

# **FACTORS INFLUENCING INVESTORS' AWARENESS ON SECONDARY MARKETS IN NEPSE**

A Dissertation submitted to the office of the dean, faculty of management in partial fulfillment of requirement for the master's degree

By

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## **CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“Factors Influencing Investors’ Awareness on Secondary Markets in NEPSE”**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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**REPORT OF RESEARCH COMMITTEE**

Mr. Bimal Koirala has defended research proposal entitled "**Factors Influencing Investors' Awareness on Secondary Markets in NEPSE**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Mr. Indra Bahadur Bohara and submit the dissertation for evaluation and viva voce examination.

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## APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled "**Factors Influencing Investors' Awareness on Secondary Markets in NEPSE**" presented by Mr. Bimal Koirala a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the viva voce examination of the candidate. We hereby certify that the dissertation is acceptable for the award of degree.

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## **ABBREVIATIONS**

NEPSE- Nepal Stock Exchange

IA- Investors' Awareness

FT- Fundamental and Technical Analysis

FA- Fundamental Analysis

TA- Technical Analysis

ET- Education and Training

FL- Financial Literacy

SEBON- Securities Board of Nepal

IPO- Initial Public Offering

FPO- Further Public Offering

SPSS- Statistical Package for Social Sciences

ANOVA- Analysis of Variance

$R^2$  - Coefficient of Determination

SE- Standard Error

DF- Degrees of Freedom

p-value- Probability Value

Std. Dev.- Standard Deviation

R- Correlation Coefficient

## ABSTRACT

This study explores the key factors influencing investor awareness in the secondary market of the Nepal Stock Exchange (NEPSE). The research primarily focuses on the role of fundamental and technical analysis, education and training, and financial literacy in shaping investors' understanding and behavior in the stock market. A structured questionnaire was distributed to 180 individual investors residing in the Kathmandu Valley. The study employed descriptive statistics, correlation analysis, and multiple regression analysis to examine the relationship between the identified factors and investor awareness. The findings reveal that all three variables fundamental and technical analysis, education and training, and financial literacy have a statistically significant impact on investor awareness. Among them, education and training showed the highest influence. The results suggest that improving investor education and access to market information can significantly enhance participation and informed decision-making in Nepal's secondary market. This research contributes to the understanding of investor behavior in emerging markets and provides insights for policymakers, educators, and capital market stakeholders aiming to strengthen financial inclusion and market efficiency.

**Keywords:** *Investor Awareness, NEPSE, Secondary Market, Financial Literacy, Education and Training, Fundamental and Technical Analysis, Investment Behavior, Nepal*

## CHAPTER-I

### INTRODUCTION

#### 1.1. Background of the Study

In recent years, Nepal's financial market has experienced rapid expansion. Although Nepal is still classified as a developing country, the need for financial literacy is more critical than ever. As financial awareness increases, more individuals are seeking ways to maximize their returns. With the advancement of the capital market, the stock market has emerged as a popular avenue for investment. However, this growth has also led to impulsive decision-making when selecting stocks. There have been instances where individuals with minimal or no investment knowledge have suffered significant losses. Reviewing such cases, one key factor stands out in preventing potential financial disasters understanding the fundamentals of investing and being informed about market trends. This knowledge is essential for both long-term financial sustainability and growth.

Educating investors and stakeholders about potential returns, investment goals, available options, and the decision-making process can contribute significantly to the expansion of the capital market (Karmacharya, 2023). Investment decisions are often influenced by an individual's knowledge, market information, and decision-making tools that assist in analyzing opportunities (Mutswenje, 2009).

For investors, information acts as a signal that triggers cognitive processes, providing insights into a company's financial performance, future potential, risk factors, expected returns, and managerial accountability to stakeholders. The stock market has long been regarded as a central platform for wealth generation (Pahlevi & Oktaviani, 2018). Numerous stocks are listed on the exchange some belonging to profitable businesses, while others may not be as promising. In theory, stock prices should reflect all publicly available information, including profit potential, long-term sustainability, and a company's capacity to generate wealth.

The pricing of stocks is primarily driven by supply and demand dynamics. If market participants perceive a stock as valuable or expect quick profits, they are willing to pay higher

prices, increasing demand. Conversely, if a stock is anticipated to underperform, investors tend to avoid it, leading to excess supply. The level of investor awareness plays a crucial role in determining which stocks they choose to invest in. Awareness is influenced by factors such as experience, knowledge, personal investment philosophy, emotions, and more.

Well-informed investment decisions stem from acquiring comprehensive knowledge through various channels, including television, the internet, fundamental and technical analysis, educational programs, training, and financial literacy (Hira & Loibl, 2009).

The primary objective of this study is to identify the factors investors consider when making buying or selling decisions. Understanding investor awareness is crucial for rational decision-making, and this study seeks to explore the factors that inadvertently impact their choices. Additionally, the research aims to assess investors' financial literacy and their understanding of the Nepalese stock market's operation. This includes evaluating how individuals utilize available information, their grasp of basic financial concepts, learning from personal networks such as friends and family, setting financial goals, understanding analytical methods, and the influence of external recommendations on their investment decisions.

## **1.2. Problem Statement**

The number of investors in Nepal has been steadily increasing in recent times. However, many of these investors lack adequate knowledge about the stock market. Their investment decisions are often not grounded in financial theories or informed analysis but are instead influenced by reference groups, peer pressure, family members, and other external factors. Many individuals engage in stock transactions based on recommendations from friends, social media influencers, and other informal sources, hoping to maximize their returns. Investments are frequently driven by emotions and demographic factors such as age and gender.

Despite the growing interest in the stock market, there are limited awareness programs conducted by regulatory bodies such as SEBON and NEPSE. Additionally, many investors do not have access to timely and reliable information that could aid them in making well-informed decisions. Consequently, investors often lack a clear vision when selecting stocks to invest in. The stock market also faces several challenges, including fluctuating stock indices, a trading

system centered around the capital, the dominance of a few major investors, and their significant influence on market trends (Sapkota, 2020).

Most investors struggle to access up-to-date and trustworthy information necessary for making rational investment choices. Educating investment communities and stakeholders about risks, returns, investment goals, alternatives, and decision-making processes can significantly contribute to the growth of the capital market (Baihaqqy et al., 2020).

The Nepalese stock market still reflects a low level of investor awareness and a lack of understanding regarding its importance. Variability in investor risk tolerance further affects their ability to make appropriate investment decisions (Karmacharya, 2023).

Therefore, this study not only examines NEPSE's operations over the past few years but also explores investor perceptions of the market. The research aims to identify the key factors that influence the level of awareness among Nepalese investors.

### **1.3 Research Questions**

This study seeks to address the following key research questions:

- a) What is the current status of fundamental and technical analysis, investors' education and training, and financial literacy regarding investment awareness among investors?
- b) Is there any relationship between fundamental and technical analysis, investors' education and training, and financial literacy with investment awareness of investors?
- c) What is the effect of fundamental and technical analysis, investor education and training, and financial literacy on the investment awareness of investors?

### **1.4 Objectives of the Study**

The primary objective of this study is to assess the level of awareness among Nepalese investors regarding financial decision-making, particularly in the Nepali stock market, with a focus on the secondary market in NEPSE. The specific aims of the study are:

- a) To assess the role of fundamental and technical analysis, investor education and training, as well as financial literacy in shaping investment awareness of investors.
- b) To examine the relationship between fundamental and technical analysis, investors' education and training, and financial literacy with investment awareness of investors.
- c) To analyze the impact of fundamental and technical analysis, investors' education and training, and financial literacy on the investment awareness of investors, particularly in the secondary market of NEPSE.

### **1.5 Hypothesis**

The research is based on following hypothesis:

**H1:** The understanding of fundamental and technical analysis influences investment decisions.

**H2:** Education and training have a significant relationship with investor awareness.

**H3:** Financial literacy is significantly related to investor awareness.

### **1.6 Limitations of the Study**

While conducting this research, certain limitations must be taken into account. Some of these are outlined below:

- a) The study will focus on individual investors, with data collected primarily through firsthand information.
- b) The research will be confined to individual investors within the Kathmandu Valley.
- c) The findings of this study may not be entirely applicable to other regions or contexts.
- d) The conclusions will be drawn based on a survey of 180 individuals residing in Kathmandu Valley.
- e) There is a possibility of inaccuracies in the responses of participants due to factors such as lack of knowledge, hesitation, or personal biases.

Additionally, since the research will be conducted within a limited timeframe, there is a likelihood that the study may not provide an in-depth and exhaustive analysis.

### **1.7 Rationale of the Study**

This research will assist individuals in understanding the key factors influencing investor awareness, including fundamental and technical analysis, education and training, and financial literacy. By examining the relationships among these variables, the study aims to provide insights into how investors make well-informed decisions.

The findings will highlight the significance of financial literacy and analytical tools in achieving better investment outcomes. Additionally, this study will underscore the necessity of education and training, along with the role of technical and fundamental analysis, in enhancing investors' decision-making capabilities.

Moreover, the research emphasizes how these factors contribute to investors' ability to make rational and strategic investment choices. The results will also be valuable for policymakers in designing new strategies and frameworks that empower investors to make informed decisions at the right moment, ultimately fostering a more knowledgeable and efficient investment landscape.

## **Chapter-II**

### **LITERATURE REVIEW**

This chapter presents a review of existing literature on the factors influencing investor awareness in Nepal's secondary stock market, particularly within the Nepal Stock Exchange (NEPSE). It examines prior research, academic papers, journals, books, and other relevant studies on this subject. The section synthesizes conclusions drawn from these studies, aiming to highlight findings based on established theories, past research, and recent developments related to investor awareness in NEPSE's secondary market.

#### **2.1 Theoretical Review**

##### **2.1.1 Investors Awareness**

Investors can generally be classified into two groups: aware and unaware investors. Aware investors possess knowledge about the characteristics of risky stocks and have access to the same probability distribution information regarding stock returns (Rana, 2019).

