

**FINANCIAL LITERACY AND FINANCIAL BEHAVIOUR OF BUSINESS  
STUDENTS IN GORKHA DISTRICT**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfilment of the requirements 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 “**Financial Literacy and Financial Behaviour of Business Students in Gorkha District**”. 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

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## APPROVAL SHEET

We, undersigned, have examined the dissertation entitled “**Financial Literacy and Financial Behaviour of Business Students in Gorkha District**” presented by Sabina Khatri, 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 worthy of acceptance.

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## ABBREVIATIONS

d.f.	Degree of freedom
et al.	Latin "et alii" meaning 'all others'
FL	Financial literacy
i.e.	that is
Max.	Maximum
Min.	Minimum
N	Number of Respondents
PS	Parental Socialization
SB	Saving Behavior
S.D.	Standard Deviation
Sig.	Significance Level
SPSS	Statistical Package for the Social Science
Std. deviation	Standard Deviation
VIF	Variance Inflation Factor

## ABSTRACT

The general objective of this study is to examine the financial literacy and financial behaviour of business students in Gorkha district. The specific objectives of this study are: to examine the current state of financial literacy of business students in Gorkha district, to analyze the relationship between financial literacy and financial behavior of business students in Gorkha district and to analyze the impact of financial literacy on financial behavior of business students in Gorkha district. This study employed descriptive and causal comparative research designs to deal with the fundamental issues of the study. The study has considered 400 samples for conducting the study through convenience sampling method. A structured questionnaire was prepared and used to collect information regarding various dimensions of financial literacy and saving behavior. Descriptive statistics, ANOVA, Pearson's correlation, multiple linear regression were used to make analysis of data.

The findings of this study affirm a robust connection between financial literacy and financial behaviour. Financial factors, represented by financial knowledge, financial behavior, financial attitude, financial awareness, and financial skill, collectively contribute to the financial behaviour. These results underscore the pivotal role that financial literacy plays in advancing financial behaviour and student's socio-economic status. Among the financial dimensions analyzed, Financial Behavior, Financial Attitude, Financial Awareness, and Financial Skill were found to have significant and positive impacts on financial behaviour. This suggests that promoting positive financial behaviors, fostering a favorable financial attitude, increasing financial awareness, and enhancing financial skills can significantly enhance the financial behaviour. These findings provide actionable insights for policymakers and organizations aiming to design effective financial literacy programs. The most important motives of saving for student were savings for emergencies, for fulfillment of daily needs, for medical treatment and for travelling. In this study, financial behavior and financial literacy are the influential factor of saving behavior of the students. It concluded that there is positive significant relationship between the financial literacy on saving behaviour

**Keywords:** *Financial literacy, financial knowledge, financial behavior, financial attitude, financial awareness.*

# CHAPTER - I

## INTRODUCTION

### **1.1 Background of the Study**

Financial literacy involves number of elements including basic numeric skills such as ability to calculate rates of return on investment and interest rates, an understanding of benefit and risk associated with particular financial decisions (Widdowson & Hailwood, 2007). Financial stability and independence in emerging adulthood influences numerous aspects of well-being such as education, career and identity formation (Bosch, et al., 2016). However emerging adults are struggling to find this stability and independence and they feel moderately prepared for financial adulthood (Seiffge-Krenke, 2013).

Financial literacy also makes understanding how money works and how to manage and invest. Developing skills and knowledge empowers people to use their available financial resources to make rational, efficient, and appropriate financial decisions. Financial literacy and financial inclusion are seen as related issues. Financial literacy is related to financial knowledge for making financial decisions. In contrast, financial inclusion concerns the availability and provision of financial products and services that meet an individual's demand (Finke & Huston, 2017). Financial literacy is a financial tool that prepares individuals to develop the financial knowledge, skills, and capabilities that support developing strategies to mitigate financial risk. Additionally, it may be used to enforce actions like avoiding debt and making sure that invoices are paid on time, which aids customers in maintaining their access to loans in the competitive credit markets. Financially literate people understand the fundamentals of money and assets; they are educated, informed, and aware of matters about assets, taxes, insurance, banking, investments, and money management (Semercioglu & Akcay 2016). They apply their financial knowledge and skills to understand financial situations and plan financial decisions (Gachango, 2014).

Financial literacy is still a fascinating topic in both rich and developing countries, and it has attracted a lot of attention lately, given how quickly the financial environment is changing. Atkinson et al. (2007) mentioned that financial literacy concerns understanding

financial products and concepts and their ability and skills to analyze financial risks and opportunities in a dynamic environment. By educating and empowering investors, financial literacy enables them to utilize their understanding of finance to assess goods and make investment decisions relevant to their business (Thapa & KC, 2020). More financial expertise is anticipated to aid in overcoming current challenges in advanced credit markets.

Over the past 20 years, the financial system of Nepal has become wider, and the number and type of financial intermediaries have grown rapidly. The education and knowledge regarding investment and saving have created hurdles like losing hard earnings. The restrictions on individual investors by several directives also prevent them from freely playing in the market with different opportunities. Literacy levels help an individual make wise saving and investment decisions. Financial education programs help to improve investors' saving and financial decision behaviors, but much more can be done to improve the effectiveness of these programs (Lusardi & Mitchell, 2017). Therefore, this study examines the current status of financial literacy and investment patterns of investors in the Nepalese share market. The paper also attempts to analyze the impact of financial literacy on investment decisions in the Nepalese share market.

Moreover, parents are the first teacher of any children. Most of the habits among children and their implicit socialization come from parents. Children have learning experience through observation, enforcement and reinforcement, practice and participation and deliberate instructions from parents (Jorgensen & Savla, 2010). Parental educational background and household income affects the saving tendency of students. Mother's level of education affected the tendency to save for students. Parental teaching becomes effective when different methods are combined such as: pocket money, teaching, controlling. The most effective strategy is teaching to save during childhood and adulthood. The propensity to save of those who receive parental teaching to save is always large than those who received no teaching (Buccioli & Veronesi, 2014). Many parents believe that family financial information such as income, savings, and debt should not be discussed with children (Solheim, et al; 2011).

In most of the studies, it is concluded that saving is an important component of an economy (Cheema, et al., 2018). The higher level of savings can stimulate investment in the economy. Many factors can influence savings behavior of university level students. The financial literacy and parental socialization are among such factors. The exact identification of such factors can facilitate in boosting savings and mobilize these for efficient utilization. How parental socialization and financial literacy affect the saving behavior is a question of concern. The difference in the saving pattern of students is also another question so this study is an attempt to address these questions. This study will be helpful for different banks and other financial institutions, policy makers and parents in getting the most appropriate information about the students saving behavior.

Financial literacy has recently drawn the attention of researchers, policymakers, investors, and financial institutions. Nowadays, the capability of managing and developing personal financial status is an important issue. People must make long-term plans for their investments in retirement and their children's education. Additionally, they must manage the finances for their medical and life insurance needs. Financial literacy is a basic concept that supports understanding the value of money and its use in daily life. This includes managing the incomes and expenditures of the people and making investments in the suitable sector for their future benefits. It also incorporates understanding everyday situations, such as savings, borrowings, credit, and insurance. Understanding financial terms and concepts is key to investing and managing funds, which supports increasing wealth and security. Financial literacy develops the awareness of Individuals for borrowing and investing money. Financial literacy is a component that develops financial skills and utilizes such financial knowledge and understanding to make beneficial financial decisions (Kumari & Ferdous, 2019). Therefore this study examine the Financial Literacy and Financial Behaviour of Business Students in Gorkha District

## **1.2 Problem Statement**

People make many types of financial decisions in their life. These decisions affect the financial management in long run. It is more necessary to make effective financial decisions in case of students as there is financial burden and expectations from family.

Skills and ability to manage financial resources are essential for daily life activities as they help people to deal with day to day financial matters and make right decisions. Financial activities like budgeting, saving and decisions affect student's long term goals, opportunities and financial well-being. These choices are influenced by many internal and external factors.

There are many researches regarding the parental influence on saving behavior of children (Salikin et al. 2016; Firmansyah 2016; Buccioli & Veronesi, 2014). Buccioli and Veronesi (2014) suggested that parental teaching is more effective than receiving the formal education at school and based on different socio demographic variables they show different behavior. Parents play a vital role in money management of children and their teaching methods determines the ability to meet financial issues in future. Parental teaching is more effective when different methods are combined. The most effective strategy is teaching to save during childhood and adolescence.

As per the fifth Household Budget Survey released by Nepal Rastra Bank (NRB) average household is saving only 13.92 percent of the monthly income and it is declining. Dhakal (2012) examined the general relationship between remittances and household expenditures and savings in Nepal and found that the remittance receiving households spend more and save more. Nepal and Thapa (2015) found that major parts of financial behavior of students are maintaining the records of finances, spending money, money management, saving and use of income. The student deposit the savings into bank account, use it when the income is low. The study showed that most of the students are involved in bank saving and they prefer it than investing in commodities and insurance.

There are many determinants of saving behavior like: financial literacy, peer influence, self control, gender (Karunaanithy, et al., 2017). However, only few attempts have been made to study both financial literacy and parental socialization influence on saving behavior of students. In the context of our country almost no research has been made combining these variables so moving to conclusion with the existing literature is difficult. Therefore, study aims to examine the financial literacy and financial behaviour of business students in Gorkha district. The study deals with the following issues:

- i What is the current status of financial literacy of business students in Gorkha district?
- ii Is there any relationship between financial literacy and financial behavior of business students in Gorkha district?
- iii What is the impact of financial literacy on financial behavior of business students in Gorkha district?

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

The general objective of this study is to examine the effectiveness of financial literacy on saving behavior of business students in Gorkha district.

The specific objectives of this study are as follows:

- i. To assess the current status of financial literacy of business students in Gorkha district.
- ii. To analyze the relationship between financial literacy and financial behavior of business students in Gorkha district.
- iii. To examine the impact of financial literacy on financial behavior of business students in Gorkha district.

### **1.4 Rationale of the Study**

The growing body of the research on financial literacy and saving behavior of individuals has tried to establish appropriate ways to measure the savings of a country, to understand the savings motivations and the saving behavior of people at different ages, with the aim to finally encourage saving through appropriate government policies. Few studies have investigated the development of money attitudes, saving attitudes, money management and saving behavior above the age of 18. Such an investigation helps to further understand the development of this economic behavior and the existing saving theories.

Financial education programs are geared towards positive financial behaviors. They aim at increasing savings, improving personal financial planning, financial knowledge as well as financial management of income and credit. Financial well-being may mean a state of being financially healthy, happy and free from worry. Young people tend to worry about

money. Accumulating debt at a young age certainly does not assist a smooth start as economic agent.

This research is conducted to identify the influence of financial literacy and financial behaviour of business students. Educators and regulators will be able to develop appropriate programs and design relevant financial courses to help students in managing personal money and avoid the debt tracks. The results are also useful and relevant for policy makers, students, researcher, academician, businessmen and government.

### **1.5 Limitations of the Study**

Some limitations of this study are as follows:

1. The data for the study has been collected through self-administered questionnaire and requested to be honest as far as possible, thus accuracy of result depends upon the accuracy of the respondents.
2. The data collection for this study was made through questionnaire therefore there might be biasness in the answers collected from respondents.
3. The study is based on data collected from Gorkha district and not being able to collect data of entire Gorkha. So results from study may not be generalized in other places.
4. This study has limited sample size of 400 only.
5. There are various factors like geographical location, demographic factors, political factors, fiscal policy, monetary policy which influence savings behavior of student but study has only collected data referring financial literacy and financial behaviour that is limitations.

## **CHAPTER - II**

### **LITERATURE REVIEW**

#### **2.1 Conceptual Review**

In this chapter, the focus lies on delving into the conceptual aspects surrounding financial literacy, while simultaneously conducting a comprehensive examination of relevant literature that pertains to financial literacy and its influence on investment choices. The literature related to the determinants of financial literacy is also thoroughly analyzed and clarified. Within this chapter, the researcher delves into exploring the fundamental definitions and theories that underpin both the independent and dependent variables, with the primary objective of uncovering the inherent connection between these variables.

Financial literacy is a comprehensive understanding of financial concepts, tools, and principles that enable individuals to make informed and effective financial decisions, manage resources, and navigate complex financial environments. It involves a combination of financial knowledge, skills, and attitudes that enable individuals to understand and address a variety of financial issues such as budgeting, saving, investing, borrowing, and planning for the future (Lusardi & Mitchell, 2014; Demirguc-Kunt & Klapper, 2012).

Financial literacy is the knowledge of basic economic and financial concepts and the ability to use this knowledge and other financial skills to effectively manage financial resources and ensure financial well-being throughout life (Hung et al., 2009). This is the extent to which someone understands important financial concepts and how well they manage their personal finances through appropriate short-term decisions and sound long-term financial planning, taking into account life events and changing financial circumstances. It is a measure of one's ability and confidence to manage (Amoah, 2016).

It helps women better understand financial issues, process financial information, and make informed decisions about their finances. Financial literacy is directly related to personal well-being (Sharma & Joshi, 2015). In recent years, financial literacy has attracted the attention of a variety of large banking companies, government agencies, grassroots consumer and community interest groups, and other organizations.

Stakeholders, including policymakers, are concerned that consumers lack a working knowledge of financial concepts and the tools they need to make decisions for their financial health. This lack of financial literacy can impact individuals and families' day-to-day financial management and ability to save for long-term goals such as buying a home, pursuing higher education, or financing retirement and inefficient financial management can also lead to behaviors that make consumers vulnerable to severe financial crises (Mandell & Lewis, 2006).

