

FINANCIAL LITERACY AND FINANCIAL WELLBEING AMONG NEPALESE HOUSEHOLD

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**FINANCIAL LITERACY AND FINANCIAL WELLBEING AMONG NEPALESE HOUSEHOLD**”. 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.

Rinku Verma

August 2024

REPORT OF RESEARCH COMMITTEE

Ms. Rinku Verma has defended research proposal entitled “**FINANCIAL LITERACY AND FINANCIAL WELLBEING AMONG NEPALESE HOUSEHOLD** “, 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 Keshar Singh Khati and submit the thesis for evaluation and viva voce examination.

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We have examined the dissertation entitled “**FINANCIAL LITERACY AND FINANCIAL WELLBEING AMONG NEPALESE HOUSEHOLD** ” presented by Ms. Rinku Verma 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.

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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
MBS	:	Master in Business Studies
N	:	Number
SD	:	Standard Deviation
SPSS	:	Statistical Package for the Social Sciences
TU	:	Tribhuwan University

ABSTRACT

This study aims to address several key questions regarding the financial status of Nepalese households. Specifically, it examines the current levels of financial awareness, experience, skills, behavior, knowledge, attitudes, and well-being among these households. It also explores whether there is a relationship between these financial factors and overall financial well-being, and investigates the impact that each of these factors has on financial well-being. To achieve these objectives, the study reviews drawing on a range of articles and theses from resources such as Google Scholar and the Shanker Dev Library, a conceptual framework has been developed that positions. In this study, financial well-being is considered the outcome variable. The framework outlines financial awareness, experience, skills, behavior, knowledge, and attitudes as the predictor variables. The research utilizes a descriptive and causal-comparative design to explore these relationships, data from 417 respondents in Kathmandu Valley were collected through a questionnaire survey and analyzed using SPSS and Excel. The study finds that respondents generally have access to financial knowledge, awareness, attitudes, skills, and behaviors, and that these factors have a positive and significant relationship with financial well-being. However, while most factors significantly impact financial well-being, financial attitude alone does not show a significant effect.

Keywords: *financial knowledge, awareness, attitudes, skills, behaviors and financial well-being*

CHAPTER- I

INTRODUCTIONS

1.1 Background of the Study

Financial literacy is a crucial ability for managing money effectively and achieving financial stability. It involves understanding and applying key financial principles to make informed decisions and handle various aspects of personal finance. Essential components of financial literacy include budgeting, saving, investing, borrowing, and managing debt. Budgeting is the process of planning how to allocate and spend money. Creating a budget helps individuals track their income and expenses, ensure they are not overspending, and allocate funds towards different needs and goals. By setting practical spending limits and keeping an eye on financial habits, individuals can live within their means and make the most of their resources. Saving refers to putting aside a portion of one's income for future use. This could be for building an emergency fund, saving for large purchases, or preparing for retirement (Lone & Bhat, 2022). Effective saving strategies help individuals create a financial safety net, handle unexpected expenses, and reach long-term financial goals. Investing involves putting money into various assets or opportunities with the expectation of earning a return. This can include purchasing stocks, bonds, real estate, or other types of investments. Knowing about different investment options, how to manage risk, and understanding market trends are vital for making smart investment decisions and growing wealth over time. Borrowing means taking out loans or credit to make purchases or cover expenses. While borrowing can provide immediate access to funds, it also requires repayment with interest. Proper debt management, understanding loan terms, and making timely payments are crucial for effective borrowing and maintaining good credit (Sabri et al., 2021).

Managing Debt involves handling existing financial obligations and minimizing the impact of interest and fees. This includes paying off high-interest debt, consolidating loans, and avoiding excessive borrowing. Proper debt management helps maintain financial stability, improve credit scores, and reduce stress. With financial literacy, individuals can make better financial decisions, steer clear of common mistakes, and achieve their financial objectives. It is fundamental for building wealth and ensuring financial security. Promoting financial education

through various resources, such as workshops, online tools, and educational programs, enhances financial literacy and overall well-being (Sharma & Rohan, 2021).

Financial awareness is a vital aspect of personal finance that involves understanding and managing various financial elements. This includes knowing about income, expenses, savings, investments, and debt, as well as keeping up with financial trends and products. Income is the money earned from work, investments, or other sources. Being aware of one's income level and its impact on financial choices is crucial for managing money effectively. Expenses are the costs associated with purchasing goods and services. Tracking and managing expenses help individuals stay within their budget and find areas where they can save. Savings involves putting aside money for future needs and goals (Voros et al., 2021). Awareness of savings strategies and goals helps in building a financial cushion and preparing for emergencies. Investments are assets bought with the hope of making a profit. Knowing about various investment options and their risks helps individuals make informed decisions and grow their wealth. Debt includes loans and credit balances that need to be repaid. Understanding how to manage debt and the effects of interest rates helps avoid financial strain and maintain a good credit score. Having good financial awareness lowers stress and supports the achievement of financial goals. Staying informed about financial trends and products allows individuals to make better decisions, avoid pitfalls, and improve financial literacy (Philippas & Avdoulas, 2021).

Financial experience is the practical knowledge gained from managing money over time. It involves handling income, budgeting, saving, investing, and addressing financial challenges. Income Management involves earning and allocating funds to meet different needs. Experience in managing income helps with budgeting, planning for future expenses, and preventing financial shortfalls. Budgeting Experience is about creating and following a budget. This experience helps track spending, identify areas for improvement, and maintain financial discipline. Saving Experience includes setting aside money for future goals and emergencies. Building a habit of saving helps create a financial safety net and achieve long-term objectives. Investing Experience involves buying and managing investments to grow wealth (Tahir et al., 2021). Knowledge of investment options and market trends helps in making informed choices and managing risks. Dealing with Financial Challenges includes managing unexpected expenses, debt, and financial setbacks. Experience in overcoming these challenges builds

resilience and improves decision-making. People with more financial experience often make better decisions and manage their finances more effectively. Those with less experience may need additional guidance and education to enhance their financial skills and confidence (Pijoh et al., 2020).

Financial skill is essential for effective money management and achieving financial success. It includes a variety of abilities, such as budgeting, saving, investing, and managing debt. Budgeting Skills involve creating and maintaining a budget that aligns with financial goals. Mastering this skill helps track spending, manage expenses, and stay within budget. Saving Skills include setting aside money for future needs and goals. Effective saving strategies help build an emergency fund, save for significant purchases, and plan for retirement. Investing Skills involve choosing and managing investments to increase wealth (Ismail & Zaki, 2019). Knowledge of investment options, risk management, and market analysis helps in making informed decisions. Debt Management Skills include handling and repaying loans and credit balances. Proper debt management helps avoid excessive borrowing, reduce interest costs, and maintain a healthy credit score. Regularly learning and practicing financial skills improves financial stability and success. Developing strong financial skills helps individuals control their finances, make smart decisions, and achieve financial goals (Younas et al., 2019).

Financial behavior encompasses how people manage their money, including earning, spending, saving, and investing. It is shaped by personal values, experiences, and economic conditions. Earning Behavior involves generating income through work or investments. Effective strategies for earning can help increase income and improve financial standing. Spending Behavior includes how money is allocated for goods and services. Responsible spending involves making thoughtful purchases, avoiding impulse buys, and sticking to a budget. Saving Behavior involves setting money aside for future needs and goals. Good saving habits help build a financial safety net and prepare for emergencies. Investing Behavior includes selecting and managing investments to grow wealth (Dare et al. (2023). Knowledge of investment options and market trends helps in making informed investment decisions. Debt Behavior involves managing and repaying loans and credit. Effective debt management helps avoid financial strain and maintain a good credit score. Good financial behavior means managing money wisely, making informed choices, and avoiding common pitfalls.

Understanding and improving financial behavior is crucial for achieving financial success and well-being (Prakash et al. 2022).

Financial knowledge forms the foundation for managing money and building wealth. It covers a wide range of topics, from basic budgeting to advanced investment strategies. Basic Budgeting involves creating a plan for managing income and expenses. Knowledge of budgeting helps track spending, set goals, and avoid overspending. Investment Strategies include understanding various investment options and their risks. Knowledge of investment strategies aids in making informed decisions and growing wealth. Risk Management involves assessing and minimizing financial risks (Das & Mahapatra 2023). Understanding risk management helps protect assets and maintain financial stability. Financial Planning includes setting and achieving short-term and long-term goals. Knowledge of financial planning helps create a roadmap for financial success. Expanding financial knowledge enhances financial well-being and supports long-term success. By continually learning about money management and wealth-building strategies, individuals can make informed decisions and achieve their financial goals (Prakash et al. 2022).

Financial attitude refers to an individual's perspective and approach toward money. It impacts financial decisions and habits. Positive Financial Attitude involves responsible spending, saving, and planning (Pijoh et al., 2020). A positive attitude supports smart financial choices and goal achievement. Negative Financial Attitude might include overspending, living beyond means, or avoiding financial responsibilities. A negative attitude can lead to poor financial decisions and increased stress. Developing a healthy financial attitude involves recognizing and challenging limiting beliefs or negative patterns, embracing financial education, and fostering habits that promote financial well-being. A positive financial attitude is vital for achieving financial stability and success (Ismail & Zaki, 2019).

Financial well-being refers to the overall state of an individual's financial health and satisfaction. It encompasses managing income, expenses, savings, investments, and debt. Income Management ensures stable sources of income to cover expenses. Effective income management supports financial stability and goal achievement. Expense Management involves tracking and controlling spending (Younas et al., 2019). Managing expenses helps stay within budget and avoid financial strain. Savings and Investments include building an emergency

fund and planning for future goals. Effective saving and investing prepare for unexpected expenses and long-term objectives. Debt Management involves repaying loans and managing credit. Responsible debt management helps avoid excessive borrowing and maintain a good credit score. Achieving financial well-being involves balancing current needs with future planning, having emergency savings, and working toward long-term goals. It is about feeling secure and confident in managing finances, leading to a less stressful and more fulfilling life (Ismail & Zaki, 2019).

1.2 Problem Statement

Research shows that financial literacy plays a crucial role in improving financial well-being. People who are financially literate often experience better financial outcomes and higher overall satisfaction. However, many individuals still face challenges related to financial literacy. One major problem is the widespread lack of financial knowledge worldwide, which makes it difficult for people to make informed financial decisions. Without this knowledge, individuals may struggle with poor financial management, accumulate high debt, save too little, and experience increased financial stress. Even those who have a basic understanding of financial concepts sometimes find it hard to apply this knowledge effectively in real-life situations (Dare et al., 2023).