Investor awareness extends beyond simply understanding different financial instruments. It plays a crucial role in enabling individuals to make logical and well-informed decisions, particularly those with limited formal education or those focused on long-term financial planning. A well-informed investor acts rationally, considering all available data before making investment decisions (Rana, 2019). As a result, such investors are more likely to achieve their financial goals while minimizing the probability of losses. Those with higher financial education tend to have a broader knowledge base, making them more proficient in identifying, evaluating, and integrating relevant financial information (Schmidt & Richard, 1996). Consequently, aware investors are more capable of making timely and strategic investment choices, increasing their chances of earning profits rather than incurring losses.

Marketing efforts such as advertising and building a robust network of financial agents play a crucial role in spreading investor awareness. However, these initiatives alone may not be sufficient to impart in-depth financial knowledge (Banumathy, 2016). Raising awareness is a

complex process that requires a well-coordinated approach. Investor awareness helps individuals develop the necessary skills to safeguard themselves against financial risks, fraudulent activities, and other unethical practices. The degree of investor awareness regarding available financial assets largely depends on the willingness of asset providers to disseminate information about the financial instruments they offer.

Understanding investors' financial knowledge is a key area of study, focusing on how stock market participants analyze and respond to both micro and macroeconomic factors when making investment decisions (Rana, 2019). This field also delves into the psychological factors influencing investment behaviors. Financial literacy, a critical component of investor awareness, encompasses a combination of knowledge, skills, attitudes, and behaviors essential for making informed financial decisions and achieving overall financial well-being (OECD, 2011).

Financial literacy refers to an individual's ability to acquire, comprehend, and effectively utilize financial information to make sound financial decisions regarding areas such as financial planning, investments, and debt management. To achieve financial stability and success, individuals and households must attain a certain level of financial literacy (Shabeeb et al., 2022). Managing personal finances efficiently and utilizing financial resources optimally is vital for the well-being of individuals, their businesses, and their families (Thapa & K.C., 2020).

Enhancing financial literacy and capability leads to improved financial decision-making, allowing individuals to better plan and manage significant life events such as education, home ownership, and retirement (Shahanaz & Tabiani, 2013). The need for financial literacy has grown increasingly important due to the deregulation of financial markets, easier access to credit, the widespread availability of credit cards, and the rapid expansion of financial product marketing (Thapa & Nepal, 2015).

### **2.1.2 NEPSE**

NEPSE (Nepal Stock Exchange) is the sole securities exchange in Nepal, established on January 13, 1994, with the objective of efficiently managing the trading of stocks from various

companies. It operates under the supervision of the Securities Board of Nepal (SEBON) and is regulated by the Company Act of 2007. As of June 2023, 226 companies are listed on NEPSE, covering a diverse range of sectors, including commercial banks, hydropower companies, insurance firms, and financial institutions, among others.

The foundation of Nepal's securities market dates back to 1937, when Biratnagar Jute Mills Ltd. and Nepal Bank Ltd. initially floated shares. Other major milestones in Nepal's capital market development include the enactment of the Company Act in 1964, the issuance of Nepal's first Government Bond in 1964, and the establishment of the Securities Exchange Center Ltd. in 1976 (NEPSE, 2023). NEPSE remains the only functional stock exchange in Nepal, and although the country's stock market is still in its developmental phase, it has experienced substantial growth over the years. The primary purpose behind its establishment was to facilitate capital mobilization beyond the traditional banking sector, thereby contributing to Nepal's economic growth and financial development (Shrestha & Subedi, 2014).

There have been discussions regarding the introduction of additional stock exchanges, with SEBON inviting applications from interested parties to expand Nepal's capital market infrastructure. The stock market plays a crucial role in facilitating the buying and selling of financial securities, ensuring market liquidity, and creating investment opportunities for individuals and institutions (Lamichhane P., 2022).

NEPSE has taken significant strides in modernizing Nepal's stock market operations by implementing the Automated Trading System (ATS) and introducing the Central Depository System (CDS) to streamline transactions. Previously, under the physical share certificate trading system, it took a minimum of 15 days for securities to be transferred from the seller to the buyer and approximately one week for the seller to receive payment (Dhakal & Gupta, 2014).

The core mission of NEPSE is to act as a bridge between investors and financial markets, ensuring marketability and liquidity for various stakeholders involved in the securities industry (Karmacharya et al., 2022).

### **2.1.3 Fundamental and Technical Analysis**

Fundamental analysis involves evaluating both current and future data to determine the fair market value of a stock and predict its future price. This process typically begins with an assessment of the macroeconomic environment, followed by an industry-specific analysis, and finally, a review of financial statements to ascertain the actual worth of a company (Baresa et al., 2013). It includes analyzing key financial indicators such as financial ratios, cash flow, and overall company performance, as reflected in financial reports (Herawati & Putra, 2018).

Technical analysis, on the other hand, focuses on market trends and historical stock price patterns. It is based on three core assumptions: the market incorporates all available information, stock prices follow trends, and historical price movements tend to recur (Drakopoulou, 2021). This approach examines past fluctuations in share prices to forecast future price movements, assuming that recognizable patterns repeat over time. Investors use technical analysis to determine optimal entry and exit points for buying and selling stocks (Petrusheva & Jordanoski, 2016).

Both fundamental and technical analysis play a crucial role in enabling investors to make well-informed decisions. These analytical methods equip investors with essential tools and insights, helping them develop a deeper understanding of market trends and dynamics. By utilizing these approaches, investors can assess risks more effectively and enhance their ability to navigate the stock market.

### **2.1.4 Education and Training Program**

Education and training programs play a vital role in enhancing investor awareness. Initiatives such as seminars, workshops, online courses, and training sessions on stock market operations help investors gain a better understanding of financial markets. It is essential for the relevant authorities to organize these programs to educate investors effectively. Providing easily accessible learning materials such as simplified guides, instructional videos, and step-by-step investment tutorials can make financial knowledge more understandable, especially for individuals with limited prior exposure to investing.

In a developing country like Nepal, prioritizing investor education is crucial, as many individuals participate in the stock market without adequate knowledge about key aspects such as portfolio diversification, tax obligations, and risk management. Strengthening financial literacy through structured training programs can empower investors to make informed decisions and navigate the complexities of the stock market more confidently.

### **2.1.5 Financial Literacy**

Financial literacy encompasses a blend of awareness, knowledge, skills, attitudes, and behaviors that enable individuals to make informed financial decisions and achieve overall financial well-being (OECD, 2011). It equips investors with the ability to assess potential investment opportunities by evaluating the expected returns and associated risks.

Financial literacy involves acquiring knowledge about various financial products, understanding the relationship between risk and return, applying this knowledge to make informed decisions, and recognizing the value of professional financial expertise (Jariwala, 2013). It serves as a crucial factor in investor awareness, enabling individuals to analyze their investment choices and comprehend the potential outcomes.

A strong understanding of key financial concepts, such as risk management, portfolio diversification, and tax implications, empowers investors to navigate the complexities of the stock market. By enhancing their financial literacy, investors can make well-informed decisions, minimize risks, and optimize their investment strategies for better financial outcomes.

Kadariya et al. (2016) found that investor awareness in financial markets, particularly in Nepal, is influenced by factors such as work experience, knowledge of the investment environment, learning expectations, and access to financial markets. Their study also highlighted that an investor's returns are closely linked to their financial literacy and awareness. Additionally, those with higher investment amounts tended to be more financially aware than those with lower investments.

Riaz and Hunjra (2015) argued that investors often behave more rationally than assumed, making decisions based on risk preferences, attitudes, and perceptions. Financially literate investors consider their investment horizon and portfolio size, emphasizing the role of psychological factors in decision-making. Waweru et al. (2008) pointed out that price movements, market trends, historical stock patterns, investor sentiment, and fundamental stock analysis significantly impact investment decisions. The key determinants of investor awareness include fundamental and technical analysis, investment appraisal, social learning, and motivations. These factors enable investors to make informed choices.

In Nepal, where financial literacy remains low, many investors approach stock selection as a form of gambling, relying on market psychology and heuristics rather than informed analysis (Adhikari & Jha, 2016). Investors often exhibit irrational behaviors, such as heuristic decision-making (trial and error in uncertainty), overconfidence, gambling fallacy (betting on risky stocks in hopes of reversal), representativeness (assuming past trends will continue), and anchoring (relying too much on specific information) (Gnawali, 2021).

Joshi (2018) found that factors such as social influence (friends and family), past company performance, accounting information, and investor confidence (over or under) significantly affect investment decisions. To ensure the sustainable growth of Nepal's stock market, investors must attain a basic level of financial knowledge. Institutions like SEBON, NEPSE, and other financial organizations should conduct awareness programs to equip investors with necessary financial literacy.

Vaidya (2021) noted that investors are increasingly interested in fundamental analysis when making investment decisions. This suggests a growing segment of informed investors who analyze company fundamentals before investing. However, Paudel (2021) warned that investors who enter the market based solely on others' influence, without personal knowledge, risk financial losses. Herd mentality can be particularly costly for uninformed investors. Thus, further research is needed to assess the evolving stock market trends in Nepal and identify the factors influencing investor behavior (Joshi, 2018).

Baihaqqy et al. (2020) established a strong correlation between education levels and financial literacy. Investors with higher education levels tend to have a better understanding of financial concepts, leading to more informed investment decisions. To bridge the financial literacy gap, regular investor education programs should be implemented.

Administrative measures could also be taken to promote a healthier stock market. Chen et al. (2021) suggested cracking down on illegal stock market groups, controlling misleading financial information, and strengthening media regulations to prevent false narratives from misleading investors. Bhattacharjee & Singh (2017) emphasized that stock market awareness enables investors to make better financial decisions, understand their rights and responsibilities, and manage investment risks effectively.

Prasad and Kadariya (2022) highlighted that Nepal's financial market is evolving, with regulators consistently updating laws to attract domestic and international investors. While investor awareness efforts are ongoing, authorities are working to enhance financial literacy and encourage rational investment decisions.

Emotional biases significantly impact investment decisions in Nepal. Nepali investors tend to seek approval from experienced individuals or social circles, which often leads to irrational decision-making (Nepali, 2018). Many investors, particularly younger ones, rely on media coverage and peer recommendations, making them susceptible to emotional volatility. This herd behavior influences stock market trends, sometimes leading to market instability. The prevalence of influencers and unregulated financial groups further exacerbates irrational investment decisions.