## **2.2 Theoretical Review**

Financial literacy encompasses an individual's comprehension of financial principles and ability to use that knowledge skillfully to make prudent and accountable financial choices (Arianti, 2022). Behavioral finance theory acknowledges that individuals may not always behave rationally in financial matters due to cognitive biases and emotions. The theories of financial literacy theory argue that investors with a high level of knowledge and skills regarding investment decisions can analyze the rationality of financial products and services. The dual-process theories mention that the investors' thinking styles and decision-making capabilities are based on intuition and cognition. The theories embrace the idea that investment decisions are led by both the intuitive and cognitive processes of the investors (Idowu, 2010).

Financial literacy can counter these biases by enabling individuals to think critically, analyze information, and make logical financial choices. A number of factors like creating and maintaining a budget; understanding of saving and investing; knowledge about different types of debts, interest rates, and how to manage debt responsibly is essential for avoiding financial pitfalls; knowing how credit scores work, the importance of good credit, and how to build and maintain a positive credit history are essential aspects of financial literacy; understanding banking products, such as checking and savings accounts, certificates of deposit, and other financial services, helps individuals manage their money efficiently; knowledge of various insurance types, including health, life, home, and auto insurance, enables individuals to protect themselves and their assets from unforeseen events; is vital for financial planning; aware of retirement options, such as employer-sponsored retirement plans; setting clear financial goals and developing a plan to achieve them is a crucial part of financial literacy; understanding risk and how it

relates to investments, financial decisions, and overall financial well-being is essential; and having a basic understanding of economic concepts like inflation, interest rates, and the overall economic environment helps individuals make better financial decisions (Fisher & Anong, 2012).

Further, Income perceived need for money, bank accounts, self-control, and future orientation are the factors that drive ability to save in childhood and adolescence (Webley & Nyhus, 2005). Receiving money irregularly for certain activities more frequently, having bank accounts, having certain goals in future increases the propensity to save. As receiving money in childhood is the first chance to spend or save real money.

Similarly, motives, self-efficacy, attitudes towards saving were factors affecting the willingness to save in childhood and adolescence (Shim, et al; 2009). An individual have simple goals in their mind for saving. Confidence will be important for the formation of saving goals. Lifestyle while growing up affects consumption pattern. It is necessary to know the reason for saving and saving strategies.

In addition, Otto. (2013), explained that children and adolescents' ability and willingness to save did not only develop as a result of social learning (i.e. observation of role models) and direct teaching (such as explanations and guidance with regard to the spending and saving of pocket money or allowances). Skills and attitudes related to the saving were indirectly related to parenting behaviors which led to higher self-efficacy beliefs, better self-regulation strategies and more independent economic behavior.

Similarly, Salikin, et al. (2016), mentioned about the problems of doing saving in university life, such as uncertainty about where the money is spent, talking money from parents or others without permission for the spending which are driven by their desires rather than economic needs. Students have some reason of doing saving such as to achieve goal, do saving until the end of semester and do saving for paying down debts.

Karunaanithy, et al; (2017), there are various theories that explained saving behavior, which could be grouped into two broad categories. The first group consists of financial theories, which starts with Keynesian absolute income hypothesis (1936), followed by Duesenberry's relative income hypothesis (1949), Modigliani & Brumberg life cycle hypothesis (1954), and Friedman Permanent income hypothesis (1957). They all agree

that income is not only one and only determinant of saving while they also focus on other factors as well.

Karunaanithy, et al; (2017), also explained that towards the end of 20<sup>th</sup> century, theories of behavioral psychology started to focus on saving behavior, since saving is a behavior affected by beliefs, attitudes and motivation as well as self- determination and social norms. Two prominent psychological theories, namely the theory of planned behavior (1991) and self- determination theory (1985) are of great use in understanding saving behavior.

### **2.2.1 Absolute Income Hypothesis**

Keynes. (1936), introduced the notion of marginal propensity to save. Absolute Income Hypothesis states that savings and consumption are caused by disposable income and both are positively correlated with it. In other words, while disposable income increases, consumption also increases, but it will increase less than income. Therefore, with revenue growth and average consumption the trend is correlated negatively and the average saving trend is correlated positively with income. It means saving is only possible if an individual have more income to meet basic needs. An individual can save only after meeting the liabilities. If individual meet all the liabilities from all the available income then individual may not be able to save.

### **2.2.2 Relative Income Hypothesis**

Duesenberry. (1949), developed relative income hypothesis and explained that individual's attitude to consumption and saving is determined by income level in relation to others than by abstract standard of living. Individuals make consumption decision depending on income of the society in which they live, i.e. relative income of consumers. Individuals don't like to consume less than others do. Poor people consume and spend more than rich people because they want to fulfill the consumption gap. First hypothesis says that consumption depends on both absolute level of income and relative income. Second hypothesis says that level of consumption is not only influenced by present level of income but also by previous consumption.

### **2.2.3 Permanent Income Hypothesis**

Friedman. (1957), introduced permanent income hypothesis and explained that individuals spend their money in consistent with their expected long term income. There is difference between permanent and transitory income. The income which deviates is transitory income and the stable level of income is permanent income. Permanent consumption is determined by permanent income and it is not affected by temporary income. When the level of income is not stable then it directly affects saving behavior of individuals. Factors such as wealth, age, human health and income distribution effecting permanent income affects the saving and consumption patterns of individuals.

### **2.2.4 Life Cycle Hypothesis**

Modigliani & Brumberg. (1954), developed life cycle hypothesis and explain that people plan pertains their saving and consumption over their life span. People make balanced consumption by earning and saving for future. People are free to maintain their lifestyle as they want therefore consumption level is free over every period. Income and consumption level varies at different stages of life. At young age income is low it increases with the movement towards maturity and again decreases when moving towards end of maturity. During starting of family people consume more and borrow more. Later when moving towards maturity they save more due to high income and less consumption. During end of maturity period, people plan for retirement. The life cycle hypothesis explain how saving and spending varies over a life span.

### **2.2.5 Theory of Planned Behavior**

Ajzen. (1991), stated that there are three factors that influence the intention and thus affect human behavior. They are as follows: a) Attitude toward the behavior (degree to which person has favorable and unfavorable evaluation) b) Subjective norm (perceived social pressures that influence one's behavior, whether to behave in a certain way or not) c) Perceived behavioral control (how a person perceives her necessary resources and opportunities to behave in a certain way). These factors affect intentions that in turn affect behavior.

There is no such definition of financial literacy satisfying all types of readers. The organization for Economic Cooperation and Development (2005) defines financial literacy as: the process by which financial consumers/ investors improve their understanding of financial products and concepts and through information, instruction, or advice, develop skills and confidence to become aware of financial risks and opportunities to make informed choices, to know where to go for help, and to take other effective actions to improve their financial wellbeing. There are many studies carried out among the students including school and college students on financial literacy. Some of them used pure demographics variables for evaluation while others analyzed based on stream of education and other personal characteristics.

Several studies indicate positive effects of financial literacy on saving behavior. More precisely, individuals with higher financial knowledge are more likely to engage in financial products and services, cash flows management, saving and investment (Hogarth & Hilgert, 2002). Other research suggests that people who participated in a financial curriculum in high school improved their savings behavior and showed higher net worth as adults (Bernheim, et al; 2001). In addition, several studies provide clear evidence that financial literacy has positive impacts on saving behavior of adults (Fry, et al, 2008). Some studies suggest that financial education does not improve financial literacy (Mandell & Klein, 2007). Past research has found that financial literacy can positively direct financial behavior and help strengthen one's financial status (Lusardi & Mitchell, 2014).

Researchers assert that financially literate people would know how to manage their money, understand how financial institutions work, and possess a range of analytical skills. Furthermore, they would know how they should handle their financial affairs and how to be responsible financially (Beal & Delpachtra, 2003). In some studies, financial literacy has been described as understanding and knowledge of basic concepts, and the ability to use them to plan and manage their financial decisions (Hogarth, 2002).

Van Rooij, et al; (2011), revealed that individuals who are financially illiterate do not plan and are less likely to invest in high risk investments such as stocks. In the context of University students, Beal and Delpachtra. (2003), examined financial literacy amongst

undergraduate students in Australian regional university and found that most students who participated in survey scored fairly well for financial literacy. In particular, business students scored better in comparison with other majors. In terms of gender differences, male students in Malasiya have higher level of financial knowledge than female (Falahati & Paim, 2011).

Jorgenson and Savla. (2010), conceptualized financial literacy as the relationships among financial knowledge, financial attitudes and financial behavior. Hogarth. (2002), defined financial literacy as it is the way that how individuals managed their financial resources in the form of investment, insurance, budgeting and saving. Financial literacy is an expertise or skill that can help individuals to make an effective financial decision. The individual's way of managing and saving behavior changed due to financial literacy. It describes in some studies that the financial literacy act as the awareness of financial ideas and capability to deal their financial issues (Hogarth, 2002).

In addition, Age, gender, language, race and income level do not have impact on the level of financial literacy among the undergraduate level students (Clercquet, et al., 2009). Nidar and Bestari. (2012), investigated the level and factors influencing the personal financial literacy of 400 students in Padjadjaran University of Indonesia and found that level of personal financial literacy was low especially in investment, credit and insurance. The study also showed that level of education, faculty, personal income, knowledge from parents, parents' income and ownership of insurance factors have significant impact on personal financial literacy. Heekenda. (2014), explored the existing pattern and the levels of disparity of the functional financial literacy using quantitative data from urban, rural and state sector and found that the socio-economic-demographic characteristics have a very strong association with the financial literacy of individuals. Agarwalla, et al., (2013), identified that there is the influence of various socio-economic factors on different dimensions of financial literacy among the working students in urban India. A few factors specific to India, such as joint family and consultative decision making process were found to significantly influence financial literacy in urban India students.

Some of the studies suggested that the stream of the education is one of the indicators for determining financial literacy of the students (Peng, et al., 2007; Robb & Sharpe, 2009; Ramasawmy, et al., 2013, and Fatoki, 2014). Ramasawmy, et al., (2013), in Mauritius examined the level of awareness of financial literacy by survey among management students at the university of Mauritius. Four fundamental aspects in financial literacy were considered: level and importance, definitions and theories, constraints and measure to improve financial literacy. They found that management students are attached with sound level of importance to financial literacy to their subject of study. However, according to the results, most students have a medium level of knowledge and skills in financial literacy and in savings and borrowings. They did not find the significant difference in the financial literacy level between male and female's ability to read, analyze, manage and communicate was found significantly different. Similar type of study was carried in South Africa, by Fatoki (2014). Fatoki. (2014), found that financial literacy impacts on an individual's financial decisions especially in the area of savings, borrowing, retirement planning, or portfolio choice. It was also found that non-business students have a low level of financial literacy in comparison to business students.

Financial behavior, attitude and influence are related to financial knowledge (Jorgensen, 2007). Hathaway and Khatiwada. (2008), provided critical analysis of the impact of financial education programs on consumer financial behavior but the empirical relationship between financial knowledge and behavior was not found. It may be that savings behaviors are associated with factors other than financial knowledge and attitudes. However, Hilgert, et al; (2003), provided some support for a link between financial knowledge and better financial practices. They used monthly survey data from the University of Michigan's Surveys of Consumers and constructed indexes that represent the level of households' participation in each of four financial management practices: cash flow management, credit management, saving and investment.

### **2.3 Empirical Review**

Sudeshna and Balakrishnan (2024) examined the individuals financial literacy and financial behavior. The objective of this paper is to attempt to understand the level of financial literacy of individuals. The relationship between financial literacy and financial

behaviour is also studied. Although several studies have been conducted in the subject of financial literacy but not many have considered impact of financial literacy on financial behaviour. This paper helps to fill this gap. For the purpose of the study convenience sampling was followed and 100 responses were collected. The study uses questionnaire method of data collection. The study found that financial literacy has been recognized as a key skill for individuals who are embedded in an increasingly complex financial scenario. Financial literacy helps individuals make more assertive and efficient decisions in the monetary context of their lives. This paper measures the level of financial literacy of individuals and analyses the relationship between financial literacy and financial behaviour. The results of the research show that individuals have a reasonable level of financial literacy. On analysing financial behaviour of individuals it was found most of them exhibited moderately positive financial behaviour. It is also observed that financial literacy can enhance people's skills and abilities to make more informed choices and ultimately lead to a positive financial behaviour. Thus one can conclude that increasing the level of financial education stimulates wise economic behaviour.

Subedi (2023) analyzed the financial literacy and investment decisions in Nepalese share markets. This study examines the role of financial literacy on the investment decisions of investors in the Nepalese share market. Financial literacy is expressed in personal saving, risk tolerance, investment options, and financial knowledge. This study employs a causal-comparative research design. The investors who have traded in the Nepal Stock Exchange (NEPSE) and invested their money in the share capital of the companies are the population of the study. The data were collected through a structured questionnaire using the convenience sampling method from 384 respondents of Kathmandu Valley. Pearson correlation and multiple regression analysis have been used to analyze data. The study results revealed a positive and significant relationship between the dimensions of financial literacy and investment decisions in the Nepalese share market. Low financial literacy and lack of financial information affect the ability to save and make sound financial decisions. Ignorance of basic financial concepts results in negative behavior in saving and investment decisions. The study suggests conducting financial education programs to help improve investors' savings and financial decisions.

Rachmadini and Damayanti (2023) examined the influence of financial literacy and financial inclusion recognizing their significance in promoting sustainable development. The research methodology involves the collection of primary data through questionnaires administered to a sample of housewives residing in West Java. In addition, secondary data is utilized to augment the analysis. Key variables examined financial literacy, planning capabilities, decision-making authority, crisis management, financial inclusion, and overall savings. The data is subjected to descriptive statistics and regression analysis to extract meaningful insights. Need of understanding in monetary things regularly leads people to form rash monetary choices, which can have negative results for their retirement plans. Investigate shows that roughly one out of each three Malaysians considers their monetary information to be constrained. Moreover, around one in ten people concede to missing monetary teach. All inclusive, ponders uncover that 35 percent of men have way better budgetary proficiency compared to 30 percent of ladies. The study's discoveries emphasize that angles such as yearnings for budgetary security, the inspiration to be debt-free, startling monetary difficulties, and powerful budgetary direction operators all play critical parts in forming monetary proficiency behaviors relating to retirement arranging among single working ladies.

