

# **FINANCIAL LITERACY AND FINANCIAL WELLBEING AMONG NEPALESE INVESTORS**

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

**Submitted By:**

Shiwani Mainali

Exam Roll No. 24109/20

Registration No. 7-2-15-153-2014

Campus Roll No.3498/076`

Kathmandu, Nepal

July, 2024

### **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 investors**”. 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 declare that all information sources and literature used are cited in the reference section of the dissertation.

.....

Shiwani Mainali

Exam Roll No. 24109/20

Campus Roll no.3498/076

Registration No. 7-2-15-153-2014

June, 2024

**Report of Research Committee**

Shiwani Mainali has defended research proposal entitled “**Financial Literacy and Financial Wellbeing among Nepalese Investors**”. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Dhan Raj Chalise and submit the thesis for evaluation and viva voice examination.

.....

Dr. Dhan Raj Chalise

Dissertation Supervisor

.....  
Dissertation Proposal Defended date:

.....  
Dissertation Submitted date:

.....

Asso. Prof. Dr. Sajeeb Kumar Shrestha

Chairperson, Research Committee

.....  
Dissertation Viva Voice date:

## Approval Sheet

We have examined the dissertation entitled “**Financial Literacy and Financial Wellbeing among Nepalese Investors**” presented by Shiwani Mainali for the degree of **Master of Business Studies**. We hereby certify that the dissertation is acceptable for the award of a degree.

.....  
Dr. Dhan Raj Chalise  
Dissertation Supervisor

.....  
Internal Examiner

.....  
Internal Expert

.....  
External Expert

.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Chairperson, Research Committee

.....  
Asso. Prof. Dr. Krishna Prasad Acharya  
Campus Chief

## **Acknowledgement**

I am deeply grateful to Asst. Professor Dr. Dhan Raj Chalise for his invaluable supervision, guidance, encouragement, and unwavering support throughout my dissertation work. His continuous support and constructive suggestions have been instrumental in shaping this research project.

I am grateful to Asso. Prof. Dr. Krishna Prasad Acharya, Campus Chief, and Asso. Prof. Dr. Sajeeb Kumar Shrestha, Research Head, for timely supervision and guidance to complete this work. I would also like to express my heartfelt thanks to the faculty members of Shankar Dev Campus for their academic mentorship and for fostering a conducive learning environment that nurtured my intellectual growth and curiosity.

Special appreciation goes to my family for their unwavering support, understanding, and encouragement throughout my academic journey. Their love, patience, and belief in my abilities have been a constant source of strength and motivation. To my friends and colleagues, I am thankful for your encouragement, constructive feedback, and camaraderie, which made this journey both rewarding and enjoyable.

Lastly, my deepest appreciation goes to all individuals who directly or indirectly contributed to this thesis. Your support and encouragement have been invaluable, and I am truly grateful for your generosity and kindness.

Thank you.

Shiwani Mainali

## Table of Contents

<b>Contents</b>	<b>Page No.</b>
<i>Title Page</i>	<i>i</i>
<i>Certification of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgement</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>vii</i>
<i>List of Figures</i>	<i>viii</i>
<i>Abbreviations</i>	<i>ix</i>
<i>Abstract</i>	<i>x</i>

### Chapter I

#### Introduction

1.1 Background of the Study	1
1.2 Problem Statement	3
1.3 Objectives of the Study	4
1.4 Hypothesis of the Study	5
1.5 Rationale of Study	6
1.6 Limitation of the Study	7

### Chapter II

#### Review of Literature

2.1 Conceptual Review	9
2.2 Theoretical Review	11
2.2.1. Prospect Theory: Kahneman & Tversky, 1979	11
2.2.2. Theory of Planned Behavior: Ajzen, 1991	11
2.2.3. Behavioral Finance	11
2.2.4. Dual Process Theory (System 1 and System 2: Kahneman, 2011)	12
2.3. Empirical Review	13

2.4. Research Gap	20
-------------------	----

### **Chapter III**

#### **Research Methodology**

3.1 Research Design	23
3.2. Sources of Data	23
3.3. Population and Sample	24
3.4. Instrumentation	24
3.5. Data collection procedures	25
3.6 Data analysis tools and techniques	26
3.7 Validity and reliability	27
3.8. Research framework and definition of variables	29

### **Chapter IV**

#### **Results and Discussion**

4.1 Presentation of Results	31
4.1.1 Presentation of result of descriptive analysis	31
4.1.1.1 Descriptive analysis of demographic profile	32
4.1.2. Descriptive analysis of result of variables under study	34
4.1.3. Correlation analysis	34
4.1.4. Regression Analysis	36
4.2. Discussion	40

### **Chapter V**

#### **Summary and Conclusion**

5.1. Summary	42
5.2. Conclusion	43
5.3. Implications	44

#### **References**

#### **Annex**

## **List of Tables**

Table 2.1	Summary Table	18
Table 3.1	Cronbach's Alpha	28
Table 4.1	Age Group of Respondent	32
Table 4.2	Distribution of Respondent by Gender	32
Table 4.3	Monthly Income of Respondent	33
Table 4.4	Profession of Respondent	33
Table 4.5	Descriptive Statistics	34
Table 4.6	Correlation Analysis	35
Table 4.7	Model Summary	37
Table 4.8	Regression ANNOVA	38
Table 4.9	Regression Coefficient	39

## **List of Figures**

Figure 3.1: Research framework of the Study

29

## Abbreviations

ANOVA	Analysis of Variance
FA	Financial Attitude
FB	Financial Behavior
FL	Financial Literacy
INFE	International Network on Financial Education
ITI	Intention Towards Investment
NEPSE	Nepal Stock Exchange
NSSO	National Sample Survey Office
OECD	Organization for Economic Co-operation and Development
SPSS	Statistical Package for the Social Sciences
UAE	United Arab Emirates

## **Abstract**

The objective of this study is to investigate the relationship between financial literacy and financial well-being among Nepalese investors, specifically within the Kathmandu Valley. Using a descriptive research design, data were collected from a population of investors associated with NEPSE trading, resulting in a sample of 389 respondents selected through a convenient sampling method. The study employed a five-point Likert scale questionnaire addressing constructs such as financial awareness, financial experience, financial well-being, financial skill, and financial self-efficacy.

The findings reveal that all examined correlations are significant at the 0.01 level, indicating strong relationships between the variables. Financial awareness is notably associated with an increase in financial well-being. Although financial experience shows a positive effect, it is not statistically significant. Financial skills positively influence financial well-being, suggesting that higher financial skills contribute to better financial outcomes. Financial self-efficacy demonstrates a strong positive impact, highlighting that greater financial self-efficacy significantly enhances financial well-being. Enhancing financial literacy, particularly in financial awareness, skills, and self-efficacy, significantly improves the financial well-being of Nepalese investors, suggesting the need for targeted financial education programs and further research across diverse demographics and regions.

**Key Words:** Financial Literacy, Financial Well-being, Nepalese Investors, Financial Self-Efficacy, Financial Skills.

# Chapter I

## Introduction

### 1.1 Background of the Study

Traditionally, business success has been gauged by profits and liquidity to meet short-term commitments, as well as by effectiveness, efficiency, and productivity (Ramírez, 2020; Vergiú & Bendezú, 2007). Financial literacy is viewed as a mechanism that supports business success. It involves enhancing one's knowledge about financial products and risk management, along with developing the skills necessary to make effective financial decisions that improve financial well-being (OECD, 2005). In essence, better financially prepared businesspeople and entrepreneurs can achieve higher levels of well-being, contribute to economic activity, and promote the social development of individuals and institutions around them. Lone, & Bhat (2024) states that financial literacy positively impacts financial well-being through enhanced financial self-efficacy. Studying the financial well-being of businesspersons and entrepreneurs is crucial due to the significant impact their activities have on themselves, their families, customers, employees, suppliers, and society at large. Understanding its causes and consequences is valuable for... Financial literacy and financial wellbeing are crucial aspects of an individual's economic stability and development. In Nepal, as in many other parts of the world, women's financial literacy and wellbeing play a vital role in shaping their economic empowerment and overall quality of life. This study aims to investigate the relationship between financial literacy and financial wellbeing among Nepalese investors, including financial awareness, financial experience, financial skill, and financial self-efficacy, as independent variables and financial wellbeing as the dependent variable among investors.

In addition Zhang and Chatterjee (2023) found higher financial literacy and lower financial stress contribute to better financial well-being in the U.S. While Nepalese investors actively participate in the workforce, they frequently confront obstacles such as wage disparities, restricted access to formal employment, and limited financial inclusion (Central Bureau of Statistics, 2020). Studies indicate that enhancing financial literacy can economically empower investors and improve their financial wellbeing. Financial

education initiatives have the potential to narrow the gender gap in financial literacy, thereby boosting financial security (Cole et al., 2016).

Financial awareness refers to comprehending fundamental financial principles and being informed about available financial options and resources. It encompasses knowledge of budgeting, savings, investments, and retirement planning (Lusardi & Mitchell, 2014). For investors, financial awareness is crucial for making well-informed decisions regarding income allocation and future financial planning. Financial experience involves practical exposure to financial decision-making and management, including factors like work history, income levels, investment choices, and participation in financial programs such as retirement plans and insurance (Hastings et al., 2013). Accumulating financial experience equips investors with the skills necessary for effective financial decision-making.

Financial skill entails applying financial knowledge effectively in real-life situations, such as creating and managing budgets, setting financial goals, evaluating investment opportunities, and making informed decisions about debt management (Fernandes et al., 2014). Developing financial skills is essential for investors to achieve long-term financial stability. Financial self-efficacy pertains to an individual's belief in their ability to control financial outcomes and successfully manage their finances. It reflects confidence in making financial decisions and taking actions to achieve financial goals (Perry & Morris, 2005). High levels of financial self-efficacy empower investors to actively engage in financial planning and seek financial advice.

Financial wellbeing denotes an individual's overall financial health and satisfaction with their financial situation. It encompasses the ability to meet daily financial needs, plan for future financial goals, and maintain financial security (O'Neill et al., 2016). Attaining financial wellbeing reduces financial stress and enhances overall quality of life. Exploring how these facets of financial literacy influence financial wellbeing can inform the development of targeted financial education programs and policies aimed at improving financial security and overall quality of life for Nepalese investors in the workforce. Additionally, this research may uncover unique challenges and opportunities specific to

investors in managing their finances, contributing to a more comprehensive understanding of gender-specific financial literacy issues.

This study establishes a framework for examining the connection between financial literacy and financial wellbeing among Nepalese investors. The independent variables of business support, savings practices, skill development, and access to finance are anticipated to significantly impact entrepreneurship development among investors. Understanding these relationships can guide policies and programs aimed at enhancing the financial empowerment of Nepalese investors, ultimately fostering economic growth in the country.

## **1.2 Problem Statement**

Financial literacy is widely acknowledged as a crucial factor influencing individuals' financial decisions and overall financial health (Huston, 2010; Lusardi & Mitchell, 2014). It encompasses various components such as financial awareness, experience, skill, and self-efficacy, collectively shaping an individual's ability to manage personal finances effectively (Huston, 2010; Perry & Morris, 2005). Despite its recognized importance, there remains a significant gap in understanding how financial literacy, particularly its constituent elements, impacts the financial wellbeing of investors in Nepal.