Thapa (2019) pointed out that Nepal's stock market is still underdeveloped, with stock prices not always reflecting actual values. Many Nepali investors do not adequately assess risk before investing, and access to financial information is not uniform. Government policy inconsistencies contribute to stock price volatility, favoring well-informed investors while disadvantaging those unaware of market risks. Lamichhane (2023) noted that investor confidence in Nepal's stock market is declining due to frequent price fluctuations, lack of financial knowledge, market inefficiencies, price manipulation, and fraudulent activities.

Koirala and Bajracharya (2004) argued that Nepal's capital market currently benefits those who understand market dynamics rather than the average investor. Rijal (2022) observed that investors tend to follow the crowd, taking higher risks during bullish markets while becoming risk-averse during bearish phases. This herd behavior often leads to stock mispricing, a common issue in NEPSE. Retail investors with little market knowledge frequently get trapped in bull rallies, resulting in significant financial losses. Therefore, enhancing investor awareness and ensuring better market regulations are crucial for long-term stability.

### **2.2.1 Behavioral Finance Theory**

Behavioral finance seeks to understand and explain the reasoning patterns of investors, particularly the emotional and psychological factors that influence their decision-making process (Simon & Ricciardi, 2000). It applies psychological principles to financial behavior, focusing on cognitive biases that affect individual investment decisions (Hirshleifer, 2015). Unlike traditional finance, which assumes investors act rationally, behavioral finance suggests that many investors, or at least a significant portion of them, are influenced by behavioral biases that lead to less-than-rational financial choices (Enamul, 2017).

Researchers in behavioral finance have explored varying levels of rational and irrational behavior, demonstrating that individuals and groups often deviate from the strict rationality assumed in conventional finance theories (Ricciardi, 2008). While behavioral finance effectively explains why individuals make certain financial decisions, it faces challenges in quantifying the exact impact of those decisions on investors (Oprean & Tanasescu, 2014). This field examines how psychological traits influence the behavior of investors, analysts, and portfolio managers, shaping their decision-making processes in financial markets (Joo & Durri, 2015).

### **2.2.2 Modern Portfolio Theory**

Modern Portfolio Theory (MPT), developed by Harry Markowitz, provides a framework for investors to diversify risk effectively. A key contribution of Markowitz's model is its emphasis on how the number of securities in a portfolio and their covariance relationships influence overall diversification (Meggison, 1996). MPT quantifies risk using mathematical models and

highlights diversification as a strategy to reduce it. By carefully selecting a mix of investment assets, investors can construct portfolios that collectively exhibit lower risk compared to investing in a single asset or asset class (Mangram, 2013). This theory helps investors build portfolios based on expected returns and their individual risk tolerance (Fabozzi et al., 2002). According to MPT, factors such as expected returns, return variance, and the covariance between securities should be considered when selecting a portfolio (Kumar, 2018). The core principle of the theory is best summarized by the phrase: "never put all your eggs in one basket" (Fabozzi et al., 2002). This means diversifying investments across different stocks so that losses in one asset can be offset by gains in another, minimizing overall risk.

### **2.2.3 Information Asymmetry Theory**

Information Asymmetry Theory describes a scenario in which one party in a transaction has access to more or better information than the other. For instance, a stock seller may possess more insight into the stock's potential future performance than the buyer. This imbalance in information availability can lead to one party gaining a significant advantage while the other incurs a loss (Nurcholisah, 2016).

Information asymmetry influences stock liquidity, which in turn affects the cost of capital for investors. It is commonly assessed using indicators such as share turnover and the bid-ask spread. Share turnover is calculated by dividing the total number of shares traded within a specific period by the average number of shares outstanding during the same timeframe. Meanwhile, the bid-ask spread represents the difference between the buying and selling prices of a stock, serving as a key measure of market efficiency (Kinyua, 2022).

### **2.2.4 Mental Accounting**

The concept of mental accounting was introduced by Richard Thaler in 1999 through his paper "Mental Accounting Matters". Mental accounting as a set of cognitive processes that individuals and households use to track, evaluate, and manage their financial activities (Thaler, 1999). This theory suggests that people categorize money differently, leading to irrational decision-making in both spending and investing (Shukla, 2022).

Mental accounting highlights how individuals often make financial choices without considering the overall impact on their investments. This occurs because people struggle to view money as fully interchangeable or fungible. Instead of integrating different financial accounts to optimize outcomes, they tend to compartmentalize their decisions into separate mental categories. This segmentation can result in suboptimal financial decisions and reduced overall efficiency in managing investments.

## **2.2. Empirical Review**

Hunguru et al. (2020) conducted an analysis on the Determinants of Investment Decisions: A Study of Individual Investors on the Zimbabwe Stock Exchange (ZSE) to examine the behavioral aspects influencing investment choices. The study utilized a deductive approach with structured questionnaires as the primary research method. A sample of 291 individual investors was surveyed using a five-point Likert scale questionnaire. The dependent variable was individual investment decisions, while behavioral factors influencing these decisions were independent variables. The findings revealed that cognitive biases often lead investors to act irrationally. Among these, herding behavior, regret aversion, and loss aversion were the most dominant, whereas other biases had a moderate influence on investment choices (Hunguru et al., 2020).

Budhathoki et al. (2023) explored the determinants of investors' awareness of online trading in the Nepalese stock market using a binary logit model. The primary aim was to identify the key factors affecting investors' understanding of online trading. The study focused on individuals actively engaged in stock trading via online platforms. The dependent variable was improved online trading, while independent variables included ease of online trading and investors' willingness to invest. A sample of 403 online investors was selected using a non-probability convenience sampling technique. Data collection involved expert opinions, structured surveys, and observational methods, while both descriptive and inferential analysis techniques were employed. The study found that a significant proportion of Nepalese investors (83.4%) had a strong understanding of online trading, with brokers playing a crucial role in disseminating knowledge, accounting for 58% of the information shared (Budhathoki et al., 2023).

Giri and adhikari (2023) examined the influence of conservatism and overconfidence on investment decisions in Nepal's stock market. Their objective was to analyze how these behavioral traits impact investors' decision-making. Data was gathered from 335 respondents through online questionnaires, with statistical analysis conducted using SPSS software. Covariance analysis was applied to test hypotheses. The results indicated that investors did not exhibit overconfidence when making investment decisions, while conservatism had a positive impact on their investment behavior.

Pathak et al. (2024) conducted a study on behavioral insights into investment decision-making, using data from 286 individual investors. The research employed an explanatory design to investigate how investor behavior affects investment choices. The findings highlighted that factors such as stock affordability, information accessibility, third-party recommendations, and herd mentality significantly influence investors' decision-making processes.

Sharma et al. (2017) analyzed determinants of investment decision-making with the goal of identifying key factors that shape retail investors' choices, as well as the most influential among them. A total of 120 participants were surveyed using a structured questionnaire divided into two sections: the first covered demographic and socio-economic variables, while the second included 37 factors affecting investment decisions. A five-point Likert scale was used for data collection. The study, conducted in Mathura, India, found that investors tend to make decisions based on a company's image and reputation while also prioritizing potential returns on investment.

Ahmed and Noreen (2021) investigated the role of behavioral determinants in investment decision-making among equity investors in the Pakistan Stock Exchange. The study aimed to identify psychological factors influencing investment choices. A sample of 384 registered individual investors participated, with the dependent variable being investment decision-making behavior, while the independent variables included heuristics, herding effects, and market factors. Multi-step sampling and questionnaire-based surveys were used for data collection. The findings indicated that most investors were male, aged between 26 and 35, and that they strongly relied on heuristics such as stock preference, recent price trends, and advice from close friends and relatives when making investment decisions.

Sivaramakrishnan et al. (2017) explored attitudinal factors, financial literacy, and stock market participation to understand the impact of financial literacy on investment decisions, particularly in the stock market. A mixed-method approach was used, combining qualitative and quantitative research techniques, with a sample size of 506 respondents from four cities in India. The results demonstrated a positive correlation between financial literacy and investment decisions, indicating that better financial knowledge leads to more informed investment choices.

Mustoffa and Kristiyanti (2024) examined the influence of perception, investment knowledge, and training on capital market investment decisions in Ponorogo, Indonesia. The study involved 98 university students, with data collected through a structured questionnaire using a Likert scale. Multiple linear regression analysis was applied to evaluate the relationship between the variables. The findings suggested that an individual's perception and understanding of investment had a direct positive impact on their interest in investing. Enhanced investment training further increased the likelihood of engagement in the capital market.

Bista (2023) conducted research on factors influencing investors' decision-making in the Nepalese stock market. The study sampled 150 respondents and aimed to identify key factors shaping investment behavior patterns. A descriptive research method was used to analyze data collected through structured questionnaires from individual investors in Kathmandu Valley. The results indicated that investors' decisions were influenced by emotions, social factors, and their understanding of potential risks and returns. While investors assessed market conditions and favored higher-return options, the influence of informal sources declined as investors became more analytical in their decision-making.

Wagle and Dhungana (2020) explored factors affecting individual investors' behavior in the Nepalese stock market to determine which variables had the greatest and least influence on investment decisions. A sample of 128 respondents was surveyed using a structured questionnaire with a five-point Likert scale. A descriptive exploratory research design was applied. The study concluded that accounting information was the most significant factor

influencing investment decisions, followed by third-party recommendations, whereas self-image and firm reputation had the least impact.

Wangmo et al. (2018) investigated awareness and challenges in Bhutan's stock market to assess public knowledge of stock trading and identify obstacles faced by the Royal Securities Exchange of Bhutan and brokerage firms. The study involved 100 respondents, using structured questionnaires, face-to-face interviews, and semi-structured interviews with stock market officials. A descriptive research approach was adopted. The findings revealed that while many Bhutanese were aware of the stock market, they had limited knowledge of how it functions, its benefits, and the procedures for investing in shares. Additionally, a lack of technical understanding prevented broader participation in the market.

