IMPACT OF FINANCIAL LITERACY ON FINANCIAL WELL-BEING OF NEPALESE COLLEGE STUDENTS

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RECOMMENDATION

This is to certify that the Thesis

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

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DECLARATION

I hereby declare that the thesis **IMPACT OF FINANCIAL LITERACY ON FINANCIAL WELL-BEING OF NEPALESE COLLEGE STUDENTS** submitted to Shanker Dev Campus the Faculty of Management, Tribhuvan University is my original work done for the partial fulfillment of requirements for the Master of Business Studies (M.B.S.) under the supervision of Suman Kamal Parajuli of Shanker Dev Campus.

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ABBREVIATIONS

AD	:	Anno Domini
ATM	:	Automated Tailor Machine
BS	:	Bank Size
e.g.	:	Example
F/Y	:	Fiscal Year
FLAT	:	Financial Literacy around the World
FSE	:	Financial Self-Efficacy
i.e.	:	That is
INFE	:	International Network on Financial Education
IRAs	:	Individual Retirement Accounts
Ltd	:	Limited
MBS	:	Master of Business Studies
NGOs	:	Nongovernmental Organisations
NRB	:	Nepal Rastra Bank
OECD	:	Organisation for Economic Co-operation and Development's
PBC	:	Perceived Behaviour Control
SD	:	Standard Deviation
TPB	:	Theory of Planned Behaviour
TRA	:	Theory of Reasoned Action

CHAPTER-I

INTRODUCTION

1.1 Background of the study

In the current economic climate, individual financial judgements and money management are highly prized (Sinha et al., 2021). People are now forced to make these difficult financial decisions due to the instability of the global economy, which has given rise to a variety of sophisticated financial products and new issues (Philippas & Avdoulas, 2020). Consequently, the significance of personal financial management abilities has increased and, consequently, academics and policymakers have become more aware of them in recent times. Additionally, employees deal with a variety of financial difficulties, such as financial responsibility and an abundance of financial information, goods, and services (Agarwalla et al., 2012). Furthermore, people are compelled to take on more responsibility and make difficult financial decisions in order to secure their own financial well-being due to sophisticated financial products and structural reforms in social safety and pension systems (Rooij et al., 2011). Financial literacy has also developed into a talent that everyone needs in daily life due to the growing number of working-class people who are approaching retirement and, most crucially, a shift in the emphasis on personal financial responsibility (Rooij et al., 2011). As a result, governments and other employers are playing a less important role in handling employees' finances (Agarwalla et al., 2012). Furthermore, the current global financial crisis has highlighted the importance of financial literacy and the necessity of having a solid financial education in order to make well-informed financial decisions. Additionally, having a sound financial attitude leads to financial well-being, and this attitude is derived from financial literacy (Philippas & Avdoulas, 2020).

There is little study in the body of existing literature throughout the subject, despite the importance of financial literacy in improving financial well-being generally (Bruggen et al., 2017). In this regard, the current study aims to broaden the scope of the current literature by taking the faculties of business schools into consideration. Thus, it is possible to comprehend the shifting dynamics of a relationship between financial well-being and financial literacy using two distinct methods. First, it is possible to look into a direct correlation between financial well-being and financial literacy. Second, financial self-efficacy provides an indirect understanding of the relationship between

the two. Financial self-efficacy effects individual activities or decisions directly when it is domain-specific and indirectly helps people see favourable results that they regularly expect due to its higher predictive potential (Noor et al., 2020). Furthermore, financial self-efficacy can be used to attain and regulate personally desired behaviour in order to accomplish a particular goal (Bandura, 2005). Consequently, in order to make decisions, one must be knowledgeable and confident (Danes & Haberman, 2007).

The economy of the University of Jammu and Kashmir is primarily focused on services, with a minor emphasis on agriculture. Therefore, it is more pertinent to examine the connection between financial well-being and financial literacy, particularly among business school faculty members. This is primarily because, as a result of various circumstances including periodic lockdowns and internet outages, this population segment is less exposed to financial literacy programmes. Furthermore, the current study is especially pertinent because it is commonly observed that salaried class individuals in Jammu and Kashmir give less thought to long-term financial planning for retirement (Gopalakrishnan et al., 2017). Additionally, they typically do not take out bank loans and instead rely mostly on the funds they have in their bank accounts. In comparison to the rest of India, they are also less exposed to financial options such as mutual funds, retirement funds, pension funds, and stock market investments. Ultimately, more government supported programmes are now available in Jammu and Kashmir as a result of the Government of India's recent decision to reclassify the region as a union territory rather than a state. Thus, business school faculty members have been given preference over other demographic groups in the Jammu and Kashmir region due to their history, area of specialization, and knowledge. As a result, this study will help everyone comprehend the value of financial literacy and how it affects their financial well-being, especially the faculty at business schools.

The complexity of financial decisions has increased in the twenty-first century due to the wide range of financial products available and the difficulties customers experience when making financial and economic decisions as a result of the instability of the world economy. Because of this, the importance of having sound financial management skills in both personal and professional contexts has grown, and throughout the past ten years, more research has been conducted in this area. Human rights are inextricably linked to literacy, which is seen as a fundamental human right. Sometimes, acquiring literacy skills is a goal in itself. People want to write and read because others can, even though

they were not able to do so during their elementary education. In addition to being linked to education, financial literacy fosters the development of other knowledge and abilities necessary for making wise decisions. Gaining more information, abilities, power, awareness, knowledge, and comprehension is possible through financial literacy. A better standard of living and overall wellbeing depend heavily on money and wise financial management.

Because of the financial market's constant change and rising personal accountability, making wise financial decisions is increasingly essential to one's ability to survive financially. Making wise financial decisions requires having a solid understanding of finance. Financial wellbeing depends on having a solid understanding of finance (Bhushan & Medury, 2013). Furthermore, financial literacy promotes economic development, which in turn spurs growth. Growing and managing finances properly are made easier with financial knowledge. As more intricate financial goods and services are developed and made available, the need for financial literacy is becoming more urgent than it was in the past. A lot of people have trouble understanding financial products. It is equally vital for men and women to be financially literate. Being the majority in the workforce, women must be financially literate in order to manage the house and participate in society and the economy.

Policymakers in all of the world's economies are beginning to recognise the value of financial education. Again, as younger generations are likely to deal with financial products and services that are getting more and more complex, it is crucial to assist them in understanding their financial concerns. In addition, compared to their parents, they are likely to take on greater financial risks as adults, particularly when it comes to saving money, making retirement plans, and paying for medical expenses (OECD, 2011). With the financial markets deregulated, credit more easily obtained, credit cards issued quickly, and the financial product industry growing quickly, the importance of financial literacy has increased. A growing number of nations have recognised the value of financial literacy and have created and implemented national financial education strategies to raise the level of financial literacy among their populations at large, frequently with an emphasis on the next generation (Grifoni & Messy, 2012).

The focus of the study is younger generations, specifically school and college students. In Nepal, the government, nongovernmental organisations (NGOs), and private sector organise a number of programmes to encourage financial literacy. In an effort to

improve students' financial literacy, Nepal Rastra Bank introduced the "NRB with Students" programme (NRB, 2014). The NRB Strategic Plan 2012-2016 prioritises financial literacy initiatives for women, disadvantaged and marginalised groups, ethnic minorities, and victims of violence when it comes to improving financial literacy. Similarly, since 2012, the NRB's monetary policy has placed a strong emphasis on financial literacy initiatives, noting that "appropriate strategy should be developed because financial services are not effective due to low financial literacy." On the other hand, not much research has been done on financial literacy among young people in Nepal. Therefore, the purpose of this article is to determine the level of financial literacy among Nepali college students.

1.2 Statement of the Problem

There are important ramifications for both people and society at large from the study of the relationship between financial literacy and financial well-being. To achieve economic stability, efficiently manage personal money, and ensure a prosperous future, one must be financially well-off. The extent to which financial literacy influences financial well-being, the mechanisms through which it does so, and potential barriers that impede its widespread adoption are all poorly understood, despite the acknowledged importance of financial literacy (Yoopetch & Chaithanapat, 2021)).

This study intends to offer insightful information about the relationship between financial literacy and financial well-being, which can be useful to financial institutions, educators, legislators, and other stakeholders. It aims to support the creation of focused interventions and successful financial literacy initiatives, eventually creating an atmosphere that encourages financial empowerment and well-being for everyone, regardless of socioeconomic status (Jayasena, Sonani & Ajward, 2022).

An important field of research in Nepal is the relationship between financial well-being and financial literacy. Comprehending the correlation between financial well-being and financial literacy is imperative for fostering economic stability and prosperity among the populace of a developing nation, given its heterogeneous population, disparate financial literacy levels, and expanding financial industry (Raut, 2020). Nevertheless, a paucity of thorough studies exists regarding the relationship between financial literacy and financial well-being in Nepal, including the social ramifications, obstacles to financial literacy, and efficacy of current financial education initiatives (Raut & Das,

2017). To investigating the relationship between financial welfare and financial literacy in Nepal. A person's capacity to efficiently manage their finances and reach their financial goals is a crucial component of their financial well-being. An individual's financial well-being is greatly influenced by their level of financial literacy, which equips them with the knowledge and abilities needed to make wise financial decisions. This study aims to determine the current state of financial literacy in Nepal, evaluate its impact on financial decision-making and well-being, and look into potential ramifications for the country's socioeconomic development. In addition, the study will assess the success of current financial education programmes and pinpoint obstacles to the promotion of financial literacy (Karmacharya et al., 2022). The following research questions served as the study's compass. The results will give legislators, financial institutions, and educators important information they can use to develop focused interventions and policies that raise financial literacy and increase financial well-being in Nepal.

i. What is the current status financial literacy and financial wellbeing of college students in Nepal?
ii. Does there any relationship between financial literacy and financial wellbeing of college students in Nepal?
iii. What is the effect of financial literacy on financial wellbeing of college students in Nepal?

1.3 Objectives of the study

Examining and comprehending the relationship between an individual's level of financial literacy and their overall financial well-being is the main goal of the study on the impact of financial literacy on financial well-being. The purpose of this study is to look into how financial literacy affects financial behaviours, decision-making, and results, all of which lead to a person's overall sense of stability, security, and contentment with their financial situation. The goal of the study is to clarify the wider effects of financial literacy on socioeconomic development and to pinpoint opportunities and possible roadblocks to better financial well-being via increased financial literacy programs. The following are objectives of the study:

i. To identify the current status financial literacy and financial wellbeing of college students in Nepal.

ii. To examine the relationship between financial literacy and financial wellbeing of college students in Nepal.
iii. To analyze the effect of financial literacy on financial wellbeing of college students in Nepal.

1.4 Significance of the study

The study's rationale lies in the potential to uncover valuable insights that can drive positive changes in financial behaviors, empower individuals to achieve better financial well-being, and contribute to economic growth and stability. It provides different facilities so that financially literate people are able to be financially wellbeing.

i. This study helps in understanding the factors that influence financial well-being, such as financial literacy, is crucial for fostering individual and societal prosperity.
ii. This study can provide reliable information in which the research aims to identify how improved financial literacy can lead to better financial choices and behavior.
iii. The study aims to explore the broader implications of financial literacy on society, including its potential contributions to economic growth, poverty reduction, and social inclusion.
iv. It is essential for designing targeted interventions and policies that address the specific needs and limitations faced by individuals in Nepal.
v. It can empower vulnerable and marginalized populations by providing them with the knowledge and tools to participate in financial markets and access financial services.
vi. This study focuses on evidence based policy making.

1.5 Limitations of study

The limitation of the study are as follows:

i. The study's findings may be limited by the representativeness of the sample used for data collection.
ii. The study's reliance on self-reported data from surveys or interviews may introduce response bias.
iii. The study aims to explore the relationship between financial literacy and financial well-being.

iv. The study's cross-sectional design, which captures data at a specific point in time, may not allow for examining changes in financial well-being over time.

v. The study's reliance on participants' recall of past financial decisions and experiences could lead to bias and inaccuracies in the data collected.

vi. The study's reliance on participants' recall of past financial decisions and experiences could lead to bias and inaccuracies in the data collected.

