impact is not statistically significant. Keywords: financial literacy, financial wellbeing and Nepalese household iii CHAPTER- I INTRODUCTIONS 1.1 Background of the study In the contemporary world, financial literacy has emerged as an essential life skill that empowers individuals to navigate the increasingly complex financial landscape. This skill encompasses a broad range of financial concepts and practices, including budgeting, saving, investing, and managing debt. It equips individuals with the knowledge necessary to make informed financial decisions, which can significantly impact their overall well-being. Financial literacy is not merely