Another issue is that financial literacy varies significantly across different groups of people. Marginalized communities often have more difficulty accessing financial education and resources. This disparity means that some people do not get the financial support they need to make sound decisions. To tackle these issues, it is important to implement targeted efforts to improve financial literacy. This can be achieved through well-designed educational programs, making resources more accessible, and creating policies that ensure everyone has equal access to financial services and opportunities. By focusing on these areas, policymakers and stakeholders can enhance financial well-being and promote greater economic resilience and inclusion (Tahir et al., 2021).

In Nepal, financial literacy includes several important components. Financial awareness involves having a solid understanding of personal finance, which covers various aspects such as knowing about income, expenses, savings, investments, debt management, and setting financial goals. It means being aware of how to manage these elements effectively. Financial

experience is gained from dealing with various financial situations and decisions over time (Sabri et al., 2021). This hands-on experience helps individuals understand how to handle their money better and learn from their financial decisions.

Financial skill is essential for managing money effectively, whether at an individual level or within organizations. These skills include budgeting, saving, investing, and managing debt. Mastering these skills helps people manage their finances well and achieve their financial goals. Financial behavior refers to the choices and actions people make regarding their money, such as how they spend, save, invest, and manage debt. Good financial behavior involves making wise decisions about money, whereas poor behavior can lead to financial problems.

Financial knowledge provides the foundation for managing money and building wealth. It includes everything from basic budgeting to advanced investment strategies. With a strong base of financial knowledge, individuals can make informed decisions and work towards their financial goals. Finally, financial attitude reflects a person's overall mindset and approach to financial matters. A positive financial attitude involves responsible spending, saving, and planning for the future. In contrast, a negative attitude might lead to overspending and financial stress.

Improving financial literacy is essential for helping individuals make better financial choices and improve their overall well-being. Addressing the gaps in financial knowledge and ensuring equal access to financial education can lead to better financial outcomes for everyone. By focusing on these areas, we can help individuals manage their finances more effectively and achieve greater financial security. The problem of financial literacy and financial wellbeing are explain in the research question following.

- i. What is the current status of financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitudes among households in Nepal?
- ii. Is there a connection between financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitudes, and the financial well-being of households in Nepal?

- iii. How do financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitudes affect the financial well-being of households in Nepal?

1.3 Objectives of the Study

The main objectives of this study are to explore the levels of financial literacy and financial well-being among households in Nepal. The specific aims are as follows:

- i. To evaluate the current status of financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitudes, and financial well-being within Nepalese households.
- ii. To examine the connections between financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitudes, and the financial well-being of Nepalese households.
- iii. To investigate how financial literacy elements namely financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitudes effect the financial well-being of households in Nepal.

1.4 Hypothesis of the Study

H1: There is a significant correlation between financial awareness, financial experience, financial skills, financial behavior, financial knowledge, financial attitudes, and financial well-being among households in Nepal.

H2: Financial awareness, financial experience, financial skills, financial behavior, financial knowledge, and financial attitudes have a notable effect on the financial well-being of households in Nepal.

1.5 Rationale of the Study

In today's increasingly intricate financial environment, the significance of financial literacy has become more pronounced, especially for households dealing with everyday economic challenges. Financial literacy, which encompasses the ability to comprehend and effectively utilize various financial skills such as personal financial management, budgeting, and investing, is crucial in determining an individual's financial wellbeing. Despite its importance, levels of financial literacy differ widely across different demographic groups, resulting in disparities in financial wellbeing.

In Nepal, where economic conditions are rapidly changing due to factors like globalization, digitalization, and policy reforms, the financial literacy of households plays a vital role in their financial stability and growth. Many Nepalese households encounter challenges such as limited access to financial education, insufficient exposure to formal financial systems, and a lack of understanding of essential financial products and services. These issues can lead to poor financial decisions, such as over-indebtedness, inadequate savings, and an inability to manage financial shocks.

The connection between financial literacy and financial wellbeing is particularly significant in Nepal, where a large portion of the population relies on informal financial mechanisms, and formal financial inclusion is still in progress. Exploring this relationship can shed light on how enhancing financial literacy can improve financial wellbeing, thereby contributing to poverty reduction, economic stability, and an overall better quality of life for Nepalese households.

Therefore, this study is driven by the need to examine the current state of financial literacy among Nepalese households and its impact on their financial wellbeing. By identifying the key factors that influence financial literacy and analyzing their effects on financial wellbeing, the study aims to provide valuable insights that can guide policy interventions, educational programs, and financial products tailored to the needs of Nepalese households. This research is crucial not only for improving individual financial outcomes but also for promoting a more financially inclusive and resilient society in Nepal.

1.6 Limitations of the study

The research has following limitations.

- i. The study is limited by the representativeness of the sample. With only 417 participants, the sample does not sufficiently reflect the diversity of Nepalese households in terms of geographic location, socioeconomic status, education levels, and other demographic factors, making the findings not fully generalizable to the entire population.
- ii. The study relies on self-reported data to assess financial literacy and financial wellbeing. Respondents may have overestimated or underestimated their financial literacy or wellbeing, which could introduce biases into the results.

- iii. Financial literacy and financial wellbeing are complex and multifaceted constructs, and the tools used in the study may not have captured all the relevant dimensions.
- iv. External factors such as economic shocks, policy changes, or market fluctuations could affect financial wellbeing independently of financial literacy, and these factors were not addressed in the study.

CHAPTER- II

LITERATURE REVIEW

The second chapter of this study centers on the literature review, providing a thorough overview of previous scholars' viewpoints. This chapter evaluates the objectives, methodologies, and results of the studies that have been analyzed. The literature review is divided into three primary sections. The first section offers conceptual reviews, clarifying the definitions of key terms within the study. The second section delivers an empirical review, summarizing the literature reviewed from both national and international perspectives. The final section addresses research gaps, also known as reviewed gaps, by identifying areas that have been underexplored in past, current, and potential future studies.

2.1 Theoretical Review

Theory of Financial Literacy

It involves making smart financial choices, planning for the future, and dealing with unexpected financial situations. The Wisconsin Model Academic Standards for Personal Financial Literacy helps teachers create lessons that teach important financial skills to students. Educating young people in financial literacy is vital because it significantly impacts community stability and contributes to the state's economic growth (Rasool & Ullah, 2020). Financial literacy includes knowing about financial products and understanding of financial risks. It involves making informed decisions, knowing where to seek help, and taking action to improve financial well-being. This means understanding financial concepts and using them to make wise decisions about money. Effective money management and investment choices require applying financial knowledge, making informed decisions, and understanding key financial principles. However, financial literacy depends on the approach used and is part of a broader process of user protections (Muizzuddin et al., 2017).

Theory of Financial Awareness

Financial awareness encompasses the understanding and management of personal finances through a solid grasp of financial concepts, products, and tools. It enables individuals to make informed decisions regarding budgeting, saving, investing, and debt management. Enhanced financial awareness allows people to effectively plan for their future, steer clear of common

financial mistakes, and manage the complexities of today's financial landscape. Moreover, it is vital for attaining financial security, as it empowers individuals to comprehend their financial obligations, make prudent investment decisions, and establish a stable and secure financial base (Sharma & Rohan, 2021).

Theory of Financial Experience

Financial experience refers to the practical knowledge and skills gained through firsthand involvement in managing personal or organizational finances. This experience is acquired over time through activities such as budgeting, saving, investing, borrowing, and navigating financial challenges. Individuals with rich financial experience are typically better equipped to make informed decisions, as they have encountered various financial situations and learned from their successes and mistakes. Financial experience not only enhances one's ability to handle day-to-day financial tasks but also builds confidence in managing more complex financial matters, contributing to overall financial wellbeing and resilience (Sabri et al., 2021).

Theory of Financial Skill

Financial skill encompasses the capacity to adeptly manage and maximize one's financial resources through the strategic application of knowledge and practical techniques. This skill set spans a broad spectrum of competencies, including budgeting, saving, investing, debt management, and comprehensive financial planning. Individuals who possess advanced financial skills are adept at assessing their financial situation, making well-informed decisions, and devising and executing strategies that align with both immediate and long-term objectives. Mastery of these skills is crucial for attaining financial stability and prosperity, as it enables individuals to exercise control over their expenditures, enhance their wealth, and proactively address unforeseen financial challenges. Ultimately, superior financial skills contribute to greater financial independence, resilience, and long-term security, empowering individuals to navigate the complexities of the financial world with confidence and strategic foresight (Kumar & Bansal, 2021).

Theory of Financial Behavior

Financial behavior refers to the patterns and actions individuals' exhibit when managing their financial resources, including how they earn, spend, save, invest, and handle debt. It encompasses a wide range of activities, from everyday spending habits and budgeting practices to long-term financial planning and investment decisions. Financial behavior is influenced by

various factors such as personal values, economic conditions, financial literacy, and psychological factors like risk tolerance and financial goals. Understanding and analyzing financial behavior is crucial for identifying trends and making informed decisions that align with one's financial objectives. Positive financial behavior can lead to improved financial stability, reduced stress, and enhanced overall financial wellbeing, while poor financial habits may result in financial difficulties and hinder one's ability to achieve long-term financial goals (Sharma & Rohan, 2021).

Theory of Financial Knowledge

Financial knowledge includes an individual's grasp of both basic and advanced financial concepts, such as budgeting, saving, investing, debt management, and the nuances of financial products and markets. This understanding enables individuals to make well-informed decisions regarding their finances, plan effectively for the future, manage financial risks, and enhance their overall financial health. It involves applying theoretical principles to practical, everyday scenarios. Strong financial knowledge allows individuals to navigate complex financial environments, avoid common errors, and make strategic decisions that align with their financial objectives. Ultimately, possessing comprehensive financial knowledge is essential for achieving financial stability, growth, and security, as it empowers individuals to make informed choices and proactively manage their financial matters (Voros et al., 2021).