Faulkner (2022) analyzed the financial literacy around the world: what we can learn from the national strategies and contexts of the top ten most financially literate nations. The study concluded that despite the fact that the United States is one of the wealthiest nations in the world, it is not among the most financially literate. Individuals in the U.S., on average, have relatively large amounts of money about which they must make decisions, but they do not have commensurate levels of financial literacy. This research explores the financial literacy contexts and national strategies at play in the most financially literate nations in the world: Australia, Canada, Finland, Germany, Israel, the Netherlands, Sweden, and the United Kingdom. This article utilizes content analysis to explore the existing scholarly literature, national financial literacy strategies, and associated policy literature in these highly literate nations. This research will provide librarians in the U.S. with a broader context, both internationally and beyond library science literature, through which to view our own financial literacy participation, and to consider ways in which the financial literacy efforts at play in these other nations may

provide us with ideas to expand or alter our efforts on national, local, and individual levels. Librarians in other nations may also benefit from this international view of financial literacy and be able to apply new concepts or ideas to their own financial education efforts.

Falak, et al; (2022) examined the role of financial literacy in achieving financial inclusion. This paper carries out a mapping, scientometric and content analysis by compiling studies at the intersection of financial literacy and financial inclusion from a sample of 10,091 studies spread over the last 45 years and conducted on a sample of more than 850,000 individuals worldwide. The study found that the number of studies increases; by fields, finance and economics dominate the literature; by countries, most studies come from developed countries, in particular the US; by authors, citations are skewed and by measures; studies are moving from non-functional measures to functional measures. Overall, the interest in financial literacy in bringing financial inclusion and its multifaceted role is elaborated using conceptual framework following which future research is positioned. Thus, aiding policymakers, regulators, and academicians to know the distinction of financial literacy in financial inclusion and to identify the potential research areas. The study found that financial inclusion is an international policy agenda and can be achieved through financially literate people, who can make informed financial decisions and improve individuals' well-being. The area of Financial Literacy and Financial Inclusion is fairly highlighted in the literature; however, the collective importance of how these two areas are researched together needs scholarly attention.

Ankita (2022) examined that financial literacy can be define as a set of knowledge and skills that allow individual to make informed and effective decision related to money. In India, women assess to financial services has increased substantially faster in the past few years. The increasing liberalization in women social status has shown positive change in condition of women in India. Women are good in saving, budgeting and managing household expanses but they take their steps back when it's come to take large financial decision and they depends on their male counterpart, believing them to be financial experts. A minimum level of financial literacy in necessary for the women so that they can take their financial decision. The present study was conducted to access the level of financial literacy among the women of Lucknow region. Thus a structured questionnaire

was distributed among women in Lucknow region. The result of the analysis revealed that financial literacy level of women in Lucknow region not enough and strong variation in various socio- demographic and economic variables.

Raman (2022) examined the Global Financial Literacy Excellence Center, merely 24 percent of the adult population in India possessed financial literacy. Remarkably, India's financial literacy rate stands as the lowest among major emerging economies, attributed to inter-state disparities, a lack of formal training, and awareness. Although other emerging economies boast superior financial literacy rates, there is still considerable room for further enhancement. Amid the COVID-19 pandemic, the urgency of financial literacy has escalated. Particularly affecting the middle-class, this crisis has brought forth financial challenges stemming from job loss, lockdowns, liquidity constraints, substantial medical expenditures, suboptimal investment practices, and a nonchalant attitude towards savings. Amid this context, women's circumstances have become more daunting than ever. This study critically evaluated the current state of financial literacy of people in different places of Lucknow and examined its potential to empower women within economies like India.

Tinghog et al. (2021) analyzed the reasons behind the gender gap in financial literacy. They explored whether this gap is present in contexts not involving numbers, whether it's linked to confidence in financial matters, and if stereotypes affect women's financial knowledge. The research used data from the Swedish Standardized Scholastic Aptitude Test with over 40,000 participants and conducted a large online study with almost 2,000 participants. Various methods, including vocabulary surveys and experiments, were employed. The results indicated that the gender gap in financial literacy persists even when dealing with non-numerical financial topics. This suggests that the gap extends beyond just numbers to encompass understanding financial concepts presented differently. It was also found that the difference in financial literacy between genders was not due to differences in displayed confidence levels. Instead, the analysis revealed that gender influences financial literacy indirectly through financial anxiety and problems. This implies that stereotypes about women's financial abilities contribute to the observed gap. In Improving women's financial literacy is extremely important because of the differences in financial asset management that women now have over males. While a

great deal of research has been done on the factors that lead to saving behaviour in developed countries, little is known about these factors in traditionally male-dominated social regimes such as Saudi Arabia. The study collected data via a pattern study including 1,368 women from various socioeconomic strata in Saudi Arabia, and hypotheses were tested using partial least squares (PLS) approach modelling with SmartPLS. Outstandingly, the study emphasizes the positive commitment of budgetary self-efficacy and adapting behaviors to improving budgetary strengthening. For all intents and purposes, the study proposes the arrangement of money related proficiency instruction and preparing, nearby endeavors to cultivate monetary socialization, to development the budgetary well-being of Saudi ladies.

Koomson et al. (2021) examined the impact of a combination training programme that emphasises financial literacy and saving behaviour on household spending, a critical measure of wellbeing. Using data from a randomised controlled experiment conducted in Ghana, we assessed initial balance and measured the subsequent impact using ordinary least squares methodology. The study's findings demonstrate that how financial literacy influences household spending depends in part on how the course is designed and implemented. A more muted effect is observed when financial literacy teaching is provided in isolation. The results of the study showed that the way the course is created and delivered affects how financial literacy affects household expenditure. When financial literacy instruction is given in isolation, the effect is more subdued. But when financial literacy training is included to a curriculum on saving behaviour, the short-term impact on household consumption is larger. The collaborative strategy dramatically increases household consumption, especially in families led by women and younger people.

Iram et al. (2021) examined the element that affects entrepreneurship, especially in poor countries. However, there is still a lack of research on the variables influencing financial literacy and how it affects the investments made by female entrepreneurs. In order to close this gap, the study suggests that the degree of financial literacy of female entrepreneurs acts as a mediator between the behavioural components of the prospect theory framework—namely, loss aversion, regret aversion, mental accounting, and self-control and their decision-making process when making investments. In order to

investigate the proposed correlations between these variables, the study uses structural equation modelling on a stratified sample of 579 women entrepreneurs who operate in Punjab, Pakistan. The findings show that women entrepreneurs' financial literacy and investment decision-making processes are highly influenced by loss aversion, regret aversion, mental accounting, and self-control.

Bhaskaran et al. (2021) analyzed how financial awareness influences the saving and investment behaviors of rural women in India. The manner in which people invest bridges the gap between their savings and personal needs. A nation's economic growth can be gauged significantly by the accumulation of capital and trends in investment within financial markets. This study specifically examines the investment behaviors of 335 rural women in Jalandhar district, India, with a focus on the impact of financial awareness. The association between financial literacy and saving and investment behaviors is explored across five key domains: demographic variables, financial control, financial planning, financial product selection, and financial literacy. Findings indicate that rural women are aware of diverse investment options available in the market; however, their investment choices are influenced by factors such as familiarity, safety, and assured returns. This study underscores the need for policymakers to prioritize enhancing financial awareness rather than exclusively concentrating on financial literacy initiatives.

Gentjan, et al; (2021) analyzed the improving financial capability: the mediating role of financial behavior. This study investigated the collective impact of financial literacy and inclusion on individuals' financial capability focusing on the mediating role of financial behaviour. The research is conducted on an individual-level survey. The relationships were examined by using PLS-SEM. Financial capability can be improved by increasing individuals' financial knowledge, financial behaviour and promoting their inclusion in financial services. Furthermore, the indirect effect of financial knowledge and attitude on financial capability is found to be significant, highlighting the importance of financial behaviour. The results assist policymakers and industry leaders in understanding the most influential factors on financial capability in the context of a post-communist transition country. This enables them to design policies and services aimed at equipping citizens with knowledge and skills to make best use of their financial resources.

Bongomin, et al; (2020), examined the role of financial intermediaries in promoting financial literacy and financial inclusion among the poor in developing countries. The main purpose of this study is to establish the mediating role of financial intermediaries in the relationship between financial literacy and financial inclusion of the poor in developing countries with data from rural Uganda. The data for this study were analyzed using Partial Least Square (PLS). The results revealed that financial intermediaries significantly mediates the relationship between financial literacy and financial inclusion. The presence of financial intermediaries such as microfinance banks enhance financial literacy to increase the scope of financial inclusion of the poor in rural Uganda. Thus, policy makers and advocates of financial literacy, especially in developing countries should use financial intermediaries such as microfinance banks to roll out financial literacy programs. This can be achieved through provision of financial literacy clinics, workshops and seminars where the poor can learn about personal finance using hands-on approach. This will help them to make wise financial decisions and choices towards consumption of complex financial products offered by the rural-based financial institutions.

Islam et al. (2020) analyzed the effects of business and financial literacy on people, with an emphasis on households and people living close to Sundarban protected areas, who suffer from low levels of literacy and poor money management abilities. By empowering individuals to take advantage of opportunities and resources, the Financial and Entrepreneurship Literacy Programme (FELP) aims to improve their prospects for a living. The study uses a combination of qualitative and quantitative research methodologies to collect primary data from FELP participants via semi-structured questionnaire surveys. To determine the effectiveness of the FELP programme, research is carried out about a year after it is put into place. Statistical software like Stata and Microsoft Excel are used in data analysis. According to the study's findings, 74% of FELP beneficiaries play a positive role in their families, whereas 90.83% may keep track of daily revenue and expenses and manage business records. Additionally, 81.67% of recipients work outside the home to support their families by engaging in income-generating activities. The FELP framework significantly increases the chance of saving behaviour, as evidenced by the significant difference in saving behaviour between the

FELP and non-FELP groups ( $t = 6.06, p < 0.00$ ) as revealed by a two-sample t-test. The positive relationship between financial literacy and saving behaviour is confirmed by regression analysis, which also reveals that women who are empowered by FELP score higher. This study explores the complex relationship between financial literacy and saving behaviour and promotes the advancement of saving behaviour via the merger of sound financial literacy and entrepreneurship.

Kumari et al. (2020) investigated the impact of financial literacy on rural Sri Lankan underprivileged people ability to pursue economic development. The sample consists of low-income families from all nine provinces in the nation who are below the poverty line. A total of 386 completed questionnaires were taken into account for the final analysis out of 426 that were disseminated. The study uses a 24-item assessment questionnaire to evaluate the five main areas of women's economic: financial well-being, community leadership, control over income and expenses, decision-making authority, and control over time allocation. A 25-item scale that covers financial awareness, knowledge, abilities, attitudes, and behaviour is also used to evaluate financial literacy. Data are gathered by researcher-administered questionnaires, and Cronbach's Alpha coefficients are used to evaluate the study's reliability. From among the 25 districts in each province, a sample of women-headed rural households is chosen using multilevel mixed sampling. For data analysis, a partial least squares structural equation model (PLS-SEM) is used, with Smart PLS 3 being the primary analytical tool. With SPSS 22, descriptive analysis is carried out. The results show that financial literacy has a substantial impact on rural poor women's ability to take charge of their own economic destiny.

Lebaron, et al; (2020) examined the financial literacy, parental socialization and saving behaviour. The study took sample size of 90 students. Both parent initiated and child initiated financial discussions occurred. Parents initiate conversations by sharing their own financial experiences and stories and children initiate by asking questions about money. The study found that parents were perceived as more important socializing agents of credit card use than media, schools, and peers. Moreover the more information they received from parents about wise credit use, the lower their outstanding credit card balances. A longitudinal study of college students at the University of Arizona found that parents, school and work influenced first year college students' financial learning.

Parental involvement and financial knowledge were associated with students' positive financial responsibility attitudes and behaviors.

Zhu and Chou. (2020) analyzed the saving behavior of university level students. The study used analysis of chi square test, Tucker-Lewis Index (TLI), Root Mean square error of approximation (RMSEA) with sample size of 200. The study found that parental financial socialization shows that parental financial behavior is the mediator between family income and financial literacy. Influence from parents found to be key positive impact to children's future orientation. Parents should practice discussing financial matters with family members, encourage their children to save since they are young and display a positive financial behavior so that they could become the role model to their children in managing their financials matters.

Niazi and Malik (2019) analyzed the moderating effect of financial knowledge on investment decision-making and financial attitude. The study's main goal was to examine how financial literacy significantly modifies investment variety in relation to sociodemographics, financial attitudes, and decision-making behaviours. Descriptive research design was used in the study by the researchers. A questionnaire was used to gather primary data. A questionnaire was created, and 775 respondents' answers were gathered. A correlation matrix and descriptive statistics were used in the data analysis. Furthermore, investment variety improves as age, education, and income rise. The fact that 64% of respondents were unable to understand even the basic questions highlights the need for lawmakers to declare a financial literacy emergency. As a result, the study's findings indicate that the respondents' level of financial awareness is low.

Brau, et al; (2019) analyzed the financial literacy among college students: an empirical analysis. This study examined the efficacy of learning sources associated with financial literacy in young adults. The study survey nearly 1,500 college undergraduate students entering classes where financial principles are taught. The survey consists of a financial literacy quiz to determine the state of the participants' existing financial knowledge. Additionally, the study gathered socio-demographic data in three areas: 1) family and background, 2) formal learning activities, and 3) experiential learning activities. The study model examined financial literacy as a function of these three sources of learning.