Table 1  
*Meta Table*

<b>Source</b>	<b>Objectives</b>	<b>Methodology</b>	<b>Findings</b>
Sharma et al., 2017	To identify factors influencing investment decisions of retail investors.	Convenience sampling, structured questionnaire, 120 respondents.	Retail investors prioritize company image/reputation and potential returns when making investment decisions.
Sivaramakrishnan et al., 2017	To study the influence of factors such as financial literacy on investment decisions.	Qualitative and quantitative research, 506 respondents, primary data, in-depth interviews.	Financial literacy has a positive relation with investment decisions.
Wangmo et al., 2018	To assess awareness of the stock market and	Descriptive method, questionnaire, 100 respondents, semi-	Bhutanese investors prefer financial institutions over the stock market due to limited understanding.

	explore challenges in Bhutan's Royal Securities Exchange.	structured interviews.	
Rana (2019)	To examines the factors associated with investor awareness and perceived risk attitude of investors and their relationship with investor behavior.	Based on sample of 204 individual investors from stock market of Nepal	Financial awareness and social learning are highly loaded factors of investor awareness
Das et al., 2019	To study the impact of macroeconomic variables on stock market performance in South Asia.	Secondary data analysis; time-series econometrics; analysis of stock indices from Nepal, India, Bangladesh, and Sri Lanka.	Interest rates, inflation, and GDP growth significantly influence stock market trends and investor confidence.
Adhikari (2020)	To examine factors affecting individual investors' decisions in NEPSE.	Survey-based study.	Government statements, expected capital gains, industry status, diversification, and family influence shape investor awareness.

Sapkota, 2020	To examine issues in Nepal's stock market.	Review-based study on stock market trends and investor behavior.	The stock market faces challenges like price fluctuations, dominant investors, and limited awareness programs.
Hunguru et al., 2020	To explore behavioral factors affecting individual investment decisions.	Deductive approach, structured questionnaires, Likert scale, 291 respondents (Zimbabwe Stock Exchange).	Behavioral biases (herding, regret aversion, loss aversion) lead to irrational investment decisions.
Wagle & Dhungana, 2020	To identify the most and least influential variables in individual investment decisions.	Descriptive exploratory method, structured questionnaire, 128 respondents.	The most influential factor is accounting information, followed by advocate recommendations, while self/firm image has the least impact.
Baihaqqy et al., 2020	To analyze the role of investment education in capital market growth.	Literature review and survey-based research.	Capital market growth is expedited when investors understand risk-return trade-offs and decision-making processes.
Ahmed & Noreen, 2021	To identify behavioral determinants affecting investment decision-	Multi-step sampling, questionnaire, 384 respondents.	Behavioral determinants like the herding effect and market variables have a positive and significant impact on investment decisions.

	making in Pakistan Stock Exchange.		
Maharjan et al., 2021	To assess the role of media and social networks in influencing stock market investment decisions in Nepal.	Mixed-method approach; 310 respondents; structured questionnaires and interviews.	Social media platforms significantly impact investment decisions, often leading to short-term speculative behavior rather than long-term financial planning.
Budhathoki et al., 2023	To determine key factors influencing awareness of online trading in Nepal.	Descriptive and inferential analysis, non-probability convenience sampling, 403 respondents.	83.4% of investors are aware of online trading, with brokers being the primary source for 58% of them.
Giri & Adhikari, 2023	To examine how conservatism and overconfidence influence investment decisions.	Online questionnaire, primary data, 335 respondents.	Conservatism significantly impacts investment decisions, while overconfidence has little effect.
Bista, 2023	To identify influencing factors and behavioral patterns in	Descriptive method, structured questionnaire, 159 respondents.	Individual investors' decisions are driven by emotions, social factors, and knowledge of gains and losses.

	stock market investments.		
Karmacharya, 2023	To study investor risk attitudes and awareness levels in Nepal's stock market.	Survey-based research with mixed methods.	Nepali investors have varying risk attitudes and low comprehension of stock market significance.
Paudel & Khadka, 2023	To investigate the impact of government regulations on Nepal's stock market performance.	Qualitative research; in-depth interviews with market analysts, investors, and regulators.	Frequent regulatory changes and lack of investor protection policies contribute to uncertainty and volatility in the Nepali stock market.
Pathak et al., 2024	To examine how people's behaviors influence investment decisions.	Explanatory research, structured Likert scale questionnaire, 286 respondents.	Investment decisions are influenced by disposable income, market trends, and external opinions.
Mustoffa & Kristiyanti, 2024	To identify the influence of perception, understanding, and training on capital market investments.	Quantitative research, questionnaire, 98 university students.	Better perception and understanding of investment lead to higher interest and improved training outcomes.
Subedi & Bhandari (2024)	To examine the impact of	Study on 410 individual investors.	Psychological factors influence investment

	psychological factors on investment decisions in NEPSE, considering the role of financial literacy.		decisions, and financial literacy enhances investor awareness and rational decision-making.
Lamichhane (2024)	To examine factors influencing investment decisions in Nepali stock market	Thorough review methodology, drawing on past research	Provides insights specific to the Nepali context like market environment, investment motives, information availability, third party opinions the company's reputation and herding behavior.

### 2.3 Research Gap

Numerous articles have been published discussing the determinants of investor awareness in the stock market, with much of the existing research focusing on well-established financial markets like NEPSE. However, studies at the individual level remain limited. This study aims to address this gap by exploring investor awareness from an individual perspective. While previous studies have primarily focused on cognitive factors (such as financial literacy and technical assistance) and behavioral factors (such as psychological biases and emotional responses) in isolation, this research integrates both aspects. It considers independent variables like fundamental and technical analysis, education and training, and financial literacy.

While many studies offer a broad overview of the topic, this study takes a more detailed approach by collecting data from investors of various ages and educational backgrounds. Furthermore, there is a lack of research that specifically examines how formal and informal education and training influence investor awareness across different investor types. This factor

is crucial in shaping a clear understanding of when and how much to invest, particularly at the early stages of investing. This study, therefore, investigates how education and training contribute to investors' awareness.

Although many studies have focused on the influence of emotions and behaviors on investment decisions, they often overlook the factors that help investors become aware of essential elements such as financial literacy, education, and technical analysis. By addressing this gap, this research will explore how education, training, and analysis enhance awareness among Nepali investors.

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

This chapter elaborates on the methodology adopted to examine the level of awareness among investors in the Nepali stock market. It outlines the techniques and processes used to identify the factors influencing investor decision-making. The chapter is segmented into the following components: Research Design, Data Collection Tools, Population and Sample Size, and Data Analysis.

#### **3.1 Research Design**

The research framework for this study is based on the descriptive and casual research design method. This approach is employed to present and organize data systematically while describing the relationships among variables within a particular population or sample (Kaur et al., 2018). Descriptive analysis typically involves observing the target behavior within natural or real-life settings to capture information about related environmental conditions without manipulating variables (Sloman, 2010). This method is suitable for evaluating and understanding the components that affect investment behavior in the stock market. Also Casual research design has also been applied to show the cause and effect relation between dependent variable (investor awareness) and independent variable(education and training, fundamental and technical analysis, financial literacy).

#### **3.2 Population and Sample Size**

The target group for this research includes individuals people living in the Kathmandu Valley, who are actively involved in trading and investing in primary and secondary markets. A random sampling technique was employed to ensure that every individual had an equal probability of being included in the sample (Acharya et al., 2013).

The total sample size comprised 180 participants, encompassing individuals of varying age groups, income levels, educational qualifications, and occupational backgrounds. The age of the respondents ranged from below 20 to above 50 years, ensuring diversity in responses. A

total of 180 respondents were selected for this study to ensure a sample size that is both statistically reliable and manageable within the scope of a master's level research. This number provides sufficient representation of different investor groups in the NEPSE secondary market, allowing for meaningful analysis of patterns and relationships among variables. Compared to a smaller sample like 150 respondent data 180 enhances data reliability, while remaining practical in terms of time, cost, and resource constraints. It also avoids the unnecessary complexity that may come with a larger sample like 300, making it an optimal choice for this research.

In this study, data was collected using Google Forms from a total of 180 respondents representing various groups involved in the secondary market. The sampling method used is Stratified Random Sampling, as participants were selected from different subgroups based on characteristics such as age, education level, and investment experience. This ensures that each subgroup within the investor population is fairly represented, increasing the accuracy and reliability of the results. Additionally, since the respondents were specifically chosen based on their involvement in the NEPSE secondary market, Purposive Sampling was also applied. This helped target individuals with relevant knowledge, improving the quality of responses related to investor awareness. This combination of sampling techniques was appropriate for achieving a representative and meaningful sample for the study's objectives.

### **3.3 Data Collection Tools**

The study relies on both primary and secondary data sources for comprehensive analysis. Primary data sources: Information was gathered directly from participants through a structured and pre-tested questionnaire developed using Google Forms. The form was disseminated across various social networking platforms such as Messenger, Instagram, and WhatsApp. The questionnaire featured close-ended items and used a 5-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree," including intermediate options: "Disagree," "Neutral," and "Agree." The questionnaire was categorized into two segments:

- Section One: Collected demographic details including email, age, gender, educational background, and professional occupation.

- Section Two: Focused on questions related to factors contributing to investor awareness.

Secondary Data: Supplementary information was extracted from scholarly journals, academic articles, online resources, as well as published and unpublished dissertations and theses relevant to the study.

### **3.4 Data Analysis**

The data collected from primary sources was compiled and processed using Microsoft Excel and SPSS software. The main focus of this analysis was to explore the associations between different variables as derived from the survey, and how these relate to overall market perception and sentiment. To carry out the analysis, three major statistical techniques were applied:

#### **3.4.1 Descriptive Analysis**

**Descriptive analysis** was used to summarize the responses of participants through measures such as frequencies, percentages, means, and standard deviations. This helped to identify general patterns and characteristics related to investor awareness and its influencing factors in the NEPSE secondary market.

- **Frequencies:** Show how often a particular response or value appears in the data.
- **Percentages:** Represent the proportion of responses relative to the total, making comparison easier.
- **Mean (Average):** Indicates the central or typical value for a variable.
- **Standard Deviation:** Measures the amount of variation or spread in the responses.

#### **3.4.2 Correlation Analysis**

The study employed Karl Pearson's coefficient of correlation to determine the strength and direction of the linear relationship between dependent and independent variables i.e. investor awareness and education and training, fundamental and technical analysis, financial literacy. The interpretation is as follows:

- A value of +1 signifies a perfect positive correlation
- A value of -1 signifies a perfect negative correlation, and
- A value of 0 implies no linear association between the variables.

### 3.4.3 Multiple Regression Analysis

Multiple regression analysis was used to examine the influence of multiple independent variables on a single dependent variable - Investor Awareness (IA). This technique helps in understanding how variations in predictors affect the outcome variable. The regression model is represented as:

$$IA = \alpha + \beta_1 FT + \beta_2 ET + \beta_3 FL + \varepsilon_i$$

Where:

IA = Investor Awareness

$\alpha$  = Intercept or Constant term

$\beta_1, \beta_2, \beta_3$  = Regression Coefficients

FT = Fundamental and Technical Analysis

ET = Education and Training

FL = Financial Literacy

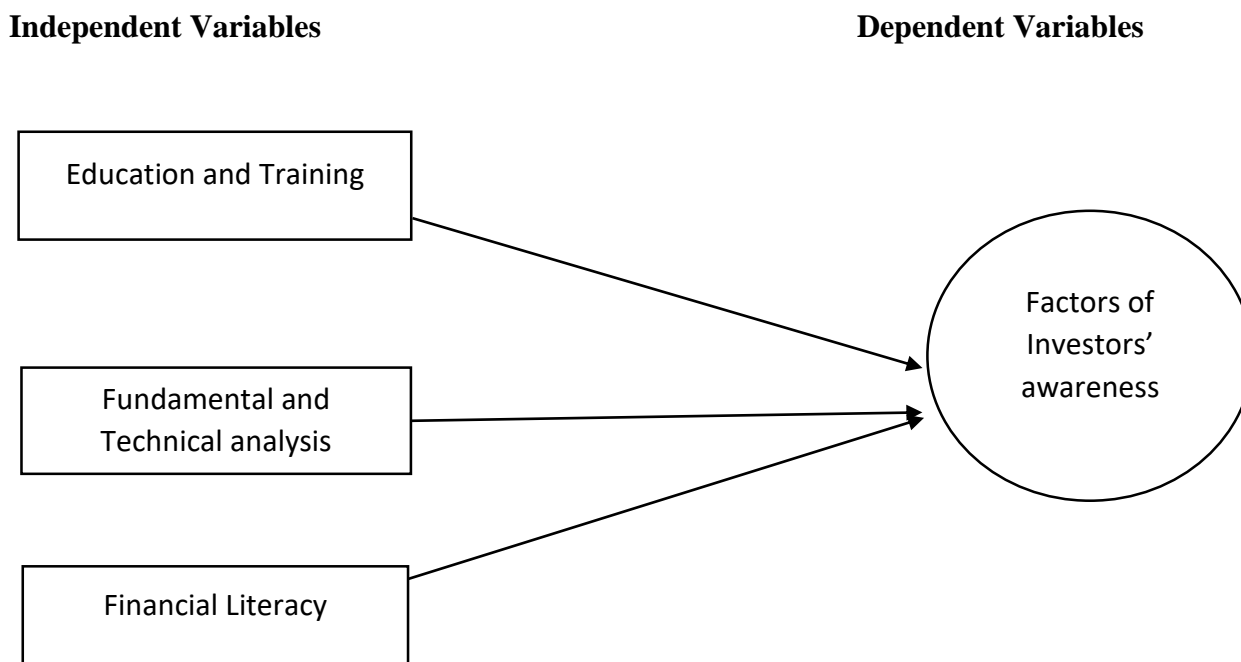
$\varepsilon_i$  = Error Term (Residual)

This empirical analysis aims to derive meaningful insights from the quantitative data, which will support the qualitative evaluation of the major factors impacting awareness levels in the Nepali stock market.

### 3.5 Conceptual Framework

Conceptual Framework consists of Dependent and Independent variables. The conceptual framework of this study is developed to understand the relationship between selected independent variables and the dependent variable. Here Dependent Variable is Factors of investor awareness and Independent Variables are Education and Training, Fundamental and Technical analysis and Financial Literacy. The conceptual framework has been structured as follows:

Figure 1  
*Conceptual Framework*



Source: Sapkota, (2020)

### 3.6 Definition of variable

#### Dependent Variable

A **dependent variable** is the outcome or the main subject being measured or studied in research. It depends on or is influenced by other variables. In other words, it is what the researcher is trying to explain or predict. This study considers investor awareness as the dependent variable, meaning it is the outcome influenced by other factors such as financial literacy, training and education, and the use of analytical tools.

#### Investors' awareness

Investor awareness refers to the extent to which individual investors are informed about the functioning, risks, and opportunities associated with the secondary stock market. In the context of NEPSE, it encompasses an investors' understanding of trading procedures, stock price movements, regulatory frameworks, rights and responsibilities, and available financial

instruments. A high level of investors' awareness ensures that individuals can make well-informed investment decisions, avoid speculation and herd behavior, understand market signals and company disclosures, comply with regulatory norms, and manage risks effectively.

### **Independent variable**

An **independent variable** is the factor that is changed, controlled, or tested to observe its effect on the dependent variable. It is assumed to be the cause or influence. Following are the independent variable listed in my study which are described as below :-

**Education and Training:** This refers to formal and informal learning opportunities provided to investors, such as investment seminars, workshops, online courses, or financial education programs. Well-designed educational initiatives enhance investors' ability to understand market mechanisms, evaluate investment options, and make informed decisions.

**Fundamental and Technical Analysis:** These are analytical tools used by investors to assess the value and trends of securities. Fundamental analysis involves evaluating a company's financial health, industry position, and economic factors, while technical analysis relies on historical market data and charts to predict price movements. Awareness and application of these tools can significantly improve investor confidence and accuracy in stock selection.

**Financial Literacy:** This encompasses the general ability of investors to understand and use financial concepts such as risk diversification, inflation, return on investment, and portfolio management. Financial literacy forms the foundation of smart investing behavior and protects investors from misinformation and impulsive decisions.

## **CHAPTER-IV**

### **RESULTS AND DISCUSSIONS**

This chapter of the dissertation presents and analyzes the collected data related to factors influencing investor awareness in the secondary market of NEPSE. The data was processed and analyzed using Microsoft Excel and SPSS software. A range of statistical techniques was applied, including descriptive statistics, correlation analysis, and regression analysis. Descriptive statistics were utilized to summarize the key characteristics of the dataset and to provide an overview of respondent demographics and responses. Correlation analysis was conducted to examine the strength and direction of relationships between investor awareness and independent variables fundamental and technical analysis, education and training, and financial literacy. Regression analysis was then used to evaluate the impact of these independent variables on investor awareness.

Additionally, this chapter includes a discussion section that interprets the results and compares them with previous research findings. The comparison helps to identify consistent patterns, divergences, and significant insights from past literature. Through this discussion, the study aims to enhance the understanding of the key determinants that shape investor awareness in Nepal's secondary stock market. This interpretive section plays a vital role in drawing conclusions from the statistical results and in emphasizing the practical and academic implications of the research.

#### **4.1 Respondent Profile**

The data for this study was gathered from a total of 180 individuals residing within the Kathmandu Valley using a structured questionnaire distributed via Google Forms through social media platforms. The summarized demographic details of respondents are presented below:

##### **4.1.1 Age-wise Distribution of Respondents**

Respondents were categorized into five different age groups: below 20 years, 21–30 years, 31–40 years, 41–50 years, and above 50 years. The distribution based on age is shown in the table below:

Table 2  
*Age-wise Distribution of Respondents*

Age	Frequency	Percent
Below 20	11	6.1
21-30	136	75.6
31-40	24	13.3
41-50	3	1.7
Above 50	6	3.3
Total	180	100

#### 4.1.2 Gender-wise Distribution of Respondents

Respondents were classified into three gender categories: male, female, and others. However, no responses were recorded under the "others" category. The gender distribution of participants is presented below:

Table 3  
*Gender-wise Distribution of Respondents*

Gender	Frequency	Percent
Male	87	48.3
Female	93	51.7
Others	0	0.0
Total	180	100

The table indicates that 48.3% of the respondents were male (87 individuals), while 51.7% were female (93 individuals). There were no respondents identifying as other genders.

#### 4.1.3 Respondents' Profile Based on Educational Qualification

The educational background of the respondents was classified into four categories: Plus Two level, Bachelor's level, Master's level, and Others. The following table presents the frequency and percentage distribution for each category:

Table 4  
*Education Qualification of Respondents*

Education Level	Frequency	Percent
Plus Two	28	15.6
Bachelor	87	48.3
Master's	62	34.4
Other	3	1.7
Total	180	100

The table above indicates that 28 respondents (15.6%) have completed education up to the Plus Two level. A majority, 87 respondents (48.3%), possess a Bachelor's degree, while 62 individuals (34.4%) have attained a Master's level qualification. Additionally, 3 respondents (1.7%) fall under the 'Others' category of educational qualification.

#### **4.1.4 Respondents' Profile by Occupation**

The respondents' occupations were classified into five categories: student, employed, retired, unemployed, and others. The frequency and percentage distribution for each category are presented below:

Table 5  
*Occupational Status of Respondents*

Age	Frequency	Percent
Student	51	28.3
Employed	99	55
Retired	5	2.8
Unemployed	21	11.7
Others	4	2.2
Total	180	100

As shown in the table 5 respondents (28.3%) are students, while the majority 99 respondents (55%) are employed. There are 5 retired individuals (2.8%) and 21 respondents (11.7%) who

are currently unemployed. The remaining 4 respondents (2.2%) fall under the 'Others' category, which includes businesspersons and entrepreneurs.

#### 4.2 Reliability Analysis

To assess the reliability of the research instrument, Cronbach's Alpha was employed. This statistical measure, introduced by Lee Cronbach in 1951, evaluates the internal consistency of a scale or test, with values ranging from 0 to 1 (Tavakol & Dennick, 2011). It determines how consistently a set of items measures a single latent construct, ensuring the stability and dependability of the tool being used (Bujang et al., 2018). A Cronbach's Alpha value of **0.7** or higher is generally considered acceptable for reliability, while values below 0.7 indicate inadequate reliability. The table below presents the Cronbach's Alpha values for various variables considered in this study:

Table 6  
*Reliability Analysis*

Code	Variables	Cronbach's Alpha	No. of items
FT	Fundamental and Technical Analysis	.921	7
ET	Education and Training	.924	7
FL	Financial Literacy	.922	7
IA	Investors' Awareness	.922	10

As shown in Table 6, the Cronbach's Alpha values for each of the four variables included in the study: Fundamental and Technical Analysis (FT), Education and Training (ET), Financial Literacy (FL), and Investors' Awareness (IA). Each variable consists of multiple items (questions) in the questionnaire used to measure the respective constructs. All constructs exhibit Cronbach's Alpha values well above the acceptable threshold of 0.7. Specifically, Fundamental & Technical Analysis scored 0.921, Education and Training scored 0.924, Financial Literacy scored 0.922, and Investor Awareness scored 0.922. These results indicate that the instrument used in the study is highly reliable and internally consistent across all measured dimensions. The Cronbach's Alpha values for all variables are above 0.9, indicating

excellent internal consistency. Specifically, the alpha values are 0.921 for FT, 0.924 for ET, 0.922 for FL, and 0.922 for IA. This suggests that the items within each variable reliably measure the intended construct. Each of the first three variables comprises 7 items, while Investor Awareness includes 10 items.

### 4.3 Descriptive Analysis

#### 4.3.1 Use of Fundamental and Technical Analysis

A 5-point Likert Scale was used to gather responses from participants. Descriptive statistics, specifically the Mean and Standard Deviation, were calculated for each item to summarize the data. In this scale, numerical values were assigned to each response: ‘Strongly Disagree’ = 1, ‘Disagree’ = 2, ‘Neutral’ = 3, ‘Agree’ = 4, and ‘Strongly Agree’ = 5. This section presents the descriptive statistics Mean and Standard Deviation of respondents' views on their use and perception of fundamental and technical analysis in investment decisions. A total of 180 responses were analyzed using a 5-point Likert scale. The descriptive statistics for each question are presented below.

Table 7  
*Use of Fundamental and Technical Analysis*

Code	Statements	Mean	Std. Deviation
FT1	I consistently rely on fundamental analysis, such as reviewing a company's financial statements before making investment decision	2.52	1.347
FT2	I consider fundamental analysis essential for making well-informed investment choices.	3.33	1.219
FT3	I have good understanding in technical analysis tools and techniques.	2.78	1.156
FT4	Technical analysis influences my investment choices.	3.12	1.280
FT5	I frequently integrate fundamental and technical analysis to improve investment results.	2.89	1.432
FT6	I review company financial statements prior to deciding on investments.	3.11	1.331

FT7	I believe that analyzing market trends boosts my investment knowledge.	2.99	1.322
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Overall Average		2.96	1.299
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Table 7 presents the descriptive statistics related to respondents' use and perception of fundamental and technical analysis in their investment decision-making process. The data, based on a 5-point Likert scale, shows varying levels of agreement across different statements. The mean score for the item "I consistently rely on fundamental analysis" is 2.52, indicating that many respondents do not consistently apply fundamental analysis techniques such as evaluating company financials. However, a higher mean of 3.33 for the statement "I consider fundamental analysis essential for making well-informed investment choices" suggests that while they may recognize its importance, they do not always practice it.

Understanding of technical analysis tools is moderate (mean - 2.78), and its influence on investment decisions is slightly higher (mean - 3.12), indicating that respondents are somewhat aware of and influenced by technical methods. The use of both fundamental and technical analysis in combination also shows moderate agreement (mean - 2.89), though the high standard deviation (1.432) reflects diverse practices among investors.

Respondents appear somewhat engaged in practical financial analysis, with a mean of 3.11 for analyzing financial statements before investing. Similarly, the belief that understanding market trends improves investment awareness scores a mean of 2.99, suggesting a fair level of awareness. Overall, the average mean across all items is 2.96, indicating a moderate inclination towards using both types of analysis, while the standard deviations, ranging from 1.156 to 1.432, point to considerable variation in individual responses.

#### **4.3.2 Analysis of Education and Training related to Investment**

This table presents the descriptive analysis of respondents' views on the role of education and training in stock market investments. Responses were recorded using a 5-point Likert scale, and the mean and standard deviation for each statement are provided below.

Table 8  
*Education and Training Related to Investment*

Code	Statements	Mean	Std. Deviation
ET1	I have attended in formal education or training programs focus on secondary market investments.	2.45	1.247
ET2	I believe my educational background has prepared me to make informed and prudent investment decisions.	3.14	1.236
ET3	Understanding financial concepts is crucial for making well-informed investment choices.	3.75	1.128
ET4	I consistently seek out training opportunities to improve my investment abilities.	2.85	1.335
ET5	I am satisfied with the standard of investment education and training offered in Nepal.	2.53	1.270
ET6	I believe continuous education and training are essential for achieving success in investment.	3.79	1.039
ET7	Investment education should be an ongoing learning journey for every investor.	3.89	1.118
Overall Average		3.20	1.196

Table 8 provides a descriptive overview of respondents' perceptions regarding education and training in relation to stock market investment. Using a 5-point Likert scale, the table displays the mean and standard deviation for seven key statements. The first item (ET1) has a mean of 2.45, indicating that a relatively small number of respondents have attended formal stock market-related education or training programs. In contrast, ET2 shows a slightly higher mean of 3.14, suggesting that respondents somewhat agree that their educational background has helped them make informed investment decisions. ET3 received a high mean score of 3.75,

reflecting a strong consensus that knowledge of financial concepts is essential for sound investment decisions. Similarly, ET6 (mean = 3.79) and ET7 (mean = 3.89) indicate a strong belief in the importance of continuous education for successful investing.

However, responses to ET4 (mean = 2.85) show that not all respondents actively seek out training opportunities to improve their investment skills. Furthermore, ET5 (mean = 2.53) reveals that many participants are not fully satisfied with the quality of education and training programs available in Nepal. Overall, the average mean score across all items is 3.20, suggesting that while respondents generally value investment education and training, their direct engagement with formal programs remains limited. The standard deviation values, ranging from 1.039 to 1.335, show moderate variability in responses, reflecting differing individual experiences and access to educational resources.

### 4.3.3 Analysis of Financial Literacy

The table below summarizes the responses related to financial literacy, capturing participants' self-assessed understanding of financial concepts, confidence in decision-making, and the perceived importance of financial knowledge in investment success. It also reflects how actively respondents engage with financial information and how they relate their financial literacy to investment behavior. Overall, the findings indicate a moderate level of financial literacy among the participants, with varying degrees of confidence and awareness regarding financial matters.

Table 9  
*Analysis of Financial Literacy*

Code	Statement	Std.	
		Mean	Deviation
FL1	I have a strong understanding of key financial concepts such as interest, inflation and diversification.	2.73	1.353
FL2	I am confident in my ability to make financial decisions.	2.61	1.252
FL3	My financial literacy significantly influences the investment decisions I make.	3.10	1.269

FL4	I regularly stay informed by reading financial news and reports.	2.81	1.263
FL5	I feel I have a solid grasp of the complexities of the stock market.	2.43	1.366
FL6	I believe that enhancing financial knowledge can significantly minimize investment risk.	3.69	1.134
FL7	A high level of financial literacy is crucial for achieving success in stock market investing.	3.67	1.237
Overall average		3.01	1.268

The results presented in Table 9 illustrate the descriptive statistics for the variable Financial Literacy, based on seven statements. The mean values range from 2.43 to 3.69, indicating generally favorable responses. Specifically, the mean scores are as follows: FL1 – 2.73, FL2 – 2.61, FL3 – 3.10, FL4 – 2.81, FL5 – 2.43, FL6 – 3.69, and FL7 – 3.67. Among these, FL6 ("improving financial literacy can significantly reduce investment risks") received the highest average score, suggesting it was the most strongly agreed-upon statement. In contrast, FL5 ("respondents feel they have the necessary knowledge to understand the stock market's complexities") had the lowest mean, indicating less agreement.

The standard deviation values range from 1.134 (FL6) to 1.366 (FL5). This suggests that responses varied the most on FL5, while they were more consistent for FL6. The overall standard deviation is 1.268, reflecting a moderate level of variation in responses, and suggesting generally consistent opinions among respondents.

#### **4.3.4 Analysis of Investor Awareness**

The table below outlines the responses related to investor awareness, reflecting participants' knowledge, behavior, and engagement on secondary markets in NEPSE. It captures how individuals perceive their awareness, involvement in educational activities, reliance on research, and understanding of key investment concepts. The results suggest a moderate level of investor awareness among respondents, with relatively active efforts to stay informed, seek investment knowledge, and make decisions based on analysis and peer discussions.

Table 10  
*Analysis of Investor Awareness*

<b>Code</b>	<b>Statement</b>	<b>Mean</b>	<b>Standard Deviation</b>
IA1	I regard myself as knowledgeable about the stock market.	2.62	1.197
IA2	My awareness in stock market has improved over the past year.	3.34	1.129
IA3	I frequently participate in seminars, webinars, or workshop related to the stock market investing.	2.68	1.319
IA4	I frequently discuss stock market trends and strategies with other investors.	2.97	1.283
IA5	My investment decisions are based on thorough research and analysis.	2.96	1.254
IA6	I understand the importance of diversification in my investment portfolio.	3.16	1.247
IA7	I actively seek information about companies before investing in their stocks.	3.02	1.318
IA8	I understand the tax implications of my investments in the stock market.	3.17	1.268
IA9	I stay updated with latest trends and developments in the stock market.	3.14	1.332
IA10	I often engage in discussions about investments with my peers.	3.38	1.169
Overall Average		3.104	1.2516

The table provides the descriptive statistics for investor awareness, measured using ten different statements. The mean scores range from 2.62 to 3.38, suggesting generally positive responses from participants. The highest mean of 3.38 is seen in the statement about frequently discussing investment topics with peers, indicating that this is the most agreed-upon behavior. The lowest mean score of 2.62 corresponds to the statement about being well-informed about the stock market, suggesting that fewer respondents strongly identified with this view.

Standard deviation values range from 1.129 to 1.332. The lowest variation is observed in the statement about improving awareness over the past year, showing relatively consistent responses. The highest variation is found in the statement about staying updated with market trends, suggesting diverse levels of engagement among respondents. The overall standard deviation of 1.2516 reflects a moderate spread in responses, indicating that while investor awareness is generally positive, individual levels of engagement and knowledge vary.

#### 4.3.5 Analysis of Research Variables

The table below presents the overall mean and standard deviation for the key variables studied: fundamental and technical analysis, education and training, financial literacy, and investor awareness. These variables represent the main factors influencing investors' awareness in secondary markets in NEPSE. The results indicate that respondents show a moderate level across all variables, with the highest average in education and training, suggesting its relatively stronger presence or impact among participants. The consistency in standard deviations reflects a moderate variation in responses across the sample.

Table 11  
*Analysis of Research Variables*

Code	Variables	Mean	Std. Deviation
FT	Fundamental and Technical Analysis	2.96	1.299
ET	Education and Training	3.20	1.196
FL	Financial Literacy	3.01	1.268
IA	Investor Awareness	3.10	1.252

The table summarizes the descriptive statistics of all key variables included in the study: Fundamental and Technical Analysis (FT), Education and Training (ET), Financial Literacy

(FL), and Investor Awareness (IA). The mean values range from 2.96 to 3.20, indicating generally favorable responses across all variables. Among these, Education and Training has the highest mean score of 3.20, suggesting that respondents perceive their educational background and training as relatively strong in relation to stock market participation. On the other hand, Fundamental and Technical Analysis has the lowest mean score of 2.96, implying slightly less agreement or confidence in applying analytical approaches among participants.

Standard deviation values range from 1.196 (ET) to 1.299 (FT), indicating that responses are relatively consistent but show some variability. The highest variation is observed in responses related to Fundamental and Technical Analysis, while Education and Training has the most consistent responses. Overall, the data suggest moderate agreement and consistent understanding across all measured areas.

#### 4.4. Correlation Analysis

Correlation analysis is a statistical method used to determine the strength and direction of the linear relationship between two continuous variables (Gogtay & Thatte, 2017). This technique is commonly applied in research to examine how closely connected independent and dependent variables are (Senthilnathan, 2019). It helps in identifying whether a relationship exists, how strong it is, and whether it is positive or negative in nature (Franzese & Luliano, 2018). A positive correlation indicates that both variables move in the same direction, while a negative correlation signifies that as one variable increases, the other decreases.

Table 12  
*Rule of Thumb for Correlation Analysis*

<b>Coefficient range</b>	<b>Strength of Association</b>
$r > 0.60$	Strong correlation
$0.30 < r < 0.60$	Moderate correlation
$r \leq 0.30$	Weak correlation

Source: (Levin & Fox, 2006)

The correlation analysis of all variables is shown in following table:

Table 13  
Correlation Matrix

Correlations		FT	ET	FL	IA
FT	Pearson Correlation	1			
	Sig.				
ET	Pearson Correlation	.671**	1		
	Sig.	0.000			
FL	Pearson Correlation	.755**	.650**	1	
	Sig.	0.000	0.000		
IA	Pearson Correlation	.709**	.692**	.706**	1
	Sig.	0.000	0.000	0.000	

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

Table 13 presents the correlation between the dependent variable, investors' awareness (IA), and the independent variables: fundamental and technical analysis (FT), education and training (ET), and financial literacy (FL). The correlation coefficients are 0.709, 0.692, and 0.706 respectively, indicating strong positive relationships.

These findings suggest that the level of awareness investors possess significantly influences how they approach various aspects of investment decision-making. The strong positive correlation between IA and FT ( $r = 0.709$ ) implies that as investors become more aware, they tend to rely more on fundamental and technical analysis tools. Increased awareness equips them with the confidence and capability to interpret market behavior, evaluate stock performance, and make well-informed investment decisions.

Similarly, the correlation between IA and ET ( $r = 0.692$ ) suggests that greater awareness encourages individuals to pursue more education and training. Awareness acts as a motivating factor, leading investors to seek the knowledge and skills required to navigate the complexities of the stock market effectively.

Furthermore, the strong association between IA and FL ( $r = 0.706$ ) indicates that increased awareness contributes to enhanced financial literacy. As investors become more informed, they are more inclined to understand key financial principles, strategies, and instruments critical elements for making prudent investment choices.

In conclusion, it is evident that improving investor awareness plays a vital role in enhancing their ability to utilize analytical techniques (FT), engage in learning and development (ET), and strengthen financial literacy (FL). This underscores the need for programs and initiatives that promote investor awareness to support better decision-making and active participation in the financial market.

#### 4.5. Regression Analysis

Regression analysis was employed to further examine the relationship between the dependent variable, Investor awareness, and the independent variables, namely Education and Training, Fundamental and Technical Analysis, Financial Literacy. This statistical method helps us examine how variations in independent variables relate to changes in the dependent variable. By studying the coefficients and significance levels of these independent variables within the regression model, we can determine how much each factor affects investment behavior. This analysis offers important insights into the specific influence of these variables on investment decisions, enabling a deeper understanding of the factors shaping dynamics in the secondary markets of NEPSE.

Table 14  
*Model Summary*

<b>Model</b>	<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Std. Error of the Estimate</b>
1	.788 <sup>a</sup>	.621	.615	.51280

a. Predictors: (Constant), FL, ET, FT

b. Dependent Variable: IA

Table 14 presents the model summary of the regression analysis examining the relationship between investor awareness (IA) and the predictors: financial literacy (FL), education and

training (ET), and fundamental and technical analysis (FT). The multiple correlation coefficient (R) is 0.788, indicating a strong positive relationship between the independent variables and investor awareness. The R Square value of 0.621 means that 62.1% of the variation in investor awareness is explained by the combined effect of financial literacy, education and training, and fundamental analysis. After adjusting for the number of predictors and sample size, the Adjusted R Square is 0.615, which still reflects a high level of explanatory power. The standard error of the estimate is 0.51280, showing the average distance between the observed values and the predicted values by the model. Overall, this suggests that the regression model provides a good fit and effectively explains a significant portion of the changes in investor awareness based on the selected predictors.

Table 15  
ANOVA

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	75.861	3	25.287	96.161	<.001 <sup>b</sup>
Residual	46.282	176	.263		
Total	122.143	179			

a. Dependent Variable: IA

b. Predictors: (Constant), FL, ET, FT

The ANOVA table shows that the regression model is statistically significant ( $F = 96.161$ ,  $p < .001$ ), indicating that Financial Literacy, Education and Training, and Fundamental and Technical analysis collectively have a significant impact on investor awareness. The model explains a substantial portion of the total variance (sum of squares = 75.861 out of 122.143), confirming the effectiveness of the predictors.

Table 16  
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
Constant	.015	.208		0.73	.942
FT	.254	.070	.276	3.630	<.001
ET	.431	.089	.317	4.835	<.001
FL	.298	.076	.293	3.949	<.001

Dependent Variable: IA (Investors Awareness)

This table presents the findings of a multiple linear regression analysis, which aims to model the relationship between a dependent variable and three independent variables: FT, ET, and FL. The "Unstandardized Coefficients" (B) indicate the direct impact of each independent variable on the dependent variable. Specifically, for every one-unit increase in FT, ET, and FL, the dependent variable is predicted to increase by 0.254, 0.431, and 0.298 units respectively, assuming the other variables are held constant.

The "Standardized Coefficients" (Beta) allow for a comparison of the relative strength of these predictors, revealing that ET has the strongest unique positive effect (0.317), followed by FL (0.293), and then FT (0.276), when all variables are measured in standard deviation units. The "t" statistic and "Sig." (p-value) evaluate the statistical significance of each predictor. All three independent variables (FT, ET, and FL) are highly statistically significant predictors of the dependent variable, as their p-values are all less than 0.001.

This strong significance suggests that their observed relationships with the dependent variable are highly unlikely to be due to random chance. Conversely, the "Constant" is not statistically significant ( $p = 0.942$ ), indicating that the predicted value of the dependent variable is not significantly different from zero when all independent variables are zero. In essence, the model

strongly suggests that FT, ET, and FL are all meaningful positive influences on the dependent variable, with ET exerting the most substantial standardized impact.

#### 4.6 Hypothesis Testing

Hypothesis	P-value	Remarks
H1: The understanding of fundamental and technical analysis influences investment decisions.	<.001	Significant
H2: Education and training have a significant relationship with investor awareness.	<.001	Significant
H3: Financial literacy is significantly related to investor awareness.	<.001	Significant

Based on Hypothesis 1

**H1:** The understanding of fundamental and technical analysis influences investment decisions.

The table shows that the p-value for Hypothesis 1 is less than .001, which is below the significance level of 0.05. This implies that Hypothesis 1 is supported, meaning that fundamental and technical analysis have a significant impact on investor awareness. It suggests that investors who apply these analytical methods are likely to make more informed investment decisions.

Based on Hypothesis 2

**H2:** Education and training have a significant relationship with investor awareness.

This hypothesis also shows a p-value of less than .001, confirming that the relationship is statistically significant. It suggests that investors who receive proper education and training become more aware of investment processes, risks, and strategies. Education enhances their confidence and ability to participate effectively in the financial market.

Based on Hypothesis 3

**H3:** Financial literacy is significantly related to investor awareness.

From the table we can see that p-value of hypothesis 3 is  $< .001$ , this hypothesis is also statistically significant. It highlights that financially literate individuals tend to be more aware of investment opportunities, risks, and market dynamics. Financial literacy helps investors understand key financial concepts, leading to more responsible and strategic investment behavior.

#### **4.7 Discussion**

This study was conducted to examine the key factors influencing investor awareness on secondary markets in NEPSE. Specifically, it explores the relationship between investor awareness and three main factors: fundamental and technical analysis, education and training, and financial literacy. Data was collected from a sample of 180 respondents residing in the Kathmandu Valley. The research adopts a descriptive and hypothesis-testing approach, also incorporating demographic factors such as age, occupation, gender, and educational background.

The demographic profile reveals that female respondents constituted a slight majority at 51.7%, while male respondents accounted for 48.3%. In terms of age, the majority (75.6%) were between 20 and 30 years old, followed by 13.3% in the 31–40 age group, 6.1% under 20, 3.3% above 50, and 1.7% between 41–50 years. Regarding educational attainment, 15.6% had completed education up to the plus two level, 48.3% held a bachelor's degree, 34.4% had a master's degree, and 1.7% fell under the 'others' category. This indicates that most participants were bachelor's degree holders.

Occupationally, 55% of the respondents were employed, 28.3% were students, 11.7% were unemployed, 2.8% were retired, and 2.2% belonged to the 'other' category, which includes businesspersons and entrepreneurs.

The correlation analysis revealed a strong and positive relationship between investor awareness and all three independent variables. The correlation between investor awareness and fundamental and technical analysis was 0.709, with education and training it was 0.692, and with financial literacy it was 0.706. These results indicate that increases in any of these independent variables are associated with higher levels of investor awareness.

The model summary showed that the coefficient of determination ( $R^2$ ) was 0.621, meaning that 62.1% of the variation in investor awareness could be explained by fundamental and technical analysis, education and training, and financial literacy. The remaining 37.9% of the variation could be attributed to other factors not included in the model. The adjusted  $R^2$  was 0.615, suggesting a strong model fit even after accounting for the degrees of freedom. The standard error of the estimate was 0.51280, indicating that the predicted values were relatively close to the observed values.

ANOVA results confirmed that the regression model was statistically significant, with an F-value of 96.161 and a p-value less than 0.001. This indicates that the model is valid and that at least one of the predictors significantly contributes to explaining the variance in investor awareness.

The regression equation derived from the analysis is as follows:

$$IA = 0.15 + 0.254FT + 0.431ET + 0.298FL$$

This equation suggests that a one-unit increase in fundamental and technical analysis leads to a 0.254-unit increase in investor awareness. Likewise, a one-unit increase in education and training results in a 0.431-unit rise in awareness, and a one-unit improvement in financial literacy boosts awareness by 0.298 units. Among these, education and training had the highest standardized coefficient ( $\beta = 0.431$ ), indicating it has the strongest influence on investor awareness.

Three hypotheses were tested in the study, all of which were accepted, as the p-values were less than 0.001 well below the 0.05 threshold. This confirms that all independent variables have a significant and positive impact on the dependent variable, investor awareness.

The correlation coefficient of financial literacy ( $r = 0.706$ ), education and training ( $r = 0.692$ ), and fundamental and technical analysis ( $r = 0.709$ ) with investor awareness which is consistent with empirical findings reported in regional and international studies of Sivaramakrishnan et al. (2017) and Riaz & Hunjra (2015). It is also confirmed strong associations between financial literacy and investment decision-making. However, the result is inconsistent with the studies of Adhikari and Jha (2016), Pathak et al. (2024) and Giri and Adhikari (2023).

The regression analysis revealed that all three variables fundamental and technical analysis, education and training, and financial literacy have a significant and positive influence on investor awareness in Nepal's secondary market. The analysis explains 62.1% of the variation in investor awareness, with education and training having the strongest standardized effect ( $\beta = 0.317$ ), followed by financial literacy ( $\beta = 0.293$ ) and fundamental and technical analysis ( $\beta = 0.276$ ). These results are consistent with studies by Mustoffa & Kristiyanti (2024), Sivaramakrishnan et al. (2017), and Kadariya et al. (2016). However, the findings differ from studies of Pathak et al. (2024) and Adhikari & Jha (2016).

## CHAPTER-V

### CONCLUSION AND IMPLICATION

#### 5.1 Summary

This research was conducted to explore the critical factors influencing investor awareness in the secondary stock market under the Nepal Stock Exchange (NEPSE). The study focused on three primary independent variables: fundamental and technical analysis, education and training, and financial literacy. These variables were selected based on a comprehensive review of relevant literature, which identified them as central to understanding investment behavior and awareness.

To assess the impact of the selected variables on investor awareness, primary data was collected from 180 respondents in the Kathmandu Valley through structured questionnaires. The study employed descriptive statistics to understand the overall distribution and trends in the data, and inferential statistical methods including correlation and multiple regression analysis to test the relationships and predictive power of the independent variables.

The findings revealed a strong positive relationship between all three independent variables and investor awareness. All three hypotheses stating that the understanding of fundamental and technical analysis influences investment decisions, education and training have a significant relationship with investor awareness, and financial literacy is significantly related to investor awareness were accepted. Investors who utilize fundamental and technical analysis are better equipped to understand stock price movements and market fluctuations, leading to more informed and confident investment decisions. Similarly, those who have undergone formal education and training displayed greater awareness of market dynamics and were more capable of navigating complex investment environments. Although such educational programs are limited in Nepal, their positive impact is evident.

Financial literacy emerged as a crucial factor. As awareness around financial knowledge grows in Nepal, so does investor competence. The study confirms that financially literate investors

are more knowledgeable about risk assessment, return expectations, and investment options, leading to improved decision-making and higher market confidence.

## **5.2 Conclusion**

This study concludes that investor awareness in Nepal's secondary stock market is significantly influenced by three main factors: fundamental and technical analysis, education and training, and financial literacy. These variables not only enhance knowledge and decision-making but also foster more responsible and confident participation in the stock market. Despite the rising interest in stock market investments in Nepal, many investors lack the necessary analytical skills and educational background. The study highlights that those who possess a sound understanding of market analysis tools are better positioned to interpret stock price behavior and make rational choices. Likewise, education and training opportunities though limited demonstrate a positive impact on investor behavior by improving their ability to understand market mechanisms and navigate volatility.

In the context of Nepal, a significant number of investors enter the secondary market without proper analysis or understanding. Many chase short-term gains and often follow market trends without adequate knowledge. Common investor behaviors include reacting to market sentiment, engaging in herd behavior, or relying on advice from peers and family, rather than forming well-informed strategies. Factors like political instability, market volatility, and lack of education further contribute to poor investment decisions. Therefore, this research focused on whether investors consider the identified independent variables before making investment choices in the secondary market.

Most importantly, financial literacy emerged as the strongest predictor of investor awareness. Investors with higher financial literacy are more capable of assessing risk, calculating potential returns, and selecting appropriate investment options. As financial literacy improves, so does investor confidence and the likelihood of achieving long-term investment success.

Overall, this research emphasizes the need for comprehensive investor education programs, broader access to financial training, and a national-level initiative to improve financial literacy.

Such efforts are essential not only to raise investor awareness but also to support the growth and stability of the Nepalese capital market.

### **5.3 Implications of the Study**

The outcomes of this research have practical implications for investors, policymakers, and educators:

**For Investors:** The findings highlight the importance of utilizing fundamental and technical analysis, engaging in formal education, and improving financial literacy. These practices help investors better understand company performance, market risks, and investment strategies ultimately supporting long-term financial security and more sustainable investing behavior in the secondary market.

**For Policymakers:** The research suggests that policies promoting investment education, training, and access to analytical tools could contribute to a more inclusive and efficient NEPSE environment. Strengthening investor protection, enhancing financial literacy across the country, and supporting informed participation can lead to greater market stability and broader economic development.

**For Educators:** The study underscores the value of incorporating stock market education, including fundamental and technical analysis, into academic curricula. Doing so from an early educational stage could significantly raise financial literacy levels and help develop future investors who are knowledgeable, confident, and capable of making strategic decisions in a rapidly evolving financial market.

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QUESTIONNAIRE ON FACTORS INFLUENCING INVESTORS' AWARENESS ON  
SECONDARY MARKETS IN NEPSE.

**Demographics**

1. Age a. Under 20  b. 21-30  c. 31-40  d. 41- 50  e. Above 50
2. Gender: a. Male  b) Female  c) Other
3. Education Level a. High School  b. Bachelor's Degree
- c. Master's Degree  d. Doctorate  e. Others
4. Occupation a. Student  b. Employed  c. Retired
- d. Unemployed  e. Other

Following is the Factors Influencing Investors' awareness on Secondary Markets in NEPSE.  
Please fill a right mark to reflect your opinion to reflect the level of disagreement or  
agreement at end of each statement. The answers provided was measured in 5- Scale Likert  
Scale. The 5-point measurement scale with explanation is below:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

S. No.	Items (Independent Variables)	Responses				
		1	2	3	4	5
<b>1.</b>	<b>Fundamental and Technical Analysis</b>					
<b>1.1</b>	I consistently rely on fundamental analysis, such as reviewing a company's financial statements before making investment decision					
<b>1.2</b>	I consider fundamental analysis essential for making well-informed investment choices.					
<b>1.3</b>	I have good understanding in technical analysis tools and techniques.					
<b>1.4</b>	Technical analysis influences my investment choices.					
<b>1.5</b>	I frequently integrate fundamental and technical analysis to improve investment results.					
<b>1.6</b>	I review company financial statements prior to deciding on investments.					
<b>1.7</b>	I believe that analyzing market trends boosts my investment knowledge.					
<b>2.</b>	<b>Education and Training Programs</b>					
<b>2.1</b>	I have attended in formal education or training programs focus on secondary market investments.					
<b>2.2</b>	I believe my educational background has prepared me to make informed and prudent investment decisions.					
<b>2.3</b>	Understanding financial concepts is crucial for making well-informed investment choices.					

2.4	I consistently seek out training opportunities to improve my investment abilities.					
2.5	I am satisfied with the standard of investment education and training offered in Nepal.					
2.6	I believe continuous education and training are essential for achieving success in investment.					
2.7	Investment education should be an ongoing learning journey for every investor.					
3.	<b>Financial Literacy</b>					
3.1	I have a strong understanding of key financial concepts such as interest, inflation and diversification.					
3.2	I am confident in my ability to make financial decisions.					
3.3	My financial literacy significantly influences the investment decisions I make.					
3.4	I regularly stay informed by reading financial news and reports.					
3.5	I feel I have a solid grasp of the complexities of the stock market.					
3.6	I believe that enhancing financial knowledge can significantly minimize investment risk.					
3.7	A high level of financial literacy is crucial for achieving success in stock market investing.					
4.	<b>Overall Investor Awareness</b>					
4.1	I regard myself as knowledgeable about the stock market.					
4.2	My awareness in stock market has improved over the past year.					

<b>4.3</b>	I frequently participate in seminars, webinars, or workshop related to the stock market investing.					
<b>4.4</b>	I frequently discuss stock market trends and strategies with other investors.					
<b>4.5</b>	My investment decisions are based on thorough research and analysis.					
<b>4.6</b>	I understand the importance of diversification in my investment portfolio.					
<b>4.7</b>	I actively seek information about companies before investing in their stocks.					
<b>4.8</b>	I understand the tax implications of my investments in the stock market.					
<b>4.9</b>	I stay updated with latest trends and developments in the stock market.					
<b>4.10</b>	I often engage in discussions about investments with my peers.					

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AUTHOR

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