Theory of Financial Attitude

Financial attitude refers to an individual's mindset and approach towards managing their finances, including their beliefs, values, and emotional responses related to money. This attitude shapes how individuals handle budgeting, saving, investing, and debt management. It encompasses their willingness to take financial risks, their level of optimism or pessimism about future financial prospects, and their overall approach to financial planning. A positive financial attitude, characterized by proactive behavior, disciplined saving, and a long-term perspective, can lead to better financial outcomes and greater financial stability. Conversely, a negative or complacent attitude towards money can result in poor financial decisions, increased stress, and financial instability. Understanding and cultivating a constructive financial attitude is crucial for making sound financial decisions and achieving long-term financial goals (Philippas & Avdoulas, 2021).

2.2 Empirical Review

2.2.1 Article Review in International Context

Xiao et al. (2024) explored about the relationship of financial capability to the financial well-being. The researcher used the pooled cross-sectional data from all five waves of the National Financial Capability Studies. They covered the COVID-19 pandemic after and before time. The financial capability index as was the well measuring tools of financial capabilities various individual components of financial capability. Descriptive statistics indicated an upward trend in financial well-being, measured by financial satisfaction. Similarly, the financial capability index also showed an upward trend. The trends for the four individual components of financial capability varied. Multiple regression analyses on both pooled and yearly samples revealed a positive correlation between the financial capability index and financial well-being. Specifically, elements of subjective financial knowledge, desirable financial behavior, and perceived financial capability were positively associated with financial well-being. However, objective financial knowledge was negatively correlated with financial well-being, aligning the previous research.

Orozco-Orozco et al. (2024) investigated the connection between financial literacy and financial well-being among businesspeople in Ciudad Victoria, Tamaulipas, Mexico, using confirmatory factor analysis and multiple linear regression models. The study found that financial literacy positively influenced financial well-being through its financial behavior component, while it had a negative relationship with financial well-being through financial attitude. Financial knowledge, however, was not significantly linked to financial well-being. The study suggests that businesspeople should engage more in financial inclusion and literacy practices, moving beyond profit-focused models toward those that emphasize self-fulfillment and satisfaction. The study's limitations include the limited availability of data for industry-specific analysis, geographical scope, and implications for public policy. Its originality lies in addressing financial well-being among businesspeople, a topic seldom studied in Mexico. The findings have important implications for the implementation of financial inclusion policies in Mexico, contributing to the achievement of the sustainable development goals.

Faturohman et al. (2024) analyzed the external locus of control, financial literacy, financial self-efficacy, internal locus of control and social media impacted on financial well-being, with a particular focus on the mediating role of financial behavior. The study, conducted through

an online survey of respondents and analyzed using structural equation modeling, found that financial well-being can be improved by decreasing external locus of control, increasing financial self-efficacy and financial literacy, and effectively using social media. The study highlights the critical role of financial behavior, as the indirect effects of external locus of control, financial literacy, financial self-efficacy, and social media on financial well-being were significant. The findings also suggest that financial influencers on social media have a substantial impact on financial behavior. These insights can assist policymakers and business leaders in understanding the factors that affect financial well-being in Indonesia.

Kumar et al. (2023) examined mediating effects of financial literacy, financial autonomy, financial capability, and impulsivity on financial decision making and perceived financial wellbeing. Using data collected through questionnaire, and employing partial least squares structural equation modeling the study tested structural hypotheses. The findings revealed that financial skills directly influence financial decision-making and perceived financial well-being, with digital financial literacy emerging as both a direct and mediating predictor. Financial autonomy and financial capability were identified as key mediators in financial decision-making and well-being, the impulsivity did not have a significant mediating effect.

Dare et al. (2023) analyzed plans available on the open science framework. They applied correlation and regression techniques to investigate how executive functioning and financial self-efficacy influence financial well-being through positive financial behaviors. The study found that financial self-efficacy had a strong connection to financial well-being via these positive behaviors, while executive functioning did not significantly impact financial well-being in this context, nor did it or financial self-efficacy act as moderators. The findings provide practical recommendations for financial professionals to help improve financial behaviors and overall financial wellbeing.

Das and Mahapatra (2023) analyzed the essential components of financial literacy and their impact on financial well-being using data from randomly chosen participants in Assam, India. The study employed factor analysis, regression analysis, and correlation analysis, identifying three principal elements of financial literacy financial knowledge, financial behavior, and financial attitude referred to as "the big three of financial literacy." These components were found to have a notable positive effect on financial well-being.

Prakash et al. (2022) explored the effect of financial well-being Indian IT employees. They used the confirmatory factor analysis and established survey tools for research. Their analysis, based on data from workers, examined the roles of financial literacy, financial behavior, and financial stress. The study revealed that both financial literacy and behavior positively affect financial well-being, whereas financial stress negatively impacts it. The financial behavior and stress were found the relationship between financial literacy and financial well-being, with demographic factors mediate effect on the relationships.

Mishra (2022) assessed the impacts of financial literacy to the financial well-being of Indian households using data from households collected through the financial inclusion insights survey. The study evaluated financial knowledge, attitude, and behavior. Logistic regression results indicated that both objective and subjective financial knowledge, along with financial attitude and behavior, are crucial predictors of financial well-being. Subjective financial knowledge was found to have a stronger effect compared to objective knowledge, and financial well-being significantly effect on age, education, employment status, and urban versus rural residence, while gender did not have a significant impact.

Lone and Bhat (2022) examined the financial literacy and financial well-being relationship among business school faculty, considering both as multi-dimensional constructs. They also investigated the role of financial self-efficacy as a mediator. Data from faculty members, gathered via questionnaire and random sampling, were analyzed using confirmatory factor analysis and structural equation modeling. The study found that financial literacy positively influence both financial self-efficacy and financial well-being, with financial self-efficacy partially mediating this relationship. However, the study was confined to business school faculty and relied on subjective measures.

Sabri et al. (2021) developed a model to evaluate financial well-being among young adults in Malaysia. Data collected through multi-stage random sampling and analyzed using multiple regression showed that all four factors significantly impact financial well-being, with financial strain having a negative effect.

Kumar and Bansal (2021) examined the role of access to credit in mediating the relationship between financial literacy and financial well-being in the national capital region of India. Their study, involving participants, suggested that financial literacy improves knowledge and skills,

leading to better selection of financial products and enhanced banking access. The results indicated that financial literacy alone does not significantly boost financial well-being without access to credit, a mediating factor not previously explored.

Sharma and Rohan (2021) examined the current state of financial literacy and its impact on household financial well-being. Using a cross-sectional design and questionnaire data, they found that financial literacy positively affects financial well-being, rejecting the null hypothesis that financial literacy does not significantly influence financial wellness.

Voros et al. (2021) examine the various forms of financial literacy impacted on overconfidence on financial well-being. They collected data primary on participants showed that both financial literacy and overestimation of it were positively related to better financial outcomes. The study highlighted that perceived financial literacy is a more reliable predictor of financial well-being than actual financial skills, and noted that overconfidence in financial literacy can have varying impacts, including negative effects from over precision and overestimation.

Philippas and Avdoulas (2021) studied about links between financial literacy, financial fragility and financial well-being among university students in Greece, representing generation Z. They used the cross-tabulations, chi-square tests, logistic regressions, and marginal effect analysis. They found that male students, track expenses people, and well-educated fathers exhibited higher financial literacy. Financially literate students were better prepared to handle unexpected financial challenges.

Tahir et al. (2021) studied how financial capability mediates the relationship between financial literacy and financial well-being, and whether non-impulsive future-oriented behavior moderates these relationships. Using data from the Household, Income, and Labor Dynamics in Australia Survey and PROCESS macros in SPSS, they found that financial capability partially mediates the link between financial literacy and financial well-being. Non-impulsive future-oriented behavior was found to strengthen these positive associations.

Pijoh et al. (2020) examined effects of financial literacy, financial behavior and financial anxiety on the financial well-being of employees. They used survey of employees from manufacturing companies, analyzed using partial least squares structural equation modeling. They found that the financial well-being affected financial behavior and anxiety significantly.

They also found that the both financial behavior and anxiety impacted by Financial literacy, with positive financial behaviors leading to greater financial well-being.

Ismail and Zaki (2019) analyzed the relationship of financial literacy on financial wellness through correlation and regression analysis. The results shows strong positive link between financial literacy and financial wellness, emphasizing the importance of managing money effectively and applying financial knowledge. They recommended implementing or suggested exploring additional factors like financial self-efficacy and help-seeking behavior.

Younas et al. (2019) explored about relationships among self-control, financial literacy, financial behavior, and financial well-being using questionnaire. The study concluded that greater financial well-being through higher levels of self-control and financial literacy, with financial behavior having a more significant impact than both self-control and financial literacy. Financial literacy influences financial well-being directly, while self-control's impact is indirect, mediated through financial behavior.

Adam et al. (2017) examined how financial literacy, financial behavior, family support, the number of dependents, and retirement planning affect the financial well-being of retirees in Cape Coast Metropolis, Ghana. This was conducted through a cross-sectional survey. They found that financial literacy, retirement planning, and family support significantly impact financial well-being, with family support and retirement planning having stronger effects than financial literacy. The study recommends enhancing financial literacy, retirement planning, and social cohesion to improve retirees' financial well-being.

Chu et al. (2017) investigated how financial literacy affects household investment choices and returns using data from the Chinese survey of consumer finance. The study differentiated between basic and advanced financial literacy and tested its influence on portfolio choices. It found that higher levels of advanced financial literacy were associated with greater likelihood of investing in mutual funds and delegating portfolio management to experts.

Kamakia et al. (2017) reviewed about relationship of financial literacy on financial well-being. The given evolving financial markets and social security pension changes. Despite access to financial literacy programs, financial well-being does not always improve, prompting the review of article to understand the financial literacy and financial wellbeing relationship. The

review found a generally positive relationship, influenced by financial decisions and demographic factors.

Moein Addin et al. (2014) investigated the connections of financial literacy, financial worry and financial worry. Analysis of survey data showed that reducing living expenses was a common strategy, except for those with high financial literacy and well-being. The study identified purchasing real estate as a prevalent strategy and found that financial wellbeing reduce financial worry.

Sabri and Falahati (2013) explored factors affecting employees' financial well-being in Malaysia, focusing on financial literacy, behavior, capability, financial problems, and stress. They did path analysis, they identified these factors as key determinants of financial well-being. The study also found that financial stress partially mediates the effects of these factors on financial well-being.