Surprisingly, the results showed that family and background have little impact. Further, while some types of formal learning activities enhance literacy, the most significant impact is associated with experiential learning.

Khatun. (2018) examined the relationship among financial literacy, parental socialization and saving and from the study; researcher revealed that saving behavior is directly influenced by financial literacy. Higher level of financial literacy enables the students to understand the importance of saving. It also found that parental socialization has direct impact on saving behavior. This might be due to the reason that when people become literate then they understand the value of money and develop understanding of investment and generation of wealth then they will focus on saving.

Afsar, et al; (2018) revealed that saving behavior of university level students are directly affected and has positive impact with parental socialization and financial literacy. The relationship between parental socialization and with financial literacy is stronger in comparison with other because the financial literacy level of individuals not only increases due to getting financial education but also due to parent's guideline, teaching and encouragement. Therefore, Khatun (2018) and Afsar, et al. (2018) both use the same analysis tools and found similar finding that financial literacy and parental socialization has direct impact on saving behavior of individuals.

Dangol and Maharjan. (2018) explored the influence of parental and peer influence on saving behavior and revealed that parental financial teaching had direct impact on saving behavior of students whereas parental educational background cannot influence the saving behavior similarly study also revealed that the influence of gender, income and marital status is insignificant on saving.

Karunaanithy, et al; (2017) considered variables like: financial literacy, parental socialization, peer influence and self-control effect on saving behavior and diagnosed that financial literacy and parental socialization has direct impact on saving behavior. When parents save, their children would also save, since parents can guide and motivate them out of their experience similarly when there is increment in education level then saving tendency increases on students.

Ariffin, et al; (2017) examined the relationship between financial literacy and saving, researcher found that saving behavior has direct relationship with financial literacy and individuals with higher level of financial literacy are more likely to save or invest.

Bayar, et al; (2017) explored impact of financial literacy on personal saving and revealed that financial literacy; earnings level, age and education level affect the personal saving positively whereas risk tolerance has negative impact on saving.

Barni, et al., (2017) revealed that socialization includes shared expectations, family bond, family value climate and relational perspective. Therefore, conservatism, openness to change, self enhancement and self transcendence of children were taken to measure the socialization of children and revealed that both parents value self transcendence as most important type of value to transmit to their children followed by conservatism, openness to change and self-enhancement. Similarly, parent's personal values also predict the socialization for their children.

Albeerdy and Gharleghi. (2016) analyzed the effects of education, financial socialization agents and money attitude on financial literacy and diagnosed that education, financial socialization agents and money attitude has direct influence on financial literacy and also found that among various factors, education was proven to have strongest influence on financial knowledge.

Jamal, et al; (2016) investigated how financial literacy and social influence effects on saving behavior. Financial literacy plays an important role in shaping students saving behavior. Family influence was regarded as the most powerful and significant factor affecting saving behavior as compared to other variable like: peers and financial literacy. Influence from parents found to be key positive impact to children's future orientation. Parents should practice discussing financial matters with family members, encourage their children to save since they are young and display a positive financial behavior so that they could become the role model to their children in managing their financials.

Firmansyah. (2016) examined the influence of family background on saving behavior and found that parents are primary teacher of children and when parents teach their children then advice from parents have direct impact on saving of children. Similarly, parents with higher educational background are familiar with more experience and knowledge about

financial problems sharing such problem to children lead to increase in saving behavior on children.

Mahdzan and Tabiani. (2016) examined the influence of financial literacy on individual saving and revealed that the level of financial literacy had a significant positive impact on individual saving. Additionally, saving regularity, gender, income and educational level influenced saving positively.

Gedela. (2016) analyzed determinants of saving behavior and revealed that income is the most crucial factor of saving behavior. In the tribal households one percent income leads to 71.1 percent increase in household savings and similarly male headed households save more than female headed households.

Salikin, et al; (2016) analyzed the effect of parental background on saving behavior of students in Malaysian local university and revealed that parental educational background affects respective percentage and purposes of savings. If parents have higher level of educational background then students separate lower amount for savings. The other found that parental educational background cannot influence the saving behavior whereas study found that there is opposite relation between the parental educational background and saving behavior.

**Table 1***Summary of Empirical Review*

S.N.	Author & Date	Objectives	Methodology	Findings
1.	Sudeshna & Balakrishnan (2024)	The objective of this paper is to attempt understand the level of financial literacy of individuals.	For the purpose of the study convenience sampling was followed and 100 responses were collected. The study uses questionnaire method of data collection.	The study found that most of the respondents (64%) have a reasonable level of financial literacy. This is a positive sign. It is found that 80% of the respondents are well aware of basic literacy concepts such as simple interest, inflation, credit cards and savings interest rate. Only 56% of the respondents are well aware of advanced literacy concepts such as long period returns, stock price fluctuations, risk/return on stocks/bonds and diversification. Majority of the respondents have a moderately positive behaviour. In dimensions such as debt management, personal finance, long term planning, emergency & risk and advice seeking behaviour positive financial behaviour is observed.
2.	Subedi (2023)	To examines the role of financial literacy on the investment decisions of investors in the Nepalese share market.	This study employs a causal-comparative research design. The investors who have traded in the Nepal Stock Exchange (NEPSE) and invested their money in the share capital of the companies are the population of the study. The data were collected through a structured questionnaire using the convenience sampling	The study found that there is positive and significant relationship between the dimensions of financial literacy and investment decisions in the Nepalese share market. Low financial literacy and lack of financial information affect the ability to save and make sound financial decisions. Ignorance of basic financial concepts results in negative behavior in saving and investment decisions. The study suggests conducting financial education programs to

			method from 384 respondents of Kathmandu Valley.	help improve investors' savings and financial decisions.
3.	Abidin et al., (2023)	To examine the factor influencing financial literacy related to retirement planning behavior among single working women	Qualitative methodology Semi-structure interview	Financial security, motivation to debt free, unexpected, financial set back and influence financial audience plays significance role in financial literacy.
4.	Ankita (2022)	To analyze the significant moderating effect of financial literacy upon investment diversity in relation to financial attitude and decision behavior	Research Design: Descriptive research. Nature & Sources of data: Primary data were used. Data Collection: Structured	The result of the analysis revealed that financial literacy level of women in Lucknow region not enough and strong variation in various socio-demographic and economic variables.
5.	Faulkner (2022)	The objective of the is to explore the financial literacy contexts and national strategies at play in the most financially literate nations in the world: Australia, Canada, Finland, Germany, Israel, the Netherlands, Sweden, and the United Kingdom	This article utilizes content analysis to explore the existing scholarly literature, national financial literacy strategies, and associated policy literature in these highly literate nations. Convenience sampling method was used. This research will provide librarians in the U.S. with a broader context, both internationally and beyond library science literature.	The study concluded that despite the fact that the United States is one of the wealthiest nations in the world, it is not among the most financially literate. Individuals in the U.S., on average, have relatively large amounts of money about which they must make decisions, but they do not have commensurate levels of financial literacy. It is also important to remember that not all citizens have equal computer literacy skills, or access to technology, and libraries may be essential to such citizens accessing this information.
6.	Falak, et al (2022)	The objective of the study is to examine the role of financial literacy in	This article carries out a mapping, scientometric and content analysis by	The study found that financial inclusion is an international policy agenda and can be achieved through financially

		achieving financial inclusion	compiling studies at the intersection of financial literacy and financial inclusion from a sample of 10,091 studies spread over the last 45 years and conducted on a sample of more than 850,000 individuals worldwide.	literate people, who can make informed financial decisions and improve individuals' well-being. The area of Financial Literacy and Financial Inclusion is fairly highlighted in the literature; however, the collective importance of how these two areas are researched together needs scholarly attention
7.	Tinghog et al. (2021)	To examine the gender gap in financial literacy	Data from Swedish Standardized Scholastic Aptitude Test Large-scale online data collection (survey and experiment)	Gender gap in financial literacy observed in nonnumeric contexts. Gender gap in financial literacy attributed to stereotype threat.
8.	Gentjan., Khurram., Ahmad., & Tomáš (2021)	The objective of the study is to investigate the collective impact of financial literacy and inclusion on individuals' financial capability focusing on the mediating role of financial behaviour.	The research is conducted on an individual-level survey. The relationships were examined by using PLS-SEM. Financial capability can be improved by increasing individuals' financial knowledge, financial behaviour and promoting their inclusion in financial services.	The study investigated the collective impact of financial literacy and inclusion on individuals' financial capability focusing on the mediating role of financial behaviour. Furthermore, the indirect effect of financial knowledge and attitude on financial capability is found to be significant, highlighting the importance of financial behaviour.
9.	Zhu & Chou (2020)	The objective of the study is to analyze the saving behavior of university level students	Analysis by chi square test, Tucker-Lewis Index (TLI), Root Mean square error of approximation (RMSEA) with sample size of 200.	Parental financial socialization shows that Parental financial behavior is the mediator between family income and financial literacy.
10.	Islam et al., (2020)	To examine the effect of financial literacy and entrepreneurship on saving behavior	Qualitative and quantitative research approaches Semi-structured questionnaire survey	Financial literacy has a significant impact on women's economic development among the rural poor.

11.	Bongomin, et al. (2020)	The main purpose of this study is to establish the mediating role of financial intermediaries in the relationship between financial literacy and financial inclusion of the poor in developing countries with data from rural Uganda	To establish the mediating role of financial intermediaries in the relationship between financial literacy and financial inclusion of the poor in developing countries with data from rural Uganda. The data for this study were analyzed using Partial Least Square (PLS).	The results revealed that financial intermediaries significantly mediate the relationship between financial literacy and financial inclusion. The presence of financial intermediaries such as microfinance banks enhance financial literacy to increase the scope of financial inclusion of the poor in rural Uganda. Thus, policy makers and advocates of financial literacy, especially in developing countries should use financial intermediaries.
12.	Lebaron, et al. (2020)	To examine the financial literacy, parental socialization and saving behaviour	Sample size of 90 students.	Both parent initiated and child initiated financial discussions occur. Parents initiate conversations by sharing their own financial experiences and stories and children initiate by asking questions about money.
13.	Niazi & Malik (2019)	To analyze the significant moderating effect of financial literacy upon investment diversity in relation to sociodemographic, financial attitude and decision behavior	Descriptive research. Population & Sample: 775 respondents.	There was low financial awareness among the respondents as 64% respondents could not understand even the literacy questions.
14.	Brau, Andrew, & Craig (2019)	To examine the efficacy of learning sources associated with financial literacy in young adults.	The study survey nearly 1,500 college undergraduate students entering classes where financial principles are taught.	The study model examined financial literacy as a function of these three sources of learning. Surprisingly, the results showed that family and background have little impact. Further, while some types of formal learning

				activities enhance literacy, the most significant impact is associated with experiential learning.
15.	Khatun (2018)	To examine the relationship among financial literacy, parental socialization and saving	Pearson correlation analysis and multiple regression analysis with University survey along with sample size of 130.	Saving Behavior has significant relationship with financial literacy and Parental socialization has great impact on saving behavior of children.
16.	Dangol & Maharjan (2018)	To explore the influence of parental and peer influence on saving behavior	Pearson Correlation and Multiple Regression analysis with sample size of 390	Parental financial teaching and peer influence has direct impact on saving behavior and parental educational background do not affect saving behavior.
17.	Ariffin, et al. (2017)	To examine the relationship between financial literacy and saving	Pearson correlation, mean and standard deviation with University survey of 192 sample size	Saving behavior, parental socialization, and peer influence has positive relationship with financial literacy and self control has negative relation.
18.	Bayar, et al. (2017)	To explore impact of financial literacy on personal saving	Logistic regression analysis with sample size of 325.	Financial literacy has direct impact on personal saving.
19.	Karunaanithy, et al. (2017)	To cexamine variables like: financial literacy, parental socialization, peer influence and self-control effect on saving behavior	Correlation and multiple regression analysis with sample size of 257	Financial literacy, parental socialization and peer influence has positive relationship with saving behavior whereas self control fails to have meaningful impact on saving behavior.
20.	Alberry & Gharleghi (2015)	To analyze the effects of education, financial socialization agents and money attitude on financial literacy	Pearson correlation and regression analysis with sample size of 105.	There is strong and positive relationship between education and financial literacy.
21.	Jamal, et al. (2016)	To investigate how financial literacy and social influence effects on saving	Analysis by use of multiple regression with sample size of 1124	Family, peers and financial literacy plays an important role in shaping the students saving behavior. Family influence was

		behavior		regarded as the most important and significant factors among three variables.
22.	Firmansyah (2016)	To study the influence of family background on saving behavior	Correlation and multiple regression research on college students with sample size of 276.	Parent's guidance and parents experience of saving has high correlation with saving behavior of students.
23.	Romo (2014)		No of participants for study was 54 and individual interview was taken for the study.	Both parents and children were aware of family rules about when to share and when to conceal financial information. Parents hesitate to disclose financial information with their children and the reason of concealing was culturally unacceptable.
24.	Mahdzan & Tabiani (2016)	To examine the influence of financial literacy on individual saving	Analysis by use of Multiple Regression with sample size of 200	Financial literacy had positive impact on saving. Saving regularity, gender, income and educational level influenced the saving positively.
25.	Salikin, et al. (2016)	To analyze the effect of parental background on saving behavior of students in Malaysian local university	Cross Tabulation with sample size of 2146	Parental background influences the students saving behavior and importance to save grows especially for a student who is financially dependent on his family for educational purposes.
26.	Gedela (2016)	To analyze determinants of saving behavior	Analysis by use of Multiple regression and Logistic Regression Model with Sample size of 120.	Positive relationship between age and sex of head of the household and household's saving.