While international studies have explored the correlation between financial literacy and financial outcomes (e.g., Lusardi & Mitchell, 2014; Van Rooij, Lusardi, & Alessie, 2012), there is a lack of empirical evidence accounting for Nepal's unique socio-economic context and cultural influences. Nepal's financial landscape presents distinct challenges and opportunities, including varying income levels, limited access to formal financial services, and cultural norms influencing financial decision-making (Sharma & Neupane, 2020). As Nepalese investors navigate these complexities, understanding the specific dimensions of financial literacy that contribute to or hinder their financial wellbeing becomes critical. Financial literacy plays a crucial role in shaping individuals' financial behaviors and outcomes worldwide. Defined as the knowledge and understanding of financial concepts and the ability to apply them effectively in decision-making, financial literacy encompasses

several dimensions: financial awareness, experience, skill, and self-efficacy (Lusardi & Mitchell, 2014).

In Nepal, as in many emerging economies, individuals face unique challenges such as varying income levels, limited access to formal financial services, and cultural influences on financial decision-making (Sharma & Neupane, 2020). Understanding how these dimensions of financial literacy impact the financial wellbeing of Nepalese investors is crucial for designing effective interventions that promote economic empowerment and improve overall quality of life. This study aims to fill this gap by examining how financial awareness, experience, skill, and self-efficacy—considered as independent variables—relate to financial wellbeing among Nepalese investors. Conducting research within the Nepalese context is expected to yield valuable insights into the role of financial literacy in shaping investors' financial security.

Nepal is undergoing significant socio-economic changes, with a growing number of women entering the labor force (Central Bureau of Statistics (CBS, 2021). This demographic shift underscores the importance of investigating how financial literacy, encompassing awareness, experience, skill, and self-efficacy, impacts the financial wellbeing of Nepalese investors.

- What aspects constitute financial literacy among investors in Nepal?
- How do the various dimensions of financial literacy relate to the financial wellbeing of investors in Nepal?
- Does financial literacy influence the financial wellbeing of investors in Nepal?

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

This study aims to investigate the relationship between financial literacy and financial wellbeing among Nepalese investors. By identifying and analyzing the critical determinants of financial literacy and financial wellbeing, this research intends to offer valuable insights for Nepalese investors.

The specific objectives of this research are:

1. To access the primary dimensions of financial literacy among Nepalese investors.
2. To analyze how the dimensions of financial literacy relate to the financial wellbeing of Nepalese investors.
3. To examine the effect of financial literacy on the financial wellbeing of Nepalese investors.

#### **1.4 Hypothesis of the Study**

H1: Financial awareness has a significantly positive impact on financial wellbeing.

Financial awareness refers to an individual's understanding of financial concepts, including budgeting, savings, investments, and retirement planning (Lusardi & Mitchell, 2014). It is hypothesized that greater financial awareness enables individuals to make informed financial decisions, thereby enhancing their financial wellbeing.

H2: Financial experience has a significantly positive impact on financial wellbeing.

Financial experience encompasses practical exposure to financial decision-making, influenced by factors such as employment history, income levels, and participation in financial programs (Zhang & Chatterjee, 2023). This hypothesis suggests that individuals with more extensive financial experience are better equipped to manage their finances effectively, leading to improved financial wellbeing.

H3: Financial skill has a significantly positive impact on financial wellbeing.

Financial skill involves the ability to apply financial knowledge in real-world situations, such as creating budgets, setting financial goals, evaluating investment opportunities, and managing debt (Karki & Kafle, 2020). It is hypothesized that individuals with stronger financial skills are more likely to achieve long-term financial stability and enhanced financial wellbeing.

H4: Financial self-efficacy has a significantly positive impact on financial wellbeing.

Financial self-efficacy refers to an individual's belief in their ability to control financial outcomes and successfully manage their finances (Thapa & Kc, 2020). This hypothesis proposes that individuals with higher levels of financial self-efficacy exhibit more proactive financial behaviors, leading to improved financial wellbeing.

### **1.5 Rationale of Study**

Financial wellbeing is a critical aspect of individuals' overall quality of life, impacting their ability to achieve financial goals, reduce financial stress, and secure their future. As financial literacy has gained recognition as a crucial factor in shaping individuals' financial behaviors and outcomes, there is a growing need to delve deeper into its individual components: financial awareness, financial experience, financial skill, and financial self-efficacy. This study aims to explore the relationship between these key components of financial literacy as independent variables and financial wellbeing as a dependent variable in the general population.

Financial literacy is a multifaceted concept encompassing various components. Investigating these components separately allows for a more comprehensive understanding of how each aspect contributes to overall financial wellbeing. Financial awareness, financial experience, financial skill, and financial self-efficacy are essential for individuals to make informed financial decisions. A deeper understanding of how these components influence financial wellbeing can empower individuals to enhance their financial literacy and make more effective financial choices. Governments, educational institutions, and financial institutions invest in financial literacy programs to improve individuals' financial wellbeing. This study's findings can inform the design and targeting of these programs, ensuring they address specific areas of financial literacy that most significantly impact financial wellbeing. While existing research has explored the broad link between financial literacy and financial outcomes, there is a need for more focused research that dissects financial literacy into its core components. This study addresses this research gap by

examining the relationships between financial awareness, financial experience, financial skill, and financial self-efficacy and their combined influence on financial wellbeing.

This study is motivated by the desire to gain deeper insights into the individual components of financial literacy and their specific contributions to financial wellbeing in the general population. By examining these components independently and collectively, this research aims to provide valuable knowledge that can inform policies, educational programs, and individual financial decisions, ultimately enhancing financial wellbeing for individuals and communities.

The findings of this study will not only contribute to the existing knowledge base on financial literacy and financial wellbeing but will also provide practical implications for policymakers, financial institutions, and non-governmental organizations operating in Nepal. Understanding the impact of financial literacy on Nepalese investors' financial wellbeing is crucial for designing targeted interventions that can promote economic empowerment and improve overall quality of life.

### **1.6 Limitation of the Study**

Though the survey is conducted in formal and structured manner, there is a few limitations as well. The limitations of the study are:

One potential limitation of this study is the possibility of response error in the survey due to respondents' varying levels of interest or awareness regarding financial literacy and wellbeing. This variability could influence the accuracy and reliability of the data collected, as respondents may not fully understand or engage with the survey questions as intended, leading to biased or incomplete responses.

The study is confined to Nepalese investors located within Kathmandu Valley, encompassing sectors such as private, public, small enterprises, and large enterprises. This geographical restriction may not fully represent the diverse opinions and perspectives of Nepalese investors across the entire country. Investors outside Kathmandu Valley, who might have different socioeconomic backgrounds or regional factors influencing their financial decisions, are not included in this study, thus limiting the generalizability of findings to the broader Nepalese investor population.

Another limitation is that the variables studied in this research are primarily focused on major aspects of financial literacy, such as financial awareness, experience, skills, and self-efficacy. While these factors are crucial in understanding financial wellbeing, the study's scope may overlook other potential variables or nuances that could also significantly impact financial outcomes. For instance, cultural factors, psychological factors, or specific industry-related knowledge may play significant roles in shaping financial behaviors and outcomes among investors, but these were not comprehensively explored in this study.

Constraints in time and budget present practical limitations to the study. Adequate time is essential for thorough data collection, analysis, and interpretation. Budget constraints may limit the scope of research activities, such as the size of the sample or the extent of data collection methods employed. These limitations can impact the depth and breadth of the study's findings, potentially restricting the ability to draw robust conclusions or generalize findings beyond the specific context and timeframe of the study.

## Chapter II

### Review of Literature

#### 2.1 Conceptual Review

Financial literacy arises from grasping fundamental financial principles, acquiring the capacity and assurance to make suitable immediate financial choices, and effectively strategizing for future financial needs (Remund, 2010). These decisions should address practical challenges and be grounded in evidence, with the skills acquired empowering individuals to advocate for their financial rights as consumers. Financial literacy encompasses knowledge and skills related to managing money, budgeting, saving, investing, and understanding financial products. Research indicates that low levels of financial literacy can lead to poor financial decisions and hinder financial wellbeing, especially among investors (Lusardi & Tufano, 2015). Financial wellbeing refers to an individual's sense of financial security and the ability to meet current and future financial needs. For investors in Nepal, financial wellbeing is influenced by various factors, including income, access to financial services, and economic opportunities.

Business support encompasses various forms of assistance that investors receive to establish or grow their entrepreneurial ventures. Studies such as Chamlagai and Bhandari (2019) have shown that access to business support services can significantly influence women's entrepreneurial success in Nepal. Savings are a fundamental aspect of financial wellbeing. Research by Adhikari and Manandhar (2016) suggests that understanding investor's saving practices and factors affecting their savings behavior can shed light on their financial wellbeing.

Financial literacy is widely recognized as a critical determinant of individuals' financial wellbeing, influencing their ability to make informed financial decisions and achieve financial security (Lusardi & Mitchell, 2014). It encompasses several dimensions: financial awareness, experience, skill, and self-efficacy, each contributing uniquely to an individual's financial capability (Huston, 2010; Perry & Morris, 2005).

### Financial Awareness

Financial awareness refers to an individual's understanding of financial concepts such as budgeting, savings, investments, and retirement planning. It equips individuals with the knowledge necessary to navigate financial decisions effectively and is positively correlated with improved financial outcomes (Lusardi & Mitchell, 2014).

### Financial Experience

Financial experience involves practical exposure to financial decision-making, shaped by factors such as employment history, income levels, and participation in financial programs. Individuals with diverse financial experiences are better equipped to manage financial challenges and opportunities, thereby enhancing their financial wellbeing (Zhang & Chatterjee, 2023).

### Financial Skill

Financial skill pertains to the ability to apply financial knowledge in real-world scenarios, encompassing activities like budget management, goal setting, investment evaluation, and debt management. Strong financial skills contribute significantly to achieving long-term financial stability and enhancing overall financial wellbeing (Karki & Kafle, 2020).

### Financial Self-Efficacy

Financial self-efficacy reflects an individual's belief in their capability to control financial outcomes and effectively manage their finances. Higher levels of financial self-efficacy are associated with proactive financial behaviors, leading to improved financial management and wellbeing (Thapa & Kc, 2020).

Skill development is essential for investors to enhance their employability and entrepreneurial abilities. A study by Gurung and Sharma (2018) explored the impact of skill development programs on investors' economic empowerment in Nepal. Access to finance is a key factor in promoting investors' entrepreneurship. Research by Nepal Rastra

Bank (2017) has highlighted the importance of policies and financial products aimed at improving investors' access to finance in Nepal.

## **2.2 Theoretical Review**

Financial literacy and its impact on financial wellbeing are extensively studied through various behavioral theories, each providing insights into how individuals make financial decisions and manage their financial lives.

### **2.2.1. Prospect Theory: Kahneman & Tversky, 1979**

Prospect theory explains how individuals evaluate and choose between different options involving uncertainty and risk. It suggests that people tend to be risk-averse when facing potential gains and risk-seeking when facing potential losses of equivalent value. This theory emphasizes that individuals' decisions are influenced by psychological biases and heuristics rather than purely rational considerations. Financial literacy is crucial in mitigating these biases by providing individuals with the knowledge and skills to make more informed financial decisions, thereby improving their financial wellbeing.

### **2.2.2. Theory of Planned Behavior: Ajzen, 1991**

The theory of planned behavior extends the understanding of human behavior by incorporating the role of intention and perceived behavioral control. It posits that individuals' intentions to engage in a behavior are shaped by their attitudes towards the behavior, subjective norms (perceptions of social pressures), and perceived behavioral control (beliefs about their ability to perform the behavior). In the context of financial literacy, individuals who are financially literate may intend to make prudent financial decisions but may face barriers such as lack of resources or external pressures that affect their actual financial behavior and, consequently, their financial wellbeing.

### **2.2.3. Behavioral Finance**

Behavioral finance integrates psychological theories into finance to explain anomalies in financial markets and individual financial decision-making. It explores phenomena such as

herd behavior, overconfidence, and loss aversion that deviate from traditional economic theories assuming rationality. For instance, individuals may exhibit biases like anchoring (relying heavily on initial information) or framing (reacting differently to the same information presented differently). Financial literacy helps individuals recognize and mitigate these biases, potentially leading to better financial outcomes and improved financial wellbeing.

#### **2.2.4. Dual Process Theory (System 1 and System 2) (Kahneman, 2011)**

Dual process theory posits that human thinking operates through two distinct systems: System 1 (intuitive and automatic) and System 2 (deliberate and analytical). In financial decision-making, System 1 processes often lead to quick, intuitive decisions based on heuristics and emotions, whereas System 2 processes involve deliberate reasoning and analysis. Financially literate individuals are equipped to engage both systems effectively, making informed decisions (System 2) while managing impulsive choices (System 1), thus contributing to their financial wellbeing.

These theories collectively emphasize the multifaceted nature of financial decision-making and the critical role of financial literacy in enhancing individuals' financial wellbeing. By understanding these theoretical frameworks, researchers and practitioners can design interventions and educational programs that target specific cognitive biases, improve financial decision-making skills, and promote long-term financial security and prosperity among individuals and communities.

This theoretical review provides a comprehensive foundation for understanding the complex interplay between financial literacy, behavioral theories, and financial wellbeing, guiding future research and practical applications in the field of financial education and policy development.

### 2.3. Empirical Review

Fu (2020) posits that consumers' financial capabilities hinge on their ability to access financial resources and the availability of financial services. However, merely having access to financial services does not guarantee financial satisfaction; individuals must also possess financial knowledge and the intent to apply it in order to strive for financial wellbeing. The Consumer Financial Protection Bureau (2017a) emphasizes that the ultimate aim of financial literacy should be achieving financial wellbeing.

Financially literate individuals are more inclined to save for retirement, invest in stock markets, manage financial costs prudently, and borrow at lower interest rates (Azar et al., 2018). Traditionally, financial literacy has been assessed through three primary components: financial knowledge, financial attitudes, and financial behaviors (Atkinson & Messy, 2012). Financial knowledge involves acquiring specific skills and understanding information about financial products, enabling individuals to interpret, analyze, and evaluate financial information effectively. Therefore, possessing financial knowledge is a fundamental aspect of financial literacy.

Essential financial knowledge includes proficiency in concepts such as inflation, risk diversification, the time value of money, interest rates, and compound interest calculations. This knowledge forms the basis of financial capabilities, enabling individuals to conduct financial transactions and resolve financial challenges effectively (Christelis et al., 2010; Cole & Shastry, 2008).

For instance, Philippas and Avdoulas (2020) found in Greece that university students with higher levels of financial knowledge are better equipped to handle financial emergencies, thereby enhancing their financial wellbeing. They also observed that individuals with sound financial behaviors are more likely to achieve financial wellbeing in the future. Similarly, Losada-Otálora et al. (2020) in Colombia demonstrated that increased transparency in banking information positively correlates with customers' subjective

financial wellbeing. They further highlighted that subjective financial knowledge mediates the relationship between banking transparency and subjective financial wellbeing.

In the United States, Guo and Huang (2023) discovered that low-income entrepreneurs typically exhibit lower financial knowledge scores compared to high-income entrepreneurs and low-income non-entrepreneurs. Moreover, they noted that financial knowledge generally enhances financial wellbeing, although this relationship differs for low-income entrepreneurs. Specifically, Guo and Huang (2023) suggest that among low-income entrepreneurs, those with greater financial knowledge are more cognizant of financial barriers and more concerned about their financial wellbeing, potentially dampening their entrepreneurial drive and optimal utilization of financial services.

There is a substantial body of literature linking financial literacy with financial wellbeing. Studies consistently show that higher levels of financial literacy are associated with greater financial contentment and improved overall financial wellbeing (Xiao et al., 2014; Ali et al., 2015; Chu et al., 2017). For instance, individuals with higher financial literacy tend to experience greater financial satisfaction as they can effectively plan their spending and saving behaviors (Ali et al., 2015). Moreover, households with enhanced financial literacy often enjoy better financial outcomes, such as positive investment returns (Chu et al., 2017).

Additionally, research supports that lower levels of financial understanding lead to detrimental financial behaviors, such as premature withdrawals from pension funds (Agnew et al., 2012). Beyond individual satisfaction, financial literacy correlates with various dimensions of financial wellbeing. Studies demonstrate that increased financial literacy contributes to higher wealth accumulation and improved financial security (Stango & Zinman, 2009; Behrman et al., 2012; van Rooij et al., 2012). Conversely, inadequate financial literacy is linked to problems like excessive debt, bankruptcy, and challenges in managing financial emergencies (Lusardi & Tufano, 2009; Santos & Abreu, 2013; Tsai et al., 2016).

Furthermore, higher financial knowledge is associated with lower financial costs and reduced risks of mortgage defaults, highlighting its crucial role in maintaining financial wellbeing (Scheresberg, 2013; Lusardi et al., 2011). Moreover, enhanced financial literacy fosters financial self-efficacy, empowering individuals to effectively manage their finances and thereby enhancing their overall financial wellbeing (Bruggen et al., 2017). However, there remains limited research on this relationship within specific contexts such as business schools, underscoring the need for further empirical investigation into how financial literacy interacts with financial wellbeing through factors like financial self-efficacy.

Financial literacy plays a crucial role in shaping financial behaviors and outcomes across various populations. Thapa and Kc (2020) examined the financial literacy levels among Nepalese stock market investors, finding diverse levels of financial literacy among this group. Oli (2018) explored how financial literacy influences personal financial planning in Nepal, indicating that higher levels of financial literacy correlate with more effective financial planning strategies.

The studies by Karki and Kafle (2020) and Philippas and Avdoulas (2021) provide valuable insights into the intersection of financial literacy and financial well-being across distinct demographic groups. Karki and Kafle's research in Nepal underscores how financial literacy, in conjunction with demographic variables like age and income, significantly influences investors' risk tolerance levels. Their findings highlight the pivotal role of financial knowledge in shaping individuals' attitudes towards financial risks, thereby influencing their decision-making processes in investments.

In contrast, Philippas and Avdoulas (2021) focused on Generation-Z university students in Greece, revealing a positive correlation between higher levels of financial literacy and improved financial well-being among young adults. Their study underscores the importance of early exposure to financial education and skills, suggesting that a solid foundation in financial concepts can lead to more informed financial behaviors and better long-term financial outcomes for young individuals.

Further enriching our understanding, Lone and Bhat's (2024) study explored the mediating role of financial self-efficacy in the relationship between financial literacy and financial well-being. Their findings suggest that enhanced financial literacy positively influences financial well-being by boosting individuals' confidence in managing financial matters. This highlights the psychological and behavioral pathways through which financial literacy contributes to overall financial health, emphasizing the importance of not only acquiring financial knowledge but also developing the confidence to apply it effectively.

In the United States context, Zhang and Chatterjee (2023) explored the roles of financial literacy and financial stress in influencing financial well-being. Their research indicated that higher financial literacy levels and lower financial stress are associated with better financial well-being outcomes, illustrating the protective effects of financial knowledge and reduced financial strain on overall financial health.

Mandell and Klein (2007) conducted a longitudinal study to assess the impact of financial literacy education on subsequent financial behavior. Their research revealed that individuals who received financial education demonstrated improved financial behaviors, including increased savings and investments. This underscores the significant role of financial literacy in equipping individuals with the knowledge and skills necessary to make informed financial decisions and manage their resources effectively over time.

Similarly, van Rooij et al. (2011) explored the relationship between financial literacy and retirement planning in the Netherlands. Their findings indicated that individuals with higher levels of financial literacy were more likely to engage in proactive retirement planning activities. This highlights the critical role of financial knowledge in preparing for future financial security and underscores how informed decisions today can positively impact financial outcomes in retirement.

Lusardi and Mitchell (2014) reviewed the broader economic implications of financial literacy, affirming that higher levels of financial literacy are associated with better financial decision-making and more effective planning for retirement. Their synthesis of existing

research underscores the importance of promoting financial education across all age groups to enhance financial well-being and mitigate potential financial risks.

Building on these insights, Fernandes et al. (2014) demonstrated through empirical research that financial literacy positively influences downstream financial behaviors such as saving and investing. Their study provides further evidence that equipping individuals with financial knowledge not only enhances their immediate financial decisions but also fosters long-term financial security and resilience.

Huston (2010) focused on developing a reliable measurement of financial literacy and found that financial literacy is linked to improved financial behaviors, including reduced debt and increased savings. This underscores the importance of accurately assessing and enhancing financial knowledge to promote positive financial outcomes across different demographics.

van Rooij, Lusardi, and Alessie (2011) further analyzed the relationship between financial literacy, retirement planning, and household wealth. Their research revealed that individuals with higher financial literacy are more likely to engage in proactive retirement planning activities, leading to greater household wealth accumulation over time. This highlights the role of financial knowledge in shaping long-term financial security and preparedness for retirement.

Lyons et al. (2006) evaluated the effectiveness of financial education programs nationwide and found significant variability in their impact on financial literacy and behavior. Their findings suggest that while financial education programs can be effective, there is a need for improvements in program design and implementation to better meet the diverse needs of learners and enhance overall financial literacy outcomes.

These studies collectively underscore the critical link between financial literacy and financial well-being across diverse demographics and geographic contexts. They highlight the multifaceted benefits of financial education in enhancing financial decision-making,

reducing financial stress, and improving overall financial outcomes. Moreover, they emphasize the need for tailored educational interventions to address varying levels of financial literacy and promote financial well-being globally.

**Table 1**

*Summary Table*

<b>Author(s)</b>	<b>Title</b>	<b>Objectives</b>	<b>Methodology</b>	<b>Findings</b>
Thapa, & KC (2020)	Financial literacy of Nepalese stock market investors	To assess the level of financial literacy among Nepalese stock market investors.	Survey data	Nepalese stock market investors demonstrate varying levels of financial literacy.
Oli (2018)	The influence of financial literacy on personal financial planning: A case of Nepal	To examine how financial literacy impacts personal financial planning in Nepal.	Survey and case study analysis	Financially literate individuals in Nepal tend to engage more in effective financial planning.
Karki, & Kafle, (2020)	Investigation of Factors Influencing Risk Tolerance among Investors using Ordinal Logistic Regression	To identify factors influencing risk tolerance among investors in Nepal.	Ordinal logistic regression	Factors like age, income, and financial literacy significantly influence risk tolerance in Nepal.
Philippas, & Avdoulas, (2021)	Financial literacy and financial well-being among Generation-Z university students: Evidence from Greece	To explore the relationship between financial literacy and financial well-being among Generation-Z students in Greece.	Survey and statistical analysis	Higher financial literacy is associated with improved financial well-being among Greek students.
Lone, & Bhat (2024)	Impact of financial literacy on financial well-being: a	To examine how financial literacy affects financial well-being mediated by	Survey and structural equation modeling (SEM)	Financial literacy positively impacts financial well-being through

---

	mediational role of financial self-efficacy	financial self-efficacy.		enhanced financial self-efficacy.
Zhang, & Chatterjee, (2023)	Financial well-being in the United States: The roles of financial literacy and financial stress	To investigate the roles of financial literacy and financial stress in financial well-being in the U.S.	Statistical analysis	Higher financial literacy and lower financial stress contribute to better financial well-being in the U.S.
Chen & Volpe (1998)	An Analysis of Personal Financial Literacy Among College Students	Assess the level of financial literacy among college students.	Survey data with questions on financial literacy.	College students exhibit low levels of financial literacy, indicating a need for improved education in this area.
Joo & Grable (2004)	An Exploratory Framework of the Determinants of Financial Satisfaction	Explore the factors influencing financial satisfaction.	Survey data and regression analysis.	Financial literacy is positively associated with financial satisfaction, along with income and net worth.
Mandell & Klein (2007)	The Impact of Financial Literacy Education on Subsequent Financial Behavior	Examine the impact of financial literacy education on financial behavior.	Longitudinal study focusing on financial education programs.	Financial education positively impacts financial behavior, leading to increased savings and investments.
Van et al. (2011)	Financial Literacy and Retirement Planning in the Netherlands	Analyze the role of financial literacy in retirement planning.	Survey data and retirement planning information.	Individuals with higher financial literacy are more likely to engage in retirement planning activities.
Lusardi & Mitchell (2014)	The Economic Importance of Financial Literacy: Theory and Evidence	Examine the economic impact of financial literacy.	Review of existing literature and analysis of survey data.	Higher financial literacy is associated with better financial decision-making and retirement planning.

---

Fernandes et al. (2014)	Financial Literacy, Financial Education, and Downstream Financial Behaviors	Investigate the relationship between financial literacy, education, and financial behaviors.	Survey data with questions on financial literacy, education, and behaviors.	Financial literacy positively influences behaviors such as saving and investing.
Huston (2010)	Measuring Financial Literacy	Develop a reliable measurement of financial literacy and assess its impact.	Survey-based research using a financial literacy questionnaire.	Financial literacy is linked to improved financial behaviors, including reduced debt and increased savings.
Lyons et al. (2006)	Are We Making the Grade? A National Overview of Financial Education and Program Evaluation	Assess the effectiveness of financial education programs.	Nationwide survey and program evaluations.	Financial education programs vary in effectiveness, suggesting room for improvement in program design.

## 2.4. Research Gap

Despite the extensive body of literature establishing the importance of financial literacy on various financial behaviors and outcomes, several critical areas still warrant further investigation. While numerous studies have examined financial literacy in diverse global contexts, there is a noticeable lack of research specifically focused on the financial literacy and well-being of Nepalese investors. Although Thapa and Kc (2020) and Oli (2018) have begun to explore this area, comprehensive, large-scale studies are still needed to understand the unique financial literacy needs and behaviors of Nepalese investors across different sectors.

Current research often generalizes findings across broad populations without delving deeply into specific sectors. For instance, the financial literacy and well-being of investors have not been thoroughly compared. This nuanced understanding is crucial for developing targeted financial education programs that can effectively address the unique challenges and needs of different investor groups.

Moreover, while the role of financial self-efficacy as a mediator between financial literacy and financial well-being has been suggested by Bruggen et al. (2017) and Lone and Bhat (2024), there is limited empirical evidence on this relationship. The extent to which financial self-efficacy influences financial behaviors and outcomes in different demographic groups remains underexplored. Understanding this mediation effect could provide deeper insights into how financial literacy translates into practical financial benefits.

Most existing studies, such as those by Mandell and Klein (2007) and Lusardi and Mitchell (2014), employ cross-sectional data to examine the impacts of financial literacy. There is a pressing need for longitudinal studies that track changes in financial literacy and corresponding financial behaviors over time. Such studies could reveal the long-term impacts and sustainability of financial education interventions, offering valuable guidance for policy makers and educators.

Additionally, while Huston (2010) has highlighted the importance of developing reliable measures of financial literacy, many existing measures focus predominantly on basic financial knowledge, overlooking other critical components such as financial attitudes and behaviors. A more holistic measurement approach is necessary to capture the full spectrum of financial literacy, encompassing knowledge, skills, attitudes, and behaviors.

Lastly, with the increasing digitization of financial services, there is a growing need to understand the impact of digital financial literacy on financial well-being. Existing literature has not sufficiently addressed how proficiency with digital financial tools and platforms influences financial decision-making and outcomes. Understanding this impact is crucial as financial transactions and management increasingly moves online, necessitating a new set of skills for effective financial literacy.

By addressing these gaps, future research can provide more comprehensive insights into the multifaceted relationship between financial literacy and financial well-being,

particularly within specific contexts and populations. This will help in designing more effective financial education programs and policies tailored to the needs of diverse groups.

## **Chapter III**

### **Research Methodology**

The research methodology chapter outlines the procedures, techniques, and tools used to identify, select, process, and analyze information related to the research topic. The objective of this chapter is to explain and discuss the relevant approaches and tools employed to achieve the research purpose, ensuring the creation of validity and reliability for the thesis. It includes a detailed explanation of the research approach, design, and strategies used. Additionally, it specifies the population, sample size, sampling procedure, and data collection methods. The chapter also details the variables, measurement techniques, and data analysis methods used in the research.

#### **3.1 Research Design**

This study employed a descriptive research design. Descriptive research design aims to describe the characteristics of a population. This research is descriptive in nature as it outlines the nature and characteristics of the population and its data sample using statistical tools without any form of manipulation. The goal of this study is to determine the financial literacy and financial wellbeing among Nepalese investors. Consequently, the survey research method was utilized to complete the analysis. The data and information collected from investors were reorganized, tabulated, analyzed, and presented.

#### **3.2. Sources of Data**

A set of questionnaires was formulated and distributed to the respondents to gather the necessary data. The results are entirely derived from the data and facts provided by the sampled respondents. This study employs a descriptive research design to outline the characteristics of the population under study. The findings of this research are based on primary data collected through a structured survey. Hypothesis testing was conducted to explain the relationship between financial literacy and financial wellbeing of Nepalese investors. The use of a structured questionnaire was chosen for data collection due to its efficiency and effectiveness in gathering comprehensive information.

### **3.3. Population and Sample**

The population for this study comprised all the investors in the Nepalese stock market. The data and information were specifically collected from investors associated with NEPSE trading. Due to the lack of precise data on the total number of investors in the stock market, the exact population of Nepalese investors was unknown. Therefore, a sample of 389 investors was selected, which was deemed sufficient for the purpose of this study. Given the unknown total population, a convenient sampling method was adopted to collect the data.

For data collection, questionnaires were distributed to investors visiting banks, finance companies, broker houses, and investment companies located in the Kathmandu Valley. To ensure accurate representation, the questionnaires were only presented to active investors after observing women from different brokerage firms during the survey period.

The study utilized the convenience sampling technique. This approach aligns with the technique used by Raut (2020). Initially, data were collected with the help of friends, family, and peer groups who had experience in stock market investments. Subsequently, additional experienced investors were identified based on recommendations from these initial contacts, and the questionnaires were forwarded to these potential respondents.

### **3.4. Instrumentation**

The key instrument used in this study was a structured questionnaire adapted from the research by Lone and Bhat (2022) and modified to suit the objectives of the research within the Nepalese context. Data collected through this questionnaire were analyzed using the statistical program SPSS to describe observations related to the theoretical framework developed from relevant literature.

The questionnaire was divided into two sections. Section A contained general questions

about the respondents' profiles, while Section B included questions related to financial literacy and financial wellbeing. This section also featured five-point Likert scale questions addressing constructs such as financial awareness, financial experience, financial wellbeing, financial skill, and financial self-efficacy. Respondents were asked questions corresponding to each construct. The questionnaires used for this study are included in the appendix.

The questionnaires were distributed to respondents and collected after completion. To ensure the data's validity and reliability, the questions were carefully formulated for clarity and ease of understanding, avoiding vague or ambiguous wording. This approach helped respondents answer the questions accurately and minimized potential errors.

### **3.5. Data collection procedures**

This research primarily utilized primary data collection methods to test the hypotheses related to financial literacy and wellbeing among Nepalese investors. Primary data was collected specifically for this research project and served as the main evidence for supporting the researcher's arguments. Secondary data was used as a supplement when appropriate.

Primary data was obtained through a structured questionnaire survey, which is suitable for descriptive research. This type of data collection involves gathering original information directly from respondents through various methods such as interviews, experiments, surveys, focus groups, and measurements. In this study, the survey questionnaire method was selected because it effectively supports descriptive studies.

The questionnaires were distributed via emails, social media, and direct delivery and collection methods, classified as self-administered questionnaires. The delivery and collection method ensures that questionnaires are fully completed, reducing the risk of missing data. It also allows researchers to address any questions respondents might have, thereby increasing the accuracy and reliability of the collected data (Sekaran, 2003).

Respondents were asked to answer questions based on five independent variables and one dependent variable. The questionnaire was designed with close-ended questions to facilitate easy and consistent responses. A total of 550 questionnaires were distributed, and 395 were returned, providing a substantial sample for analysis.

### **3.6 Data analysis tools and techniques**

The data accumulated from the primary source underwent thorough verification and interpretation using various statistical tools and methods. Microsoft Excel and SPSS (Statistical Package for the Social Sciences) were employed to record, organize, and analyze the data according to the requirements of this study. SPSS, in particular, was pivotal for data processing, where responses from respondents were coded and tabulated for analysis.

To effectively present the findings, a range of graphical tools such as tables, charts, diagrams, and graphs were utilized. These visual aids enhance the clarity and accessibility of the data for readers and researchers alike. For the descriptive study of variables, measures such as mean and standard deviation were calculated and presented. Correlation analyses were conducted to explore relationships between variables, followed by stepwise regression analysis to identify significant predictors. Significance tests were performed to validate the robustness of the results.

Moreover, regression analysis was employed to quantify the impact of independent variables on the dependent variable, providing insights into the extent of their influence within the research context. These analytical approaches collectively contribute to a comprehensive understanding of the relationship between financial literacy, financial wellbeing, and other pertinent factors among Nepalese investors.

### **3.7 Validity and reliability**

Validity in research refers to the extent to which a measuring instrument or test truly measures what it intends to measure, ensuring the accuracy and truthfulness of study results. In this study, ensuring questionnaire validity was paramount to the credibility of the research findings.

To establish validity, the questionnaire used in this research was meticulously crafted under the guidance of an expert. This process involved collaborating with a subject matter expert who provided insights and recommendations to develop a set of standardized questions. These questions were designed to comprehensively cover all aspects and issues pertinent to the phenomenon under study, ensuring that the questionnaire effectively captured the intended constructs.

By incorporating expert guidance, the researcher ensured that the items included in the questionnaire were valid and relevant to the study's objectives. This methodical approach not only enhanced the validity of the data collected but also minimized potential biases or ambiguities in respondents' interpretations of the questions. Ultimately, this rigorous validation process contributes to the overall reliability and robustness of the research outcomes, providing a solid foundation for drawing meaningful conclusions about financial literacy and financial wellbeing among Nepalese investors.

In this study, ensuring the reliability of the questionnaire was a fundamental step in maintaining the quality of research outcomes. The questionnaire was meticulously developed with careful attention to the wording and clarity of its items. Prior to distribution to respondents, the questionnaire underwent thorough review and finalization to ensure that it accurately captured the intended constructs related to financial literacy and financial wellbeing among Nepalese investors.

To further validate the reliability of the questionnaire, a reliability test using Cronbach's

Alpha coefficient was conducted. Cronbach's Alpha is a statistical measure used to assess the internal consistency of a set of survey questions, indicating how well the questions in the questionnaire correlate with each other. The results of the reliability test are presented in Table 3.1, demonstrating the degree of internal consistency among the questionnaire items.

**Table 3.1**  
*Cronbach's Alpha*

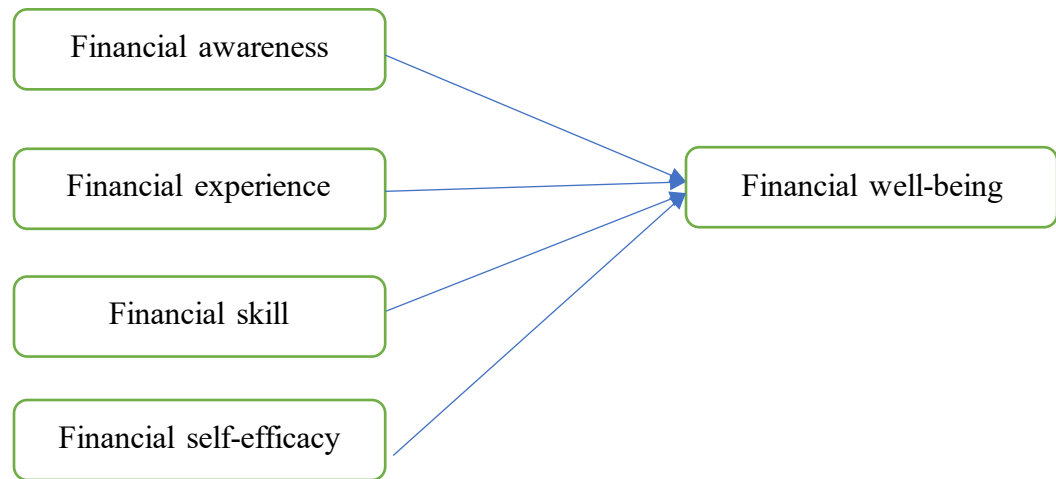
Variables	Cronbach's Alpha	No. of Items
Financial Awareness	0.818	6
financial Experience	0.760	5
Financial Skills	0.843	5
Financial Self-efficacy	0.763	5
Financial Well-being	0.735	6

The reliability of research instruments is crucial for ensuring the accuracy and consistency of study findings. In this study on financial literacy and financial wellbeing among Nepalese investors, the reliability of the questionnaire was meticulously assessed using Cronbach's alpha coefficient. As shown in Table 3.1, all variables examined in the research demonstrated Cronbach's alpha values that are considered "good," exceeding the threshold of 0.8. This indicates strong internal consistency among the questionnaire items measuring financial awareness, financial experience, financial wellbeing, financial skills, and financial self-efficacy. By achieving high reliability scores, the study instruments have been validated as effective tools for capturing and assessing the intended constructs. This rigorous approach not only enhances the credibility of the research outcomes but also ensures that the data collected are reliable and can be confidently used to draw meaningful conclusions about the financial behaviors and perceptions of Nepalese investors.

### 3.8. Research framework and definition of variables

**Figure 3.1.**

*Research Framework for the Study*



Source: Lone, & Bhat, (2022).

#### **Financial Awareness:**

This refers to an individual's knowledge and understanding of financial concepts, products, and services. Financial awareness is the level of understanding and knowledge an individual possesses regarding financial concepts, products, and practices (Lone & Bhat, 2022).

#### **Financial Experience:**

This relates to the practical involvement and exposure an individual has had with financial activities, such as budgeting, investing, and managing financial resources over time. Financial experience is characterized by the extent of an individual's practical engagement in financial activities, including budgeting, investing, and managing personal finances (Fernandes et al., 2014).

**Financial Skills:**

These are the capabilities and competencies an individual possesses to effectively manage financial resources, make financial decisions, and navigate financial challenges. Financial skills refer to the proficiency and capabilities an individual has in managing financial resources, making financial decisions, and addressing financial challenges effectively (Van Rooij et al., 2011).

**Financial Self-Efficacy:**

This pertains to an individual's belief in their ability to successfully perform financial tasks, overcome financial obstacles, and achieve financial goals. Financial self-efficacy is the perceived confidence an individual has in their ability to manage financial tasks, overcome financial challenges, and achieve financial objectives (Lusardi & Mitchell, 2014).

**Financial Well-being:**

This refers to an individual's overall financial health and satisfaction, including their sense of financial security, ability to meet financial obligations, and attainment of financial goals. Financial well-being is defined as the overall state of an individual's financial health and satisfaction, encompassing their financial security, ability to meet financial obligations, and achievement of financial goals (Huston, 2010).

## **Chapter IV**

### **Results and Discussion**

This chapter presents the analysis, discussion, and interpretation of the results derived from data collection. The analysis predominantly relies on primary data gathered through questionnaires completed by respondents. The data was analyzed using SPSS software, and is displayed through tables and diagrams to facilitate interpretation. Mean, standard deviation, and frequencies were calculated to examine significant relationships between various variables. Extensive use of tables and figures aids in the data analysis.

#### **4.1 Presentation of Results**

In total, 389 responses were collected for this study and the questionnaire were distributed to them through online form as well as printed form through different social media or personally reaching them. Here, financial knowledge is described by five dimensions which are financial attitude, financial behavior, financial literacy, subjective norms, and knowledge about investment products. Questions related to each variable and their descriptive statistics are shown in the following sections.

##### **4.1.1 Presentation of result of descriptive analysis**

This section deals with the descriptive analysis of the data collected through the questionnaires during the research process. Descriptive statistics is the discipline of quantitatively describing the main features of a collection of data. Descriptive statistics provides simple summarizes about the sample and about the observations that have been made. Descriptive statistics help us to simplify large amounts of data associated with these variables in a sensible way. For this purpose, “Five Point Likert Scale” questions were asked to the respondents which scaled from strongly disagree, disagree, neutral, agree and strongly agree which ranked from 1, 2, 3, 4, and 5 respectively.

#### 4.1.1.1 Descriptive analysis of demographic profile

##### Age group of respondents

**Table 4.1**

*Age Group of Respondent*

Age Group	Frequency	Percent
Below 20	45	11.6
20-29	157	40.4
30-39	167	42.9
Above 50	20	5.1
Total	389	100.0

Source: Field Survey 2024

Table 4.1 presents the distribution of respondents by age group. The table shows that the majority of respondents are in the age groups of 20-29 and 30-39, with 157 (40.4%) and 167 (42.9%) individuals, respectively. The age group below 20 years comprises 45 respondents, making up 11.6% of the total sample. The smallest group is those aged above 50, with only 20 respondents, accounting for 5.1% of the total. In summary, the data indicates that the study's respondents are predominantly in their 20s and 30s, with fewer participants from the youngest and oldest age categories.

##### Gender

**Table 4.2**

*Distribution of Respondent by Gender*

Gender	Frequency	Percent
Male	240	61.7
Female	149	38.3
Total	389	100.0

Source: Field Survey 2024

Table 4.2 shows the distribution of respondents by gender. The table reveals that a larger proportion of the respondents are male, with 240 individuals making up 61.7% of the total sample. Female respondents constitute 38.3%, with 149 individuals. Overall, the data indicates a higher participation rate among males compared to females in this study.

### Monthly income of respondents

**Table 4.3**

*Monthly Income of Respondent*

Income Range	Frequency	Percent
Below 20000	4	1.0
21000-40000	124	31.9
41000-60000	234	60.2
Above 60000	27	6.9
Total	389	100.0

Source: Field Survey 2024

Table 4.3 presents the monthly income distribution of the respondents. The majority of respondents, 60.2%, fall within the income range of 41,000 to 60,000. This is followed by 31.9% of respondents who earn between 21,000 and 40,000. A smaller proportion, 6.9%, have an income above 60,000, and only 1.0% of respondents have an income below 20,000. The data indicates that most respondents have a mid to high-range monthly income.

### Profession of respondents

**Table 4.4**

*Profession of Respondent*

Profession	Frequency	Percent
Government	41	10.5
Private	155	39.8
Self employed	161	41.4
Others	32	8.2
Total	389	100.0

Source: Field Survey 2024

Table 4.4 displays the professional distribution of the respondents. The largest group consists of self-employed individuals, making up 41.4% of the total respondents. This is followed closely by those working in the private sector, who constitute 39.8%. Government employees account for 10.5% of the respondents, while 8.2% belong to other professions. The data shows a diverse representation of professions among the respondents, with a notable proportion being self-employed or working in the private sector.

### 4.1.2. Descriptive analysis of result of variables under study

To describe the variables as per items utilized to measure under study from the viewpoints of descriptive statistics i.e., minimum, maximum, mean and standard deviation.

**Table 4.5**

*Descriptive Statistics*

	Minimum	Maximum	Mean	Std. Deviation
Fin_Awar	9.33	24.83	18.0021	3.52382
Fin_Exper	6.20	21.00	13.8422	3.47445
Fin_Skill	4.50	16.25	11.1060	2.72319
Fin_Self_Ef	8.17	25.83	18.1740	3.85867
Fin_WelB	6.40	21.00	14.4355	3.07559
Valid N (listwise)				

Table 4.5 presents the descriptive statistics for the variables in the study. Financial Awareness (Fin\_Awar) has scores ranging from 9.33 to 24.83, with a mean of 18.0021 and a standard deviation of 3.52382, indicating moderate variability. Financial Experience (Fin\_Exper) ranges from 6.20 to 21.00, with a mean of 13.8422 and a standard deviation of 3.47445, also showing moderate variability. Financial Skill (Fin\_Skill) shows scores from 4.50 to 16.25, with a mean of 11.1060 and a standard deviation of 2.72319, indicating lower variability. Financial Self-Efficacy (Fin\_Self\_Ef) ranges from 8.17 to 25.83, with a mean of 18.1740 and a standard deviation of 3.85867, showing moderate variability. Lastly, Financial Well-Being (Fin\_WelB) scores range from 6.40 to 21.00, with a mean of 14.4355 and a standard deviation of 3.07559, indicating moderate variability. The data suggests that there is a relatively consistent distribution of scores across these variables among the respondents.

### 4.1.3. Correlation analysis

This section of analysis covers all the statistical analysis made to verify the hypothesis and ascertain the meaning of financial literacy among Nepalese women investor and its impression on investment decision. Pearson correlation test was also showed to see the

correlations between the independent variable and dependent variables. Correlation is a bivariate analysis that measures the strength of association between two variables and the direction of the relationship. Higher correlation value indicates stronger relationship between both sets of data. When the correlation is 1 or -1, a perfectly linear positive or negative relationship exists; when the correlation is 0, there is no relationship between the two variables; when the correlation is greater than 0, there exists positive relationship between the two variables; when the correlation is less than 0, there exists negative relationship between the two variables.

**Table 4.6**

*Correlation Analysis*

	Fin_Awar	Fin_Exper	Fin_Skill	Fin_Self_Ef	Fin_WelB
Fin_Awar	1	.366	.507	.427	.696
Fin_Exper	.366	1	.379	.322	.384
Fin_Skill	.507	.379	1	.620	.539
Fin_Self_Ef	.427	.322	.620	1	.465
Fin_WelB	.696	.384	.539	.465	1

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

Valid N 389

Table 4.6 presents the results of the correlation analysis among the variables: Financial Awareness (Fin\_Awar), Financial Experience (Fin\_Exper), Financial Skill (Fin\_Skill), Financial Self-Efficacy (Fin\_Self\_Ef), and Financial Well-Being (Fin\_WelB). All correlations are significant at the 0.01 level (2-tailed), indicating strong relationships between the variables.

- Financial Awareness (Fin\_Awar) has a strong positive correlation with Financial Well-Being (Fin\_WelB) ( $r = .696$ ), indicating that higher financial awareness is associated with higher financial well-being.

- Financial Experience (Fin\_Exper) is moderately correlated with Financial Well-Being (Fin\_WelB) ( $r = .384$ ), suggesting that greater financial experience is associated with better financial well-being.

- Financial Skill (Fin\_Skill) shows a strong correlation with Financial Well-Being (Fin\_WelB) ( $r = .539$ ), indicating that better financial skills are associated with higher financial well-being.

- Financial Self-Efficacy (Fin\_Self\_Ef) is moderately correlated with Financial Well-Being (Fin\_WelB) ( $r = .465$ ), suggesting that higher financial self-efficacy is associated with better financial well-being.

Additionally, there are strong interrelationships among the independent variables themselves, such as between Financial Awareness (Fin\_Awar) and Financial Skill (Fin\_Skill) ( $r = .507$ ), and between Financial Skill (Fin\_Skill) and Financial Self-Efficacy (Fin\_Self\_Ef) ( $r = .620$ ). This interconnectedness highlights the complex nature of financial literacy components and their collective impact on financial well-being.

#### **4.1.4. Regression Analysis**

Regression analysis encompasses a suite of statistical methods aimed at estimating the connections between a dependent variable and one or more independent variables. It encompasses a diverse array of techniques for modeling and assessing multiple variables. Unlike correlation analysis, which merely assesses the proximity of two variables, regression analysis delves deeper into understanding the nature of their relationship. While a correlation coefficient may suggest a strong association between two variables, it does not unveil the precise nature of this association. In contrast, regression analysis offers more nuanced insights into the depth of the relationship, elucidating its intricacies and enabling predictions to be made about the dependent variable based on the independent variables.

**Table 4.7***Model Summary*

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.603	.363	.356	2.46732	2.158

Predictors: (Constant), Fin\_Self\_Ef, Fin\_Exper, Fin\_Awar, Fin\_Skill

Dependent Variable: Fin\_WelB

Table 4.7 presents the model summary for the regression analysis predicting Financial Well-Being (Fin\_WelB) based on four key predictors: Financial Self-Efficacy (Fin\_Self\_Ef), Financial Experience (Fin\_Exper), Financial Awareness (Fin\_Awar), and Financial Skill (Fin\_Skill). The correlation coefficient (R) of 0.603 indicates a moderate positive relationship between the combined predictors and Financial Well-Being. This suggests that these variables collectively explain approximately 36.3% of the variance in Financial Well-Being, as indicated by the coefficient of determination (R Square = 0.363). The adjusted R Square value of 0.356 adjusts for the number of predictors in the model, indicating that 35.6% of the variance in Financial Well-Being can be attributed to the predictors after accounting for their number. The standard error of the estimate (2.46732) reflects the average amount of variability in predicting Financial Well-Being based on the model. Additionally, the Durbin-Watson statistic of 2.158 suggests no significant autocorrelation among the residuals, implying that the model adequately fits the data without systematic errors in the residual terms. Overall, the findings suggest that Financial Self-Efficacy, Financial Experience, Financial Awareness, and Financial Skill collectively contribute significantly to explaining variations in Financial Well-Being among the study participants.

**Table:4.8***Regression ANOVA*

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1332.517	4	333.129	54.722	.000
	Residual	2337.673	384	6.088		
	Total	3670.190	388			

Dependent Variable: Fin\_WelB

Predictors: (Constant), Fin\_Self\_Ef, Fin\_Exper, Fin\_Awar, Fin\_Skill

Table 4.8 presents the results of the regression ANOVA analysis for the model predicting Financial Well-Being (Fin\_WelB). The table shows that the regression model accounts for a significant amount of variance in Financial Well-Being, as indicated by a large F-statistic of 54.722 with a corresponding p-value of .000, suggesting that the model is statistically significant. This indicates that the predictors—Financial Self-Efficacy (Fin\_Self\_Ef), Financial Experience (Fin\_Exper), Financial Awareness (Fin\_Awar), and Financial Skill (Fin\_Skill)—together explain a substantial portion of the variability observed in Financial Well-Being scores.

The regression sum of squares (1332.517) represents the variability in Financial Well-Being explained by the model, while the residual sum of squares (2337.673) reflects the unexplained variability or error within the model.

The mean square values provide a measure of variance that is used to calculate the F-statistic, which compares the variability explained by the model to that which is not explained. Overall, the results suggest that the regression model is appropriate for predicting Financial Well-Being based on the included predictors, demonstrating their collective importance in understanding financial outcomes among the study participants.

Table 4.9  
*Regression Coefficient*

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.486	.764		4.565	.000
	Fin_Awar	.256	.043	.293	5.939	.000
	Fin_Exper	.075	.040	.085	1.887	.060
	Fin_Skill	.147	.060	.130	2.448	.015
	Fin_Self Ef	.202	.043	.253	4.752	.000

Dependent Variable: Fin\_WelB

Table 4.9 presents the results of a regression analysis examining the impact of Financial Awareness, Financial Experience, Financial Skills, and Financial Self-Efficacy on Financial Well-being among Nepalese investors. The constant (intercept) of the model is 3.486, indicating the baseline level of Financial Well-being when all predictor variables are zero, with a highly significant t-value of 4.565 ( $p < 0.001$ ).

The analysis reveals that Financial Awareness has a substantial positive impact on Financial Well-being, with an unstandardized coefficient of 0.256 and a standardized coefficient (Beta) of 0.293.

Multiple Regression Model

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e_i$$

Where,

Y = Financial Wellbeing

X1 = Financial Awareness

X2 = Financial Experience

X3 = Financial Skill

X4 = Financial Self-efficacy

a = Constant

The regression equation based on the coefficient of variables can be inferred as:

$$\text{Financial Wellbeing (est.)} = 3.486 + .256 X_1 + .147 X_3 + .202 X_4$$

This impact is highly significant ( $t = 5.939$ ,  $p < 0.001$ ), suggesting that increased Financial

Awareness is associated with a notable increase in Financial Well-being. Financial Experience, while positive, has a smaller effect (unstandardized coefficient of 0.075, Beta of 0.085) and is not statistically significant at the conventional level ( $t = 1.887$ ,  $p = 0.060$ ).

Financial Skills also positively influence Financial Well-being, with an unstandardized coefficient of 0.147 and a standardized coefficient (Beta) of 0.130. This effect is statistically significant ( $t = 2.448$ ,  $p = 0.015$ ), indicating that higher Financial Skills contribute to better Financial Well-being.

Financial Self-Efficacy shows a strong positive impact, with an unstandardized coefficient of 0.202 and a standardized coefficient (Beta) of 0.253. This relationship is highly significant ( $t = 4.752$ ,  $p < 0.001$ ), demonstrating that greater Financial Self-Efficacy significantly enhances Financial Well-being.

## **4.2. Discussion**

The descriptive statistics indicate moderate variability across the studied variables: financial awareness, experience, skills, self-efficacy, and well-being among Nepalese investors. This variability suggests that respondents exhibit diverse levels of these financial attributes, which are essential for comprehending their financial behaviors and outcomes. The correlation analysis reveals significant positive correlations between all predictor variables (Fin\_Awar, Fin\_Exper, Fin\_Skill, Fin\_Self\_Ef) and the dependent variable (Fin\_WelB). These correlations range from moderate to strong (ranging from 0.322 to 0.696, all significant at  $p < 0.01$ ), indicating that higher levels of financial literacy, self-efficacy, experience, and skills are associated with greater financial well-being among the respondents. This finding resonates with existing literature emphasizing the critical role of financial knowledge and related competencies in shaping individuals' financial outcomes (Lusardi & Mitchell, 2014; Mandell & Klein, 2007; Fernandes et al., 2014).

The regression analysis underscores the significant roles of Financial Awareness, Financial Skills, and Financial Self-Efficacy in promoting Financial Well-being among Nepalese investors, while the effect of Financial Experience is positive but not statistically significant. The regression analysis further supports these correlations by demonstrating

that the combined effect of Fin\_Awar, Fin\_Exper, Fin\_Skill, and Fin\_Self\_Ef significantly predicts variations in Fin\_WelB ( $F(4, 384) = 54.722, p < 0.001$ ). The model explains 36.3% of the variance in Fin\_WelB ( $R^2 = 0.363$ ), indicating a substantial influence of these variables on financial well-being outcomes among the sample. This underscores the importance of not only possessing financial knowledge (awareness and skills) but also feeling capable (self-efficacy) and having practical experience in financial matters.

Comparing these findings with previous studies, Lusardi and Mitchell (2014) similarly found that higher financial literacy is associated with better financial decision-making and outcomes. Additionally, Fernandes et al. (2014) highlighted that financial education and behaviors are positively influenced by financial literacy. In contrast to studies focusing solely on knowledge, this research's inclusion of self-efficacy and experience broadens the understanding of how subjective perceptions and practical skills contribute to financial well-being (Huston, 2010). These findings collectively reinforce the multidimensional nature of financial well-being and underscore the need for comprehensive financial education programs that address both knowledge enhancement and the development of practical skills and confidence in financial decision-making.

## **Chapter V**

### **Summary and Conclusion**

#### **5.1. Summary**

The study focuses on Nepalese investors within Kathmandu Valley, spanning various sectors including private, public, small enterprises, and large enterprises. It employs a descriptive research design, utilizing structured questionnaires distributed among investors associated with NEPSE trading. The research aims to explore the relationship between financial literacy and financial wellbeing, examining components such as financial awareness, experience, skills, and self-efficacy. Through regression analysis, the study quantifies the impact of these variables on financial wellbeing, highlighting their significant influence. The research framework includes a comprehensive review of literature, both conceptual and empirical, to contextualize findings within existing knowledge. All variables analyzed in the study exhibit strong internal consistency, as indicated by Cronbach's alpha values.

The study, utilized a descriptive research design and employed structured questionnaires to collect data from a sample of Nepalese investors associated with NEPSE trading. The majority of respondents in the study are concentrated in the age groups of 20-29 and 30-39, comprising 40.4% and 42.9% of the sample, respectively. Male respondents dominate the gender distribution, accounting for 61.7% of the total participants. In terms of income, 60.2% of respondents earn between 41,000 to 60,000, followed by 31.9% earning between 21,000 and 40,000. Self-employed individuals constitute the largest occupational group at 41.4% of the total respondents.

Regarding the variables examined, Financial Awareness (Fin\_Awar) ranges from 9.33 to 24.83, with a mean score of 18.0021 and a moderate standard deviation of 3.52382. Financial Experience (Fin\_Exper) ranges from 6.20 to 21.00, with a mean of 13.8422 and a similar moderate variability (standard deviation of 3.47445). Financial Skill (Fin\_Skill) exhibits lower variability with scores ranging from 4.50 to 16.25, and a mean of 11.1060, along with a standard deviation of 2.72319. Financial Self-Efficacy (Fin\_Self\_Ef) ranges

from 8.17 to 25.83, with a mean score of 18.1740 and a standard deviation of 3.85867, indicating moderate variability. Financial Well-Being (Fin\_WelB) scores range from 6.40 to 21.00, with a mean of 14.4355 and a standard deviation of 3.07559, also suggesting moderate variability. All correlations among these variables are statistically significant at the 0.01 level (2-tailed), indicating strong relationships between them.

The findings reveal moderate variability in the levels of financial awareness, experience, skills, self-efficacy, and financial wellbeing among the respondents. Correlation analysis demonstrates significant positive relationships (all  $p < 0.01$ ) among these variables, indicating that higher levels of financial literacy are associated with improved financial wellbeing. Specifically, the regression analysis highlights that financial awareness significantly impacts financial wellbeing ( $\beta = 0.293$ ,  $p < 0.001$ ), followed by financial self-efficacy ( $\beta = 0.253$ ,  $p < 0.001$ ), financial skills ( $\beta = 0.130$ ,  $p = 0.015$ ), and financial experience ( $\beta = 0.085$ ,  $p = 0.060$ ).

## **5.2. Conclusion**

This study focuses on Nepalese investors within the Kathmandu Valley, covering private, public, small enterprises, and large enterprises sectors. The research includes a conceptual, theoretical, and empirical review, alongside a summary table and identification of the research gap. A descriptive research design was employed, targeting all investors in the Nepalese stock market, specifically those associated with NEPSE trading. Data was collected through questionnaires distributed to 389 respondents, providing a comprehensive understanding of the investment behaviors and financial literacy of this specific population.

The demographic analysis indicates that the majority of the study's respondents are predominantly in their 20s and 30s. This suggests that the primary age demographic of Nepalese investors in the Kathmandu Valley consists of young to middle-aged adults. There is a relatively lower representation of younger individuals under 20 and older adults above 50. These findings highlight the need for targeted investment education and resources for both younger and older populations to encourage broader participation in the investment landscape.

Higher levels of financial awareness likely lead to better financial decision-making and planning. Individuals who are more aware of financial concepts, products, and risks may make more informed choices regarding investments and financial management, thereby enhancing their financial well-being. While the effect was not statistically significant at the conventional level, financial experience may still contribute to financial well-being through practical knowledge gained from past financial decisions. It's possible that with a larger sample size or different measures, a clearer relationship could emerge.

The positive influence of financial skills on financial well-being suggests that individuals with greater proficiency in financial tasks such as budgeting, saving, and investing are better equipped to manage their finances effectively. These skills are crucial in navigating financial challenges and opportunities. The strong positive impact of financial self-efficacy on financial well-being indicates that individuals who feel confident in their ability to achieve financial goals and overcome financial obstacles tend to experience better financial outcomes. Self-efficacy may drive proactive financial behaviors and resilience in the face of financial challenges.

Overall, the conclusion is that enhancing financial literacy through education and practical experience is essential. It is important that interventions aimed at improving financial awareness, skills, and self-efficacy could potentially enhance financial well-being among Nepalese investors by empowering them to make more informed and confident financial decisions.

### **5.3. Implications**

The findings of this study underscore the critical role of financial literacy in enhancing financial well-being among Nepalese investors. Policymakers should prioritize the development and implementation of comprehensive financial education programs that target key components such as financial awareness, experience, skills, and self-efficacy. Emphasizing practical financial skills and real-world applications in these programs can empower individuals to make more informed financial decisions. Additionally, tailored financial literacy campaigns aimed at young adults and self-employed individuals can

foster early financial education and support entrepreneurial success, ultimately contributing to a more financially resilient population.

Given that the majority of respondents are in their 20s and 30s, financial literacy campaigns should be particularly aimed at young adults. These campaigns can utilize digital platforms and social media to effectively reach this demographic, fostering early financial education and positive financial behaviors.

The strong relationship between financial literacy components (awareness, experience, skills, and self-efficacy) and financial well-being suggests a need for enhanced financial education programs. Policymakers should develop targeted educational initiatives that address these key areas, focusing on both theoretical knowledge and practical skills.

With a significant portion of respondents being self-employed, policies should be designed to support financial literacy among entrepreneurs and small business owners. This could include workshops, online courses, and advisory services tailored to the unique financial challenges faced by these groups.

The study highlights the importance of financial literacy across various sectors. Policymakers should ensure that financial education programs are inclusive, reaching diverse groups, including those in rural areas and lower-income brackets. This can help bridge the financial literacy gap and promote equitable financial well-being.

Future studies should expand beyond the Kathmandu Valley to include a more diverse sample of Nepalese investors from different regions. This would provide a more comprehensive understanding of financial literacy and well-being across the country.

Conducting longitudinal research can help in understanding how financial literacy and well-being evolve over time. This approach would provide insights into the long-term impact of financial education programs and policies.

Future research could incorporate additional variables that may influence financial well-being, such as cultural factors, psychological traits, and technological proficiency. This broader approach could uncover more nuanced relationships and inform more targeted interventions.

Investigating the role of FinTech in enhancing financial literacy and well-being could be a valuable avenue for future research. Understanding how digital financial tools and platforms contribute to financial education and decision-making can guide the development of innovative educational resources.

Comparative studies between different countries or regions can provide valuable insights into the effectiveness of various financial literacy initiatives. Such research can help identify best practices and inform policy decisions in Nepal and beyond.

By addressing these policy and research directions, stakeholders can enhance the financial literacy and well-being of Nepalese investors, contributing to more informed financial decision-making and overall economic growth.

## References

- Adhikari, B. R., & Manandhar, S. (2016). Factors affecting the saving behavior of women in Nepal. *Journal of Business and Management*, 18(1), 22-35.
- Agnew, J., Bateman, H., & Thorp, S. (2012). Financial literacy and retirement planning in Australia. *Economic Record*, 88(280), 39-51. doi:10.1111/j.1475-4932.2012.00806.x.
- Ali, A., Ahmad, Z., & Sadiq, H. (2015). The impact of financial literacy on individual saving: An empirical evidence from Pakistan. *International Journal of Academic Research in Business and Social Sciences*, 5(7), 357-368.
- Allen, E. (2013). *Financial Literacy and Financial Education: Review and Policy Implications*. OECD Working Papers on Finance, Insurance and Private Pensions, No. 36.
- Atkinson, A., & Messy, F. A. (Eds.). (2012). *Financial literacy and financial education: Issues and challenges*. OECD Publishing.
- Azar, O. H., Bauguess, S. W., & Samuelson, W. F. (2018). Financial literacy and retirement planning in the United States. *Journal of Pension Economics and Finance*, 17(4), 494-517.
- Behrman, J. R., Mitchell, O. S., Soo, C. K., & Bravo, D. (2012). *Financial literacy, schooling, and wealth accumulation*. NBER Working Paper Series, No. 18412. Retrieved from <https://www.nber.org/papers/w18412>.
- Bruggen, A., Antonides, G., & Raaij, W. F. V. (2017). Determinants of savings behavior in Europe: A review of literature. *Journal of Economic Psychology*, 58, 98-112. doi:10.1016/j.joep.2016.11.007.
- Central Bureau of Statistics (CBS). (2021). *National Labor Force Survey 2017/18*. Government of Nepal. Retrieved from <http://cbs.gov.np/wp-content/uploads/2020/06/NLFS-2017-18-Statistical-Report.pdf>
- Central Bureau of Statistics. (2020). *Labor Force Survey 2018/19*. Government of Nepal.
- Chamlagai, S., & Bhandari, P. (2019). Gender disparities in entrepreneurship in Nepal: A qualitative study. *International Journal of Entrepreneurship and Small Business*, 38(2), 268-285.

- Chen, H., & Volpe, R. P. (1998). An analysis of personal financial literacy among college students. *Financial Services Review*, 7(2), 107-128.
- Christelis, D., Jappelli, T., & Padula, M. (2010). Cognitive abilities and portfolio choice. *European Economic Review*, 54(1), 18-38.
- Chu, T. P., Ang, Y. Y., & Lim, K. W. (2017). The effect of financial literacy on financial well-being: Evidence from Malaysia. *Asian Academy of Management Journal of Accounting and Finance*, 13(2), 89-116.
- Cole, S., & Shastry, G. K. (2008). Smart money: The effect of education, cognitive ability, and financial literacy on financial market participation. *American Economic Review*, 98(2), 352-357.
- Cole, S., Paulson, A., & Shastry, G. K. (2016). Smart money: The effect of education, cognitive ability, and financial literacy on financial market participation. *American Economic Review*, 106(7), 1811-1851.
- Consumer Financial Protection Bureau. (2017). *The goal of financial literacy should be financial well-being*. Retrieved from [Consumer Financial Protection Bureau](<https://www.consumerfinance.gov>).
- Dhungana, B., & Pokharel, M. (2020). Factors influencing women's entrepreneurship development in Nepal. *Asian Journal of Economic Modelling*, 8(4), 157-167.
- Fernandes, D., Lynch Jr, J. G., & Netemeyer, R. G. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, 60(8), 1861-1883.
- Fu, W. (2020). Financial Literacy and Financial Well-Being Among Businesspersons from Victoria, Tamaulipas, Mexico. *REMEF (The Mexican Journal of Economics and Finance)*, 6 (3), 29-46
- Guo, H., & Huang, J. (2023). Financial knowledge and financial well-being among low-income entrepreneurs in the United States. *Journal of Consumer Affairs*, 57(1), 186-213.
- Gurung, B. R., & Sharma, S. (2018). Skill development and women's economic empowerment in Nepal. *International Journal of Gender and Entrepreneurship*, 10(4), 364-381.

- Hanna, S. D. (2013). Consumer use and understanding of time value of money concepts. *Journal of Financial Counseling and Planning*, 24(1), 62-78.
- Hastings, J. S., Madrian, B. C., & Skimmyhorn, W. L. (2013). Financial literacy, financial education, and economic outcomes. *Annual Review of Economics*, 5(1), 347-373.
- Huston, S. J. (2010). Measuring financial literacy. *The Journal of Consumer Affairs*, 44(2), 296-316.
- Joo, S., & Grable, J. E. (2004). An exploratory framework of the determinants of financial satisfaction. *Journal of Family and Economic Issues*, 25(1), 25-50.
- Karki, D., & Kafle, T. (2020). Investigation of Factors Influencing Risk Tolerance among Investors using Ordinal Logistic Regression: A case from Nepal. *Cogent Economics & Finance*, 8(1), 1849970.
- Lone, U. M., & Bhat, S. A. (2024). Impact of financial literacy on financial well-being: a mediational role of financial self-efficacy. *Journal of Financial Services Marketing*, 29(1), 122-137.
- Losada-Otálora, M., Martínez-Cantos, J. L., & Gázquez-Abad, J. C. (2020). Banking transparency and subjective financial well-being: The mediating role of subjective financial knowledge. *Journal of Consumer Affairs*, 54(2), 639-667.
- Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5-44.
- Lusardi, A., & Scheresberg, C. D. (2013). *Financial literacy and high-cost borrowing in the United States*. NBER Working Paper Series, No. 18969. Retrieved from <https://www.nber.org/papers/w18969>.
- Lusardi, A., & Tufano, P. (2009). *Debt literacy, financial experiences, and overindebtedness*. NBER Working Paper Series, No. 14808. Retrieved from <https://www.nber.org/papers/w14808>.
- Lusardi, A., & Tufano, P. (2015). Debt literacy, financial experiences, and overindebtedness. *Journal of Pension Economics & Finance*, 14(4), 332-368.
- Lusardi, A., Mitchell, O. S., & Curto, V. (2014). Financial literacy among the young. *Journal of Consumer Affairs*, 48(2), 381-406.

- Lyons, A. C., Palmer, L., Jayaratne, K. S. U., & Scherpf, E. (2006). Are we making the grade? A national overview of financial education and program evaluation. *Journal of Consumer Affairs*, 40(2), 208-235.
- Mandell, L., & Klein, L. S. (2007). The impact of financial literacy education on subsequent financial behavior. *Journal of Financial Counseling and Planning*, 18(1), 60-76.
- Nepal Rastra Bank. (2017). Gender inclusive financial policies and programs in Nepal.
- Oli, S. K. (2018). The influence of financial literacy on a personal financial planning: A case of Nepal. *Afro-Asian Journal of Economics and Finance*, 1(1), 25-38.
- O'Neill, B., Sorhaindo, B., Xiao, J. J., & Garman, E. T. (2016). Financially distressed consumers: Their financial practices, financial well-being, and health. *Financial Counseling and Planning*, 17(2), 57-76.
- Perry, V. G., & Morris, M. D. (2005). Who is in control? The role of self-perception, knowledge, and income in explaining consumer financial behavior. *Journal of Consumer Affairs*, 39(2), 299-313.
- Philippas, D., & Avdoulas, C. (2020). Financial literacy and emergency savings: Evidence from Greece. *Journal of Consumer Affairs*, 54(3), 985-1011.
- Philippas, N. D., & Avdoulas, C. (2021). Financial literacy and financial well-being among generation-Z university students: Evidence from Greece. In *Financial Literacy and Responsible Finance in the FinTech Era* (pp. 64-85).
- Remund, D. L. (2010). Financial literacy explicated: The case for a clearer definition in an increasingly complex economy. *The Journal of Consumer Affairs*, 44(2), 276-295.
- Robb, C. A., & Babiarz, P. (2012). Youth financial capability: A synthesis of key research results. *Journal of Family and Economic Issues*, 33(4), 106-122.
- Santos, J. C., & Abreu, M. (2013). Over-indebtedness and financial inclusion: A comparative analysis. *International Journal of Economics and Finance*, 5(5), 1-11. doi:10.5539/ijef.v5n5p1.
- Scheresberg, C. D. (2013). The relationship between financial knowledge and mortgage delinquency: A case study. *Journal of Housing Research*, 22(2), 267-287.
- Sharma, R., & Neupane, A. (2020). Financial inclusion, financial literacy and financial wellbeing in Nepal. *Journal of Financial Economic Policy*, 12(4), 596-612.

- Stango, V., & Zinman, J. (2009). Exponential growth bias and household finance. *Journal of Finance*, *64*(6), 2807-2849. doi:10.1111/j.1540-6261.2009.01518.x.
- Thapa, S. K., & Kc, R. (2020). Financial literacy of Nepalese stock market investors. *The Journal of Economic Concerns*, *11*(1), 37-54
- Tsai, J. C., Wu, C. Y., & Lee, C. H. (2016). The effects of financial literacy and financial behavior on consumer financial well-being in the credit card context. *Journal of Financial Counseling and Planning*, *27*(1), 3-18. doi:10.1891/1052-3073.27.1.3.
- Van Rooij, M., Lusardi, A., & Alessie, R. (2011). Financial literacy and stock market participation. *Journal of Financial Economics*, *101*(2), 449-472.
- Van Rooij, M., Lusardi, A., & Alessie, R. (2012). Financial literacy and stock market participation. *Journal of Financial Economics*, *101*(2), 449-472. doi:10.1016/j.jfineco.2011.06.012.
- Xiao, J. J., Tang, C., Serido, J., & Shim, S. (2014). Antecedents and consequences of risky credit behavior among college students: Application and extension of the Theory of Planned Behavior. *Journal of Public Policy & Marketing*, *33*(1), 93-106. doi:10.1509/jppm.12.078.
- Zhang, Y., & Chatterjee, S. (2023). Financial well-being in the United States: The roles of financial literacy and financial stress. *Sustainability*, *15*(5), 45-105.

## Annex I: Questionnaire

Dear Respondent,

I am a, student of Master of Business Studies (MBS) from Shankar Dev Campus. In partial fulfillment of the requirement for the degree of Masters of business studies, I am conducting this research on “**Financial Literacy and Financial Wellbeing among Nepalese investors**”. I would like to request to you to give some of your valuable time in answering following questions. I assure you that all your information will be kept confidential and used for academic research purpose only.

### Section A: Demographic Profile

Please fill up the following questions by using the symbol (√).

1. **Gender:** Male [ ] Female [ ]
2. **Profession:** Government [ ] Private [ ] Self Employed [ ]  
Social Worker [ ] Others [ ]
3. **Age (in Years):** Below 25 [ ] 25-35 [ ] 35-45 [ ]  
45 and above [ ]
4. **Monthly Income:**  
Below Rs.20,000 [ ] Rs. 21,000- 40,000 [ ]  
Rs.41,000-60,000 [ ] More than Rs.60,000 [ ]

### Section B: Variables related to factor affecting financial literacy and Financial Wellbeing's

*Rate the following items on a scale of 1-5 (1= Strongly Disagree; 2= Disagree; 3=Undecided; 4=Agree; 5=Strongly Agree)*

5. Financial awareness	1	2	3	4	5
I am aware of the interest rates charged by banks and financial institutions.					
I am familiar with the basics of personal finance management.					
I often make a shopping list before I shop.					
I always compare financial products before making a decision.					
I am aware of the interest rates charged by banks and financial institutions.					
I am familiar with the basics of personal finance management.					
<b>Financial experience</b>	1	2	3	4	5
I consistently maintain emergency savings.					

I regularly keep financial records.					
I have experience managing personal assets.					
I have invested in the stock market.					
I carefully plan my spending and investments.					
<b>Financial skill</b>	1	2	3	4	5
I regularly evaluate my personal financial statements.					
I manage risks by purchasing insurance.					
I consistently review my debt position.					
I always strive to diversify my investments.					
<b>Financial self-efficacy</b>	1	2	3	4	5
I am confident in my ability to manage my finances.					
I can plan for the future with the money I have saved in my bank.					
I am capable of taking or raising a loan from the bank.					
I efficiently use my financial skills to manage my money.					
I am confident in my ability to manage my finances.					
I can plan for the future with the money I have saved in my bank.					
<b>Financial well-being</b>	1	2	3	4	5
If I lose my job today, I can cover my expenses until I secure new employment.					
I consistently save a portion of my income.					
I have saved sufficient funds to ensure a secure future.					
I believe my poor financial situation will prevent me from having the desirable things in life.					
I view credit limits as additional funds (a cash buffer) when planning my budget.					

Thank You

# Financial Literacy and Financial Wellbeing amon...

By: Shiwani Mainali

As of: Jul 23, 2024 2:27:05 PM  
11,528 words - 56 matches - 7 sources

Similarity Index

9%

Mode: Summary Report ▼

**sources:**

372 words / 3% - from 24-Jan-2024 12:00AM  
[www.remef.org.mx](http://www.remef.org.mx)

136 words / 1% - from 09-Jul-2024 12:00AM  
[elibrary.tucl.edu.np](http://elibrary.tucl.edu.np)

126 words / 1% - Internet from 11-Dec-2022 12:00AM  
[elibrary.tucl.edu.np](http://elibrary.tucl.edu.np)

143 words / 1% - from 08-Jan-2024 12:00AM  
[link.springer.com](http://link.springer.com)

89 words / 1% - ProQuest  
[Ahmed, Aliyu. "The Relationships Among Financial Literacy, Financial Behaviors, Financial Attitudes, and Homeownership Within Low-Moderate Income Households in Los Angeles County", Pepperdine University, 2023](#)

84 words / 1% - from 17-Apr-2023 12:00AM  
[www.researchgate.net](http://www.researchgate.net)

82 words / 1% - from 01-May-2024 12:00AM  
[stratfordjournals.org](http://stratfordjournals.org)

**paper text:**

**Abstract** The objective of this study is to investigate the relationship between financial literacy and financial well-being among Nepalese

investors, specifically within the Kathmandu Valley. Using a descriptive research design, data were collected from a population of investors associated with NEPSE trading, resulting in a sample of 389 respondents selected through a convenient sampling method. The study employed a five-point Likert scale questionnaire addressing constructs such as

**financial awareness, financial experience, financial** well-being, financial **skill, and financial self-efficacy**

. The findings reveal that all examined correlations are significant at the 0.01 level, indicating strong relationships between the variables. Financial awareness is notably associated with an increase in financial well-being. Although financial experience shows a positive effect, it is not statistically significant. Financial skills positively influence financial well-being, suggesting that higher financial skills contribute to better financial outcomes. Financial self-efficacy demonstrates a strong positive impact, highlighting that greater financial self-efficacy significantly enhances financial well-being. Enhancing financial literacy, particularly in financial awareness,