Table 1

Summary of Article Review

Author	Methodology	Finding and conclusion
Xiao et al. (2024)	Using pooled cross-sectional data and Multiple regression analyses.	They found that elements such as subjective financial knowledge, desirable financial behavior, and perceived financial capability were positively associated with financial well-being. However, objective financial knowledge was negatively correlated with financial well-being, aligning with previous research findings.
Orozco-Orozco et al. (2024)	Correlation and regression analysis are conducted.	The study found that financial literacy positively influenced financial well-being through its financial behavior component, while it had a negative relationship with financial well-being through financial attitude. Financial knowledge, however, was not significantly linked to financial well-being.

Faturohman et al. (2024)	analyzed structural modeling	using equation	The findings also suggest that financial influencers on social media have a substantial impact on financial behavior. These insights can assist policymakers and business leaders in understanding the factors that affect financial well-being.
Kumar et al. (2023)	The partial least squares structural modeling tested hypotheses	the study structural	The findings revealed that financial skills directly influence financial decision-making and perceived financial well-being, with digital financial literacy emerging as both a direct and mediating predictor. They did not have a significant mediating effect.
Dare et al. (2023)	They correlation and regression techniques	applied and	The study found that financial self-efficacy had a strong connection to financial well-being via these positive behaviors, while executive functioning did not significantly impact financial well-being in this context
Das and Mahapatra (2023)	The study employed factor analysis, regression analysis, and correlation analysis		They found that financial literacy financial knowledge, financial behavior, and financial attitude referred to as "the big three of financial literacy." These components were found to have a notable positive effect on financial well-being.
Prakash et al. (2022)	Correlation and regression analysis are conducted.	and	The study revealed that both financial literacy and behavior positively affect financial well-being, whereas financial stress negatively impacts it. The financial behavior and stress were found the financial literacy and financial wellbeing mediate the relationship.
Mishra (2022)	Logistic regression		He found that the financial knowledge was found to have a stronger effect compared to objective knowledge significant by age, education, employment status, and urban versus rural

- residence, while gender did not have a significant impact.
- Lone and Bhat (2022) Data from faculty members, gathered via questionnaire and random sampling, were analyzed using confirmatory factor analysis and structural equation modeling. The study found that financial literacy and its dimensions positively influence both financial self-efficacy and financial well-being, with financial self-efficacy partially mediating this relationship.
- Sabri et al. (2021) Data collected through multi-stage random sampling and analyzed using multiple regression They found that all four factors significantly impact financial well-being, with financial strain having a negative effect.
- Kumar and Bansal (2021) Regression analysis conducted. The results indicated that financial literacy alone does not significantly boost financial well-being
- Sharma and Rohan (2021) Using a cross-sectional design and questionnaire data They found that financial literacy positively affects financial well-being, rejecting the null hypothesis that financial literacy does not significantly influence financial wellness.
- Philippas and Avdoulas (2021) Utilizing cross-tabulations, chi-square tests, logistic regressions Financially literate students were better prepared to handle unexpected financial challenges.
- Voros et al. (2021) Regression analysis is conducted. The study highlighted that perceived financial literacy is a more reliable predictor of financial well-being than actual financial skills, and noted that overconfidence in financial literacy can have

		varying impacts, including negative effects from over precision and overestimation.
Tahir et al. (2021)	Using data from the Household, Income, and Labor Dynamics in Australia Survey and PROCESS macros in SPSS	They found that financial capability partially mediates the link between financial literacy and financial well-being.
Pijoh et al. (2020)	Analyzed using partial least squares structural equation modeling	They revealed that financial behavior and anxiety significantly affect financial well-being. Financial literacy was found to impact both financial behavior and anxiety, with positive financial behaviors leading to greater financial well-being.
Ismail and Zaki (2019)	correlation and regression analyses	Their results demonstrated a strong positive link between financial literacy and financial wellness, emphasizing the importance of managing money effectively and applying financial knowledge.
Younas et al. (2019)	using a questionnaire survey	The study concluded that higher levels of self-control and financial literacy contribute to greater financial well-being, with financial behavior having a more significant impact than both self-control and financial literacy.

2.2.2 Article Review in Nepalese Context

Pantha (2023) focused on financial literacy impacted on personal financial planning in Nepal. The study has independent variables of financial literacy, financial awareness, financial attitude, financial confidence, and financial socialization. The dependent variables' are personal financial planning. The research, which analyzed data from respondents using regression models and correlation coefficients. He found that fundamental understanding of financial concepts positively influences personal financial planning.

Manandhar (2023) examined the factors that influence investment decisions in mutual funds, drawing on modern portfolio theory and prospect theory. The research analyzed variables

including financial status, risk minimizations, returns from investment, fund related performance in the historical time and different source of income, financial wellbeing of mutual fund. Utilizing a questionnaire, the study employed a combination of descriptive, correlational and causal comparative research designs. He used statistical tools like; mean, median, mode, standard deviation, variance, correlation, and regression analysis. The findings highlighted positive and significant correlations between financial statuses, minimization of risk tolerance, investment returns, performance in the past time, and source of income with mutual fund financial well-being.

Pastor et al. (2022) investigated the effacing factors of saving and investment behaviors. Through used chi-square and regression analyses. In the study discovered that socio-demographic factors of age, gender and education, along with economic factors like salary level, significantly impacted saving habits. Additionally, financial knowledge was found to play a crucial role in shaping both saving and investment behaviors, highlighting the different financial behaviors of young professionals and emphasizing importance's of financial knowledge in improving quality of life.

Vaidya (2021) explored the financial decision-making processes of Nepalese household investors in the secondary market through a grounded theory approach. The study involved semi-structured interviews with investors who had a management academic background and revealed insights into their enthusiasm for investing, perspectives on macroeconomic factors, and concerns regarding the fundamental characteristics of listed companies. The study identified technical analysis and market trends has the most influencers of trading decisions.

Thapa and Raju (2020) assessed the financial literacy levels of Nepalese household using a descriptive research approach, focusing on respondents from the Kathmandu Valley. The study found that financial literacy among Nepalese household investors was generally low, with demographic factors having little influence on financial decision-making.

Filippini et al. (2020) explored the relationship between energy-related financial literacy and attitudes toward upgrading energy-inefficient appliances in Nepal's eastern lowlands. The study uncovered a general lack of finance related and energy educations, finding that individuals with more education of finance were more likely to adopt reasonable views on

replacing outdated appliances. This highlighted the need to address the energy efficiency gap in the region.

Shrestha (2019) examined the impact of high confidence on financial wellbeing of individual, utilizing a data collection tools of questionnaire. The study found that specific demographic groups, such as women with college degrees and higher net worth, exhibited overconfidence, leading to increased trade relations work effect on investment abilities.

Oli (2018) examined about the effect of financial literacy on finance related planning of person in Nepal, he focuses on sectors related to cash management, investments, and retirement plan. The study, which analyzed data from Nepalese households, demonstrated that financial literacy and attitudes significantly influenced personal finance related plan, while demographic factors had minor effects.

2.3 Research Gap

The existing body of research provides valuable insights into various aspects of financial decision-making, investment behaviors, and financial literacy, yet several gaps remain. Manandhar (2023) focused on mutual fund investment decisions using Modern Portfolio Theory and Prospect Theory but did not explore how these theories might interact with other psychological or socio-economic factors, leaving a gap in understanding the holistic determinants of investment behavior. While Pantha (2023) and others highlighted the importance of financial literacy in personal financial planning, the studies are limited by relatively small sample sizes and a narrow focus on specific demographic groups, such as young professionals (Pastor et al., 2022) or households in specific regions (Thapa & Raju, 2020). Furthermore, most studies relied heavily on quantitative methods, such as regression and correlation analyses, which, while useful, may overlook the nuanced motivations and behavioral patterns that qualitative research could uncover. Additionally, the focus on cross-sectional data limits the understanding of how financial behaviors evolve over time, particularly in response to changing economic conditions. Moreover, the rapid growth of financial technologies and their impact on investment and saving behaviors remains underexplored, presenting a significant gap in the current literature.

This research increasing the sample size or including a broader population could enhance the reliability of findings, and integrating more diverse methodologies, such as longitudinal studies

or mixed-methods approaches, could provide deeper insights into the complex dynamics of financial decision-making. Addressing these gaps in future research will require more extensive resources and time but could lead to more comprehensive and actionable insights.

CHAPTER- III

RESEARCH METHODOLOGY

This chapter provides the way of addressing the problems by organizing the processes of collecting, analyzing, and interpreting data. It includes the plan, structure, and strategy used in studies to answer research questions. The part of the research covers things such as research design, data sources, population and sampling, and methods and tools for data analysis. Key elements of research method for this study are detailed below.

3.1 Research Design

Here examines a range of variables and factors related to microfinance services, employing both descriptive and causal-comparative research designs. Comparative data will be incorporated to enrich the report's insights. Financial and statistical tools will be used for analyzing and interpreting the financial information. The descriptive component of the study is evident in its aim to illustrate financial literacy and financial well-being within the Nepalese household share market among investors.

3.2 Population and Sample and Sampling Technique

Here population included all Nepalese households. Given the vast geographical scope, the sample was focused on Kathmandu city through cluster sampling. A total of 1,000 questionnaires were distributed using convenience sampling, resulting in 417 completed responses, which serve the source of data.

3.3 Nature and source of data and data collection instrument

Here outlines a sources and natures of data used on research. The data are categorized on primary and secondary types. Primary data is collected directly for the research objectives, while secondary data is gathered from existing sources.

For primary data, various collection instruments are used, including questionnaires, experiments, observations, interviews, and scales. In this study, a questionnaire was the chosen instrument, comprising questions and demographic information about the respondents.

Secondary data sources include articles, annual reports, newspapers, tax reports, government policies, books, and organizational documents like minutes and vouchers. Specifically, this

research utilized secondary data from bank websites, annual reports, economic reports from Nepal Rastra Bank, and other published statistical data. Additionally, informal discussions and procedures were used to supplement the information gathered.

3.4 Methods of analysis

The objectives achievement the different statistical tools are used. The correlations and regression are the main tools. The data analysis was conducted by examining and interpreting the patterns that emerged within the data set.