### **2.3 Research Gap**

Financial literacy leads to make effective knowledge of financial knowledge to improving the living standard. There are many researches on financial literacy affecting saving behavior (Sudeshna and Balakrishnan, 2023; Subedi 2023, Faulkner 2022; Gentjan., Khurram., Ahmad., and Tomáš, 2021; Zhu and Chou, 2020; Lebaron, Marks, Rosa and Hill, 2020; Khatun, 2018; Karunaanithy et al. 2017; Mahdzan and Tabiani, 2016; Jorgenson and Savla, 2010; Lusardi and Mitchell, 2014). There are many determinants of saving behavior like: financial literacy, peer influence, self control, parental socialization, gender. However, only few attempts have been made to study both financial literacy and parental socialization influence on saving behavior of students. In the context of our country almost no research has been made combining these variables so moving to conclusion with the existing literature is difficult. Therefore, in this study researcher aim is to fulfill the gap by studying financial literacy and financial behaviour influence on saving behavior. Although current research suggests a positive association, further research is needed to disentangle socio-demographic factors, cultural norms, and institutional barriers. The study aims to assess the contribution of financial knowledge, behavior, attitude, awareness and skills to students in Nepal. The study aims to highlight the importance of financial literacy for students and households in the country. The expected results can provide valuable information about the specificities of Nepal and promote future research in this critical area. Therefore, study aims to explore the financial literacy and financial behaviour on saving behavior of students.

## CHAPTER - III

### RESEARCH METHODOLOGY

This section provides insight about the methodology used to answer the research questions and to carry out the study objectives. It consists of research design, population and sample, source and nature of data, instrumentation, method of data analysis and reliability and validity of the instrument used.

#### **3.1 Research Design**

This study employed descriptive and causal comparative research designs to deal with the fundamental issues of the study. Descriptive research design is used to describe the characteristics of respondents on the basis of their demographic, educational, and economic characteristics. Similarly, causal comparative research design is used to analyze the cause and effect relationship of parental socialization and saving behavior. Under causal comparative research design correlation analysis is used to understand the relationship between financial literacy and parental socialization on saving behavior of students.

#### **3.2 Population and Sampling Procedure**

The population for this study constitutes individuals from the age of 16 to 40 who are involved in business studies in bachelors/master's degree level in Gorkha district. The sample size for this study has been determined as per Cochran (1977) for calculating representative sample size when the population is unknown having maximum variability with following formula:

$$n_0 = \frac{z^2 pq}{e^2}$$

Where, n = sample size

p = Population proportion with given characteristic

q = Population proportion without given characteristic

z = Standard normal deviation at the required confidence level

e = Error margin

For the unknown population it is recommended the value of p and q shall be set at 50%. By considering the confidence level of 95%, with z value = 1.96 and sampling error e=5%

$$n = \frac{50 \times 50 \times (1.96)^2}{e^2} = 384$$

So, the minimum sample size for this study is 384. However, this study has considered 400 samples for conducting the study through convenience sampling method.

### **3.3 Nature and Sources of Data Collection**

The nature of the study is quantitative research. The study is based on survey method using the primary source of data. The structured questionnaire is used to conduct a survey. And the pilot testing is done to make questionnaire more reliable and valid.

### **3.4 Data Collection Techniques**

The data for this study was collected through structured questionnaire which was distributed among different individuals. The study adopts the questionnaire from various past studies related to this topic and also uses the likert scale questionnaire for the major variables mentioned in the theoretical framework. In measuring the extent of financial literacy, parental socialization and saving behavior 6, 8 and 8 questions were adopted respectively from Khatun (2018). Single choice questions, multiple choice questions and likert scale questions are used to analyze the study. The questionnaire was divided into three sections in which section I consist of demographic questionnaires, section II consist of saving behavior related questions and section III consist of questions for dependent and independent variables questions.

### **3.5 Method of Data Analysis**

The findings of the study would be presented as per the information gathered through analysis in descriptive form. Various statistical techniques are to be applied to analyze the relationship between dependent and independent variables. Some major statistical techniques which are applicable in this study are: Mean, Standard Deviation, Frequencies, percentage, Descriptive Statistics, Pearson's Correlation, One way ANOVA and regression analysis.

### **3.5.1 Descriptive Analysis**

Descriptive statistics consists of frequency, percentage, mean and standard deviation to describe the characteristics of the data. Frequency and percentage is used for respondent profile. Mean is used to assess the value of financial literacy, and saving behavior.

### **3.5.2 Pearson's Correlation Analysis**

Correlation analysis is used to evaluate the strength of relationship between variables. It indicates how or to what extent variables are associated with each other. The relationship between independent and dependent variable i.e. financial literacy, parental socialization and saving behavior is determined by correlation analysis.

### **3.5.3 Analysis of Variance (ANOVA)**

ANOVA is a hypothesis technique that used by the researchers to test whether there is significant variance in means occurs between three or more groups. In other words, it evaluates if there is a difference among the means of the groups. ANOVA provides a statistical test of whether or not the mean of several groups are equal, and therefore generalizes the t-test to more than two groups.

### **3.5.4 The Independent Samples t-test**

The independent sample t-test compares the means of two independent groups in order to determine whether there is statistical evidence that the associated population means are significantly different. The independent samples t-test is a parametric test.

### **3.5.5 Multiple Regression Analysis**

Linear regression analysis is conducted to determine the relationship between two or more independent variables and one dependent variable by calculating the coefficient of multiple determination and regression equation (Saundres et al., 2009). This study uses simple linear regression to see the effect on the relationship between independent and dependent variables.

#### **Linear Regression Model**

The linear regression model takes the following form:

$$Y = \beta_0 + \beta_1 (FK) + \beta_2 (SB) + \beta_3 (FA) + \beta_4 (FAW) + \beta_5 (FS) + e_i \dots \dots (i)$$

Where,

Y= Financial Behaviour (FB)

$\beta_0$  = Constant

$\beta_1$  (FK) = Coefficient of Financial Knowledge

$\beta_2$  (SB) = Coefficient of Saving Behaviour

$\beta_3$  (FA) = Coefficient of Financial Attitude

$\beta_4$  (FAW) = Coefficient of Financial Awareness

$\beta_5$  (FS) = Coefficient of Financial Skills,  $e_i$  = Error term

### 3.6 Conceptual Framework

This is the conceptual framework prepared for this study which consists of two independent variables and one dependent variable. A diagrammatic representation which shows the relationship between the independent and dependent variables is known as theoretical framework. In the study, the financial literacy is the independent variable whereas the personal investment decision is the dependent variable. The financial literacy is operationalized as Financial Knowledge, Financial Behavior, Financial Attitude and Financial Awareness.

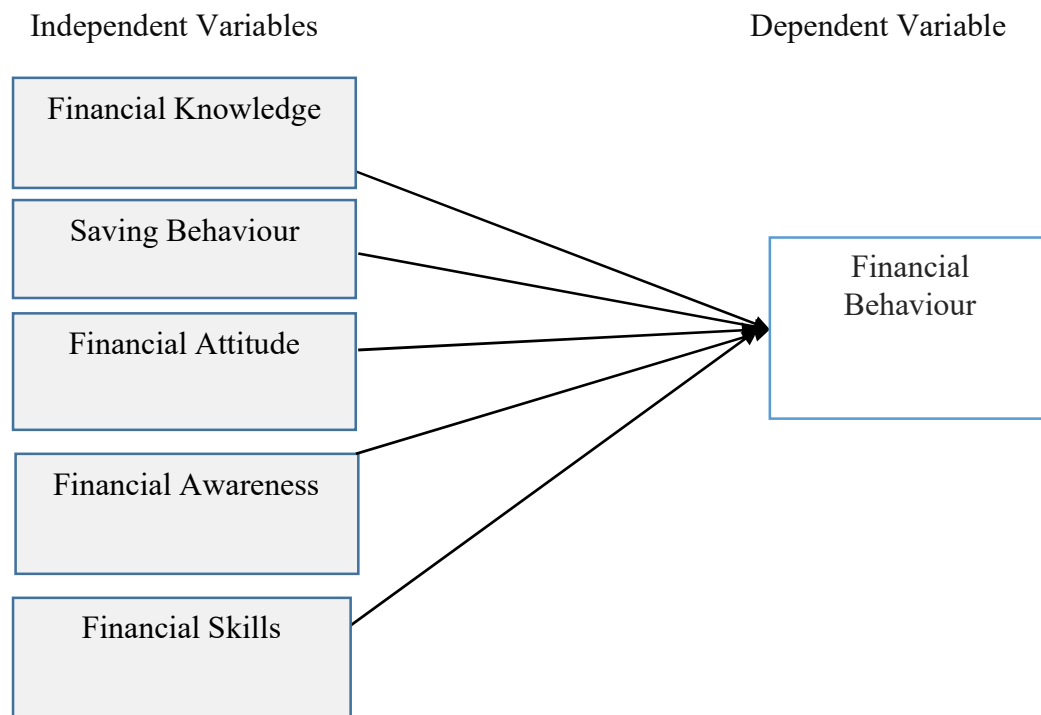


Figure 1 Theoretical framework of the study  
Sources: Rachmadini & Damayanti, (2023)

### **3.7 Definition of Variables**

#### **A. Independent Variables**

##### **Financial Knowledge:**

Financial knowledge is defined as understanding key financial terms and concepts needed to function daily. It includes knowledge about items related to banking checking and savings, auto-life-health and insurance, using credit, taxes, and investing (Afsar, et al., 2018).

##### **Saving behavior:**

Saving is important over the lifespan for retirement, stable consumption needs and to protect against unexpected events. For determining the saving behavior questions were asked (Dangol & Maharjan, 2018).

##### **Financial Attitude:**

Financial attitudes refer to one's beliefs and values related to various personal finance concepts, such as whether one believes it is important to save money (Gina et al., 2012). It is the ability to choose and make investments and preference of some alternative over the other (Pankow, 2012). Financial attitude is the willingness and readiness of an individual to invest the time and other various resources required to apply their knowledge and exercise their skills (Nepal Rastra Bank, 2022).

##### **Financial Awareness:**

Financial awareness is essential for individuals to navigate complex economic landscapes successfully. Research by Ameriks et al. (2003) emphasizes the significance of wealth accumulation and the propensity to plan for retirement, highlighting the need for informed decisions in long-term financial management. Additionally, Lusardi and Mitchell (2007) stress the importance of financial literacy in retirement preparedness, underlining the positive impact of financial education programs.

**Financial Skills:**

Managing money is an important aspect of financial well-being than making or earning money. A financially skilled person makes more money by managing the available money and such skill of money management is alternatively known as financial skill (Akims & Jagongo, 2017).

**Financial Literacy**

Financial literacy has significant impact on individual savings, as more knowledge on financial matters helps people to make more informed and effective decision regarding money management and therefore savings. For determining the financial literacy questions were adopted regarding investment knowledge, knowledge about instruments and ability of money management (Khatun, 2018).

**B. Dependent Variable****Financial Behavior:**

Financial behavior can be defined as any human behavior that is relevant to money management. The common financial behavior includes cash, credit, saving, and investment (Xiao, 2008). Moreover, it is the actual application of knowledge, skills, and attitudes in the everyday lives of an individual (Dangol & Maharjan, 2018).

**3.8 Research Hypothesis**

The following hypothesis have been formulated and tested for empirical verification based on theoretical predictions:

H1: Financial knowledge significantly affects financial behaviour.

H2: Saving behaviour significantly affects financial behaviour.

H3: Financial attitude significantly affects financial behaviour.

H4: Financial awareness significantly affects financial behaviour.

H5: Financial skill significantly affects financial behaviour.

## CHAPTER - IV

### RESULTS AND DISCUSSION

#### 4.1 Demographic Profile of Respondents

This chapter presents the analysis and discussion of the findings from the collected data from respondents. The data analysis is made by using various statistical techniques like: frequencies, descriptive statistics, one way ANOVA, independent t-test, Pearson's correlation and multiple regression analysis. In this section the profile of the respondents has been analyzed in terms of marital status, age group, educational background, gender, monthly income, monthly saving and parental educational background.

##### 4.1.1 Age of the Respondents

In this section the profile of the respondents has been analyzed in terms of age group

**Table 2**

*Age of the respondents*

Age	No. of respondents	Percentage
16 to 20	6	1.5
21 to 25	72	18.0
26 to 30	246	61.5
31 to 35	69	17.2
36 to 40	7	1.8
Total	400	100

Source: Field Survey, 2024

Table 2 shows that about 1.5 percent of respondents belong to age group 16 to 20, similarly about 18 percent of respondents belong to age group 21 to 25, also 61.5 percent to 26 to 30 age group, 17.2 percent to age group 31 to 35 and about 1.8 percent to age group 36 to 40.

##### 4.1.2 Gender of the Respondents

In this section the profile of the respondents has been analyzed in terms of gender.

**Table 3***Gender of the respondents*

Gender	No. of respondents	Percentage
Male	300	75.0
Female	100	25.0
Total	400	100

Source: Field Survey, 2024

Table 3 represents the demographic information of respondents. Out of 400 respondents 75 percent are male and 25 percent are female.

#### 4.1.3 Education of the Respondents

In this section the profile of the respondents has been analyzed in terms of educational background and parental educational background.

**Table 4***Education of the respondents*

Educational level	No. of respondents	Percentage
Bachelor	192	48.0
Master	208	52.0
Total	400	100

Source: Field Survey, 2024

Table 4 represents that majority of respondents have studied masters which consist of 52.0 percent and others with bachelor's degree 48.0 percent.

#### 4.1.4 Marital Status of the Respondents

In this section the profile of the respondents has been analyzed in terms of marital status of the respondents,

**Table 5***Marital status of the respondents*

Marital status	No. of respondents	Percentage
Unmarried	200	50.0
Married	197	49.2
Widowed	2	0.5
Divorced	1	0.3
Total	400	100

Source: Field Survey, 2024

Table 5 shows that 50 percent of respondents are unmarried, about 49.2 percent are married, 0.5 percent widowed and 0.3 percent divorced.