1.6 Organization of the Study

The research will be organized in to five chapters which will be presented in such a way that the research objective will be easily meet and research questions will be answered properly. The results and findings of the study will depict systematic manner. Each chapter's content is further described as follows: -

Chapter 1: Introduction

This chapter includes background of the study, statement of the problems, objectives of the study, conceptual framework, and significance of the study, limitation of the study and organization of the study.

Chapter 2: Review of literature

This chapter includes the relevant previous writing and studies to find the existing gap; review of textbook, dissertation is included in this chapter.

Chapter 3: Research methodology

This chapter explains about research methodology will be used for the study. it will cover research design, population and sample, sources of data, data analysis and software used.

Chapter 4: Data presentation and analysis

This chapter consists of systematic presentation and analysis of financial statement employing financial and statistical tools. It also includes major findings and discussion.

Chapter 5: Summary, conclusion and recommendations

This chapter finally summarizes the study in few paragraphs and tries to conclude the whole study; that is result of the research. And finally depending upon the summary and conclusion has been given.

CHAPTER II

REVIEW OF LITERATURE

The review of previous research on financial wellbeing, perceived behavioural control, past behaviour bias, financial literacy, and intention to invest is included in this chapter. This chapter includes an empirical review from a previous study that is related to this one as well as the theory relevant to this one. This chapter has also addressed the research gap for this study.

2.1 Conceptual Review

2.1.1 Financial Literacy

People are ill-equipped to make financial management decisions if they lack a fundamental comprehension of financial principles. Financially knowledgeable people are capable of making wise decisions about borrowing, investing, saving, and other financial matters.

In an era where a broad spectrum of people may readily access more sophisticated financial products, financial literacy is particularly crucial. For instance, the number of people with bank accounts and access to credit products is expanding quickly due to government initiatives in many nations to increase access to financial services. Furthermore, individuals who previously relied on their companies or governments for their financial security after retirement now have a say in decisions made about pensions.

Ignorance of finances has high price. Unaware of interest compounding, consumers incur greater interest rates on loans, accumulate larger debt, and spend more on transaction fees (Lusardi & Tufano, 2015; Lusardi & Scheresberg, 2013). Additionally, they borrow more money than they save (Stango & Zinman, 2009). In the meantime, there are numerous potential advantages to financial literacy. Strong financial acumen leads to improved retirement planning and savings (Behrman et al., 2012; Lusardi & Mitchell, 2014). As to Abreu and Mendes (2010), astute investors are inclined to distribute their capital over multiple ventures in order to mitigate risk.

Because financial behaviour is influenced by financial literacy in a variety of ways (Lusardi et al., 2014), it's critical to know how much people know about basic financial concepts and how much financial literacy is lacking in certain groups, such as women

and the underprivileged. This data is gathered from a broad range of nations via the Standard & Poor's Ratings Services Global Financial Literacy Survey (S&P Global FinLit Survey). It expands upon previous efforts by the Organisation for Economic Co-operation and Development's (OECD) International Network on Financial Education (INFE), the World Bank's Financial Capability and Household Surveys, the Financial Literacy around the World (FLAT World) project, and a number of national survey initiatives that gather data on financial literacy. By providing the first and most thorough worldwide measure of financial literacy to date, the study supports these efforts.

Based on questions added to the Gallup World Poll survey, the data on financial literacy. During the 2014 calendar year, over 150,000 randomly selected and nationally representative adults from over 140 economies were interviewed. As is common in economies where fewer than 80% of the population has access to a telephone, the surveys were carried out in-person. With the exception of convicts and troops, the target population is everyone above the age of 15.

Questions evaluating basic understanding of four key ideas in financial decision-making—interest rates, interest compounding, inflation, and risk diversification—were used to gauge financial literacy. The results of the S&P Global FinLit Survey are alarming. Just one in three persons worldwide are financially literate. Not only is financial illiteracy pervasive, but there are significant differences between nations and social groups. For instance, respondents who are poorer, women, or have less education are more likely to have gaps in their financial knowledge. This is valid for nations with developed financial markets as well as those with developing economies. Regardless of where they live, people with reasonably good financial literacy also tend to have some characteristics. Regardless of income, adults who utilise formal financial services such as credit cards and bank accounts typically possess greater financial literacy. Rich adults who utilise credit also typically have stronger financial abilities than rich adults who do not, and even the impoverished who own bank accounts are more likely to be financially literate than the impoverished who do not. This implies that there may be a double relationship between financial services and knowledge: although greater financial literacy may promote greater financial inclusion, using credit or managing an account may also help consumers become more adept with money.

The "small investor" now has more access to global financial markets thanks to the expansion of new financial services and products. Both home borrowing and consumer credit had skyrocketed at the start of the most recent financial crisis. Those with subprime mortgages or credit cards were in the historically unique position of being able to choose the amount they wished to borrow. Payday loans, pawn shops, auto title loans, tax refund loans, rent-to-own stores, and other alternative financial services have also proliferated.1 At the same time, shifts in the pension system place an increasing burden on employees and retirees to save, invest, and accumulate wealth. In retirement, forty years ago, the majority of older Americans relied on employer-sponsored defined benefit (DB) pension plans and Social Security, with members mostly choosing when to collect benefits. Contrarily, Baby Boomers today primarily have Individual Retirement Accounts (IRAs) and defined contribution (DC) plans during their working years, which means they must choose where to invest and how much to save. In addition, Boomers will increasingly need to assume responsibility for careful decumulation during retirement in order to avoid outliving their assets while meeting their needs.

However, a lot of these widely accessible financial products—mortgages, credit cards, student loans, pension accounts, and annuities, among others—have shown to be intricate and challenging for investors without much experience with money to understand. Therefore, even if financial and pension innovations allow for more individuals to access credit and allow for tailored financial contracts, they also place a higher duty on households to prudently borrow, save, invest, and accumulate wealth.

In this work, the aim to provide an evaluation of the ability of modern households to make these intricate financial decisions. This study specifically concentrate on financial literacy, which define as the capacity of individuals to comprehend economic data and make defensible choices about debt, pensions, financial planning, and asset growth. Here, this study summarise recent theoretical work that demonstrates how financial knowledge can be viewed as a kind of human capital investment. This strategy allows financial survey builders to generate predicted returns on their investments that are higher than average, but it also maintains an optimal degree of financial ignorance. This kind of endogenization of financial knowledge has significant welfare consequences and provides information about programmes meant to raise financial literacy levels in the general public. Evaluating the impact of financial literacy on behaviour is another

objective. Survey data is used to determine the level of knowledge (or lack thereof) and the least financially literate populations. Above all, this study assess the influence of financial literacy on economic decision-making both domestically and internationally, as well as potential policy solutions. Reflections on what more needs to be discovered to improve theoretical and empirical models, as well as public policy, are included in the paper's conclusion.

In the modern world, financial items are ubiquitous. The swift proliferation of intricate financial products is forcing individuals to make decisions about where to invest, how much to save, and how careful to decumulate their assets in retirement to avoid outliving their means. This requires financially literate households. Nonetheless, consumers in many nations have inadequate levels of financial literacy.

There is a wealth of literature that connects economic decision-making to financial literacy. Research indicates that households with higher levels of financial literacy perform better when it comes to retirement and money management (Lusardi & Mitchell, 2007). Additionally, they handle debt and credit card usage better. The likelihood of engaging in positive financial practices, such as paying bills on time, keeping track of expenses, budgeting, paying credit card bills in full each month, saving money each paycheck, keeping an emergency fund, diversifying investments, and setting financial goals, is also strongly correlated with financial literacy (Hilgertet al., 2003). Additionally, financial literacy has been found to positively correlate with financial satisfaction (Xiao et al., 2014).

Conversely, a lack of financial literacy is linked to making bad choices when it comes to debt financing, long-term retirement planning, and equity investments, all of which can lower welfare. decreased financial literacy levels are associated with a decreased likelihood of stock market participation (Kimball & Shumway, 2006). According to Lusardi and Tufano (2008), households with lower levels of financial literacy may also choose loans or mortgages less wisely and experience issues like debt buildup, bankruptcy, and foreclosure.

To yet, there is no clear correlation between household asset selection and financial knowledge. Although there is literature on household financial decisions and diversifications, researchers were unable to quantify financial literacy effectively using trading data (Bailey et al., 2006). Using data from the 2014 Chinese Survey of

Consumer Finance, this study examined households' decision-making process while choosing between two riskier assets: mutual funds and stocks. Nearly all Chinese provinces were included in the poll, which asked questions about household assets and debts, income and expenses, financial plans, and financial literacy. There are options to connect financial literacy with other household financial outcomes in the survey's financial literacy section. This study's key contributions include its use of sophisticated financial literacy measures and its direct relationship between financial literacy and financial decisions made by households. The study's findings suggest that individuals with more financial literacy—particularly those who comprehend complex financial concepts well—have a tendency to increase the amount of mutual funds in their portfolio. Additionally, this study offer a term of financial literacy overconfidence. Overconfident individuals with limited financial understanding typically solely invest in stocks. Lastly, it has been discovered that a good portfolio return—a measure of the financial health of a household—is associated with financial literacy.

The way that individuals handle their debts and take out loans has also changed significantly in recent years. Both home borrowing and consumer credit have grown significantly prior to the current financial crisis. Furthermore, those who took out credit cards or subprime mortgages are now in the historically unique situation of determining how much credit they can afford to take out. Payday loans and other alternative financial services have gained popularity; in the five years preceding the administration of the U.S. 2009 Financial Capability Study, over 50% of Americans reported having used a high-cost borrowing method (such as payday loans, pawn shops, auto title loans, tax refund loans, and rent-to-own shops).

Making financial decisions, whether they have to do with managing debt or accumulating assets, requires the ability to perform calculations, some of which are intricate. However, adults in particular, how numerate are they when it comes to financial decision-making calculations? The population's level of numeracy is extremely poor, as evidenced by the evaluation of research and surveys that have been conducted in the US and other nations. Furthermore, a deficiency in numeracy is not only common but also particularly severe in some demographic groups. Since many financial decisions are tied to numeracy, this could have an impact on both people and society at large.

2.1.2 Financial Well-Being

The sense of being able to maintain one's present standard of living along with future goals and financial independence is what refer to as financial well-being. This suggests that the only person who can evaluate their own well-being is that person. One person cannot assess the financial well-being of another. Accordingly, regardless of their actual financial situation, people may see themselves as having high or low financial well-being (Brüggen et al., 2017).

Having a sound and balanced financial life is the state of being financially well-off. It includes several facets of a person's financial status, such as income, expenses, savings, investments, debt management, and general financial stability. It extends beyond the simple amassing of wealth. Being able to pay existing debts, maintain a decent quality of life, and confidently and securely strive towards future financial goals are all necessary for achieving financial well-being. Being financially well-off is mostly dependent on having a steady and sufficient income. People who have a reliable source of income are better able to save for the future, pay their daily bills, and engage in fulfilling economic activities. It gives one a feeling of security and acts as a basis for financial planning and judgement.

The concept of wellbeing is multifaceted. Individual satisfaction in the following six domains contributes to well-being: business, finance, home, leisure, health, and environment. Welfare, according to McGregor and Goldsmith, encompasses political, religious, social, emotional, physical, and environmental elements. One component of welfare and convenience is material well-being, as stated in both texts. Financial wellbeing is defined by Fergusson et al. (1981) as financial asset and income level. According to Williams (1983), a person's financial well-being is determined by the material and spiritual components of their financial situation. They also described financial well-being as their level of contentment with their financial situation. Financial well-being, according to Porter (1990), is the attitude one has towards their financial situation based on objective factors and evaluates them in light of standards. According to Joo (1998), people's perceptions of well-being, or the concept of wellbeing, fluctuate as their circumstances change. In the past, someone's general level of happiness or contentment with their possessions or financial situation was considered their wellness. However, in the modern era, the concept of wellbeing has expanded to encompass both material and non-material aspects of an individual's perception of their

financial status, thereby improving their standard of living. These aspects include perceptions of ability to meet needs, feeling safe, comfortable, and satisfied with income and the award distribution system (Goldsmith et al., 2000). Financial wellbeing is defined as an individual's or family's financial sufficiency and safety, which shields them against risks to their finances such as illness, unemployment, bankruptcy, poverty, and retirement financial ruin. These definitions show that different researchers have diverse attitudes towards financial well-being, and that different approaches have been taken to quantify economic welfare and well-being in various studies. The use of an objective or position scale is one of these techniques. To calculate the degree of financial wellness, the scale makes use of quantitative markers that are evident from a financial situation. The physical components of financial well-being include things like net worth, savings, number of children, income, consumption of commodities, and property ownership.

Using arbitrary metrics to gauge financial well-being is another approach. Internal and subjective evaluation of a person's financial resources—which may be adequate, insufficient, satisfactory, or unsatisfactory—is referred to as subjective welfare. A number of theories and instruments are employed to study subjective wellbeing. (Brod et al., 1999) defined the quality of life as an overall subjective assessment of a person from his living in general and specific areas such as social life, finances, job, or living situation. (Ardelt et al., 1997) knows life satisfaction, happiness, and not feeling uncomfortable in the life as subjective wellbeing. To gauge subjective well-being, (George et al., 1993) employed three single-item measures: satisfaction with income, satisfaction with financial status, and individual's standard of living consent. A rating of the overall financial situation is "satisfactory with financial position." The term "satisfactory with income" describes how much money a person consistently receives or makes. A review of the amount and quality of products and services that are offered or on the market contributes to people's satisfaction with their living standards.

Another essential element of financial well-being is debt management. People ought to make an effort to reduce and appropriately handle their debt, giving high-interest debt repayment first priority and abstaining from needless borrowing. Paying off debt on time and keeping a healthy debt-to-income ratio help people feel less stressed about money and have better financial health overall. Long-term goal-setting and financial planning are essential to financial well-being. Creating a thorough financial plan aids

people in expressing their financial objectives, be they starting a business, saving for retirement, buying a house, or paying for school. A well-organized financial plan considers one's existing financial circumstances, indicates the actions required to reach the intended objectives, and offers a successful path forward.

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In objective and subjective measures of financial well-being, the study can say that the objective method will provide more tangible evidence in comparison to the subjective one and it is easier to understand by respondent. In contrast, considering subjective measures cause a more complete assessment of financial well-being. Scales assessing subjective perceptions can provide a more complete understanding of consumer financial behavior. A researcher can identify the views, feelings, and perceptions about ones' financial status, using variables that an individual realizes and provide him with a better symptoms and sign of wellbeing. In this study, the study use both measures for financial wellbeing so that can measure views, feelings and perceptions about their own financial status in addition to considering the quantitative criteria and visible from a financial position.

In conclusion, financial well-being is a multidimensional concept that encompasses various aspects of an individual's financial life. It involves earning a stable income, managing expenses, saving, and investing wisely, effectively managing debt, and planning for the future. By adopting a holistic approach to their finances, individuals can achieve financial stability, pursue their goals with confidence, and ultimately enjoy a higher quality of life.

2.2 Theoretical Review

The theory related to this study along with conceptual review and empirical review has been presented as:

The notion of reasoned action was developed by Fishbein and Azjen (1975). The theory of reasoned action holds that an individual's behaviour is determined by their intention

to achieve that objective, which is a function of their attitude towards that behaviour and of the subjective norms (Fishbein & Ajzen, 1975). According to Fishbein and Ajzen (1975), the Theory of Reasoned Action is composed of four primary terms. Belief, attitude, subjective norms, and intention are all included. According to the TRA theory, attitudes and subjective norms influence the intention behind the behaviour when it is conscious and deliberate, as stated by Fishbein and Ajzen (1975). To put it another way, people will consider the consequences of their choices before acting and make an informed decision. The most direct influence on an individual's behaviour is the behavioural intention. The subjectivity norm (SN) and attitude are the primary factors that influence behavioural intention. As someone exhibits more good behaviour, their inclination to behave positively also grows, and vice versa.

Moreover, Fishbein and Ajzen (1975) clarify that the primary objective of the TRA is to understand an individual's voluntary conduct by examining the underlying motivation behind their actions. TRA holds that the main determinant of whether or not someone actually engages in a behaviour is their desire to do so. Furthermore, the normative component—that is, the cultural standards surrounding the act—determines whether or not the person would actually participate in the action. According to the notion, the desire to behave in a certain way comes before the actual action. The presumption that participating in the activity will result in this purpose, also known as behavioural intention, is the result of a certain consequence.

Thus, according to the theory of reasoned action, a person's behaviour is determined by their preexisting attitudes and subjective norms. If someone believes that people around them also want to engage in the behaviour (subjective norms) and see the behaviour as positive (attitude), they are more likely to engage in it with a strong intention or motivation.

2.2.1 Theory of Planned Behavior

One of the most widely used and significant models for predicting human social interaction in research papers is the theory of planned behaviour (Ajzen, 2011). The theory of planned conduct is still a work in progress since several researchers are adding moderating effects of various variables to the model in order to address the complexity of human behaviour (Bosnjak, 2020).

By extending the Planned Behaviour Control Variable in the Model, Ajzen and Fishbein (1980). Theory of Planned Behaviour (TPB) was formed from the Theory of Reasoned Action (TRA) (Sommer, 2011). The three elements of the theory of planned behavior—attitude towards the behaviour, social norms, and planned behaviour control—all influence a person's intention to behave (Ajzen, 2002). Positive and negative opinions of the behaviour of their interests can be distinguished in people's attitudes (AT) regarding that behaviour. The term "societal norms" (SN) describes the perceived social pressure that a person experiences to either participate in a particular behaviour or abstain from it. Similar to this, people's judgements of how simple or difficult it is to engage in a certain behaviour in relation to the availability or constraints of resources and opportunities are referred to as perceived behaviour control (PBC) (Ajzen, 2002).

The Theory of Planned Behaviour has been empirically supported by several studies, but its application to the study of financial decision making is rather limited (Raut, 2020). Numerous researchers have studied the decision-making process of individual investors in the context of Nepal, including Gyanwali and Neupane (2021), Adhikari (2020), Rana (2019), and Vaidya (2021). However, they have not used the Theory of Planned Behaviour model in their analysis of financial decision-making.

Thus, the purpose of this study report is to evaluate the investment intention of Nepalese investors by utilising the Attitude and Subjective components of the Theory of Planned Behaviour. standards, Financial Literacy, and Perceived Behaviour Control, which extends the model with Past Behavioural Bias.

2.2.2 Attitude and Investment Intention

According to Ajzen and Fishbein (1975), an attitude is a general sentiment regarding the merits and demerits of a particular subject. It is obvious that someone's intention to trade stocks may be influenced by the possibility of earning a positive or negative outcome from their decision. Furthermore, psychological elements that influence an individual's intention to behave include overconfidence, overoptimism, herd mentality, and the psychology of risk (Cuong & Jian, 2014).

In a similar vein, Aizen (2005) asserts that a person's attitude is shaped by their feelings on a particular action or object. Attitude is the formative element of behaviour. Attitude serves as a means of communicating one's understanding of one's perspective and can be used to guide behaviour. People act in ways that reflect their attitudes on certain

behaviours. Later on, people would decide to act in ways that he considers to be positive behavioural attitudes. A person will act in such a way if those who are considered important in his life can tolerate it.

Cuong and Jian (2014) have demonstrated that an investor's attitude towards their own behaviour has a substantial impact on their intention to make an investment. According to Phan Cuong and Jian's (2014) research, investing intention is highly influenced by the investor's attitude, which is followed by the PBC and subjective norms, in that order. Borden, Lee, Serido, and Collins (2008) assert that a person investor's attitude towards the behavioural intentions has a big influence on their financial decision-making.By applying the Theory of Planned Behaviour to study Indian investors' intentions to participate in the stock market, Raut, Das, and Kumar (2018) came to the conclusion that attitudes have a big influence on people's behavioural intentions. Additionally, Akhtar and Das (2019) added that, in contrast to the other components of the Theory of Planned Behaviour, attitude has the biggest influence on investment intention. They also found that attitude has a considerable impact on investment intention. Additionally, Raut (2020) found that, when compared to other variables from the Theory of Planned Behaviour, attitude had the greatest and most significant influence on investment intention.

Furthermore, Rahadjeng and Fiandari (2020) conducted research with 110 Malang University students who were implementing the TPB component and found that attitude was one of the major elements influencing investment intention. It goes on to say that someone who is financially literate will also have good knowledge, and someone who has good knowledge will also have a positive attitude towards investing. This suggests that those who are more financially literate will generally view investments favourably and engage in more investing-related activities.

In line with Rahadjeng and Fiandai (2020), Lim et al. (2020) similarly draw the conclusion that a positive outlook is linked to greater intention for financial investment. They also note that a larger propensity to invest is strongly correlated with an accurate assessment of risk. Convenience sampling was used in the study, which was carried out in the Peninsula, Malaysia, Sabah, and Sarawark. Subjective norms, peer influence, internet impact, and risk propensity were all taken into consideration, and it was discovered that each of these variables had a substantial association with perception.

Cuong and Jina (2014) state that the attitude has the biggest impact on the intention to invest, followed by the PBC and the SN. The author goes on to say that psychological traits like overconfidence, extreme optimism, the psychology of risk, and herd mentality all have a big impact on an individual's attitude towards investing. Moreover, gender modifies the associations between psychological variables and attitudes, attitudes and behavioural intentions, and the PBC and behavioural intentions of Vietnamese individuals, according to Cuong and Jina (2014). Nugraha and Rahadi (2021) likewise came to the conclusion that attitude has a significant impact on the stock market investing decision-making of the Indonesian youth generation and that education has a moderating effect on the intention to invest in the stock market.

Additionally, Jayasena, Sonani, and Ajward (2022) found that psychological risk significantly moderates the relationship between investors' subjective norms and attitude, and that attitude plays a substantial influence in investment intention. In a similar vein, Akhtar and Hoque (2022) also noted that attitude has a major impact on behavioural intention to trade stocks. Data from both current and prospective investors on the Dhaka stock exchange was gathered for the study. Akhtar and Hoque (2022) state that attitude, financial planning abilities, and perceptions of financial risk and benefit are important factors that influence the decision to invest in the stock market. They also state that financial planning, financial satisfaction, and perceived financial risk moderate the relationship between attitude and behavioural intention to participate in the stock market.

In keeping with the findings of the research by Pahlevi and Oktaviani (2018), a study by Sathiyamurti, Devi, and Raj (2021) from an Indian viewpoint similarly found that attitude had a major influence on the decision to invest.

2.2.3 Subjective Norms and Behavioral Intention to Invest

Subjective norms are the personal conviction that a significant other or group approves and endorses a person's specific behaviour (Ham, Jeger & Frajman Ivkovic, 2015). As Ham, Jeger, and Frajman Ivkovic (2015) found, subjective norms have a significant impact on an individual's propensity to buy green food items. This research suggests that subjective norms have a significant impact on an individual's behaviour purpose. Furthermore, it was determined by Raut (2020) and Akhtar and Das (2019) that social pressure and social norms have a major impact on individual investors' stock market

behaviour. According to the theory of planned behaviour, people are more likely to invest in the stock market and take part in investment activities if their close friends and family advise them to do so or if they believe that they should (Cuong & Jian, 2014).

Subjective norms (motivation to conform) are determined by the presence of normative attitudes and the desire to fit in, according to Ajzen (2005). Beliefs concerning social norms that motivate individuals to adhere to these standards are known as normative views (normative belief and drive to conform). Normative beliefs are markers that lead to the creation of arbitrary norms (subjective norm). Therefore, subjective norms relate to a person's perception of how society views specific behaviours. Both the referents and the incentive to follow the rules have an impact on subjective norms. If people believe that most of their referents will find them admirable, they will usually feel under social pressure to behave in a particular way. In contrast, if an individual feels that their referents won't approve the behaviour they exhibit and they have no desire to adopt a certain behaviour, these factors will combine to put pressure on them to refrain from acting in that way. This may therefore conclude that an individual will not likely engage in a specific social behaviour if they believe that their social recommendation does not support it (Cuong & Jian, 2014).

According to Yoopetch and Chaithanapat's (2021) survey of 348 seasoned Thai investors, subjective norms have a big influence on stock prices the goal of an individual investor and went on to say that the people in an investor's immediate vicinity can greatly influence how that particular investor handles their financial affairs. Driven, empathic, committed, and well-organized people are more likely to invest, according to Sadiq and Khan (2019), which is in line with the findings of Yoopetch and Chaithanapat (2021).

Numerous studies, including those by Raut (2020), Pahlevi and Oktaviani (2018), Cuong and Jian (2014), Yoopetch and Chaithanapat (2021), Mahardhika and Zakiyah (2020), and others, have come to the conclusion that subjective norms play a significant role in the decision-making process regarding investments. According to Akhtar and Das (2019), subjective norms have a marginally beneficial influence on investment intention. According to Cuong and Jian's (2014) findings, subjective norms, such as attitude and perceived behaviour control, rank lowest among the variables in terms of their influence on investment intention.

In response to the contradiction, a study conducted in Sri Lanka with both current and potential investors using the variables Attitude, Subjective Norms, Perceived Behavioural Control, Psychological Risk, Perceived Knowledge of the Covid-19, and Intention to Invest in the Stock Market, reports that the subjective norms do not significantly affect the intention to invest in the stock market. Likewise, it was discovered that psychological risk significantly alters the relationship between investors' attitudes and subjective norms. Similarly, a study by Nugraha and Rahadi (2021) employing 64 members of this generation concludes that subjective norms do not significantly influence the decision to make an investment by Indonesian generation Y and Z.

From a Nepalese standpoint, Karmacharya et al. (2022) found that Nepalese investors place a greater emphasis on market-related factors when making investment decisions based on their 350-person study of 350 variables, including heuristics, prospects, markets, herding, and investment performance. explains further that, in order to make an investment decision without conducting a thorough market study, Nepalese investors rely a great deal on other people's recommendations and suggestions.

2.2.4 Perceived Behavioral Control and Investment Intention

A new theory known as the Theory of Planned Behaviour was developed in order to address the shortcomings of the Theory of Reasoned Action. The extra construct in the paradigm is the theory of planned behaviour. The Perceived Behavioural Control is an additional construct. Zhou and Phan (2014). The concept of perceived behavioural control refers to an individual's judgement of how easy or difficult it is to carry out a specific activity in the current circumstances (Ajzen, 2005). Ajzen (2005) goes on to say that an individual's confidence level in their ability to do a given activity is correlated with how well they accomplish that behaviour. It is further explained that a person's perceived behavioural control is influenced by their prior experiences as well as outdated knowledge gained from conversations with friends, family, and relatives (Ajzen, 1991). The availability of time, resources, and opportunities will also increase the sense of behavioural control and, hence, the likelihood of engaging in the behaviour, according to Ajzen's (1991) further conclusion.

One of the psychological variables included in the Theory of Planned Behaviour is Perceived Behaviour Control, or PBC for short. PBC describes how simple or complex

a task is to do, according on the opportunities or challenges that may arise. (Ajzen, 2011). According to Ajzen (2011), perceived behaviour control has an impact on an individual's behaviour or intention. The Perceived Behaviour Control Variable has been used by Raut (2020); Raut and Das (2017) as a factor that influences financial decision making.

A section of the Theory of Planned Behaviour was adjusted by Akhtar and Das (2019) in a study with 1347 individuals from various parts of India. The study substituted the variable of perceived behavioural control with Financial Self-Efficacy (FSE), and to further examine investment decision-making in the stock market, two other factors were included to the model: financial knowledge and investor personality traits. The author of the study argues that Financial Self-Efficacy (FSE) is a more accurate indicator of investment intention and personality attributes than Personality Behaviour Check (PBC). For this reason, FSE was substituted for PBC. The results of the study indicated that the FSE had a significant impact on investment intentions as well as a dual effect, mediating and moderating the association between personality traits and investment intentions.

Mahastanti and Hariady (2014) used a sample of Indonesian female lecturers and included a variable measuring risk preference, financial literacy, and a TPB component. The result shows that perceived behavioural control and risk preference had a significant influence on the decision to buy a financial instrument, even when subjective norms and attitudes were unrelated to the decision. explains further that because stock market trading carries a significant level of risk, Indonesian women view it as a bad idea. In a similar vein, it is discovered that their friends and relatives do not encourage them to make capital market investments.

In a same way, Mahardhika and Zakiyah (2020) showed that millennial investors in Kebumen do not take risk into consideration while making stock market investments, and that intention is strongly influenced by perceived behaviour control. The findings of Jayasena, Sonani, and Ajward (2022) indicate the PBC has a large impact on investment intention corroborate those of Mahardhika and Zakiyah (2020). Numerous more studies, such Pahlevi and Oktaviani (2018) and Raut (2020), have come to the conclusion that perceived behavioural control has a major influence on one's propensity to invest in the stock market. However, Nugraha and Rahadi (2021) did not find any

indication of a significant influence of PBC on the propensity to purchase equities in their study of young Indonesians from generations Y and Z.

2.3 Empirical Review

Kharel et al. (2024) examined the degree of financial literacy and practices of financial knowledge among MBA students in Nepal. Four prominent universities were selected for study: Tribhuvan University, Kathmandu University, Pokhara University, and Purbanchal University. The descriptive and analytical research approach was applied to analyze the data. Data were collected through questionnaires from 320 students by using convenience and stratified sampling methods. The analysis was conducted using the SPSS software system. The results highlight the complex interplay of factors influencing financial behavior and literacy among MBA students, emphasizing the importance of education, familial influence, and media exposure in shaping financial attitudes and decision-making. The study delves into several key aspects of financial behavior, influence, attitude, literacy, and knowledge sources among MBA students. Notably, respondents displayed positive financial behaviors such as reading for knowledge enhancement and prudent spending practices. Parental influence emerged as the most significant factor shaping financial decisions, followed by media and internet exposure. Respondents generally exhibited a favorable financial outlook and demonstrated understanding in various financial literacy domains, though areas for improvement, particularly in investment risk comprehension, were identified. The study shows how education, family influence, and media exposure affect MBA student's financial think, how people handle finance, like their education and where they get information from. This is seen as reflected in financial literacy scores ranging from 1.43 to 3.86, with an average of 2.405 and a standard deviation of 0.449, suggesting below-average scores and reduced unpredictability.

Dare et al. (2023) examined innovative insights based on preregistered hypotheses, methods, and analysis plans on the Open Science Framework. They utilized correlation and regression analyses and hypothesized that executive functioning and financial self-efficacy positively relate to financial well-being through positive financial behaviors. They further hypothesized that executive functioning moderates the indirect relation between financial self-efficacy and financial well-being and that financial self-efficacy moderates the indirect relation between executive functioning and financial well-being. As anticipated, their results revealed a strong positive relationship between financial

self-efficacy and financial well-being via positive financial behaviors. However, they found no evidence that executive functioning relates to financial well-being through positive financial behaviors or that executive functioning or financial self-efficacy act as moderators. Their study offers potential strategies for financial practitioners and service providers to enhance individuals' financial behaviors and well-being.

Prakash, Alagarsamy, and Hawaldar (2022) aimed to understand the factors influencing the financial well-being of IT employees in India through confirmatory factor analysis (CFA). They utilized established survey tools to evaluate the impact of financial literacy, financial behavior, and financial stress on financial well-being, employing correlation and regression analyses. Their research also investigated the role of demographic factors (age, gender, monthly income, job category, and work experience) in determining financial well-being through multigrain analysis. Their study involved analyzing data from 237 IT sector employees, revealing significant positive effects of financial literacy and financial behavior on financial well-being, alongside a significant negative impact of financial stress. They noted that financial behavior and financial stress mediate the relationship between financial literacy and financial well-being, and demographic variables significantly moderate the relationship between factors contributing to financial well-being.

Kadoya and Khan (2020) analyzed the information from Osaka University's Preference Parameter Study to examine the variables influencing financial literacy in Japan. It looked at a number of psychological, socioeconomic, and demographic factors derived from consumer socialization, social learning, and psychological learning theories. The findings showed that the degree of financial literacy is highly influenced by the demographic (gender, age, and education), socioeconomic (income and occupation), and psychological (perceptions of the future) aspects. The findings highlight how social interaction and future-focused thinking can raise financial literacy levels in Japan and are robust to various financial literacy assessments.

Hamza and Arif (2019) investigated the mediating role of big-five model-based personality traits on the relationship between financial literacy and investing decisions. The Smart-PLS software was used in conjunction with a five-point Likert scale questionnaire for data analysis in the study. The convenience sample approach was used to get 235 responses from Karachi. The findings indicated that agreeableness, conscientiousness, and extraversion did not significantly influence investment

decisions in relation to financial literacy. However, through neuroticism, financial literacy has a major positive impact. By examining the mediating influence of big five personality traits on the relationship between financial literacy and investing decisions, the study advances the knowledge of investor behaviour. It was suggested that financial institutions use the consumer profile technique to provide potential investors investment counselling services.

Niazi and Malik (2019) investigated the impact of behavioural characteristics and sociodemographic characteristics on decisions about communal asset allocation. With a quantitative approach, the descriptive study used survey instruments in the form of questionnaires with 70 items and 775 respondents. The study discovered that financial literacy significantly moderates the impact of investment variety with respect to financial attitude and decision-making behaviour within sociodemographic groups. Additionally, investment diversification improves as age, education, and income levels rise. The impact of predictors was examined while financial literacy was acting as a moderator, since the study indicated that financial literacy may be able to moderate these judgements in the behavioural domain of investment decisions. They suggested enhancing financial inclusion and developing a plan for raising financial literacy in order to maximise investment choices. According to the survey, there is reason for concern as teenagers around the world have low levels of financial literacy. Additionally, it has been noted that there is a relationship between financial behaviour, financial attitude, and financial knowledge, and that a number of socioeconomic and demographic factors, including age, gender, income, marital status, and educational attainment, affect young people's financial literacy levels.

Gupta and Gupta (2018) concentrated on figuring out how financial literacy affected the Shimla district residents of Himachal Pradesh who live in rural areas when making investment decisions. The chi-square method was utilised in the study to assess the correlation between respondents' demographic characteristics, such as age, income, education, and occupation, and financial literacy. Of the 500 respondents, 500 worked in agriculture or horticulture, while the remaining respondents owned their own businesses or had other sources of income or were in the service class. The study found that respondents' financial literacy was significantly impacted by demographic characteristics. It was suggested that the study serve as both a foundational study for future research and a significant report for corrections about financial literacy.

Isomidinova and Singh (2017) investigated the association between financial education, financial socialisation agents, and money attitude towards financial literacy among students in Tashkent, Uzbekistan, This relationship has not been empirically verified in Uzbekistan. Data was analysed with SPSS Version 20 using a sample of 110 respondents and a quantitative survey. The findings demonstrated that financial literacy among students in Uzbekistan was positively impacted by financial education and financial socialisation agents. The most substantial influence was observed to be with financial education. The results have made a substantial contribution to the understanding of students' financial literacy. The study's findings will contribute to the corpus of knowledge already in existence and help develop the fundamental strategies needed to guarantee that Uzbek students' financial literacy improves.

Mutembei and Elly (2017) investigated how financial literacy affected state corporation employees working under the health minister in Nairobi, Kenya, when it came to their voluntary retirement planning. Using primary data obtained from a questionnaire using a five-point Likert scale on each variable's parameter, the study used a descriptive study design. To choose respondents to take part in the study, a basic random sampling procedure was used. This study used means, percentages, and frequencies to analyse the data. To investigate the association between financial literacy and voluntary retirement planning, multiple regression analysis was employed. The study also found that financial literacy had a positive impact on voluntary retirement planning. However, the results also show that other factors, including age, marital status, income level, and education level, were also strongly related to retirement planning. The study found to influence the employee's level of voluntary retirement planning since they were able to make important financial decisions in a way that involved minimal risk to them. The study found that among state company employees working under the minister of health in Nairobi, Kenya, gender effects the pattern of saving for voluntary retirement planning. The disputed role of gender on household investment and saving decisions revealed that women save more than males. The study suggested that complete information on saving, with a focus on retirement specifically, be emphasised, and that workshops and programmes on financial literacy be made available to the general people.

Semercioglu and Akcay (2016) conducted a study on the financial literacy of Turkish high school and religious school pupils. 519 high school students participated in this

study, which employed a non-random sampling strategy. The study analysed data using a logistic model to identify variations throughout school types. According to this survey, there are notable differences between the various school kinds when it comes to high school students. According to the study, high school students knew more about FL than those in religious high schools. This study made recommendations that would assist the government in creating financially and educationally sound financial literacy programmes. It assisted with the government's and the ministry of education's plans for financial literacy training, which is necessary for a deeper comprehension of FL. The FL programme or course may be offered in high school in the future to promote financial activity.

Murugiah (2016) looked into Malaysians' comprehension levels and methods for improving their financial literacy. In 2014, 2500 Malaysians, ages 18 to 45, who lived in Peninsular Malaysia, received questionnaires. According to the report, although Malaysians believe they are financially literate, their actual financial literacy expertise is still lacking. This study also demonstrated the need to focus on financial literacy awareness and understanding among young males in Malaysia who earn less than RM1,500 and possess a certificate in order to improve their financial literacy. Thus, in summary, having the ability to manage finances well and make prudent financial decisions are essential life skills.

Abubakar (2015) examined the main issues and barriers to the growth of entrepreneurship in Africa. This study are access to capital, market accessibility, policy support, and entrepreneurship culture. These findings have a significant impact on financial literacy throughout the continent, especially for micro, small, and medium-sized businesses. Unfavourable investment climate, lack of entrepreneurship training programmes, unfriendly business environment for investments, gender gap, and absence of value chain in the entrepreneurial ecosystem are some other significant issues.

Thapa and Nepal (2015) researched on the majority of students had a basic understanding of finance, but they lacked comprehension of credit, taxes, the stock market, financial statements, and insurance. Students' attitudes about saving were good and they were heavily affected by their parents at home. The study also considered factors like age, gender, income, type of college, stream of education, and student attitude as predictors of financial literacy. However, gender, university affiliation,

financial behaviour, and influence had little effect on total financial understanding. The survey found that college students possess a rudimentary understanding of finance. Nonetheless, several aspects of the student's educational background, personality, and demographics had an impact on their general financial literacy. To increase students' financial literacy, it was recommended that the government and universities implement some kind of financial literacy programme.

Shiranath (2014) analyzed the person's financial literacy is strongly correlated with their socioeconomic and demographic traits. Additionally, it was discovered that most respondents had just a limited understanding of finance and that respondents' functional financial literacy varied widely based on factors like age, gender, income, and educational attainment. It was suggested that this study serve as a foundation for future research and that it be regarded as a significant report for corrections on financial literacy.

Githui and Ngare (2014) measured the effect of financial literacy on retirement planning in Kenya's unorganised sector. The study's six hypotheses conceptualise how retirement planning is influenced by factors such as age, gender, marital status, education, occupation, income, number of children, and financial literacy. The study used Pearson's Chi-square tests and found that retirement planning is substantially correlated with all variables except gender. The study suggests developing a curriculum on financial education and pension education in middle level and higher learning institutions as well as community pension awareness programmes like road shows and advertisements, given that financial literacy is one of the variables associated with retirement planning. According to the study, income has a significant impact on retirement planning, with low-income earners believing they do not have enough money saved. In addition to the fact that the population from which the sample was drawn was irrelevant because self-employed people do not retire, the paper introduces additional control variables in the form of demographic factors on the relationship between financial literacy and retirement planning. However, the finding was limited because statistical techniques were insufficiently robust to show the direction of the relationship. One significant question that is still unanswered is whether participants in the informal sector actually retire. The sample's firm owners do not retire, despite the possibility that SME employees do.

Bhushan (2014) investigated salaried individuals' investment behaviour and level of understanding regarding financial products. Likert scales and structured questionnaires were employed in the study to analyse the data. Many financial products have been introduced in the Indian market, according to the report. Regarding interest rate, risk exposure, duration of the contact fee, and other factors, each of these products provides a different set of advantages and possibilities. Because they don't understand finances, the majority of people are unable to benefit from the higher returns offered by these goods. The results of the survey indicated that respondents were highly aware of traditional and safe financial goods, but the population's awareness level of new age financial products is low. As a result, they must be made aware of the risk and return characteristics of these products. It was suggested that knowledge of an individual's investing behaviour towards financial products as well as their present awareness level would be necessary for an effective financial education programme.

Nidar and Bestari (2012) evaluated financial literacy on a personal level. The study's primary goal was to look into the variables and degree of personal financial literacy. The study, which polled 400 students at Indonesia's Padjadjaran University, discovered that the students' personal financial literacy fell into the low category, particularly when it came to investing, credit, and insurance. The study also demonstrated the substantial influence of factors such as faculty, personal income, degree of education, parental knowledge, parental income, and insurance ownership on an individual's financial literacy. Basic personal finance, income and spending, credit and debt, saving and investing, and insurance were all areas in which the study employed personal financial literacy. The report stated that this research can be used as a reference by financial institutions, stakeholders, and the Reserve Bank. It is also proposed that financial literacy instruction be made required for pupils.

Lusardi, Mithel, and Curto (2010) conducted a study to ascertain the youth's understanding of risk diversification, interest rates, inflation, and the connection between sociodemographic traits and family financial sophistication. Less than one-third of young adults were found to possess rudimentary knowledge of interest rates, inflation, and risk diversification, indicating a low level of financial literacy among German youth. However, family financial sophistication and sociodemographic traits were highly correlated with financial literacy. It is urged that government agencies, Reserve banks, and financial organisations should take action to ensure that young

people are financially literate. This work may serve as a foundation for future research using additional financial literacy characteristics by other researchers.

2.4 Research Gap

The concept of a research gap refers to an underexplored area within a specific field of study, indicating a deficiency in knowledge or understanding. This void prompts a comprehensive examination of existing literature to pinpoint areas demanding further investigation. By addressing these gaps, researchers contribute novel insights and propel the advancement of their field. In the realm of financial literacy, while some modest studies have been undertaken, a necessity exists for broader, nationally representative surveys to comprehensively gauge global financial literacy. Moreover, research is imperative to comprehend the socio-economic factors influencing financial literacy, such as education, income, gender, and geographic location. Assessing the efficacy of financial literacy programs is equally vital for evidence-based policy formulation.

Evaluating the long-term impact and delving into barriers and facilitators of financial inclusion are essential. Understanding the cultural landscape is crucial, with research exploring the influence of cultural norms and practices on financial decision-making. Filling these research gaps is pivotal for tailoring effective financial education programs and policies to the unique needs of diverse populations, ultimately contributing to the development of a robust financial literacy framework. The study identifies that financial literacy is still in its early stages globally, impacting the overall population, particularly those below the poverty line. The lack of financial literacy hampers individuals' ability to meet basic requirements, negatively affecting financial well-being. To address this issue, concerted efforts from government and non-government organizations are essential to implement widespread financial awareness programs and alleviate the challenges associated with financial illiteracy.

CHAPTER-III

RESEARCH METHODOLOGY

There are various ways and methods utilized in research. To find the relationship between financial literacy and financial wellbeing the Person correlation approach is employed. Since the purpose of the study is to examine how financial literacy effect financial wellbeing, a quantitative approach was adopted. With the use of statistics, tables, and other tools, this strategy seeks to fully solve an underlying task and analyses the outcomes. This chapter presents the general structure for the study, including data collection, presentation, and analysis, all of which contribute to achieving the study's goal. The examination of the framework and literature evaluation under progress.

3.1 Research Design

In this study, a descriptive and casual comparative research design was employed. Descriptive and casual comparative research designs serve as the foundation for this investigation. While a casual comparative research strategy was employed to gather data regarding respondents' opinions and thoughts regarding the programs, their issues, their participation, etc., a descriptive research design was utilized to analyses qualitative information about the subject field.

The study is based on various statistical tests and analysis. Descriptive statistics is used to calculate mean and standard deviation. Correlation and regression are calculated to analyze and interpret the data.

3.2 Population and Sample

The entire college students of the Kathmandu valley is the sampling space. In this study, the college students of the Kathmandu valley are chosen randomly. In this research 400 students has been chosen using a convenience sampling technique and from 400 respondents only 369 valid responds has received. Therefore, this study has 369 sample size. Similar to this, it is essential to observe communities in the following areas: Shanker Dev College, Valley Institutes, Nepal Commerce Campus, Apex Institutes, Library of Brikutimandap, Banks and financial institutions employees, etc.

3.3 Nature and Source of Data

As this research is purely based on the academic purpose, a proper procedure was conducted to carry out the research work. Basically, this research is based on primary data. Both primary and secondary data were used in this investigation. The necessary information is gathered from the field. The Kathmandu district's study on the knowledge of financial literacy is based on primary sources. By using the Kathmandu district's households, the researcher herself gathered data from the respondents.

3.4 Method of Data Collection

Based on primary data gathered from questionnaire that the sample firms entered into the database made asking to them, the study was conducted. People's relationships, causes, and consequences correlations between microfinance factors have been the main source of data. The primary data sets are the source of the sets of information for the financial literacy variables.

Tools and procedures are crucial in the data collection process. Primary data had been gathered through the use of focus groups, semi-structured interviews, structured questionnaires, observation, and unstructured interviews.

A format was created for the purpose of gathering the quantitative data that was necessary for the study and for sampling households. The questionnaire addressed the socioeconomic state of the households, landholding, profession, decision-making systems of the households, and other topics. The format was produced by including multiple questions and inquiries, such as the demographic structure of the household and land ownership. These formations were taken in order to talk with the household leader, whoever happened to be available.

Using a variety of techniques, semi-structured or unstructured interview questions from the interview guide were used to gather primary data from important information. The purpose of the interview was to cross-check the information from the questionnaire.

The importance of microfinance in reducing poverty has been discussed in interviews with regard to its impact on local activities such as development, living standards, and user groups' revenue. Information was gathered for this procedure from a variety of sources, including PAF members, locals, politicians, the secretary of the municipality, chairpersons of user groups, social workers, and teachers in the area.

Using an observation guide, eighty individuals chosen through Convenience sampling were visited in order to monitor socioeconomic shifts and the role played by PAF activities across a range of industries. Additionally, it is on file. Understanding what had just occurred in the research area was really helpful. It also assisted in substantiating the statements provided by the interviewees.

3.5 Method of Analysis

The study has mostly use secondary data in order to meet the goal. Descriptive statistics and correlations will be used to analyses the data that has been obtained. Two ordinary least square models will be used in the empirical study to provide a thorough examination of the impact of financial literacy on financial wellbeing in the Kathmandu valley.

A descriptive analysis was performed on the quantitative data. The majority of the quantitative data, including the study area's demographic makeup, age, sex, population's composition in terms of literacy and education, and ethnic distribution, are tabulated and have undergone analysis. After incorporating the qualitative data, interpretations were produced.

The summary of descriptive statistics related to the primary data analysis—which is based on questionnaire survey responses—is used in this study. The results collected are described using descriptive statistical methods such as mean, standard deviation, and percentage. Data are displayed in a table format, which facilitates data analysis and comprehension. Data analysis based on the proportion of respondents who answered a survey. The information gathered is utilized to compile the students' scenario. The goal of the acquired data is analysis. Using SPSS tools, the gathered data are processed, analyzed, and interpreted.

A variable is a property, number, or quantity that changes over time or assumes different values depending on the circumstances. Dependent variables can only take various values in reaction to an independent variable, but independent variables can take varied values and can also cause equivalent changes in other variables. These are the two main categories of variables. The variables of economic status (measured by income and debt), human resource status (measured by health and education), and living environment (measured by housing conditions) were used to operationalize poverty. The following factors represented the poverty alleviation index and living

standard index: housing conditions, number of children attending school, and health spending. To obtain the aggregate indicators, household-level data was gathered for these variables.

1. Descriptive statistics

i. Arithmetic Mean

The easiest to understand and most widely used way to measure central tendency is to use the arithmetic mean. Any central tendency measure is referred to as the average in statistics. The definition of the arithmetic mean is: It is the total of all the numerical values of the observations divided by the total number of observations. In general, if n observations are given, then their arithmetic mean, typically represented by, is as follows: X1, X2, X3……Xn.:

$$\bar{X} = \frac{\Sigma X}{N}$$

Where,

$\bar{X}$ = Arithmetic Average

$\sum x$ = Summation for total values of the variable/observation

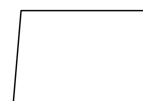
N = Number of items

ii. Standard Deviation

In 1893, Karl Pearson presented the idea of the standard deviation. It is by far the most significant and often applied dispersion study metric. The reason for its significance is that it meets most of the requirements for a reliable measure of dispersion and is devoid of the flaws that plague the previous approaches. The square root of the mean of the squared deviations from the arithmetic mean is what gives the standard deviation its other name, root mean square deviation. The tiny Greek letter σ (often known as sigma) represents the standard deviation (Gupta, 2014).

Symbolically,

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



Where,

σ = Standard Deviation

$\sum(X-\bar{X})^2$ = Sum of squares of the deviation measured form the Arithmetic average

N = Number of items

2. Inferential Analysis

i. Correlation Coefficient

The correlation coefficient between two variables that is most frequently calculated in practise is known as "Karl Person's correlation coefficient." Typically, the correlation coefficient (r) between two variables, X and Y, is represented by this symbol. Karl Pearson correlation coefficient is utilised in this study for correlation analysis, and it is calculated using the direct method formula.

$$r_{(X,Y)} = \frac{N\sum XY - \sum X \sum Y}{\sqrt{N\sum X^2 - \left(\sum X\right)^2}\sqrt{N\sum Y^2 - \left(\sum Y\right)^2}}$$

Where,

Two variables' correlation coefficient is shown by the symbol r (x, y). Every time, the correlation coefficient falls between +1 and - 1. When r is +1, there is perfect correlation; when r is = 0, there is no connection; when r = -1, there is negative correlation; when r is less than 0.5, there is little correlation; and when r is between 0.7 and 0.999, there is a significant degree of positive correlation.

The study examined correlation analysis to determine the relationships between the variables. To ascertain the relationship between the several independent and dependent variables related to the research, Pearson's correlation analysis is employed. The linear correlation between any two variables is measured.

The five traditional rules listed below provide the basis for correlation interpretation:

A correlation of (r = 0 to.20) is minimal or nonexistent.

A positive but weak connection is shown by (r =.20 to.40).

A positive moderate degree of correlation is indicated by (r =.40 to.60).

(r =.60 to.80) denotes a strong and positive degree of connection.

A positive and high degree of correlation is indicated by (r =.80 to.1.00).

ii. Regression Analysis

Regression analysis makes the assumption that there is a causal link between two or more variables, whereas correlation analysis makes no such assumption. The effects of one independent variable on one dependent variable are displayed by simple linear regression, but the effects of several independent factors on one dependent variable are displayed by multiple linear regression. The degree of association between two variables is all that correlation analysis can reveal. Regression analysis is therefore performed in order to gain a deeper comprehension of the degree of correlation between two or more variables. The impact of several independent factors on a single dependent variable is examined using multiple regression analysis. Thus, multiple regression analysis is used to analyze the impact of financial literacy on financial wellbeing of Kathmandu valley. The statistical multiple regression model was created using the suggested research model and went like this:

$FPE= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE +€$.. (i)

$CMMS= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE +€$... (i)

$PFS= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE+€$.. (iii)

$FW= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE +€$.. (iv)

Where,

β_0=Constant/ Y-intercept

β_1 - β_3= Regression coefficients of independent variables

FPE = Financial Preparedness for Emergency (Dependent variables)

CMMS = Current Money Management Stress

PFS = Perceived Financial Security

FW = Financial Wellbeing

FS = Financial Awareness

FA = Financial Experience

FE = Financial Skill

€= standard error term

The results of model summary, analysis of variance (ANOVA) and beta coefficients of impact of financial literacy on financial wellbeing of Kathmandu valley.

3.6 Research Framework and Definition of Variables

A conceptual framework has been constructed to comprehend the impact of financial literacy on the financial well-being. This framework is depicted in Figure below. This was created using the results of a preliminary examination of the literature on the effects of financial literacy. Figure 1 is a diagrammatic representation of the framework that shows the suggested linkages and mediating elements examined in this thesis, taking into account the understanding of financial literacy and financial wellbeing in this study.

Independent Variables **Dependent Variables**

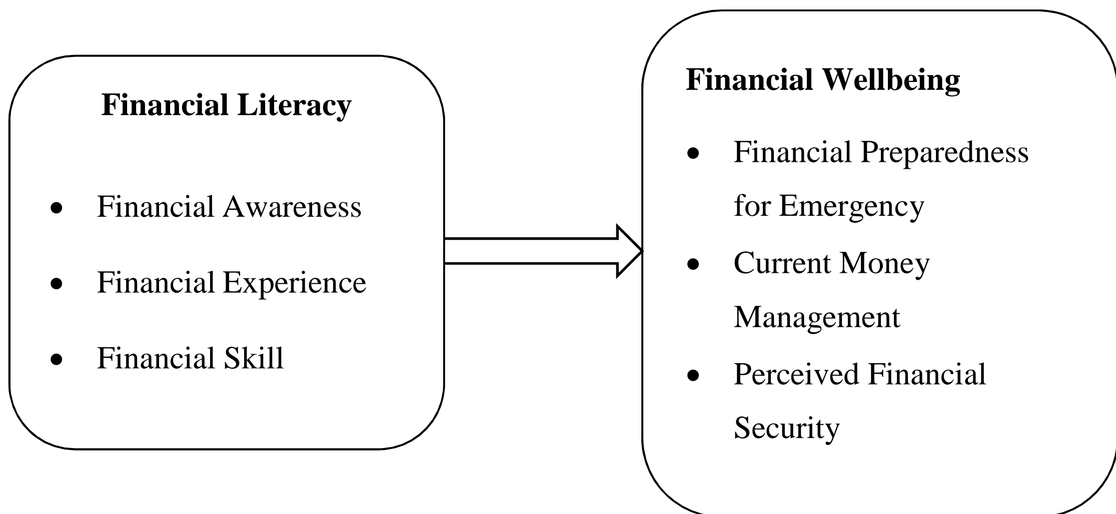


Figure 1 Research Framework

Source: Chomen (2021)

3.6.1 Definition of Variables

Financial Wellbeing

According to Briggen et al. (2017), financial well-being is defined as having confidence in one's capacity to sustain both financial independence and one's existing and idealised style of living. Furthermore, according to CFPB1, financial well-being is "a state of being wherein an individual can comfortably meet their present and future financial obligations, feel confident about their financial future, and make decisions that enable

them to enjoy life." A person experiencing financial instability thus leads a precarious existence, which affects his economic mobility.

Financial Preparedness for Emergency

The state of being financially equipped to handle a financial shock that might prevent a person from doing daily tasks is known as financial preparedness for an emergency (Abrantes-Braga & Veludo-de-Oliveira 2019). Accordingly, in such a scenario, those who possess financial stability and the assurance of fulfilling their financial commitments are more likely to feel a greater sense of financial well-being (Hagerty and Veenhoven 2003). According to the definition of financial well-being, one must be able to endure a financial setback in order to achieve financial well-being.

Current Money Management

According to Netemeyer et al. (2018), current money management stress is defined as feelings of anxiety or tension regarding one's financial status and incapacity to manage money wisely in order to fulfil financial commitments and lead the desired life. There is a growing body of research linking current money management stress and financial well-being, despite the majority of studies showing a negligible relationship between income and financial well-being (Ng & Diener 2014).

Perceived Financial Security

According to Haines et al. (2009), perceived financial security refers to people's subjective evaluation of their financial circumstances and resources. It involves ideas about reaching financial goals and living in a secure financial future (Netemeyer et al., 2018). One of the most serious chronic pressures that people experience on a daily basis has been found to be individual perceptions of economic difficulties and challenges (Lynch et al., 2010).

Financial Literacy

According to Hung et al. (2009), financial literacy is the comprehension of fundamental financial and economic principles necessary for the responsible management of financial resources in order to attain financial well-being. Contrarily, as previously defined, financial well-being is the conviction that one can sustain both present and future ideal living standards as well as financial independence (Bruggen et al. 2017).

Financial Awareness

In order to manage one's personal finances and accomplish one's financial goals, financial awareness is defined as having a general understanding of budgeting, knowledge about financial products and services offered by financial institutions, and a basic understanding of finance (Nga et al., 2010). Since financial awareness affects financial knowledge, which in turn influences decision-making, it is crucial to financial stability as a component of financial literacy (Priyadharshini, 2015).

Financial Experience

Financial experience is defined as having a financial product or sharing that experience with others. It is thought that having financial experience will increase one's financial literacy (Dewi et al., 2020). Furthermore, according to Frijns et al. (2014), financial experience is defined as involvement in financial education initiatives that impact and enhance financial literacy and, ultimately, financial behaviour. Therefore, a person's desire to become financially educated is always influenced by their financial experience (Frijns et al., 2014).

Financial skill

Financial skill is defined as an individual's aptitude for math and cognition, which may motivate them to study new skills, do information analysis, and even browse the market for what they can find (Lusardi, 2012). Furthermore, according to Priyadharshini (2015), financial skills are the capacity of an individual to make judgements based on information in order to reduce the likelihood that they will become embroiled in financial difficulties.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

This chapter aims to achieve the objectives of the study by empirically analyzing the collected data from the respondents. This chapter attempts to present the results obtained from the data analysis and research methodology discussed in chapter three. The results of the data are analyzed based on the research questions. On the basis of primary data obtained from the 369 respondents, the study tried to examine impact of financial literacy on financial wellbeing of Kathmandu valley. This chapter includes the demographic profile of respondents, descriptive statistics of variables and discussion of the result obtained through analysis. Respondent's profile summarized basic information such as gender, age, educational level, and job position of employee. Under the analysis mean value, standard deviations, correlation and regression of corresponding items of the research variables are analyzed. The data are presented with tables to make it convenient to interpret.

4.1 Data Presentation

This section deals with the demographic analysis and interpretation of collected data. 369 respondents were selected for the survey and all the respondents are employees of banks. Demographic profile such as age, gender, level of education, job position is presented in this section. The demographic profile of respondent is shown in table.

4.1.1 Demographic Profile of the Respondents

The gender, age, education level, occupation, income level and financial literacy of respondents is shows in below table. The frequency distribution and percentage composition of different demographic profile is shown in Table 1.

Table 1

Demographic Profile of the Respondents

		Frequency	Percent
Gender	Male	149	37.3
	Female	251	64.7
Age	18-25 years	180	48.8
	26-40 years	180	48.8
	Above 40 years	9	4.4
Education level	Intermediate or below	71	19.2
	Bachelor	181	49.1
	Master or above	117	31.7
Occupation	Student	197	53.4
	Professional	94	25.5
	Self-employed	78	21.2
Income level	Less than 50000	246	66.7
	50001-100000	90	24.4
	Above 100000	33	8.9
Financial literacy	Yes	220	59.6
	Maybe	104	28.2
	No	45	14.2
Total	369	100.0	

Table 1 indicate a comprehensive overview of the demographic profile of respondents in a survey, providing valuable insights into the composition of the surveyed population. Regarding gender, the data indicates a distribution with 37.3% male respondents and 64.7% female respondents. The age distribution is relatively evenly spread, with 48.8% falling within the 18-25 years and 26-40 years age brackets, while respondents above 40 years constitute a smaller percentage at 4.4%. Education levels vary, with 19.2% having intermediate or below education, 49.1% holding a bachelor's degree, and 31.7% having a master's degree or above. Occupationally, the majority of respondents are students (53.4%), followed by professionals (25.5%) and self-employed individuals (21.2%).

In terms of income, a significant portion (66.7%) earns less than 50,000, while 24.4% fall in the 50,001-100,000 income range, and 8.9% earn above 100,000. The survey also gauges financial literacy, revealing that 59.6% claim to be financially literate, 28.2% are unsure (maybe), and 14.2% report being not financially literate. This detailed demographic breakdown provides a foundation for a nuanced analysis of responses, enabling researchers, policymakers, and businesses to tailor strategies and interventions that consider the diverse characteristics of the surveyed population.

4.1.2 Reliability Test

The degree to which our test or any other measuring tool actually measures what it is supposed to assess is known as validity (Pant, 2012). Conversely, dependability is the capacity of a research design to produce, on several testing occasions, the same outcomes (Seltiz, Wrightnman & Cook 1976). Reliability tests' primary goal is to reduce potential error.

In order to optimise validity and reliability, previous research has been analysed, and supervisors have been given structured and semi-structured questionnaires to evaluate validity. The necessary repair and modification has been made in accordance with the supervisor's suggestion. In a similar vein, all responder groups received comprehensive guidance on creating clear and concise questions that facilitate the collection of trustworthy data. To determine if the data acquired is credible or not, the Cronbach

alpha of each variable is also checked. The Cronbach alpha for each variable is displayed in Table 4.

Table 2

Cronbach Alpha of Variables

Variables	Items	Cronbach Alpha
Financial Awareness	6	0.893
Financial Experience	5	0.837
Financial Skill	4	0.853
Financial Preparedness for Emergency	5	0.825
Current Money Management Stress	7	0.706
Perceived Financial Security	4	0.628

Source: Cochran and Horne (1977)

Table 2 shows that Cronbach alpha of each variable is higher than 0.60 which means the data are reliable.

4.1.3 Descriptive Statistics

This section of the study describes the descriptive analysis of the information gathered from respondents via questionnaires throughout the investigation. Descriptive analysis uses statistical metrics and methods to provide an explanation for the data. The three statistical metrics are the standard deviation, mean, and frequency. The tabular version of this mean and standard deviation is displayed. Bank workers were given questions for this study on a five-point Likert scale. The mean and standard deviation of independent and dependent variables are shown in Table 3.

Table 3

Descriptive statistics

Descriptive statistics	N	Minimum	Maximum	Mean	Std. Deviation
FA	369	1.00	5.00	3.5185	.96350
FE	369	1.00	5.00	3.4531	.91758
FS	369	1.00	5.00	3.2331	.96344
FPE	369	1.00	5.00	3.1290	.91107
CMMS	369	1.00	5.00	3.1386	.84413
PFS	369	1.00	5.00	3.0942	.82594

Table 3 provides insightful descriptive statistics for various financial variables within the surveyed population, shedding light on the central tendencies and dispersion of responses. The financial variables assessed include Financial Experience (FE), Financial Skill (FS), Financial Awareness (FA), and Financial Preparedness for Emergency (FPE), Current Money Management Stress (CMMS), and Perceived Financial Security (PFS). For each variable, the table presents the minimum and maximum values, the mean (average), and the standard deviation.

Financial Experience (FE) reflects respondents' practical encounters with financial matters. The data reveals a range from a minimum score of 1.00 to a maximum of 5.00, with a mean of 3.5185 and a standard deviation of 0.96350. Financial Skill (FS), which assesses respondents' competence in financial matters, exhibits a similar range (1.00 to 5.00) with a mean of 3.4531 and a standard deviation of 0.91758. Financial Awareness (FA) showcases a mean of 3.2331, a standard deviation of 0.96344, and a range from 1.00 to 5.00.

Financial Preparedness for Emergency (FPE) assesses respondents' readiness for unforeseen financial challenges, with a mean of 3.1290 and a standard deviation of 0.91107. Current Money Management Stress (CMMS), indicating the level of stress related to money management, has a mean of 3.1386 and a standard deviation of

0.84413. Perceived Financial Security (PFS), gauging respondents' sense of financial security, exhibits a mean of 3.0942 and a standard deviation of 0.82594.

4.2 Inferential Analysis

This section's goal is to outline the methodology for evaluating the empirical data and testing the hypotheses developed in the preceding chapter. Through the application of inferential statistics, researchers can draw conclusions or extrapolate findings from sample data to the entire population. It makes it possible to infer population values from one or more observational samples. To ascertain whether observed differences between groups or variables are true or the result of random variation, inferential analysis tests hypotheses. It generates new data by extrapolating generalizations and predictions from samples. There are two analytic tools in this section, which are:

4.4.1 Correlation Analysis

To determine the relationships between the variables, correlation analysis was examined. The relationship between the many independent and dependent variables related to the research is ascertained using Pearson's Correlation analysis. Any two variables' linear correlation is measured.

Table 4

Correlations

	FA	FE	FS	FPE	CMMS	PFS
FA	1					
FE	.631** (0.000)	1				
FS	.638** (0.000)	.753** (0.000)	1			
FPE	.543** (0.000)	.700** (0.000)	.661** (0.000)	1		
CMMS	.467** (0.000)	.526** (0.000)	.568** (0.000)	.636** (0.000)	1	
PFS	.506** (0.000)	.579** (0.000)	.564** (0.000)	.540** (0.000)	.539** (0.000)	1

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

Table 4 presents correlation coefficients among various financial variables, offering insights into the relationships and associations between them. Correlation coefficients measure the strength and direction of linear relationships between pairs of variables. The table provides correlations among Financial Experience (FE), Financial Skill (FS), Financial Awareness (FA), and Financial Preparedness for Emergency (FPE), Current Money Management Stress (CMMS), and Perceived Financial Security (PFS).

The correlation between Financial Experience (FE) and Financial Skill (FS) is 0.631, indicating a strong positive relationship between these two variables ($p < 0.000$). Financial Experience (FE) and Financial Awareness (FA) exhibit a correlation of 0.638, signifying a robust positive association ($p < 0.000$). Financial Preparedness for Emergency (FPE) is positively correlated with Financial Experience (FE) at 0.543 ($p < 0.000$), with Financial Skill (FS) at 0.700 ($p < 0.000$), and with Financial Awareness (FA) at 0.661 ($p < 0.000$).

Current Money Management Stress (CMMS) displays positive correlations with Financial Experience (FE) at 0.467 ($p < 0.000$), with Financial Skill (FS) at 0.526 ($p < 0.000$), with Financial Awareness (FA) at 0.568 ($p < 0.000$), and with Financial Preparedness for Emergency (FPE) at 0.636 ($p < 0.000$).

Perceived Financial Security (PFS) is positively correlated with Financial Experience (FE) at 0.506 ($p < 0.000$), with Financial Skill (FS) at 0.579 ($p < 0.000$), with Financial Awareness (FA) at 0.564 ($p < 0.000$), with Financial Preparedness for Emergency (FPE) at 0.540 ($p < 0.000$), and with Current Money Management Stress (CMMS) at 0.539 ($p < 0.000$).

4.4.2 Regression Analysis

Regression analysis makes the assumption that there is a causal link between two or more variables, whereas correlation analysis makes no such assumption. The effects of one independent variable on one dependent variable are displayed by simple linear regression, but the effects of several independent factors on one dependent variable are displayed by multiple linear regression. The degree of association between two variables is all that correlation analysis can reveal. Regression analysis is therefore performed in order to gain a deeper comprehension of the degree of correlation between

two or more variables. The impact of several independent factors on a single dependent variable is examined using multiple regression analysis. Thus, multiple regression analysis is used to analyze the impact of financial literacy on financial wellbeing of Kathmandu valley. The statistical multiple regression model was created using the suggested research model and went like this:

$FPE= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE +€$ .... (i)

$CMMS= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE +€$ .... (i)

$PFS= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE+€$ ....(iii)

$FW= \beta_0 +\beta_1 FS+ \beta_2 FA+ \beta_3 FE +€$ .... (iv)

Where,

β_0=Constant/ Y-intercept

β_1 - β_3= Regression coefficients of independent variables

FPE = Financial Preparedness for Emergency (Dependent variables)

CMMS = Current Money Management Stress

PFS = Perceived Financial Security

FW = Financial Wellbeing

FS = Financial Awareness

FA = Financial Experience

FE = Financial Skill

€= standard error term

The results of model summary, analysis of variance (ANOVA) and beta coefficients of impact of financial literacy on financial wellbeing of Kathmandu valley are presented in the following tables.

Table 5

Effect of Financial Literacy on Financial Wellbeing

(Financial Preparedness for Emergency as Dependent Variable)

		Coefficients	Std. Error	t	Sig.	Results
1	(Constant)	.488***	.138	3.550	.000	Significant
	(Constant)	.089*	.046	1.944	.053	Significant
	Financial Awareness (FA)	.431***	.056	7.662	.000	Significant
	Financial Experience (FE)	.259***	.054	4.800	.000	Significant
	R- square (R^2)					0.536
	F- value					140.784
	Sig. (F- value)					0.000

Note. ***. Indicate significant at the 0.01 level.

**. Indicate significant at the 0.05 level.

*. Indicate significant at the 0.10 level.

Table 5 presents the results of a regression analysis with Financial Preparedness for Emergency (FPE) as the dependent variable, examining the impact of Financial Experience (FE), Financial Skill (FS), and Financial Awareness (FA) on individuals' preparedness for financial emergencies. The constant term in the model has a significant positive coefficient (B = 0.488, Sig. = 0.000), indicating a baseline level of financial preparedness even in the absence of the considered independent variables.

Financial Skill (FS) emerges as a particularly influential factor, with a highly significant positive coefficient (B = 0.431, Sig. = 0.000), suggesting that individuals with higher financial skills exhibit greater preparedness for financial emergencies. Financial Awareness (FA) also plays a significant role, with a positive coefficient (B = 0.259, Sig. = 0.000), indicating that individuals with higher financial awareness tend to be more prepared for emergencies. Interestingly, Financial Experience (FE) shows a less

pronounced impact, though approaching significance (B = 0.089, Sig. = 0.053). This suggests that individuals' past financial experiences may have a subtle influence on their preparedness for emergencies.

The overall model is robust, explaining 53.6% of the variability in Financial Preparedness for Emergency (FPE) as indicated by the R2 value. The F-statistic (F = 140.784) is highly significant (0.000), affirming the overall statistical significance of the regression model.

Table 6

Effect of Financial Literacy on Financial Wellbeing

(Current Money Management Stress as Dependent Variable)

		Coefficients	Std. Error	t	Sig.	Results
1	(Constant)	1.174***	.150	7.801	.000	Significant
	(Constant)	.114**	.050	4.265	.024	Significant
	Financial Awareness (FA)	.168***	.062	4.729	.007	Significant
	Financial Experience (FE)	.305***	.059	5.161	.000	Significant
	R- square (R^2)					0.354
	F- value					66.731
	Sig. (F- value)					0.000

Note. ***. Indicate significant at the 0.01 level.

**. Indicate significant at the 0.05 level.

*. Indicate significant at the 0.10 level.

Table 6 presents the outcomes of a regression analysis with the dependent variable being Current Money Management Stress (CMMS), and explores the impact of Financial Experience (FE), Financial Skill (FS), and Financial Awareness (FA) on individuals' current stress levels related to money management. The constant term in the model, with a significant positive coefficient (B = 1.174, Sig. = 0.000), suggests a baseline level of money management stress even in the absence of the considered independent variables.

Financial Experience (FE) exhibits a positive and statistically significant impact on Current Money Management Stress, with a coefficient of 0.114 and a significance level (Sig.) of 0.024. This implies that individuals with higher financial experience tend to experience lower levels of money management stress.

Financial Skill (FS) emerges as a significant factor influencing money management stress, with a positive coefficient of 0.168 and a low significance level (0.007). This suggests that individuals with higher financial skills experience less stress in managing their finances. Financial Awareness (FA) shows a pronounced impact, with a positive and highly significant coefficient of 0.305 (0.000). This indicates that individuals with higher financial awareness experience lower levels of stress in managing their money. Lastly, as indicated by the R2 value of 0.354, explains approximately 35.4% of the variability in Current Money Management Stress, and the F-statistic of 66.731 is highly significant (0.000).

Table 7

Effect of Financial Literacy on Financial Wellbeing

(Perceived Financial Security as Dependent Variable)

		Coefficients	Std. Error	t	Sig.	Results
1	(Constant)	1.014***	.143	7.082	.000	Significant
	Financial Awareness (FA)	.147***	.048	3.084	.002	Significant
	Financial Experience (FE)	.267***	.059	4.559	.000	Significant
	Financial Skills (FS)	.198***	.056	3.521	.000	Significant
	R- square (R^2)					0.389
	F- value					77.385
	Sig. (F- value)					0.000

Note. ***. Indicate significant at the 0.01 level.

**. Indicate significant at the 0.05 level.

*. Indicate significant at the 0.10 level.

Table 7 presents the findings of a regression analysis with Perceived Financial Security (PFS) as the dependent variable, exploring the relationships between Financial

Experience (FE), Financial Skill (FS), and Financial Awareness (FA) and individuals' perceptions of their financial security. The constant term in the model, with a significant positive coefficient (B = 1.014, Sig. = 0.000), represents a baseline level of perceived financial security even in the absence of the considered independent variables.

Financial Experience (FE) demonstrates a positive and statistically significant impact on Perceived Financial Security, with a coefficient of 0.147 and a significance level of 0.004. This implies that individuals with greater financial experience tend to perceive higher levels of financial security. Financial Skill (FS) emerges as a significant factor influencing perceived financial security, with a positive coefficient of 0.267 and a low significance level (0.000). This suggests that individuals with higher financial skills tend to have greater perceptions of financial security.

Financial Awareness (FA) also plays a crucial role, with a positive and highly significant coefficient of 0.198 (0.000). This indicates that individuals with higher financial awareness tend to perceive greater financial security. Lastly, as indicated by the R2 value of 0.389, explains approximately 38.9% of the variability in Perceived Financial Security, and the F-statistic of 77.385 is highly significant (0.000).

Table 8

Effect of Financial Literacy on Financial Wellbeing

		Coefficients	Std. Error	t	Sig.	Results
1	(Constant)	.892***	.103	8.641	.000	Significant
	Financial Awareness (FA)	.117***	.034	3.390	.001	Significant
	Financial Experience (FE)	.289***	.042	6.837	.000	Significant
	Financial Skills (FS)	.254***	.041	6.267	.000	Significant
	R- square (R^2)					0.591
	F- value					175.718
	Sig. (F- value)					0.000

Note. ***. Indicate significant at the 0.01 level.

**. Indicate significant at the 0.05 level.

*. Indicate significant at the 0.10 level.

Table 8 presents the outcomes of a regression analysis with Financial Wellbeing (FW) as the dependent variable, investigating the influence of Financial Experience (FE), Financial Skill (FS), and Financial Awareness (FA) on individuals' overall financial health. The constant term in the model, with a substantial positive coefficient (B = 0.892, Sig. = 0.000), signifies a baseline level of financial wellbeing even in the absence of the considered independent variables.

Financial Experience (FE) demonstrates a positive and statistically significant impact on Financial Wellbeing, with a coefficient of 0.117 and a significance level (Sig.) of 0.001. This suggests that individuals with greater financial experience tend to have higher levels of financial wellbeing. Financial Skill (FS) emerges as a particularly influential factor, with a highly significant positive coefficient of 0.289 (0.000). This indicates that individuals with higher financial skills tend to enjoy greater financial wellbeing, emphasizing the importance of financial competence in overall financial health.

Financial Awareness (FA) also plays a crucial role, with a positive and highly significant coefficient of 0.254 (0.000). This implies that individuals with higher financial awareness tend to experience higher levels of financial wellbeing. Lastly, as indicated by the R2 value of 0.591, explains approximately 59.1% of the variability in Financial Wellbeing, and the F-statistic of 175.718 is highly significant (0.000).

4.3 Major Findings

The major findings of the study are as follows

- Regarding gender, the data indicates a distribution with 37.3% male respondents and 64.7% female respondents. The age distribution is relatively evenly spread, with 48.8% falling within the 18-25 years and 26-40 years age brackets, while respondents above 40 years constitute a smaller percentage at 4.4%.
- Education levels vary, with 19.2% having intermediate or below education, 49.1% holding a bachelor's degree, and 31.7% having a master's degree or above. Occupationally, the majority of respondents are students (53.4%), followed by professionals (25.5%) and self-employed individuals (21.2%).

- In terms of income, a significant portion (66.7%) earns less than 50,000, while 24.4% fall in the 50,001-100,000 income range, and 8.9% earn above 100,000. The survey also gauges financial literacy, revealing that 59.6% claim to be financially literate, 28.2% are unsure (maybe), and 14.2% report being not financially literate.
- Financial Experience (FE) reflects respondents' practical encounters with financial matters. The data reveals a range from a minimum score of 1.00 to a maximum of 5.00, with a mean of 3.5185 and a standard deviation of 0.96350.
- Financial Skill (FS), which assesses respondents' competence in financial matters, exhibits a similar range (1.00 to 5.00) with a mean of 3.4531 and a standard deviation of 0.91758. Financial Awareness (FA) showcases a mean of 3.2331, a standard deviation of 0.96344, and a range from 1.00 to 5.00.
- Financial Preparedness for Emergency (FPE) assesses respondents' readiness for unforeseen financial challenges, with a mean of 3.1290 and a standard deviation of 0.91107.
- Current Money Management Stress (CMMS), indicating the level of stress related to money management, has a mean of 3.1386 and a standard deviation of 0.84413. Perceived Financial Security (PFS), gauging respondents' sense of financial security, exhibits a mean of 3.0942 and a standard deviation of 0.82594.
- The correlation between Financial Experience (FE) and Financial Skill (FS) is 0.631, indicating a strong positive relationship between these two variables ($p < 0.000$). Financial Experience (FE) and Financial Awareness (FA) exhibit a correlation of 0.638, signifying a robust positive association ($p < 0.000$).
- Financial Preparedness for Emergency (FPE) is positively correlated with Financial Experience (FE) at 0.543 ($p < 0.000$), with Financial Skill (FS) at 0.700 ($p < 0.000$), and with Financial Awareness (FA) at 0.661 ($p < 0.000$).
- Current Money Management Stress (CMMS) displays positive correlations with Financial Experience (FE) at 0.467 ($p < 0.000$), with Financial Skill (FS) at 0.526 ($p < 0.000$), with Financial Awareness (FA) at 0.568 ($p < 0.000$), and with Financial Preparedness for Emergency (FPE) at 0.636 ($p < 0.000$).

- Perceived Financial Security (PFS) is positively correlated with Financial Experience (FE) at 0.506 ($p < 0.000$), with Financial Skill (FS) at 0.579 ($p < 0.000$), with Financial Awareness (FA) at 0.564 ($p < 0.000$), with Financial Preparedness for Emergency (FPE) at 0.540 ($p < 0.000$), and with Current Money Management Stress (CMMS) at 0.539 ($p < 0.000$).
- Financial Skill (FS) emerges as a particularly influential factor, with a highly significant positive coefficient (B = 0.431, Sig. = 0.000), suggesting that individuals with higher financial skills exhibit greater preparedness for financial emergencies.
- Financial Awareness (FA) also plays a significant role, with a positive coefficient (B = 0.259, Sig. = 0.000), indicating that individuals with higher financial awareness tend to be more prepared for emergencies. Interestingly, Financial Experience (FE) shows a less pronounced impact, though approaching significance (B = 0.089, Sig. = 0.053).
- Financial Experience (FE) exhibits a positive and statistically significant impact on Current Money Management Stress, with a coefficient of 0.114 and a significance level (Sig.) of 0.024. This implies that individuals with higher financial experience tend to experience lower levels of money management stress.
- Financial Skill (FS) emerges as a significant factor influencing money management stress, with a positive coefficient of 0.168 and a low significance level (0.007). This suggests that individuals with higher financial skills experience less stress in managing their finances.
- Financial Awareness (FA) shows a pronounced impact, with a positive and highly significant coefficient of 0.305 (0.000). This indicates that individuals with higher financial awareness experience lower levels of stress in managing their money. Lastly, as indicated by the R2 value of 0.354, explains approximately 35.4% of the variability in Current Money Management Stress, and the F-statistic of 66.731 is highly significant (0.000).
- Experience (FE), Financial Skill (FS), and Financial Awareness (FA) and individuals' perceptions of their financial security. The constant term in the model, with a significant positive coefficient (B = 1.014, Sig. = 0.000),

represents a baseline level of perceived financial security even in the absence of the considered independent variables.

- Financial Experience (FE) demonstrates a positive and statistically significant impact on Perceived Financial Security, with a coefficient of 0.147 and a significance level of 0.004. This implies that individuals with greater financial experience tend to perceive higher levels of financial security.
- Financial Skill (FS) emerges as a significant factor influencing perceived financial security, with a positive coefficient of 0.267 and a low significance level (0.000). This suggests that individuals with higher financial skills tend to have greater perceptions of financial security.
- Financial Experience (FE) demonstrates a positive and statistically significant impact on Financial Wellbeing, with a coefficient of 0.117 and a significance level (Sig.) of 0.001. This suggests that individuals with greater financial experience tend to have higher levels of financial wellbeing.
- Financial Skill (FS) emerges as a particularly influential factor, with a highly significant positive coefficient of 0.289 (0.000). This indicates that individuals with higher financial skills tend to enjoy greater financial wellbeing, emphasizing the importance of financial competence in overall financial health.
- Financial Awareness (FA) also plays a crucial role, with a positive and highly significant coefficient of 0.254 (0.000). This implies that individuals with higher financial awareness tend to experience higher levels of financial wellbeing. Lastly, as indicated by the R2 value of 0.591, explains approximately 59.1% of the variability in Financial Wellbeing, and the F-statistic of 175.718 is highly significant (0.000).

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

In this final chapter, we summarize the key findings of the study, conclude with the help of these findings and discuss their implications for theory, practice, and future research.

5.1 Conclusion

This study was conducted to examine the effect of financial literacy on financial well-being of college students in Kathmandu valley of Nepal by following Connivance sampling technique. The result concluded that financial literacy has positive and significant impact on financial wellbeing. This shows that the financial literacy of college students in Kathmandu valley has influences their financial wellbeing. Similarly, the financial skill has positive and significant impact on financial wellbeing. This findings depicted that the financial skills also impacted the financial wellbeing of the college students in Kathmandu valley of Nepal. Likewise, the financial awareness has positive and significant impact on financial wellbeing. This findings indicates that financial wellbeing has affected by the financial awareness of Nepalese college students in Kathmandu valley.

Further, the regression results shows that financial experience has positive and significant impact on financial wellbeing. Which indicate that only the individual contributions of these factors but also their collective impact on Financial Preparedness for Emergency, Current Money Management Stress, Perceived Financial Security, and overall Financial Wellbeing. The significance of Financial Skill across these analyses underscores its pivotal role in mitigating financial stress, enhancing emergency preparedness, and contributing to overall financial health. This underscores the importance of targeted efforts to improve financial literacy and skill development among individuals. Similarly, the findings highlight the nuanced dynamics between Financial Experience, Financial Skill, and Financial Awareness in shaping individuals' responses to financial challenges. The positive correlations suggest a holistic connection between these variables, emphasizing the need for a comprehensive approach to financial education and planning.

5.2 Recommendations

The correlation and regression analysis results have several recommendation for human resource management providers and researchers.

- Given the influential role of Financial Skill in improving various aspects of financial well-being, managers and organizations can design and implement tailored financial education programs. These programs should focus on enhancing the practical financial skills of individuals, empowering them to navigate financial challenges more effectively.
- Recognizing the impact of Financial Skill and Awareness on reducing Current Money Management Stress, managers can implement workplace initiatives that promote stress management related to financial concerns. Providing resources, workshops, or counseling services on financial literacy and stress reduction can contribute to a healthier and more productive work environment.
- Organizations can develop comprehensive financial wellness programs that address not only emergency preparedness but also overall financial health. These programs should emphasize the development of financial skills, awareness, and experiences to ensure a well-rounded approach to financial well-being among employees.
- Future research could benefit from longitudinal studies to explore how changes in Financial Experience, Skill, and Awareness over time impact individuals' financial well-being. This could provide insights into the dynamic nature of these relationships and the long-term effectiveness of financial education initiatives.
- Investigating how cultural and demographic factors influence the relationships among financial variables could offer valuable insights. Understanding how these factors interact with financial experiences, skills, and awareness can help tailor interventions to diverse populations.
- With the increasing reliance on digital platforms for financial transactions, future research could explore the impact of digital financial literacy on overall financial well-being. This includes understanding how individuals' digital skills and awareness contribute to their ability to manage finances in an evolving digital landscape.

- Research could focus on assessing the effectiveness of specific interventions or policies aimed at improving financial skills and awareness. Evaluating the outcomes of different educational approaches or policy initiatives can inform best practices for promoting financial well-being on a broader scale.
- Future studies may delve deeper into the psychological aspects of financial decision-making and preparedness. Exploring how psychological factors, such as risk tolerance or behavioral biases, interact with financial skills and experiences can provide a more comprehensive understanding of financial well-being.

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