3.4.1 Reliability Analysis

Reliability is assessed using Cronbach's alpha, which evaluates the consistency of responses in multiple-question Likert scale surveys. A common guideline for interpreting Cronbach's alpha in Likert scale surveys is:

Table 2

Cronbach's Alpha table

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

3.4.2 Statistical Analysis

3.4.2.1 Descriptive Statistics

Mean (\bar{X})

In statistics, the mean, also called the arithmetic average, is a primary metric of central tendency, utilized to denote the typical figure in a data collection. Along with the median and mode, it holds significant importance in summarizing the features of a probability distribution. The mean is additionally referred to as the expected value in the realm of probability.

$$\bar{X} = \frac{\sum X}{n}$$

Where,

X=variables

$$\bar{X} = \text{mean}$$

n= No. of Period

Standard Deviation (σ):

Standard deviation is a metric employed to gauge the degree of variation or spread within a collection of values. It is determined by taking the square root of the variance and indicates how much each data point diverges from the mean (Acharya et al., 2018). It is symbolized by (σ).

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

Where,

X=variables

$$\bar{X} = \text{mean}$$

n= No. of Period

Minimum and Maximum

In research, the minimum signifies the lowest observed value, whereas the maximum indicates the highest observed value in the distribution. This metric aids in understanding the extent of variation within the research data.

3.4.2.2 Correlation Analysis (r):

It is the simplest technique for assessing the relationship between two variables and remains unaffected by the influence of extreme values. The Karl Pearson correlation coefficient is typically denoted by 'r'.

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

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

Correlation analysis is a statistical technique used to assess the strength and direction of the relationship between two or more variables. By computing correlation coefficients such as Pearson's r , Spearman's ρ , or Kendall's tau, researchers can determine the degree of association between variables and whether changes in one are linked to changes in another. A positive correlation suggests that an increase in one variable is associated with an increase in another, while a negative correlation indicates that an increase in one variable is related to a decrease in the other. This analysis helps reveal patterns and trends in data, offering insights into possible relationships and informing further research. However, it is crucial to understand that correlation does not imply causation, meaning that a relationship between two variables does not necessarily indicate that one variable causes the other.

3.4.2.3 Regression Analysis

Regression analysis is a statistical method designed to examine and quantify the relationship between a dependent variable and one or more independent variables. By applying a regression model to the data, researchers can estimate how variations in the independent variables affect the dependent variable, offering insights into patterns and trends. This process involves finding the optimal line or curve that minimizes the discrepancy between observed and predicted values, often using techniques such as least squares. Regression analysis is valuable for predicting outcomes, testing theories, and understanding the strength and nature of relationships among variables. It is extensively used across various fields, including finance, economics, and social sciences, to inform decision-making based on data. Nonetheless, it is important to recognize that while regression can reveal associations and predictions, it does not confirm causality.

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,

FS= Financial Skill

FA= Financial Attitude

FK= Financial Knowledge

FB= Financial Behavior

FAW= Financial Awareness

FE= Financial Experience

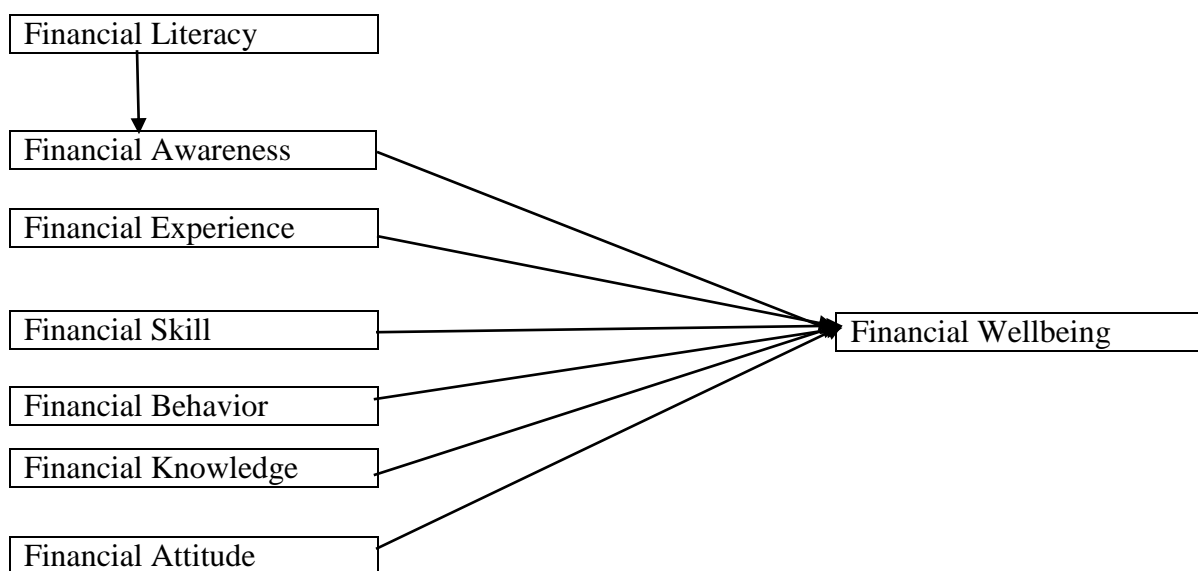
FW= Financial Wellbeing

3.5 Research Framework and Definition of the Variables

The research framework for this study focuses on examining the relationship between financial performance, service performance, and different organizational cultures, including adhocracy, clan, hierarchy, and mission cultures. It is proposed that these organizational cultures have a significant impact on both financial and service performance. Specifically, adhocracy culture, known for its emphasis on innovation and flexibility, is expected to improve financial performance by promoting creative solutions and new opportunities.

Independent Variables

Dependent Variable



Source: Lone and Bhat, (2022) & Mishra, (2022)

Figure 1: Research Framework

Independent Variables

Financial Awareness

Financial awareness is crucial for achieving financial well-being, as it involves understanding and recognizing the various aspects of personal finance, such as budgeting, investing, and debt management. When individuals are financially aware, they are better equipped to make informed decisions about their money, identify opportunities for savings and investment, and manage financial risks effectively. This heightened awareness leads to more strategic financial

planning, which can significantly enhance overall financial stability. By being aware of financial products, market conditions, and personal financial habits, individuals can better align their financial strategies with their long-term goals, ultimately improving their financial health and reducing stress associated with financial uncertainty. Consequently, financial awareness is a key driver of financial well-being, facilitating informed choices that contribute to a more secure and prosperous financial future (Younas et al., 2019).

Financial Experience

Financial experience is crucial for determining financial well-being, as it encompasses the practical knowledge and abilities gained from managing personal finances directly. Those with extensive financial experience are better at handling tasks such as budgeting, investing, and managing debt. This hands-on experience helps them tackle complex financial issues with greater assurance and make more knowledgeable decisions. Consequently, individuals with significant financial experience are more likely to achieve favorable financial results, including higher savings, effective debt control, and successful investment practices. This accumulated knowledge fosters greater financial stability and security, alleviating financial stress and improving overall well-being. Ultimately, financial experience provides individuals with the skills and understanding needed to create and sustain a strong financial foundation, leading to better financial health and long-term success (Ismail & Zaki, 2019).

Financial Skill

Financial skill is a vital element impacting financial well-being, as it involves the effective management and application of financial resources. People with strong financial skills excel in budgeting, planning, investing, and debt management, enabling them to handle their finances more effectively. These skills facilitate strategic financial decision-making, enhance investment opportunities, and improve risk management. As a result, individuals who apply their financial skills can achieve superior financial outcomes, including increased savings, better credit ratings, and more successful investments. Mastery in financial management contributes to greater financial stability and alleviates stress related to financial uncertainties. Ultimately, robust financial skills help individuals establish and sustain a secure financial future, boosting their overall well-being and ensuring long-term financial prosperity (Pijoh et al., 2020).

Financial Behavior

Financial behavior has a profound impact on financial well-being, as it encompasses the decisions and habits individuals use to manage their finances. Engaging in positive financial behaviors, such as regular saving, cautious spending, and strategic investing, enhances financial health and stability. Individuals who practice disciplined financial habits are more likely to accumulate savings, manage debt effectively, and make sound investment choices, leading to better financial results. In contrast, negative financial behaviors, like overspending or insufficient saving, can result in financial instability and increased stress. Adopting effective financial behaviors supports prudent financial management, aids in overcoming financial obstacles, and helps achieve financial objectives. Ultimately, fostering positive financial behaviors ensures a more secure financial future, reduces stress, and promotes long-term financial well-being (Tahir et al., 2021).

Financial Knowledge

Financial knowledge is crucial for determining financial well-being, as it encompasses understanding key financial concepts and principles that guide effective money management. Individuals with a strong grasp of financial knowledge are better equipped to make informed decisions regarding budgeting, investing, and managing debt. This understanding enables them to navigate complex financial situations with confidence, optimize their investment strategies, and avoid common financial pitfalls. With enhanced financial knowledge, individuals are more likely to achieve positive financial outcomes, such as increased savings, better debt management, and improved investment returns. Moreover, a solid foundation in financial knowledge contributes to greater financial stability, reducing the stress associated with financial uncertainty and supporting long-term financial health. In essence, financial knowledge empowers individuals to build and sustain a secure financial future, thereby enhancing their overall well-being and achieving lasting financial success (Philippas & Avdoulas, 2021).

Financial Attitude

Financial attitude plays a pivotal role in influencing financial well-being, as it reflects an individual's mindset and approach towards managing money. A positive financial attitude, characterized by proactive planning, responsible spending, and a focus on long-term financial goals, can significantly enhance financial stability and success. Individuals with a constructive

financial attitude are more likely to adopt disciplined saving and investing practices, make informed financial decisions, and maintain a healthy balance between spending and saving. This proactive mindset helps in effectively managing financial challenges, reducing financial stress, and achieving financial goals. Conversely, a negative financial attitude, marked by impulsive spending, procrastination, or avoidance of financial planning, can lead to poor financial outcomes, increased debt, and instability. Overall, cultivating a positive financial attitude fosters better financial management, contributes to long-term financial security, and supports overall well-being by reducing financial anxiety and enhancing financial health (Voros et al., 2021).

Dependent Variables

Financial Well-Being

Financial well-being refers to the state of having a stable and healthy financial condition that supports overall quality of life. It encompasses several aspects, including the ability to meet current and future financial obligations, manage financial stress, and maintain financial security. Key components of financial well-being include effective money management, adequate savings, manageable levels of debt, and successful investments. It also involves having a positive financial attitude and behaviors that contribute to achieving long-term financial goals and reducing financial anxiety. Financial well-being is influenced by factors such as financial knowledge, experience, behavior, and attitude, all of which play a role in shaping an individual's financial stability and resilience. Achieving financial well-being means having the resources and confidence to handle financial challenges, plan for the future, and enjoy a secure and fulfilling life (Sharma & Rohan, 2021).