#### 4.1.5 Monthly Income of the Respondents

In this section the profile of the respondents has been analyzed in terms of monthly income of the respondents.

**Table 6**

*Monthly income of the respondents*

Monthly income	No. of respondents	Percentage
Below 20000	59	14.8
20001 to 30000	31	7.7
30001 to 40000	118	29.5
40001 to 50000	71	17.8
Above 50000	121	30.2
Total	400	100

Source: Field Survey, 2024

Table 6 shows that 14.8 percent of respondents have monthly income below 20000, about 7.7 percent has income level 20001 to 30000, about 29.5 percent have income level of 30001 to 40000, also 17.8 percent have income level of 40001 to 50000 and 30.2 percent have income above 50000.

#### 4.1.6 Monthly Saving of the Respondents

In this section the profile of the respondents has been analyzed in terms of monthly saving of the respondents.

**Table 7**

*Monthly saving of the respondents*

Monthly saving	No. of respondents	Percentage
Below 5000	72	17.9
5001 to 10000	65	16.1
10001 to 15000	73	18.2
15001 to 20000	73	18.2
Above 20000	117	29.6
Total	400	100

Source: Field Survey, 2024

Table 7 shows that, 17.9 percent have saving below 5000, 16.1 percent have saving level of 5001 to 10000, 18.2 percent have saving from 10001 to 15000, 18.2 percent have 15001 to 20000 and 29.6 percent have saving above 20000.

#### **4.1.7 Items of Saving**

The respondents were asked about the items in which they prefer to save with multiple response questions. The various options provided for the items in which they prefer to save were: study, accommodation, clothes, vehicles, travel and others.

**Table 8**

*Items of saving*

Items	No. of respondents	Percentage
Study	284	71.2
Accommodation	329	82.3
Clothes	286	71.7
Vehicles	265	66.2
Travel	322	80.5
Others	321	80.3

Source: Field Survey, 2024

Table 8 shows various items in which students prefer to save. Around 71 percent save for study purpose, 82 percent save for accommodation, 71 percent save for clothes, 66 percent save for vehicles, 80 percent save for travel and around 80 percent save for other purposes. Therefore, majority of respondents save for accommodation followed by travel.

#### **4.1.8 Reason of Saving**

The respondents were also asked about the reason for saving in which they prefer to save with multiple response questions. The various options were provided to understand their reason for saving. The various reasons for saving were: parents tell them to save, influence from friends, in order to fulfill daily needs, for emergency purpose, for holiday or for other purposes.

**Table 9***Reason of saving*

Reasons	No. of respondents	Percentage
Parents tell me	243	60.8
Peer Save	156	39.2
For Daily Needs	338	84.7
For Emergencies	376	94
For a holiday	288	72.2
Others	308	77.1

Source: Field Survey, 2024

Table 9 shows that around 60.8 percent respondents save due to influence from parents, 39.2 percent save due to influence from friends, around 84.7 percent save to fulfill daily needs, 94 percent of respondents save for emergencies, around 72.2 percent of them save for holiday and 77.1 percent of respondents save for other purposes. Therefore, from this information we conclude that majority of them save for emergency purpose followed by fulfillment of daily needs.

## **4.2 Descriptive Analysis**

A descriptive statistical analysis was conducted to determine the mean and standard deviation of each scale item as well as the overall variable. It displays a summary of the data with the mean, standard deviation, and other metrics. We may rationally simplify vast volumes of data related to these variables with the use of descriptive statistics. In addition, survey participants were asked to rate all characteristics on a five-point Likert scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. There were 400 responders (N) for each question item. The following list of questions relates to each determinant and displays the descriptive statistic for each, along with the respondents' degree of agreement.

### **4.2.1 Descriptive Analysis of Financial Knowledge**

Financial knowledge is termed as a key dimension of financial literacy. Herd et al. (2012) measured financial knowledge as the person's knowledge of his own financial situations,

instead of basic financial concepts, and treated it as a pre-requisite to take financial decisions effectively.

**Table 10**

*Descriptive statistics of financial Knowledge*

Code	Statement	Mean	Std. Deviation
FK1	Bonds provide lower interest return compared to stocks over same investment period	4.39	.91
FK2	Bond price raised when the interest rate falls	4.26	.91
FK3	Money invested today will yield more returns compared to money invested one year later	4.48	.83
FK4	Investing in various assets will spread the risk of losing money	4.23	.89

Source: Field Survey, 2024

The results in Table 10 show the descriptive statistics of an individual item and as whole of Financial Knowledge. There are four statements used to measure the content. Each of the 400 respondents submitted their responses in the five-point Likert scale. The table 8 shows that the items have a mean value ranging from 4.23 to 4.48 i.e., the response is positive. The table shows that FK3 has the highest mean and FK4 has the lowest. The highest mean of 4.48 indicates that it is the most agreed statement, stating that investing in various assets will spread the risk of losing money. Lowest mean of 4.23 shows that respondents are less agreed by the statement, stating that money invested today yield will more returns compared to money invested one year later. Additionally, the table shows that FK1 and FK2 has the highest standard deviation i.e., 0.91 whereas FK3 has the lowest standard deviation i.e. 0.83. This means that respondents have more deviation with the statement “Money invested today will yield more returns compared to money invested one year later.” i.e., the values in the data set are farther away from the mean, on average. Finally, it shows that the mean of overall Financial Knowledge is 4. 48 and the overall standard deviation is 0.91.

#### 4.2.2 Descriptive Analysis of Financial Behavior

Individuals with high financial behavior were more likely to participate in stock market and formal financial markets. Which is self-disciplined when dealing with household finance and personal money and were more likely.

**Table 11**

*Descriptive statistics of financial behavior*

Code	Statement	Mean	Std. Deviation
FB1	I have retirement benefits plan for my future	3.86	.927
FB2	I always allocate certain portion of my income in saving	4.10	1.127
FB3	I always keep aside money for future contingencies	3.43	.642
FB4	I constantly review the investments I have made	4.24	.869

Source: Field Survey, 2024

The provided data Table 11 presents survey responses related to financial behavior (FB) statements, along with their corresponding means and standard deviations. These statements assess individuals' financial habits and attitudes. On average, respondents indicated a relatively high level of agreement with these statements, with mean scores ranging from 3.43 to 4.24 on a scale where higher values indicate stronger agreement. Notably, respondents expressed the strongest agreement with statement FB2 ("I always allocate a certain portion of my income to savings") with a mean score of 4.10, indicating a proactive approach to saving. Statement FB4 ("I constantly review the investments I have made") also received a high mean score of 4.24, suggesting a tendency among respondents to actively manage their investments. Conversely, statement FB3 ("I always keep aside money for future contingencies") received a slightly lower mean score of 3.43, indicating a somewhat lower level of financial preparedness for unforeseen events.

Overall, this data provides insights into the financial behaviors and attitudes of the surveyed individuals.

### 4.2.3 Descriptive Analysis of Financial Attitude

Financial attitude refers to the state of mind or opinion and judgment about one's finances relating a position one has taken. It involves the preference of one investment opportunity or project over the other. Financial attitude refers to that state of mind or opinion and judgment about one's finances reflecting a position one has taken (Pankow, 2012).

**Table 12**

*Descriptive statistics of financial attitude*

Code	Statement	Mean	Std. Deviation
FA1	I am accountable for managing money in order to satisfy my current and future economic choices	4.25	.69
FA2	I have developed a spending and savings plan (personal budget)	4.67	.60
FA3	I track all my incomes and expenses	4.05	1.09
FA4	I depend on financial experts for guidance and advice on a wide variety of financial issues	4.14	1.09

Source: Field Survey, 2024

The result shows in Table 12 presents survey responses related to financial attitudes (FA) statements, accompanied by their respective means and standard deviations. These statements gauge individuals' attitudes and behaviors towards financial management. The data indicates that, on average, respondents generally exhibit a strong sense of financial responsibility and engagement. They reported the highest mean agreement with statement FA2 ("I have developed a spending and savings plan (personal budget)") at 4.67, suggesting a proactive approach to financial planning. Respondents also expressed a high level of agreement with statement FA1 ("I am accountable for managing money in order to satisfy my current and future economic choices") with a mean score of 4.25, indicating

a sense of personal financial responsibility. While statement FA3 ("I track all my incomes and expenses") received a slightly lower mean score of 4.05, it still reflects a strong inclination towards monitoring financial transactions. Additionally, respondents indicated a relatively moderate agreement with statement FA4 ("I depend on financial experts for guidance and advice on a wide variety of financial issues") at 4.14, suggesting a moderate level of reliance on financial professionals for guidance. In summary, the data highlights a positive and engaged approach to personal financial management among the surveyed individuals.

#### 4.2.4 Descriptive Analysis of Financial Awareness

Financial awareness focuses on need of financial education and the source of financial education. Financial education is increasingly important for all individuals in fact, it is essential for every family trying to balance its budget.

**Table 13**

*Descriptive statistics of financial awareness*

Code	Statement	Mean	Std. Deviation
FAW1	I understand my statement of financial position	3.91	1.38
FAW2	I am aware about the prevailing interest rates available in Market	4.09	1.14
FAW3	I am aware about the prevailing tax rates	4.23	1.07
FAW4	I am well informed about “Know Your Customer” (KYC) document.	4.10	1.04

Source: Field Survey, 2024

Table 13 presents survey responses related to financial awareness (FAW) statements, along with their associated means and standard deviations. These statements assess individuals' knowledge and awareness of various financial aspects. The data reveals that, on average, respondents generally display a reasonable level of financial awareness. They showed the highest mean agreement with statement FAW3 ("I am aware about the prevailing tax rates") at 4.23, indicating a relatively strong awareness of tax rates. Statement FAW2 ("I am aware about the prevailing interest rates available in the market") received a mean score of 4.09, suggesting a good understanding of interest

rates. Respondents also reported a solid understanding of "Know Your Customer" (KYC) documents (FW4) with a mean score of 4.10. However, statement FAW1 ("I understand my statement of financial position") received a slightly lower mean score of 3.91, indicating a moderate level of understanding regarding financial position statements. Overall, the data reflects a reasonably good level of financial awareness among the surveyed individuals, with some variation in their comprehension of specific financial concepts.

#### 4.2.5 Descriptive Analysis of Financial Skill

Financially skilled person makes more money by managing the available money and such skill of money management is alternatively known as financial skill.

**Table 14**

*Descriptive statistics of financial skills*

Code	Statement	Mean	Std. Deviation
FS1	Suppose I have Rs. 100 in a saving bank account, earning an annual interest rate of 2 % under simple interest rate method. After five years I will have Rs 110 in my account.	4.19	1.09
FS2	I plan to purchase financial products that suits my needs and conditions	4.12	1.15
FS3	I make financial decisions considering various factors like investment horizon, risk, return, etc.	4.32	.96
FS4	I always read and understand the terms and conditions on use of financial products/services.	4.06	1.15

Source: Field Survey, 2024

From the given Table 14 shows the financial skill (FS) statements, along with their corresponding means and standard deviations. These statements assess individuals' financial knowledge and sophistication in making financial decisions. The data indicates that, on average, respondents exhibit a relatively high level of financial sophistication. They displayed the highest mean agreement with statement FS3 ("I make financial decisions considering various factors like investment horizon, risk, return, etc.") at 4.32,

suggesting that they consider multiple factors when making financial decisions, including factors like investment duration, risk assessment, and potential returns. Additionally, respondents expressed a strong inclination toward understanding the terms and conditions associated with financial products and services (FS4) with a mean score of 4.06. They also demonstrated an understanding of simple interest rate calculations (FS1) with a mean score of 4.19. Moreover, respondents indicated a proactive approach to purchasing financial products that align with their needs and circumstances (FS2) with a mean score of 4.12. In summary, the data reflects a high level of financial sophistication among the surveyed individuals, highlighting their ability to make informed financial decisions considering a variety of factors.

#### 4.4 Saving Behavior

The respondents were asked to fill up the questionnaire with their saving behavior. Respondents were asked to fill up with five point likert scale questionnaire. There were 8 statements pertaining to saving behavior which includes their agreement on planning to reduce their expenditure, saving in regular basis, following monthly budget and availability of money in emergency.

**Table 15**

*Descriptive statistics of saving behavior*

Code	Statement	Mean	S.D.
SB1	I put money aside on a regular basis for the future.	3.63	.901
SB2	In order to save I often consider price before I make a purchase.	3.67	0.967
SB3	In order to save, I often consider whether the real necessity before I make a purchase.	3.89	0.953
SB4	In order to save, I always follow a careful monthly budget.	3.48	0.908
SB5	I have money available in the event of emergency.	3.81	0.934
SB6	In order to save, I plan to reduce my expenditure.	3.64	0.956
SB7	I save to achieve certain goals	3.86	0.931
SB8	I save regularly in co-operative/bank.	3.47	0.910

Source: Field Survey, 2024

Respondents were asked with the level of response for the statement which includes from 1 to 5. Level 5 denotes the strong agreement for the statement and level 1 denotes strong agreement. While comparing the individual statement means values the highest mean is for the statement which includes that the respondent's behavior of comparing price before making a purchase followed by saving to achieve certain goals. Coming to average mean value for saving behavior it is 3.681 which denote that students have saving behavior whether it might be directly or indirectly.

#### 4.2.7 Descriptive Analysis Summary

The descriptive analysis of investment decision is shown.