CHAPTER- IV

RESULT AND DISCUSSION

Chapter IV presents the results of the study, showcasing the key findings from the data analysis. This section outlines the significant patterns and trends identified through statistical evaluation. Following the results, the discussion provides an in-depth interpretation of these findings, examining their implications in relation to existing literature and theoretical frameworks. This chapter aims to clarify the impact of the results, explore their practical significance, and offer insights into their broader relevance.

4.1 Result

4.1.1 Demographic Characteristics

Demographic characteristics provide essential insights into the composition and diversity of a study sample. These attributes typically include factors such as age, gender, educational level, income, occupation, and marital status. Understanding these characteristics helps to contextualize the data and analyze how various demographic groups might influence or interact with the study's variables.

Table 3

Demographic Variables (n=417)

Variables	Detail	Frequency	Percent
Age	Between 18-25	73	17.5
	Between 26-45	134	32.1
	Between 46-55	131	31.4
	Above 56	79	18.9
Gender	Male	125	30.0
	Female	292	70.0
Education	Below SLC	88	21.1
	Having SLC	141	33.8
	Intermediate	76	18.2
	Bachelor And Above Degree	112	26.9
Profession	Student	60	14.4
	Banker	105	25.2
	Employees	105	25.2
	Business Person	147	35.3
Income Level	monthly up to 15000	100	24.0
	15000-20000 in a month	158	37.9
	20001-50000 a month	38	9.1
	monthly earning more than 50000	121	29.0

Source: *questionnaire survey-2024*

Table 3 provides a comprehensive overview of the demographic characteristics of the respondents. The data illustrates the distribution of participants across various age categories: 73 respondents (17.5%) are aged 18-25 years, 134 respondents (32.1%) fall within the 26-45 age range, 131 respondents (31.4%) are between 46-55 years old, and 79 respondents (18.9%) are above 56 years old. Gender distribution is notably skewed, with 125 respondents (30%) identifying as male and 292 respondents (70%) as female, reflecting a significant female representation in the sample.

Regarding educational attainment, respondents are divided into four groups: 88 respondents (21.1%) have education below SLC, 141 respondents (33.8%) have completed SLC, 76 respondents (18.2%) hold an intermediate level of education, and 112 respondents (26.9%) have achieved a bachelor's degree or higher. Income levels are also detailed, showing that 100 respondents (24%) earn up to NPR 15,000 per month, 158 respondents (37.9%) earn between NPR 15,000-20,000, 38 respondents (9.1%) earn between NPR 20,001-50,000, and 121 respondents (29%) earn more than NPR 50,000 monthly. The table breaks down respondents by their profession: 60 respondents (14.4%) are students, 105 respondents (25.2%) are bankers, another 105 respondents (25.2%) are employees, and 147 respondents (35.3%) are involved in business. This detailed demographic analysis offers valuable insights into the varied backgrounds and characteristics of the study's participants, enhancing the understanding of their diverse profiles.

4.1.2 Reliability Analysis

In this case, reliability is evaluated through the Cronbach's alpha formula. This method, applied to surveys with multiple questions using the Likert scale, gauges the consistency of the responses. The interpretation of Cronbach's alpha values for the Likert scale is based on the following criteria:

Table 4 presents and evaluation of the total number of variables assessed using the Likert scale, which are found to be within a range that is somewhat questionable but still acceptable. Despite this, the research questions remain highly pertinent and are well-aligned with the study's goals, indicating that the data collected via the questionnaire is both valuable and reliable. The results indicate that the questions associated with each variable meet or exceed the standard reliability thresholds, ensuring that the responses are credible for deriving meaningful insights. The

consistency of responses across all Likert scale variables further supports the validity of the questionnaire, confirming that the survey instruments effectively capture the nuances of the respondents' opinions and perceptions. Consequently, the overall analysis of the collected data is robust and reliable, significantly enhancing the study's credibility and the validity of its conclusions.

Table 4

Reliability Statistics (n=417)

Variables	Cronbach's Alpha	Items	Internal Consistency
Financial Wellbeing	0.854	7	Good
Financial Attitude	0.659	5	Questionable
Financial Behaviors	0.608	5	Questionable
Financial Knowledge	0.531	5	Poor
Financial Skill	0.754	5	Acceptable
Financial Experience	0.645	5	Questionable
Financial Awareness	0.879	5	Good

Source: *questionnaire survey-2024*

4.1.3 Descriptive Statistics

Descriptive statistics are analytical methods employed to summarize and quantify key aspects of data, including measures like the mean, median, minimum, maximum, and standard deviation. These metrics provide a clear overview of the data, shedding light on both dependent and independent variables within a study. They help in understanding the central tendencies and variability of the variables being examined.

Table 5 presents a detailed analysis of descriptive statistics for 417 investor observations. The study examines various independent variables such as financial experience, financial knowledge, financial awareness, financial attitude, financial skill, and financial behaviors as well as the dependent variable, financial well-being. For each of these variables, the minimum, maximum, mean, and standard deviation are derived from the responses collected through the questionnaire.

Table 5

Descriptive statistics (n=417)

	Maximum	Minimum	Mean	Std. Deviation
Financial Wellbeing	5.00	4.14	4.95	.147
Financial Experience	5.00	4.00	4.84	.256
Financial Behaviors	5.00	4.40	4.89	.187
Financial Awareness	5.00	4.00	4.85	.251
Financial Knowledge	5.00	4.60	4.9	.167
Financial Attitude	5.00	4.00	4.84	.249
Financial Skill	5.00	4.40	4.82	.267
Valid N (listwise)	Maximum			

Source: *questionnaire survey-2024*

The data reveals that financial wellbeing among respondents ranges from a minimum value of 4.14 to a maximum of 5.00, with a mean of 4.95 and a standard deviation of 0.148. This indicates that the overall financial wellbeing of the respondents is notably high and exhibits minimal variation. Similarly, the Financial Knowledge variable ranges from a minimum of 4.60 to a maximum of 5.00, with a mean of 4.90 and a standard deviation of 0.167, reflecting a high level of financial knowledge among participants.

For Financial Behaviors, the minimum value is 4.40, the maximum is 5.00, with a mean of 4.89 and a standard deviation of 0.187. Financial Skill shows a minimum of 4.40, a maximum of 5.00, a mean of 4.82, and a standard deviation of 0.267. Financial Attitude has a minimum value of 4.00, a maximum of 5.00, a mean of 4.84, and a standard deviation of 0.249. Financial Awareness demonstrates slightly more variability, with a minimum of 4.00, a maximum of 5.00, a mean of 4.85, and a standard deviation of 0.251. Lastly, Financial Experience ranges from a minimum of 4.20 to a maximum of 5.00, with a mean of 4.84 and a standard deviation of 0.256.

The consistently low standard deviations across all variables suggest that responses are closely grouped around the mean, indicating that the financial literacy and wellbeing of the respondents are generally high with minimal variation. This uniformity in responses highlights the reliability of the data, suggesting that the respondents possess a strong level of financial literacy, which is reflected in their financial wellbeing.

4.1.4 Correlation Analysis

Correlation analysis is a statistical technique used to assess the strength and direction of the relationship between two or more variables. By computing correlation coefficients such as Pearson's r , Spearman's ρ , or Kendall's τ , researchers can determine the degree of association between variables and whether changes in one are linked to changes in another. A positive correlation suggests that an increase in one variable is associated with an increase in another, while a negative correlation indicates that an increase in one variable is related to a decrease in the other. This analysis helps reveal patterns and trends in data, offering insights into possible relationships and informing further research. However, it is crucial to understand that correlation does not imply causation, meaning that a relationship between two variables does not necessarily indicate that one variable causes the other.

Table 6

Correlation analysis (n=417)

		FW	FK	FB	FS	FA	FAW	FE
FW	Pearson Correlation	1						
	Sig. (2-tailed)							
FK	Pearson Correlation	.236**	1					
	Sig. (2-tailed)	.000						
FB	Pearson Correlation	.286**	.945**	1				
	Sig. (2-tailed)	.000	.000					
FS	Pearson Correlation	.265**	.870**	.821**	1			
	Sig. (2-tailed)	.000	.000	.000				
FA	Pearson Correlation	.305**	.870**	.873**	.792**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
FAW	Pearson Correlation	.145**	.884**	.880**	.797**	.938**	1	
	Sig. (2-tailed)	.003	.000	.000	.000	.000		
FE	Pearson Correlation	.343**	.797**	.792**	.733**	.961**	.889**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	

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

Source: *questionnaire survey-2024*

Table 6 offers a comprehensive correlation analysis between various independent variables and the dependent variable, financial wellbeing, using data from 417 respondents in the Kathmandu valley. The independent variables analyzed include financial experience, financial knowledge, financial awareness, financial attitude, financial skill, and financial behaviors, all crucial for understanding their impact on financial wellbeing. This analysis aligns with the study's objective of exploring the relationships between these variables.

The findings from the correlation analysis highlight several significant relationships. Financial wellbeing shows a positive correlation with financial knowledge, having a correlation coefficient of 0.236, which is statistically significant at the 1% level, indicated by a p-value of 0.000. This suggests a meaningful positive relationship between financial wellbeing and financial knowledge.

Similarly, financial behaviors are positively correlated with financial wellbeing, with a correlation coefficient of 0.286 and a p-value of 0.000. This reinforces a strong connection between these variables. Financial skill also exhibits a positive correlation with financial wellbeing, with a coefficient of 0.265, and this relationship is significant at the 1% level, with a p-value of 0.000.

Among the variables, financial attitude demonstrates the strongest positive correlation with financial wellbeing, with a coefficient of 0.305. This relationship is highly significant, supported by a p-value of 0.000, underscoring the significant role that financial attitudes play in influencing overall financial wellbeing.

Conversely, the correlation between financial wellbeing and financial awareness is positive, with a coefficient of 0.145, but this relationship is not statistically significant, as the p-value exceeds 0.05. This indicates that, in this sample, financial awareness does not have a significant impact on financial wellbeing.

Similarly, although financial experience shows a positive correlation with financial wellbeing, with a coefficient of 0.343, this relationship is not statistically significant, as the p-value is greater than 0.05.

4.1.5 Regression Analysis

Regression analysis is a statistical method designed to examine and quantify the relationship between a dependent variable and one or more independent variables. By applying a regression model to the data, researchers can estimate how variations in the independent variables affect the dependent variable, offering insights into patterns and trends. This process involves finding the optimal line or curve that minimizes the discrepancy between observed and predicted values, often using techniques such as least squares. Regression analysis is valuable for predicting outcomes, testing theories, and understanding the strength and nature of relationships among variables. It is extensively used across various fields, including finance, economics, and social sciences, to inform decision-making based on data. Nonetheless, it is important to recognize that while regression can reveal associations and predictions, it does not confirm causality.

Table 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.596 ^a	.355	.345	.119

Source: *questionnaire survey-2024*

Table 7 summarizes the model based on 417 observations from various groups. The R² value of 0.355 reveals that 35.5% of the overall variation. The remaining 64.5% of the variance is attributable to factors not included in the model. The adjusted R² value of 0.345 reflects how well the model fits the data, highlighting the collective impact of these independent variables on financial wellbeing.

Table 8

ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.212	6	.535	37.580	.000 ^b
	Residual	5.840	410	.014		
	Total	9.052	416			

Source: *questionnaire survey-2024*

Table 8 displays the ANOVA results for the 417 observations gathered from respondents involved in the share market. The ANOVA findings show that the regression model is

statistically significant, with a p-value of 0.000, which is far below the 5% significance level. This indicates that the model is effective and supports the hypothesis that the independent variables together have a significant impact on financial wellbeing. The robustness of the regression model is highlighted by its ability to accurately capture the relationships between the predictors and financial wellbeing, validating the model's relevance and effectiveness in the study.

Table 9

Coefficient result

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	3.852	.211		18.24	.000
	Financial Knowledge	-.316	.128	-.359	-2.47	.014
	Financial Behaviors	.578	.104	.734	5.56	.000
	Financial Skill	.131	.045	.237	2.91	.004
	Financial Attitude	.201	.125	.339	1.60	.110
	Financial Awareness	-.806	.074	-1.373	-10.9	.000
	Financial Experience	.441	.088	.768	5.02	.000

a. Dependent Variable: Financial Wellbeing

Source: *questionnaire survey-2024*

Table 9 present the coefficient of investors. The coefficient table is based on the regression model of $FW = \beta_0 + \beta_1 \times FK + \beta_2 \times FB + \beta_3 \times FS + \beta_4 \times FA + \beta_5 \times FAW + \beta_6 \times FE + e$. This analysis involves 417 observations. The coefficient table presents the extent to which each independent variable influences the dependent variable, along with measures of accuracy and significance.

The influence of financial knowledge on financial well-being is notably negative and significant. The hypothesis also true. The negative impact shows by the .316 which means the 1 percent change into the financial knowledge than negative .316 percent change into the financial wellbeing. The effect is significant because the p value is less than 0.05, i.e. $0.014 < 0.05$.

The impact of financial behaviors on financial well-being is both positive and substantial. The hypothesis also true. The positive impact shows by the .578 which means the 1 percent change

into the financial behaviors than positive .578 percent change into the financial wellbeing. The effect is significant because the p value is less than 0.05, i.e. $0.000 < 0.05$.

The impact of financial skill on financial well-being is both positive and significant. The hypothesis also true. The positive impact shows by the .131 which means the 1 percent change into the financial skill than positive .131 percent change into the financial wellbeing. The effect is significant because the p value is less than 0.05, i.e. $0.004 < 0.05$.

The influence of financial attitude on financial well-being is positive but lacks statistical significance. The hypothesis also not true. The positive impact shows by the .201 which means the 1 percent change into the financial attitude than positive .201 percent change into the financial wellbeing. The effect is significant because the p value is more than 0.05, i.e. $0.11 > 0.05$.

The effect of financial awareness on financial well-being is both negative and significant. The hypothesis also true. The negative impact shows by the .806 which means the 1 percent change into the financial awareness than negative .806 percent change into the financial wellbeing. The effect is significant because the p value is less than 0.05, i.e. $0.000 < 0.05$.

The impact of financial experience on financial well-being is both positive and significant. The hypothesis also true. The positive impact shows by the .441 which means the 1 percent change into the financial experience than positive .441 percent change into the financial wellbeing. The effect is significant because the p value is less than 0.05, i.e. $0.000 < 0.05$.

4.2 Discussion

The analysis reveals that the consistently low standard deviations for all variables indicate that responses are closely grouped around the mean. This suggests that respondents generally have high financial literacy and financial wellbeing, with minimal variation. These findings align with the results of Prakash et al. (2022) and Mishra (2022), reinforcing the reliability of the data and reflecting well on the respondents' financial literacy levels.

The findings show a positive and statistically significant relationship between financial wellbeing and financial knowledge, consistent with the results of Tahir et al. (2021). Similarly, financial behaviors also have a positive and significant relationship with financial wellbeing, aligning with Vörös et al. (2021). Financial skill exhibits a positive and significant correlation

with financial wellbeing, in line with Philippas & Avdoulas (2021). Among the variables, financial attitude shows the strongest positive relationship with financial wellbeing, which is highly significant, consistent with Sharma & Rohan (2021). However, the relationship between financial awareness and financial wellbeing is positive but not significant, which corresponds with Kumar & Bansal (2021). Likewise, financial experience shows a positive correlation with financial wellbeing, but it is not statistically significant, aligning with Sabri et al. (2021).

The results indicate a negative and significant effect of financial knowledge on financial wellbeing, consistent with Lone & Bhat (2022). Financial behaviors have a positive and significant effect on financial wellbeing, matching the findings of Prakash et al. (2022). Financial skill also shows a positive and significant effect on financial wellbeing, in agreement with Das & Mahapatra (2023). However, the effect of financial skill on financial wellbeing is positive but not significant, as noted by Dare et al. (2023). Financial awareness has a negative and significant impact on financial wellbeing, aligning with Kumar et al. (2023). Lastly, financial experience positively and significantly affects financial wellbeing, consistent with Faturohman et al. (2024).

CHAPTER- V

SUMMARY AND CONCLUSION

This chapter is divided into three primary sections: summary, conclusion, and implications. The summary offers a thorough overview of the entire research process, covering everything from the initial objectives to the final results. It includes a detailed description of the study's goals, methods, and major findings. The conclusion section then distills the key insights and provides final interpretations of the research outcomes. Finally, the chapter addresses the implications of the findings, examining their potential effects on theoretical perspectives, practical applications, and future research endeavors. This organized framework facilitates a comprehensive and insightful reflection on the study's results and their broader significance.

5.1 Summary

Financial literacy is a crucial ability for managing money effectively and achieving financial stability. It involves understanding and applying key financial principles to make informed decisions and handle various aspects of personal finance. Essential components of financial literacy include budgeting, saving, investing, borrowing, and managing debt. Budgeting is the process of planning how to allocate and spend money. Managing Debt involves handling existing financial obligations and minimizing the impact of interest and fees. This includes paying off high-interest debt, consolidating loans, and avoiding excessive borrowing. Proper debt management helps maintain financial stability, improve credit scores, and reduce stress. Financial awareness is a vital aspect of personal finance that involves understanding and managing various financial elements. This includes knowing about income, expenses, savings, investments, and debt, as well as keeping up with financial trends and products. Income is the money earned from work, investments, or other sources. Being aware of one's income level and its impact on financial choices is crucial for managing money effectively. Financial experience is the practical knowledge gained from managing money over time. It involves handling income, budgeting, saving, investing, and addressing financial challenges. Income Management involves earning and allocating funds to meet different needs. Financial skill is essential for effective money management and achieving financial success. It includes a variety of abilities, such as budgeting, saving, investing, and managing debt. Financial behavior

encompasses how people manage their money, including earning, spending, saving, and investing. Financial knowledge forms the foundation for managing money and building wealth. It covers a wide range of topics, from basic budgeting to advanced investment strategies. Financial attitude refers to an individual's perspective and approach toward money. It impacts financial decisions and habits. Positive Financial Attitude involves responsible spending, saving, and planning. Financial well-being refers to the overall state of an individual's financial health and satisfaction. This research examines the link between financial literacy and financial well-being among Nepalese households.

The research aims to address several key questions: What is the current state of financial awareness, financial experience, financial skill, financial behavior, financial knowledge, financial attitude, and financial well-being among Nepalese households? Is there a relationship between these variables and financial well-being? What is the impact of each variable on financial well-being? To address these questions, the study employs objectives such as assessing the current status of these variables, analyzing their relationships with financial well-being, and evaluating their impacts.

The study used descriptive and causal-comparative research designs, the study utilized SPSS and Excel for data analysis. The research focused on the Kathmandu Valley, with a sample size of 417 respondents selected through convenience sampling. Data was collected via a questionnaire survey, and analyzed using descriptive statistics, correlation analysis, and multiple regression analysis.

Findings indicate that the current status of financial literacy variables is present among respondents. The study reveals positive and significant relationships between financial experience, knowledge, awareness, attitude, skill, and behavior with financial well-being. Additionally, while the impact of financial experience, knowledge, awareness, skill, and behavior on financial well-being is significant, financial attitude does not significantly affect financial well-being.

5.2 Conclusion

The first objective was; assess current status of financial awareness, experience, skill, behavior, knowledge, and attitude, along with financial well-being Nepalese households. Results show

that these financial literacy aspects are adequately represented among respondents, contributing to their financial well-being.

The second objective was to analyze the relationship between these financial variables and financial well-being. The study found that financial experience, knowledge, awareness, attitude, skill, and behavior all positively and significantly relate to financial well-being.

The third objective was to evaluate the impact of these variables on financial well-being. Findings indicate that financial experience, knowledge, awareness, skill, and behavior have a significant impact on financial well-being, while financial attitude does not significantly affect it. This underscores the importance of financial experience, knowledge, awareness, skill, and behavior in enhancing financial well-being.

5.3 Implications

They are the implications of the research.

- i. The results of this study can assist policymakers in developing targeted financial education initiatives. By gaining insights into the current financial literacy levels of Nepalese households, the government and financial institutions can create programs that address knowledge gaps, especially in rural areas or among at-risk populations.
- ii. Financial institutions might utilize the study's findings to design or adjust financial products and services to better meet the needs of Nepalese households. For example, they could develop savings, investment, and borrowing products with simplified information and user-friendly features to cater to varying levels of financial literacy.
- iii. The study's results could prompt the inclusion of financial literacy in the national education curriculum. Educational institutions could integrate financial education into their curricula to help students acquire essential financial management skills from an early age.
- iv. The research underscores the role of financial literacy in achieving financial well-being. Households can use the study's insights to evaluate their financial knowledge and seek resources or training to enhance their financial management practices.
- v. Enhancing financial literacy, particularly among low-income and marginalized groups, could support efforts to reduce poverty and lessen economic inequality.
- vi. This research contributes to the expanding body of literature on financial literacy by providing empirical evidence from a developing country context, specifically Nepal. It

addresses the gap in understanding how financial literacy affects household financial well-being in a non-Western setting, offering a unique perspective that can be contrasted with findings from other regions.

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APPENDICES

Appendix 1: Survey Questionnaire

June – July, 2024

Dear Respondent,

As required by the MBS program, I am conducting this questionnaire survey for an academic study. “FINANCIAL LITERACY AND FINANCIAL WELLBEING AMONG NEPALESE HOUSEHOLD “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.

Rinku Verma

Campus Roll No: 600/077

Exam Roll No: 35967/21

T. U. Registration No: 7-2-55-225-2015

Shanker Dev Campus

Part I: BIO DATA

1. Your Full Name

2. Age

- between 18-25 ()
- 25-45 ()
- above 56 ()

3. Marital status

- Married ()
- Unmarried ()

4. Gender of the respondent

- Male ()

- Female ()

5. Education

- Below SLC ()
- Having SLC ()
- Intermediate ()
- Bachelor and more degree ()

6. Mention your profession.

- Student ()
- bankers ()
- Government and other private sector employees ()
- business person ()

7. Mention your income level?

- monthly up to 15000 ()
- 15000-20000 in a month ()
- 20001-50000 a month ()
- monthly earning more than 50000 ()

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

Questions	1	2	3	4	5
Financial literacy require sound Financial Wellbeing.					
Making Financial Wellbeing requires financial literacy.					
Financial knowledge has an impact on Financial Wellbeing.					
Financial behavior and Financial Wellbeing are related.					
Financial wellbeing and financial expertise are related.					
Financial Awareness related financial literacy is importance to the Financial Wellbeing.					

Financial Experience related financial literacy is importance to the Financial Wellbeing.					
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B) Financial Knowledge

Questions	1	2	3	4	5
The importance of financial knowledge in Financial Wellbeing.					
All Financial Wellbeing in the Nepalese require financial expertise.					
Financial Wellbeing of the Nepalese involves having sound financial knowledge.					
Financial expertise influenced the choice of an investment.					
You believe that good financial behavior is a necessary trait for Financial Wellbeing.					

C) Financial Behavior

Questions	1	2	3	4	5
Financial Wellbeing is influenced by financial behavior.					
All Financial Wellbeing in the Nepalese require financial behavior.					
Financial wellbeing is the heart of the Nepalese people.					
Financial Wellbeing were influenced by financial behavior.					
You consider good financial behavior to be Financial Wellbeing.					

D) Financial Skill

Questions	1	2	3	4	5
The importance of financial knowledge in Financial Wellbeing.					
All Financial Wellbeing in the Nepalese require financial skill.					
Financial wellbeing on the Nepalese is purely a matter of financial competence.					

The financial wellbeing was influenced by financial skill.					
You believe that one of the qualities for Financial Wellbeing is financial skill.					

E) Financial Attitude

Questions	1	2	3	4	5
The importance of financial knowledge in Financial Wellbeing.					
All Financial Wellbeing in the Nepalese require Financial Attitude.					
Financial wellbeing on the Nepalese is purely a matter of financial competence.					
The financial wellbeing was influenced by Financial Attitude.					
You believe that one of the qualities for Financial Wellbeing is Financial Attitude.					

F) Financial Awareness

Questions	1	2	3	4	5
The importance of financial knowledge in Financial Wellbeing.					
All Financial Wellbeing in the Nepalese require Financial Awareness.					
Financial wellbeing on the Nepalese is purely a matter of financial competence.					
The financial wellbeing was influenced by Financial Awareness.					
You believe that one of the qualities for Financial Wellbeing is Financial Awareness.					

G) Financial Experience

Questions	1	2	3	4	5
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The importance of financial knowledge is for Financial Wellbeing.					
All Financial Wellbeing in the Nepalese require Financial Experience.					
Financial wellbeing on the Nepalese is purely a matter of financial competence.					
The financial wellbeing was influenced by Financial Experience.					
You believe that one of the qualities for Financial Wellbeing is Financial Experience.					

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

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid between 18-25	73	17.5	17.5	17.5
26-45	134	32.1	32.1	49.6
46-55	131	31.4	31.4	81.1
above 56	79	18.9	18.9	100.0
Total	417	100.0	100.0	

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	125	30.0	30.0	30.0
female	292	70.0	70.0	100.0
Total	417	100.0	100.0	

Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below slc	88	21.1	21.1	21.1
habving slc	141	33.8	33.8	54.9
intermediat	76	18.2	18.2	73.1
bachelor and above degree	112	26.9	26.9	100.0
Total	417	100.0	100.0	

Income Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid monthly up to 15000	100	24.0	24.0	24.0
15000-20000 in a month	158	37.9	37.9	61.9
20001-50000 a month	38	9.1	9.1	71.0
monthly earning more than 50000	121	29.0	29.0	100.0
Total	417	100.0	100.0	

Profession

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Student	60	14.4	14.4	14.4
bankers	105	25.2	25.2	39.6
Gouvernement and other private sector employees	105	25.2	25.2	64.7
business person	147	35.3	35.3	100.0
Total	417	100.0	100.0	

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Wellbeing	417	4.14	5.00	4.9572	.14751
Financial Knowledge	417	4.60	5.00	4.9022	.16762
Finacial Behaviours	417	4.40	5.00	4.8911	.18745
Financial Skill	417	4.40	5.00	4.8225	.26705
Financial Attitude	417	4.00	5.00	4.8436	.24945
Financial Awareness	417	4.00	5.00	4.8518	.25116
Financial Experience	417	4.00	5.00	4.8480	.25683
Valid N (listwise)	417				

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.596 ^a	.355	.345	.11935

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

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.212	6	.535	37.580	.000 ^b
	Residual	5.840	410	.014		
	Total	9.052	416			

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.
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Correlations

	Financial Wellbeing	Financial Knowledge	Financial Behaviors	Financial Skill	Financial Attitude	Financial Awareness	Financial Experience
Financial Wellbeing	1	.236**	.286**	.265**	.305**	.145**	.343**
Sig. (2-tailed)		.000	.000	.000	.000	.003	.000
N	417	417	417	417	417	417	417
Financial Knowledge	.236**	1	.945**	.870**	.870**	.884**	.797**
Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
N	417	417	417	417	417	417	417
Financial Behaviors	.286**	.945**	1	.821**	.873**	.880**	.792**
Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
N	417	417	417	417	417	417	417
Financial Skill	.265**	.870**	.821**	1	.792**	.797**	.733**
Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
N	417	417	417	417	417	417	417
Financial Attitude	.305**	.870**	.873**	.792**	1	.938**	.961**
Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
N	417	417	417	417	417	417	417
Financial Awareness	.145**	.884**	.880**	.797**	.938**	1	.889**
Sig. (2-tailed)	.003	.000	.000	.000	.000		.000

N	417	417	417	417	417	417	417
Financial Experience	Pearson Correlation	.343**	.797**	.792**	.733**	.961**	.889**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000
N		417	417	417	417	417	417

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

	B	Std. Error	Beta		
1 (Constant)	3.852	.211		18.248	.000
Financial Knowledge	-.316	.128	-.359	-2.476	.014
Financial Behaviors	.578	.104	.734	5.568	.000
Financial Skill	.131	.045	.237	2.915	.004
Financial Attitude	.201	.125	.339	1.601	.110
Financial Awareness	-.806	.074	-1.373	-10.944	.000
Financial Experience	.441	.088	.768	5.027	.000

a. Dependent Variable: Financial Wellbeing

Reliability Statistics

Cronbach's Alpha	N of Items
.854	7

Reliability Statistics

Cronbach's Alpha	N of Items
.531	5

Reliability Statistics

Cronbach's Alpha	N of Items
.608	5

Reliability Statistics

Cronbach's Alpha	N of Items
.754	5

Reliability Statistics

Cronbach's Alpha	N of Items
.659	5

Reliability Statistics

Cronbach's Alpha	N of Items
.879	5

Reliability Statistics

Cronbach's Alpha	N of Items
.645	5

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FINANCIAL LITERACY AND FINANCIAL WELLBEING AMONG NEPALESE HOUSEHOLD A Dissertation submitted to the Office of the Dean, faculty of Management in partial fulfillment of requirement for the Master's Degree By Rinku Verma
Campus Roll No : 600/077 Exam Roll No : 35967/21 T. U. Registration No: 7

-2-55-225-2015 Shanker Dev Campus Specializations: Finance Kathmandu August 2024 ABSTRACT This study aims to address several key questions regarding the financial status of Nepalese households. Specifically, it examines the current levels of financial awareness, experience, skills, behavior, knowledge, attitudes, and well-being among these households. It also explores whether there is a relationship between these financial factors and overall financial well-being, and investigates the impact that each of these factors has on financial well-being. To achieve these objectives, the study reviews drawing on a range of articles and theses from resources such as Google Scholar and the Shanker Dev Library, a conceptual framework has been developed that positions. In this study, financial well-being is considered the outcome variable. The framework outlines financial awareness, experience, skills, behavior, knowledge, and attitudes as the predictor variables. The research utilizes a descriptive and causal-comparative design to explore these relationships, data from 417 respondents in Kathmandu Valley were collected through a questionnaire survey and analyzed using SPSS and Excel. The study finds that respondents generally have access to financial knowledge, awareness, attitudes, skills, and behaviors, and that these factors have a positive and significant relationship with financial well-being. However, while most factors significantly impact financial well-being, financial attitude alone does not show a significant effect. Keywords: financial knowledge, awareness, attitudes, skills, behaviors and financial well-being ii

CHAPTER- I INTRODUCTIONS 1.1 Background of the Study Financial literacy is a

crucial ability for managing money effectively and achieving financial stability. It involves understanding and applying key financial principles to make informed decisions and handle various aspects of personal finance. Essential components of