**Table 16**

*Summary Descriptive Statistics*

Code	Statement	N	Mean	Std. Deviation
FK	Financial Knowledge	400	4.34	.71
SB	Saving Behavior	400	3.91	.48
FA	Financial Attitude	400	4.28	.55
FAW	Financial Awareness	400	4.08	.94
FS	Financial Skill	400	4.17	.88
FB	Financial Behaviour	400	3.68	.55

Table 16 summarizes survey results for six different variables related to financial knowledge (FK), financial behavior (FB), financial attitude (FA), financial awareness (FAW), financial skill (FS), and saving behaviour (SB), each with 400 respondents. The mean values for these variables provide insights into the overall characteristics of the surveyed group. Notably, respondents demonstrated a high level of financial knowledge (mean of 4.34), indicating a strong understanding of financial concepts. Their saving behavior (mean of 3.91) suggests a generally responsible approach to managing finances. The positive financial attitude (mean of 4.28) reflects an optimistic outlook on financial

matters. Respondents also displayed a reasonable level of financial awareness (mean of 4.08) and financial skill (mean of 4.17), indicating an awareness of financial concepts and confidence in financial decision-making. Lastly, the data shows strong support for financial behaviour (mean of 3.68), indicating impact of financial literacy. Overall, the surveyed group appears to have a solid foundation in financial knowledge and a positive attitude towards financial matters while valuing financial behaviour.

### 4.3 Correlation Analysis

Correlations Analysis between variables was studied to find relations among them. Pearson’s correlations analysis was carried out for variables having simple multi option answers. Correlation matrix was computed to assess the extent or degree of relationship in between the research variables. A positive correlation reveals that the direction of the relationship is positive with one increasing in reaction to the other’s increase.

**Table 17**

*Correlations Coefficients*

	SB	FK	FB	FA	FAW	FS
SB	1					
FK	.169**	1				
FB	.274**	.23**	1			
FA	.405**	.39**	.15**	1		
FAW	.533**	.49**	.16**	.51**	1	
FS	.161**	.39**	.03	.27**	.52 **	1

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

Source: Calculation using SPSS

The correlation Table 17 provides insights into the relationships between Saving behaviour (SB) and five independent financial variables: Financial Knowledge (FK), Financial Behavior (FB), Financial Attitude (FA), Financial Awareness (FAW), and

Financial Skill (FS). Each correlation coefficient ( $r$ ) measures the strength and direction of the linear relationship between the variables, with values ranging from -1 (perfect negative correlation) to 1 (perfect positive correlation), and 0 indicating no linear correlation.

### **Relationship between saving behaviour and financial knowledge**

The correlation coefficient between Saving behaviour (SB) and Financial Knowledge (FK) is 0.169. This positive correlation suggests that as individuals' financial knowledge increases, their saving behaviour levels also tend to increase. While the correlation is statistically significant ( $p = 0.001$ ), it's relatively weak.

### **Relationship between saving behaviour and financial behavior.**

The correlation between SB and Financial Behavior (FB) is 0.274, indicating a moderate positive relationship. This suggests that individuals with more favorable financial behaviors tend to have higher levels of saving behaviour. The correlation is statistically significant ( $p = 0.000$ ).

### **Relationship between saving behaviour and financial attitude**

The correlation coefficient between SB and Financial Attitude (FA) is 0.405. This moderate to strong positive correlation suggests that individuals with more positive financial attitudes are more likely to have higher levels of saving behaviour. The correlation is highly statistically significant ( $p = 0.000$ ).

### **Relationship between saving behaviour and financial awareness**

The correlation between SB and Financial Awareness (FAW) is 0.533, indicating a strong positive relationship. This suggests that individuals with higher financial awareness tend to exhibit higher levels of saving behaviour. The correlation is highly statistically significant ( $p = 0.000$ ) and represents one of the strongest correlations in the table.

### **Relationship between saving behaviour and financial skill**

The correlation between SB and Financial Skill (FS) is 0.161, indicating a relatively weak positive relationship. This suggests that individuals with greater financial skills tend to have somewhat higher levels of saving behaviour, although the relationship is not as

strong as with other financial factors. The correlation is statistically significant ( $p = 0.002$ ).

#### 4.4 Regression Analysis

The link between multiple independent factors and a single dependent variable is examined using regression analysis. Using this kind of analysis, researchers can demonstrate the extent to which a group of independent factors accounts for the variance in the dependent variable. When examining the link between a dependent variable and one or more independent variables, it encompasses a wide range of modelling and analysis methodologies. Regression analysis, in particular, clarifies how changes in any one of the independent variables, while holding the other independent variables constant, affect the usual value of the dependent variable.

#### Multi-Collinearity Test

It occurs when two or more predictor variables in multiple regression models have a high degree of correlation, which allows them to be accurately predicted linearly from other variables. In this case, a slight modification to the model or the data may cause the coefficient estimates of the multiple regressions to alter. Multicollinearity only has an impact on the computations pertaining to specific predictors; it has no effect on the model's dependability or predictive capability. In other words, correlated multiple regression models show how well each predictor as a whole predicts the outcome variables, even if they may not provide meaningful information about any particular predictor.

**Table 18**

*Multi collinearity test*

Independent Variables	Tolerance	VIF
Financial Knowledge	.68	1.46
Financial Behavior	.93	1.07
Financial Attitude	.71	1.41
Financial Awareness	.54	1.85
Financial Skill	.69	1.44

Table 18 predicts that the tolerances of variables are less than one and Variance Inflation Factor (VIF) are all less than 10 (Belsley et al., 1980). As it is detected with the help of tolerance and its reciprocal called variance inflation factor (VIF) which says that if the value of tolerance is greater than 0.1 and VIF is less than 1 or 10 there will be no multicollinearity. So, it can be concluded that the regression analysis can be run.

#### 4.4.1 Multiple Regression Analysis

Statistical technique has been used to examine the relationship between a dependent variable and two or more independent variables. It extends simple linear regression, which deals with only one independent variable, to situations where multiple factors may influence the outcome of interest. In multiple regression, the goal is to model the relationship between the variables in a way that allows for prediction, explanation, and hypothesis testing.

**Table 19**

*Model summary*

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.691	0.477	0.474	0.49229

a. Predictors: (Constant), FK, SB, FA, FAW, and FS

a. Dependent variable: Financial behavior

From the Table 19 which shows model summary indicates the R-square also known as coefficient of determination which can help in explaining variance. R-square value is 0.477 i.e., 47.7% variation in Investment Decision is explained by independent variables (FK, FB, FA, FAW, and FS). However, it is still leaving 52.3% (100% - 47.7%) unexplained in this research. In other words, there are other additional variables that are important explaining Investment Decisions that have not been considered in this research. Similarly, adjusted R-square is 0.474 which means 47.4% variation in Investment Decision is explained by independent variables after adjusting degree of freedom (df). Model summary also indicate the standard error of the estimate of 0.49229 which shows the variability of value of Investment Decision from regression line is 0.49229 units.

**Table 20***ANOVA Table*

Model	Sum of squares	d.f.	Mean square	F	Sig.
1 Regression	44.84	5	8.97	49.83	.000
Residual	74.16	379	0.18		
Total	118.99	400			

a. Dependent Variable: Financial behavior

b. Predictors: (Constant), FS, SB, FA, FK, FAW

The ANOVA Table 20 reveals that the regression model, comprising the predictors FS (Financial Skill), SB (Saving Behavior), FA (Financial Attitude), FK (Financial Knowledge), and FAW (Financial Awareness), is highly statistically significant ( $F = 45.83$ ,  $p < 0.001$ ). This implies that at least one of these financial factors significantly influences the dependent variable, FB (Financial behaviour). The model explains a substantial portion of the variance in SB, as evidenced by the large sum of squares for the regression (44.84) compared to the residual sum of squares (74.16). These results indicate that the financial variables collectively play a significant role in predicting saving behaviour levels, and further examination of individual predictor coefficients and their associated p-values would provide insights into the specific contributions of each financial factor to saving behaviour.

#### **4.4.2 Regression Coefficients**

A set of statistics which process for estimating to know the effect between the dependent and independent variables. So, this analysis is done under the more than two variables so, it shown as below:

**Table 21***Regression coefficient showing relationship between variables*

Model	Unstandardized		Standardized		t	Sig.
	B	Std. error	Beta			
1 (Constant)	1.968	0.25			7.36	0.000
FK	0.13	0.042	0.17		3.89	0.000
SB	0.23	0.043	0.20		7.74	0.000
FA	0.19	0.05	0.19		4.05	0.000
FAW	0.32	0.04	0.55		9.90	0.000
FS	0.07	0.03	0.11		3.34	0.001

a. Dependent Variable: Financial behavior

b. Predictors: (Constant), FS, SB, FA, FK, FAW

From Table 21 which displays the unstandardized and standardized coefficients for each independent variable (FK: Financial Knowledge, SB: Saving Behavior, FA: Financial Attitude, FAW: Financial Awareness, and FS: Financial Skill) in predicting the dependent variable, SB (Saving Behaviour). In the context of unstandardized coefficients, the "Constant" term has a value of 1.968, indicating the estimated value of SB when all independent variables are zero. For the standardized coefficients, Beta represents the standardized measure of each independent variable's contribution to the prediction of SB. For instance FAW (Financial Awareness) is 0.55, which is the highest among the predictors. This suggests that an increase of one standard deviation in FAW is associated with an increase of 0.546 standard deviations in financial behaviour. Similarly, the FK (Financial Knowledge), SB (Saving Behavior), and FA (Financial Attitude) are all positive, indicating that improvements in these financial aspects are positively related to financial behaviour levels. However, FS (Financial Skill) is positive (0.11), suggesting that an increase in financial skill is associated with a decrease in financial behaviour, although this effect is relatively weaker compared to the other predictors. It's important to note that the significance values (Sig.) associated with each coefficient are very low (all <

0.05), indicating that each of these financial factors significantly contributes to predicting financial behaviour, as evidenced by their t-statistics.

#### 4.5 Hypothesis Testing

Descriptive analysis is conducted on the independent variables Financial Knowledge, Saving Behavior, Financial Attitude, Financial Awareness and Financial Skill and the dependent variables saving behaviour. The analysis continued with correlation analysis with the aim of testing research hypothesis of this research study. This section of analysis covers all the statistical analysis made to verify the hypotheses and ascertain the impact of financial literacy on financial behaviour. Pearson correlation test is conducted to see the correlations between the independent variable and dependent variables. In addition to the Pearson correlation test, a simple bivariate analysis is conducted for the hypotheses testing using Financial behaviour as a dependent variable and Financial Knowledge, Financial Behavior, Financial Attitude, Financial Awareness and Financial Skill as independent variables in order to see if there are relationships and to determine the impact of financial literacy on Financial behaviour. Five hypotheses were drawn for the purpose of the relationship between dependent and independent variables Test of each hypothesis is discussed below at the level  $p < 0.05$ .

**Table 22**

*Summary of results of hypothesis testing*

Hypothesis	P-Value	Remarks
H1: Financial knowledge significantly affects financial behaviour.	.000	Accepted
H2: Saving behavior significantly affects financial behaviour.	.000	Accepted
H3: Financial attitude significantly affects financial behaviour	.000	Accepted
H4: Financial awareness significantly affects financial behaviour.	.000	Accepted
H5: Financial skills significantly affects financial behaviour	.020	Accepted

Coefficient of financial knowledge is 0.13, which indicating that for every one-unit increase in financial knowledge, saving behaviour is estimated to increase by 0.13 units. The standardized coefficient (Beta) of 0.17 suggests that FK has a moderate positive impact on saving behaviour. Both the unstandardized and standardized coefficients are statistically significant ( $p = 0.000$ ), supporting the alternative hypothesis that there is a significant relationship between financial knowledge and saving behaviour. So, H1 is accepted. Coefficient of financial behavior is 0.23, which indicating that for every one-unit increase in financial behavior, saving behaviour is estimated to increase by 0.23 units. The standardized coefficient (Beta) of 0.20 suggests that FB has a moderate positive impact on saving behaviour. Both the unstandardized and standardized coefficients are statistically significant ( $p = 0.000$ ), supporting the alternative hypothesis that there is a significant relationship between financial behavior and saving behaviour. So, H2 is accepted. Coefficient of financial analysis is 0.19, indicating that for every one-unit increase in financial attitude, saving behaviour is estimated to increase by 0.19 units. The standardized coefficient (Beta) of 0.19 suggests that FA has a moderate positive impact on saving behaviour. Both the unstandardized and standardized coefficients are statistically significant ( $p = 0.000$ ), supporting the alternative hypothesis that there is a significant relationship between Financial Attitude and saving behaviour. So, H3 is accepted. Coefficient of financial awareness is 0.32, indicating that for every one-unit increase in financial awareness, saving behaviour is estimated to increase by 0.32 units. The standardized coefficient (Beta) of 0.55 suggests that FAW has a strong positive impact on saving behaviour. Both the unstandardized and standardized coefficients are statistically significant ( $p = 0.000$ ), supporting the alternative hypothesis that there is a significant relationship between Financial Awareness and saving behaviour. So, H4 is accepted.

Coefficient of financial skill is 0.07, indicating that for every one-unit increase in financial Skill, Saving behaviour is estimated to increase by 0.07 units. The standardized coefficient (Beta) of 0.11 suggests that FS has a relatively weaker positive impact on saving behaviour compared to the other factors. The unstandardized coefficient is statistically significant ( $p = 0.020$ ), supporting the alternative hypothesis that there is a significant relationship between Financial Skill and saving behaviour. So, H5 is accepted.

#### 4.8 Discussion

The statistical result of liner regression shows impact of financial literacy on saving behaviour. Where the financial literacy is taken as financial knowledge, saving behavior, financial attitude, financial awareness and financial skills as independent variables and dependent variable taken as financial behaviour. As the result shows that financial knowledge has positive and significant relationship with saving behaviour, where the beta coefficient is 0.135 and p-value is 0.00. So, increase in financial knowledge lead to increase in saving behaviour. So, the result is similar with (Abinfin, et al, 2023), (Raman. 2022) and (Ali et al., 2021) showed the positive relationship with financial behaviour. (Abinfin et al., 2023, Raman, 2022 & Ali et.al 2021) showed the positive relationship with financial behaviour. So, the result of financial behavior and saving behaviour has positive and significant relation with saving behaviour which beta coefficient is 0.23 and p value 0.05. Which similar with Rachmadini and Damayanti (2023) shows the significant relationship with saving behaviour.

As shown in regression financial attitude has positive significant relationship with saving behaviour which beta coefficient is 0.198 and P-value 0.05. Which mean increase in one units of financial attitude increase the financial behaviour. So, the result is consistence with (Abinfin, et al., 2023), (Patel et al., 2022), (Struckell et al., 2022) and (Ali et al, 2021) found that the student with the higher financial literacy are more like to self-employed.

The result shows financial awareness has positive significant relationship with saving behaviour which beta coefficient is 0.324 and P-value 0.05. So, the result is similar to (Raman, et al., 2022), (Struckell, et al., 2022).Which the increase in one units financial awareness increase in saving behaviour.

The results shows financial skill has positive significant relationship with financial behaviour which beta coefficient is 0.072 and P-value is 0.020. So, the result is consistence with Rachmadini and Damayanti (2023) and differ with (Abinfin, et al., 2023), (Mishra, et al., 2022), (Struckell et al., 2022) and (Ali et al., 2021) which shoes that there is positive impact on the financial behaviour. It seems that there is positive significant relationship between the financial literacy on financial behaviour.

## CHAPTER - V

### SUMMARY AND CONCLUSIONS

#### 5.1 Summary

The study examine the impact of financial literacy on saving behaviour. However knowing the relationship between independent, moderating variables with saving behaviour. The study aim to understand the impact of financial literacy (financial knowledge, financial behavior, financial attitude, financial awareness and financial skill) on saving behaviour. To achieve the objective of the study the researcher collected the data through survey questionnaire distribution to students' age group from 18 to 44 years old who are involved in different sector and self-employed. The study used mean, standard deviation and inferential analysis (correlation, regression, one-way anova test). So, the study used both quantative and qualitative research using five Likert scale using total 400 valid respondent response were collected and interpreting the result using different statistical skills. The provided correlation matrix show strong positive correlation between financial literacy and saving behaviour. Financial knowledge, financial skills, financial attitude, financial awareness and financial skills has positive significant relationship with saving behaviour. Where the study shows the regression assumption test i.e. normality test, multicollinearity test, and linearity test. The financial knowledge and financial skills has positive and significant relationship with saving behaviour. Which means that the increase in financial knowledge increase the saving behaviour. And all the other factors are positive and significant relationship with saving behaviour.

This study employed descriptive and causal comparative research designs to deal with the fundamental issues of the study. Descriptive research design is used to describe the characteristics of respondents on the basis of their demographic, educational, and economic characteristics. Similarly, causal comparative research design is used to analyze the cause and effect relationship of parental socialization and saving behavior. Under causal comparative research design correlation analysis is used to understand the relationship between financial literacy and parental socialization on saving behavior of students. The population for this study constitutes individuals from the age of 16 to 40

who are involved in job after completion of bachelors or master's degree in Gorkha district. This study has considered 400 samples for conducting the study through convenience sampling method.

## **5.2 Conclusion**

The study aimed to explore the multifaceted relationship between financial literacy and saving behaviour, with a focus on understanding how various financial dimensions influence saving behaviour. Through a rigorous analysis of financial knowledge, financial awareness, financial behavior, financial skills, and financial attitudes, the research uncovered important insights into the saving behaviour in the context of financial literacy. The findings of this study affirm a robust connection between financial literacy and saving behaviour. Financial factors, represented by financial knowledge, financial behavior, financial attitude, financial awareness, and financial skill, collectively contribute to the saving behaviour. These results underscore the pivotal role that financial literacy plays in advancing saving behaviour and student's socio-economic status. Among the financial dimensions analyzed, Financial Behavior, Financial Attitude, Financial Awareness, and Financial Skill were found to have significant and positive impacts on saving behaviour. This suggests that promoting positive financial behaviors, fostering a favorable financial attitude, increasing financial awareness, and enhancing financial skills can significantly enhance the saving behaviour. These findings provide actionable insights for policymakers and organizations aiming to design effective financial literacy programs. Moreover, the study's objectives also included assessing the influence of demographic variables on saving behaviour. While the specific findings related to demographic factors are not detailed. Recognizing the diversity among students and understanding how demographic variables interact with financial literacy is essential for creating contextually relevant and effective saving behaviour.

The most important motives of saving for student were savings for emergencies, for fulfillment of daily needs, for medical treatment and for travelling. In this study, financial behavior and financial literacy are the influential factor of saving behavior of the students.

## **5.3 Implications**

### **5.3.1 Practical Implication**

The primary objective of this research was to analyze the impact of financial literacy on saving behaviour. The research has taken only five variables of financial literacy, such as Financial Knowledge, Financial Behavior, Financial Attitude, Financial Awareness and Financial Skill to study the various dimensions of financial literacy. However, various other variables can be taken into consideration for the future research works. There are a lot of areas that need further study and consideration. Some of the implications are listed as follows:

- Financial literacy in Nepal enables students to achieve economic independence and break traditional economic barriers.
- Informed decision-making skills saving behaviour to actively participate in household financial management, leading to better budgeting and overall stability.
- Enhanced entrepreneurial skills resulting from financial literacy contribute to economic development at the community level through the effective management of businesses.
- Improved financial decision-making positively impacts education and career choices, fostering professional growth and economic self-sufficiency.
- Financially literate students are better equipped to navigate economic challenges, ensuring greater financial security for themselves and their families.
- Knowledge of investment options and financial planning enables students to accumulate assets, build wealth, and plan for long-term financial goals, including retirement.
- Active participation in decision-making processes, both within families and in broader societal contexts, contributes to reduced gender inequality.
- Closing the gender gap in financial literacy is essential for ensuring equal access to financial resources, opportunities, and decision-making power for student.

- Efforts to promote financial education among students can lead to transformative changes in their lives, fostering and community development. Ultimately, financial literacy plays a pivotal role in advancing saving behaviour and contributing to sustainable economic progress.

### **5.3.2. Theoretical Implications**

There are few confinements of this research. These limitations include use of structured questionnaire, quantitative data analysis and focus on the savings behaviour. For further study it is suggested to include some other theoretical variables on risk taking behavior and knowledge of investment options across diversified sectors and cross cultural settings.

Future researcher can investigate the relationship between variable by collecting data from other districts and provinces as well. Furthermore, future studies should consider the associations between other dimensions of financial literacy and savings behaviour. Some respondents may feel more committed and obligated to remain in an organization that has invested in them. Also, students who have invested a great deal of time, effort and energy in financial markets may be reluctant to investment options.

Further testing of this model in other places would also be beneficial and may help ascertain to what degree various financial knowledge affect intention to save. Since the present study only deals with students, the efficacy of this model can also be tested with samples in alternative people arrangements, such as part-time, casual and contract workers.

Although the research finding is almost consistent with the previous research results, cultural issues must be considered while doing research of this kind in different context. Thus, more customized research questionnaire would provide better research in the context of Nepal. Therefore, further studies can be carried out including other dimensions such as personal saving, risk-taking behavior, and knowledge of investment options, and so on. The further study can be conducted in the same topic and same areas after the certain time duration to measure the changing behavior of savings so that researchers can conduct whether there is any change in demographical characteristics, response on savings behaviour dimensions and financial literacy.

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# APPENDICES

## Appendix – I: Questionnaire

### Financial Literacy and Financial Behaviour of Business Students in Gorkha District

Dear respondents, I am Sabina Khatri, student of Master of Business Studies (MBS) at Shanker Dev Campus, Kathmandu, Tribhuvan University. I am conducting Master Degree thesis on " Financial Literacy and Financial Behaviour of Business Students in Gorkha District ". I request you to give few minutes to fill this questionnaire. I assure you that the information provided by you will be confidential and used only for research purpose.

Yes I agree....  No I don't  Name: \_\_\_\_\_ Ward: \_\_\_\_\_

### Questionnaire

#### Q 1. Gender

- a. Male
- b. Female

#### Q.2 Age

- a. 16 to 20
- b. 21 to 25
- c. 26 to 30
- d. 31 to 35
- e. 36 to 40

#### Q 3. Complete Education

- a. Bachelor
- b. Master
- c. M. Phil
- d. Others (Please specify).....

#### Q 4. Marital Status

- a. Married
- b. Unmarried
- c. Widowed
- d. Divorced

**Q 5. Monthly Income of household**

- a. Salary/wages.....
- b. Business.....
- c. Interest income.....
- d. Rental income.....
- e. Others (Please specify).....

**Q 6. Your Monthly Saving**

- a. Bank.....
- b. Cooperatives.....
- c. Home.....
- d. Others (Please specify).....

**Q 7. What is the purpose of saving? (Multiple Reply)**

- a. Study
- b. Accommodation
- c. Clothes
- d. Vehicle
- e. Travel
- f. Daily needs
- g. For emergencies
- h. For holiday/vacation
- i. Others (please specify).....

**Q 8. What/Who motivate you for saving? \* Peer means your friends.**

- a. Parents tell me
- b. Peer save/friends
- c. For daily needs
- d. Teachers
- e. Relatives
- f. Others (Please specify).....

**State your level of agreement and disagreement with the following statements about the purpose of saving by ticking the appropriate box.**

**Q 9. Statement pertaining to financial literacy:**

S.N.	Financial Literacy	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
1.	I have better understanding of how to invest my money					
2.	I have better understanding of how to manage my Borrowed money or credit use					
3.	I have better understanding of financial instruments disaggregate as bonds, stock, T-bill, mutual fund etc.					
4.	I have the ability to prepare my own monthly budget.					
5.	I have the ability to maintain financial records for my income and expenditure.					
6.	I have no difficulty in managing my money.					

**Q 10. Statement pertaining to Financial Knowledge**

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
FK1	Bonds provide lower interest return compared to stocks over same investment period.					
FK2	Bond price rises when the interest rate falls.					
FK3	Money invested today will yield more returns compared to money invested one year later.					
FK4	Investing in various assets will spread the risk of losing money.					

**Q 11. Statement pertaining to Financial Behavior**

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
FB1	I have retirement benefits plan for my future					
FB2	I always allocate certain portion of my income in savings.					
FB3	I always keep aside money for future contingencies					
FB4	I constantly review the investments I have made.					

**Q 12. Statement pertaining to Financial Attitude**

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
FA1	I am accountable for managing money in order to satisfy my current and future economic choices.					
FA2	I have developed a spending and savings plan (personal budget).					
FA3	I track all my incomes and expenses.					
FA4	I depend on financial experts for guidance and advice on a wide variety of financial issues.					

**Q 13. Statement pertaining to Financial Awareness**

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
FAW1	I understand my statements of financial position					
FAW2	I am aware about the prevailing interest rates available in the market.					
FAW3	I am aware about the prevailing tax rates.					
FAW4	I am well informed about “Know Your Customer” (KYC) document.					

**Q 14. Statement pertaining to Financial Skill**

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
FS1	Suppose I have Rs. 100 in a saving bank account, earning an annual interest rate of 2 % under simple interest rate method. After five years I will have Rs 110 in my account.					
FS2	I plan to purchase financial products that suits my needs and conditions.					
FS3	I make financial decisions considering various factors like investment horizon, risk, return, etc.					
FS4	I always read and understand the terms and conditions on use of financial products/services.					

**Q 15. Statement Pertaining to Saving Behavior**

S.N.	Description	Strongly Disagree-1	Disagree-2	Neutral-3	Agree-4	Strongly Agree-5
SB1.	I put money aside on a regular basis for the future.					
SB2.	In order to save I often consider price before I make a					

	purchase.					
SB3.	In order to save, I often consider whether the real necessity before I make a purchase.					
SB4.	In order to save, I always follow a careful monthly budget.					
SB5.	I have money available in the event of emergency.					
SB6.	In order to save, I plan to reduce my expenditure.					
SB7.	I save to achieve certain goals					
SB8.	I save regularly in co-operative/Bank.					

Thank You

# FINANCIAL LITERACY AND FINANCIAL BEHAVIOUR OF B...

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ABSTRACT Examining the financial behavior and financial literacy of business students in the Gorkha district is the main goal of this study. This study's specific goals are to assess the present level of financial literacy among business students in the Gorkha district, investigate the connection between financial literacy and financial behavior among these students, and assess the influence of financial literacy on financial behavior among these students. Descriptive and causal comparative research designs were used in this study to address its core concerns. 400 samples were taken into consideration for the study using the convenience sampling method. To gather data on several aspects of financial literacy and saving habits, a standardized questionnaire was created. The data was analyzed using multiple linear regression, ANOVA, descriptive statistics, and Pearson's correlation. The study's conclusions support a strong link between financial behavior and financial literacy. Financial conduct is influenced by a variety of financial elements, including

**financial knowledge, financial behavior, financial attitude, financial awareness, and financial skill**

. These findings highlight how important financial literacy is for improving students' socioeconomic standing and financial behavior. Among the financial aspects examined, it was discovered that financial behavior was significantly and favorably impacted by financial attitude, financial behavior, financial awareness, and financial skill. This implies that encouraging a positive financial attitude, raising financial knowledge, developing financial abilities, and encouraging positive financial behaviors can all greatly improve financial behavior. These results offer organizations and legislators practical advice for creating successful financial literacy initiatives. Savings for crises, daily necessities, medical care, and travel were the main reasons why students saved. According to this study, students' saving habits are influenced by their financial behavior and financial knowledge. It was determined that there is a substantial positive correlation between saving behavior and financial literacy. Keywords: