

**FINANCIAL LITERACY AMONG ACTIVE POPULATION IN
ABU KHAIRENI RURAL MUNICIPALITY**

A dissertation submitted to the Office of the Dean, Faculty of Management
In partial fulfillment 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 my dissertation entitled “**Financial Literacy Among Active Population in Abu Khaireni Rural Municipality.**” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Bibha Gurung
July, 2024

REPORT OF RESEARCH COMMITTEE

Ms. Bibha Gurung has defended research proposal entitled “**Financial Literacy Among Active Population In Abu Khaireni Rural Municipality**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Binita Manandhar and submit the dissertation for evaluation and viva voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Financial Literacy Among Active Population In Abu Khaireni Rural Municipality**” presented by Bibha Gurung a candidate for degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ABBREVIATIONS

AC	Access to banking services
ANOVA	Analysis of Variance
CBS	Central Bureau of Statistics
FA	Financial Awareness
FE	Financial Experience
FL	Financial Literacy
FS	Financial Skill
NGOs	Non-Government Organization
NRB	Nepal Rastra Bank
OECD	The Organization for Economic Co-operation and Development
SD	Standard Deviation
SPSS	Statistical Package for the Social Sciences

ABSTRACT

Many young people wish they knew more about money, as financial literacy is crucial to making wise financial decisions.

The purpose of this study was to assess the status of financial literacy among the active population in Abu Khaireni Rural Municipality, to measure the impact of financial awareness and financial experience and to analyze the impact of financial skill on financial literacy of the active population. This research is a descriptive and causal comparative research design. The study is based on primary data through questionnaires of 400 active population in Abu Khaireni Rural Municipality. Analysis was done using the mean, standard deviation, ANOVA, regression analysis, and correlation coefficient. Results show that most of the active population have a positive and significant impact of financial awareness and financial skill on financial literacy. The impact of financial experience has not enough evidence to conclude that financial experience has a significant effect on financial literacy. The study can help Nepal Rastra Bank, stakeholders, financial institutions and banks, public and private companies, researchers, the general public, and more introduce new policies and guidelines to raise the literacy rate. Other students from different levels, streams, cities, and sectors can also be added as new researchers. The implications of this study suggest that there is a significant opportunity to enhance the comfort level and consistency in discussing financial issues openly, and potential areas for improvement such as stock market, investing experience and holding emergency savings.

Key words: Financial Literacy, Financial Awareness, Financial Experience, Financial Skill, Abu Khaireni, Nepal.

CHAPTER I

INTRODUCTION

1.1 Background of the study

Financial literacy refers to the combination of knowledge, skill, attitude and behaviour necessary to make informed and wise decisions regarding the use of money and ultimately achieving financial wellbeing. Broadly, financial literacy has two parts, i.e. intellectual and behavioral facets of comprehending and utilizing personal financial sensibly. While the behavioral component of literacy is the application of knowledge and skills to real-world situations, literacy is defined as the acquisition of knowledge and skills through education, experiences, and research (NRB, 2022).

The process of improving one's understanding of financial products and concepts, as well as one's ability to make informed decisions, know where to find support, and take other practical steps to improve one's financial well-being, is known as financial education. Financial consumers and investors gain these skills and confidence through information, instruction, and/or objective advice and protection (OECD 2005).

Abu Khaireni rural municipality is located in Tanahun, district of Gandaki province with an area of 127 sq km. (<http://anbukhairesmun.gov.np/>) The total population of the municipality is 22349, with male population being 10791 and female population being 11558 (CBS 2021).

The ability to make sound financial judgments is demonstrated by financial literacy. This ability can assist a person in creating a financial road map that shows his sources of income, expenses, and debt. Small business owners, who make significant contributions to economic stability and growth, are also impacted by this issue. All socioeconomic levels and all ages are affected by financial illiteracy. Many people who lack financial literacy fall prey to fraud, subprime mortgages, predatory lending, and exorbitant interest rates, which can lead to foreclosure, bankruptcy, or bad credit (Agunga 2014).

Many young individuals wish they had greater financial literacy because it is crucial to making wise financial decisions (Lusardi, Mitchell & Curto, 2010). People's financial literacy needs to be raised, especially for university students, so they can

enter the workforce with constructive attitudes toward money management. As working adults, this optimistic outlook will assist individuals in practicing appropriate personal financial management (Dahlia, Rabitah & Zuraidah, 2009).

Throughout their daily lives, people make a variety of financial decisions on borrowing, investing, and saving. The international market is getting riskier and more exposed every day. One of its primary effects is that consumers need to be able to make educated financial decisions due to the rising costs of products and services (Lusardi & Mitchell, 2011).

Comprehending the level of financial literacy among youth is crucial for policymakers in various domains; it can facilitate the creation of successful financial education initiatives aimed at youth and the drafting of laws safeguarding younger consumers (Lusardi Et al., 2010).

Financial education, according to Norman (2010), is the knowledge or comprehension of the value of money and how to use it; it provides a response to the query "Why spend on this?" instead of that one. It literally boils down to the four prudent uses of money. Being able to understand finance is known as financial literacy. More precisely, it refers to the combination of abilities and knowledge that enable a person to use their financial knowledge to make wise and responsible decisions.

Policymakers in all of the world's economies are beginning to recognize the value of financial education. Again, helping young people by understanding their financial issues is quite important, as younger generations are likely to face ever increasingly complex financial products and services. In addition, compared to their parents, they are likely to take on greater financial risks as adults, particularly when it comes to saving money, making retirement plans, and paying for medical expenses (OECD, 2011).

Since the financial markets were deregulated and credit became more widely available, credit cards were issued more quickly, and financial literacy has become more and more important growth in marketing financial products. Recognizing the need for national financial education, an increasing number of countries have developed and implemented the significance of financial literacy in an effort to increase the general level of financial literacy

in their people, frequently with an emphasis on younger generations (Grifoni & Messy, 2012).

People who were financially literate were better equipped to manage their personal wealth, make confident financial decisions, and increase the efficiency of the market for the finest financial products (Ali et al., 2013).

In an era where a broad spectrum of people may readily access more sophisticated financial products, financial literacy is particularly crucial. For instance, the number of people with bank accounts and access to credit products is expanding quickly as a result of governments in many nations seeking to increase access to financial services. Moreover, changes in the pension landscape transfer decision-making responsibility to participants who previously relied on their employers or governments for their financial security after retirement (Andarsari & Ningtyas, 2019).

Now, it is upon the individuals as to how and which options they select. The actions made by young people will have a lasting impact on them because they have a longer life ahead of them. This makes it imperative to develop an understanding of the world of finance to avoid wrong choice of financial products (Garg & Singh 2018).

The ability to understand and use financial concepts and principles, such as time value of money, compound interest, debt management, financial planning, and successful saving strategies, is another aspect of financial literacy. A person's financial well-being may suffer as a result of poor financial decisions made due to a lack of financial literacy. As a result, the Financial Literacy and Education Commission was established by the federal government to offer tools to those seeking to increase their knowledge of financial literacy (OECD 2005).

Learning to make a budget, keep track of expenses, pay off debt, and properly plan for retirement are the key components of becoming financially literate. A financial advisor's counseling may also be one of these steps. Knowing how money is exchanged, establishing and achieving financial goals, and managing internal and external financial obstacles are all part of the education surrounding this topic (OECD-INFE.2011).

Students in schools and colleges are the main subjects of study for younger generations. Numerous initiatives are run by the government, non-governmental organizations (NGOs), and the commercial sector in Nepal to promote financial literacy. In an effort to improve students' financial literacy, Nepal Rastra Bank introduced the "NRB with Students" program (NRB, 2014).

The NRB Strategic Plan 2012-2016 prioritizes financial literacy initiatives for women, disadvantaged and marginalized groups, ethnic minorities, and victims of war when it comes to improving financial literacy. Similarly, since 2012, the NRB's monetary policy has placed a strong emphasis on financial literacy initiatives that "because of low financial literacy financial services are not effective so appropriate strategy should be developed". On the other hand, not much research has been done on financial literacy among young people in Nepal. Thus, the purpose of this paper is to determine the level of financial literacy among the active population in Abu Khaireni rural municipality.

1.2 Problem statement

The success of Nepal's economic system and society is partially dependent on informed consumers. One problem could be the lack of information and expertise among many people and families to manage even simple financial decisions, let alone complicated ones (Alhabeeb, 1999; Klemme, 2002; NEFE, 2002).

"I learned how to get a job and make money, but no one ever taught me how to manage money," is a common statement. Understanding financial management is as significant to obtaining it (Danes & Hira, 1987; Lachance & Choquette-Bernier, 2004).

Throughout the developed world, the United States has the lowest personal savings rate, and it continues to fall. According to the Economic Report of the President (2006), consumer indebtedness among American families rose by 152% between 1970 and 2002, but median family income climbed by only 13%. Over the past 20 years, the number of bankruptcies has increased by approximately 400%, impacting 1,759,503 families in the United States in 2006 (U.S. Courts Bankruptcy Filings, 2006).

As stated in NRB Act, 2002 Section 4(b), Nepal Rastra Bank's (NRB) goal is to "increase public confidence towards the banking and financial system and increase access to financial services." NRB has made this clear in its Strategic Plan (2022–2026), designating the

strategic goal as “Enhance Financial Literacy, Inclusion and Access to Finance” in order to help achieve this goal (NRB, 2022).

The state of financial literacy in our nation is dire. Approximately two thirds of that population are literate, and the majority of those who are literate also lack financial literacy. Even with low incomes, people who are financially literate can manage to save. Only when a nation's people are financially literate will that nation's economic situation improve. The employment rate is higher than that of any other occupation in any nation. The nation's economic situation can be altered if those workers possess sound financial knowledge and are able to make wise decisions. Given the aforementioned information, the purpose of this study is to investigate the field of active population in Abu Khaireni rural municipality.

Efforts have been made by different researchers and academicians to investigate the concept of financial literacy at the personal level. Financial illiteracy regarding personal finance in both developed and underdeveloped countries are the problems which have an impact on the financial system of the particular country. In the case of Nepal, financially literate citizens are very few. Financial literacy can be measured on different parameters like financial knowledge, financial behavior, financial attitude, financial awareness, financial experience, financial skill etc.

The research questions for this study are as follows:

- What is the situation of financial literacy among the active population?
- How do these financial awareness and financial experience impact on financial literacy among the active population?
- What is the impact of financial skill on financial literacy among the active population?

1.3 Objectives of the study

The objectives of the study are as follows:

- i. To assess the status of financial literacy among the active population in Abu Khaireni Rural Municipality.
- ii. To measure the impact of financial awareness and financial experience on financial literacy among the active population.

- iii. To analyze the effects of financial skill on financial literacy among the active population.

1.4 Hypothesis

The given hypothesis has been formulated for the study:

Ha: Financial literacy is significantly impacted by financial awareness.

Hb: Financial literacy has not significantly impacted by financial experience.

Hc: Financial literacy is significantly impacted by financial skill.

1.5 Rationale of the Study

This research will add to the body of knowledge already available on financial literacy. The study is being carried out in Nepal, where there is a growing trend in the understanding of the value of financial literacy. In other words, this study contributes to the knowledge and investigation of financial literacy among researchers, policymakers, and other individuals. This study highlighted the status of financial literacy of the active population in Abu Khaireni Rural Municipality which provides a good opportunity to analyze the condition of employees' financial literacy in Abu Khaireni Rural Municipality. Similarly, it examined the impact of demographic, financial awareness, financial experience and financial skill in knowledge of finance. Stakeholders and Nepal Rastra Bank will benefit from this study's development and implementation of the literacy program. In a similar vein, financial institutions will find this study useful in launching various schemes and programs. To the public, who should assess their current level of financial literacy and take appropriate steps to enhance it if needed, as well as to the researcher for more research involving variables beyond the scope of this study.

1.6 Limitations of the study

The limitations of the study are as follows:

- i. The study is concentrated on financial literacy among the active population.
- ii. This study is based on primary data.
- iii. Abu Khaireni Rural Municipality is taken for the study.

CHAPTER II

LITERATURE REVIEW

The four sub-chapters that comprise the literature review for this study are the theoretical review, conceptual review, empirical review, and research gap. The literatures are further chosen and examined according to the publishing period. 10% of the literatures are sourced from original works without time limitations, 30% of the literatures are sourced from the time period between 2015 to 2019, 60% of the literatures are sourced from the time period between 2020 to 2024.

2.1 Theoretical Review

Theory of Financial Literacy

The ability to comprehend, evaluate, and communicate knowledge about money and financial services is referred to as financial literacy. This involves having the capacity to plan ahead, handle unforeseen events and their possible financial ramifications, and make well-informed financial judgments. When developing and implementing courses meant to equip students with essential life skills, educators can draw much from the Wisconsin Model Academic Standards for Personal Financial Literacy. Given that personal financial literacy has a significant impact on community economic stability and advances the state's economy as a whole, giving young people the information and resources they need to handle and negotiate their finances is essential (Rasool & Ullah, 2020).

"A combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing" is how the OECD INFE (2011) defines financial literacy. According to the OECD (2005), financial literacy includes investors' and consumers' understanding of financial concepts and goods as well as their capacity and assurance in recognizing financial risks and possibilities. To enhance one's financial status, it requires making informed decisions, understanding when to seek advice, and acting decisively. Understanding financial ideas and their ramifications in order to make logical and practical financial decisions is what is meant by financial literacy in this context. Applying financial knowledge, making wise decisions, and comprehending basic financial concepts are necessary for effectively managing funds, deciding between immediate and long-term investments, and taking changes in the economy into account.

However, the notion of financial literacy is flexible or a crucial part of the more extensive process of consumer awareness and protection (Muizzuddin et al., 2017).

Theory of Financial Awareness

The assumption that people's understanding and knowledge of financial principles have a significant influence on their financial decision-making and outcomes is supported by the theory of financial awareness. Fundamentally, this theory contends that a person's financial performance and conduct are significantly influenced by the breadth of their financial knowledge as well as their acute awareness of their unique financial situation and available options. It highlights how crucial it is to understand how financial ideas like borrowing, investing, saving, and budgeting relate to one's personal financial circumstances in addition to learning about them. Furthermore, according to Tahir, Ahmed, and Richards (2021) the theory emphasizes the importance of behavioral and contextual elements in forming financial awareness.

This entails identifying spending patterns, developing responsible financial practices, and being aware of external factors including socioeconomic standing and cultural standards. In the end, the idea of financial awareness emphasizes the critical roles that situational awareness, mindfulness, and education play in promoting financial well-being and equipping people to successfully negotiate the challenges of personal finance. People can maximize their financial resources, make better financial decisions, and strive toward their long-term financial objectives by implementing focused interventions that raise financial awareness (Sabrina et al. 2021).

Theory of Financial Experience

According to the financial experience theory, people's current financial behavior and results are greatly influenced by their previous contacts with financial events and decisions. Fundamentally, this theory contends that an individual's financial knowledge, attitudes, and decision-making skills are influenced by the scope and depth of their financial experiences. People who have experienced a wide range of financial situations, including earning a living, setting up a budget, saving money, investing, borrowing, and handling debt, are probably more sophisticated in their comprehension of financial ideas and tactics. Furthermore, their prior financial achievements and mistakes help them develop resiliency, confidence, and financial abilities (Indradewa, Syah, and Pijoh, 2020).

The concept acknowledges that financial behavior and outcomes can be influenced by individual differences in financial experiences, including personal circumstances and socioeconomic background. Others who have had financial difficulties, for example, might handle money management more cautiously, whereas others from affluent backgrounds might take more risks. All things considered, the theory of financial experience emphasizes the value of learning via hands-on involvement with financial affairs and proposes that interventions meant to improve financial literacy and well-being should take into account each person's particular experiences and circumstances. People can become more financially competent and strive toward achieving greater financial stability and success by using their prior experiences to guide their current financial decision-making (Tabash, Kumar, Pillai, and Kumar, 2023).

Theory of Financial Skill

According to The Theory of Financial Skill, a person's capacity for managing their finances well has a significant impact on their success and prosperity in that area. This theory basically contends that people's financial behaviors and outcomes are greatly influenced by the acquisition and application of specific financial abilities. It emphasizes how important it is to master a variety of financial skills, including managing debt, financial decision-making, budgeting, saving, borrowing, and investing (Das & Mahapatra, 2023).

As per this theoretical framework, people with robust financial literacy exhibit increased proficiency in handling diverse financial circumstances and arriving at well-informed decisions regarding financial management. They are adept at creating and adhering to financial plans that facilitate their financial objectives, distributing funds to investments and savings wisely, and strategically controlling debt to reduce burden on their finances. Furthermore, people with advanced financial abilities demonstrate competence in assessing financial possibilities, comprehending trade-offs between risk and reward, and modifying their financial plans in response to shifting conditions Alagarsamy, Prakash, and Hawaldar (2022).

According to the Theory of Financial Skill, without the actual application of skills in real-world situations, financial knowledge on its own is inadequate. As a result, it emphasizes how crucial it is to continue learning through experience, education, and practice in order to develop financial literacy throughout time. Furthermore, this approach recognizes that

individual variations in financial literacy, including educational attainment, personal history, and life events, can impact financial conduct and results (Mishra, 2022).

2.2 Conceptual review

The capacity to read is where the term "literacy" first originated. Learning is generally understood in psychology and education to be a process that combines experiences and effects from the cognitive, affective, and environmental domains in order to acquire, improve, or alter one's one's knowledge, skills, values, and world views (Illeris, 2004, Ormrod, 1995).

The level of knowledge in any subject, including financial knowledge can therefore be connected to variables, such as: Age, gender, level and programme of study, parent's level of education, accessibility to media, sources of education on money matters, place of residence, among others (Shefrin & Statman, 1994). It is argued that some financial phenomena can be better explained using models where it is recognized that some investors are not fully rational or realise that it is not possible for arbitrageurs to offset all instances of mispricing (Barberis & Thaler, 2003). Over the past years psychologists have found again and again that the usual axioms of finance theory are descriptively false.

A review of the literature from the previous ten years revealed the employment of at least four different topic categories, albeit in different amounts. The fundamentals of money, such as purchasing power, time value of money, and ideas of personal financial accounting. Intertemporal transfers of resources between time periods, including Borrowing (i.e., reserving current assets for use in the future (by using mutual funds, equities, bonds, or savings accounts). The fourth content area is Protecting resources (either through insurance products or other risk management techniques), (SJ huston,2010).

Most financial decisions are based on a small number of core ideas. These ideas are cross-cultural and cross-economic in their applicability. Three such notions are (1) understanding of inflation; (2) understanding of risk diversification; and (3) numeracy as it relates to the ability to compute interest rates and comprehend interest compounding. It is challenging to convert these ideas into quantitative measures of financial literacy, however Lusardi and Mitchell (2008, 2011b, 2011c) have created a standard set of inquiries centered around these ideas and implemented them in numerous surveys in the USA and around the world (Lusardi,2019).

A key component of financial well-being is financial self-efficacy, which is derived from increased financial literacy. These authors identify financial self-efficacy as being able to control one's finances which reflects an individual's skill and ability to influence his/her financial matters. Therefore, one way to conceptualize financial self-efficacy is as an individual's confidence derived from their understanding of finance, which in turn leads to their financial well-being. Nevertheless, there is a dearth of literature on this relationship that is even nonexistent when considered from the viewpoint of business school faculty. So, the present study will empirically analyze how the relationship between financial literacy and financial well-being is being mediated by financial self-efficacy (Bruggen et al. 2017).

2.3 Empirical review

Thesman and Wahyudi (2024) conducted a study on the role of financial literacy and overconfidence in investment making. The objective of the study was to examine the influence of financial literacy on investment decisions. The study used Structural Equation Modeling- Partial Least Square (SEM-PLS) for analyzing data. The study found that there was a positive and significant influence between financial literacy and investment decisions. The study concluded that financial literacy and overconfidence are key factors when making investing decisions.

Tanggamani et al. (2024) conducted a study on elevating financial literacy among women entrepreneurs: cognitive approach of strong financial knowledge, financial skills and financial responsibility. The objective of the study was to raise financial literacy amongst women entrepreneurs to encourage financial responsibility and positive attitude. The study used Structural Equation Modeling (SEM) for analyzing data. The study found a significant contribution of theoretical and practical perspective on the grounds of cognitive approach to financial well-being among women entrepreneurs. The study concluded that creating a sound financial structure was critical to the financial success of women entrepreneurs in Malaysia women entrepreneurs.

Das and Mahapatra (2023) conducted a study on the big three of financial literacy: analyzing its influences on financial well-being. The objective of the study was to identify the key components of financial literacy and its constituent factors. The study used factor analysis, multiple regression and correlation coefficient for analyzing data. The study found that financial literacy along with its three main components, significantly and positively impact

people's financial well-being. The study concluded that both financial literacy and financial well-being are important aspects of the financial life of an individual.

Didenko et al. (2023) conducted a study on the role of financial literacy in ensuring financial inclusion of the population. The objective of study was to identify the key factors and behavioural patterns inherent in managing personal finances. The study used multiple regression to analyze data. The study found that the patterns in behaviour with money have a more significant relationship with financial literacy rather than quality of financial decision making. The study concluded that financial literacy was a fundamental factor in the level of financial well-being and closely correlates with financial behaviour patterns.

Abidin et al. (2023) conducted a study on financial literacy and retirement planning behaviour among working single women in the private sector. The objective of the study was to examine the factor influencing financial literacy related to retirement planning behavior. The study used correlation coefficient, multiple regression and mean for analyzing data. The study found that financial security, motivation to be debt free, unexpected financial set back and influence on the financial audience plays a significant role in financial literacy. The study concluded that contribution to the financial literacy behavior was necessary towards retirement planning among working single women.

Prakash et al. (2022) conducted a study on demographic characteristics influencing financial wellbeing: a multi group analysis. The objective of the study was to recognize the elements influencing the financial security of Indian IT workers. Regression and correlation were employed in the study to analyze the data. The study found that demographic variables have a major moderating effect on the connection between the variables that affect financial well-being. The study concluded that it had important policy implications in designing programs, companies and strategies aimed at promoting financial well-being of IT employees.

Lone and Bhat (2022) conducted a study on the impact of financial literacy on financial well-being, a mediating role of financial self-efficiency. The objective of the study was to examine the mediating role of financial self-efficiency between financial literacy and well-being. The study used structural equation modeling to analyze data. The study found a significantly positive impact of financial literacy as well as its dimensions on financial self-efficiency and

financial well-being. The study concluded that it will be advantageous for all staff members, particularly the faculty members of the business school.

Madeira and Magaretic (2022) conducted a study on the impact of financial literacy on quality of self-reported financial information. The objective of the study was to examine the impact of financial literacy on quality of self-reported financial information. The study used the ordinary linear model to analyze data. The study found a positive effect of financial literacy on the accuracy of loan reporting. The study concluded that the effect of financial literacy on the accuracy of loan reporting was casual even after controlling for several observable characteristics.

Kumar and Bansal (2021) conducted an empirical study on the effects of banking services accessibility (AC) and financial literacy (FL) on overall financial well-being. The objective of the study was to examine the mediating role of AC between the financial literacy level and financial well-being of select individuals. The study used multiple regression for analyzing data. The study found that FL alone is insufficient to elevate the level of financial well-being among individuals. The study concluded that it helps government and policymakers in farming national strategies and designing policies suitable for groups who lack financial literacy and access to banking services.

Philippas and Avdoulas (2021) conducted a study on financial literacy and financial well-being among generation-Z university students: evidence from Greece. The objective of the study was to evaluate the relation between financial literacy, financial fragility, and financial well-being in parallel with identifying their determinants. The study used chi-square test and multiple regression for analyzing data. The study found that financially higher levels of education tend to exhibit greater financial literacy. The study concluded that financial education would improve the smooth operation of the financial system and its stability.

Kadoya and Khan (2020) conducted a study on what determines financial literacy in Japan. The objective of the study was to investigate the factors affecting financial literacy in Japan. This study used a linear regression model to analyze data. The study found that the demographic factors and the socioeconomic factors and the psychological factors significantly affect the level of financial literacy. The study concluded that socialization and

future orientation have a profound impact on the acquisition of financial literacy in Japan, which could improve residents' saving, retirement planning and investment decisions.

Hamza and Arif (2019) conducted a study on the impact of financial literacy on investment decisions with the mediating effect of personality traits based on the big-five model. The objective of the study was to focus on the variables which impact the investment decision making criteria of an individual. The study used Structural Equation Modeling (SEM) for analyzing data. The study found financial literacy has a significant positive impact through neuroticism. It was concluded that financial literacy has an important impact on agreeableness, extraversion, openness and investment decisions.

Ismail and Zaki (2019) conducted a study, Does financial stress and financial knowledge affect one's ability to manage finances? The objective of the study was to determine the relationship of financial wellness. The study used correlation coefficient and multiple regression for analyzing data. The study found that there was a strong positive relationship between financial literacy, capacity to manage their finances and making sound financial decisions. The study concluded that the employee financial wellness was important, measured using health rather than wealth.

Gupta and Gupta (2018) conducted a study on determining the impact of financial literacy on investment decisions of people living in rural areas of Himachal Pradesh in Shimla district. The objective of the study was to determine the relationship between financial literacy and demographic factors. The study used the chi-square test for analyzing data. The study found that there was a significant impact of demographic factors on financial literacy of respondents. The study concluded that financial literacy plays a crucial role in influencing individual investment decisions and financial behaviors.

Stolper and Walter (2017) conducted a study on financial literacy, financial advice, and financial behavior. The objective of the study was to investigate the relationships and interactions between financial literacy, the receipt of financial advice, and financial behavior among individuals. The study used mean, correlation coefficient, multiple regression and factor analysis for analyzing data. The study found that there was a positive relationship between financial literacy and financial behavior. The study concluded that the interactions

between financial literacy and advice demonstrate the need for comprehensive financial education programs and accessible financial advisory services.

Semercioglu and Akcay (2016) conducted a study on the financial literacy level of high school students of high school and religious high school in Turkey. The objective of the study was to

determine the degree of financial literacy that high school and religious high school students possess. The study used multiple regression and ANOVA to analyze data. The study found that there were notable differences between the various school kinds when it came to the high school graduates. The study concluded that high school learners knew more about FL than they did about religion.

Thapa and Nepal (2015) conducted a study on financial literacy in Nepal: A survey analysis from college students. The objective of study was to examine the financial knowledge of college students. Mean, ANOVA, and multiple regression were employed in the study to analyze the data. The study found that students are more significant knowledgeable in basic levels of finance such as budgeting, saving and investing. The survey found that although college students have a fundamental understanding of finance, their level of understanding varies depending on a number of factors, including age, family income, type of college attended, educational background, and financial mentality.

2.4 Research gap

Studies that evaluated at the financial literacy of an active population are hard to come by in Nepal. Frequently can one find research on financial literacy conducted in Nepal. For the first time, the active population of Abu Khairani city will be included by this survey. Three categories of independent variables are identified in this study: financial awareness, financial experience and financial skill and results shows that similarly to Lone and Bhat (2022), so this research will benefit interested parties, academics, students, teachers, businesspeople, members of civil society, other investors, and the government from both an academic and policy standpoint. There is a lack of literature from a Nepalese perspective.

A review of the literature on financial literacy shows that most of the studies (Kadoya and Khan 2020, Thapa and Nepal 2015, Nidar and Bestari 2012, Jorgensen and Bryce 2007 and Britt et al 2004) focused on the students. Though some of the studies dealt with the educators

teaching to undergraduate and graduate students to examine the relationship between their background characteristics, financial behaviour, financial awareness and financial literacy. Some studies were done among young people with the demographic variables. Similarly, some research had been conducted to test the investor's knowledge then some had done the research to test the financial literacy in adult's life by taking their attitudes to borrowing and saving, how they used building societies and banks, how they handled their transaction accounts, who was in charge of the family's finances, and how confident they were in managing money matters as variables of the study.

In addition, knowledge of financial markets and instruments, financial decision-making, solving financial problems and financial planning are also taken as variables. In a similar vein, research was done among young people in metropolitan India who were employed. In Nepal, studies are rarely found that have examined financial literacy in any field except some in students. With this fact, it is rarely found any study which has been done on financial literacy on employees in Nepal. Thus, this study tries to fill the gap by studying in Abu Khairani for the very first time. Broadly, all independent variables are categories into three groups: Financial awareness, financial experience and financial skill variables.

CHAPTER III

RESEARCH METHODOLOGY

The methodology that will be applied in the present study is covered in this chapter. Various research kinds employ different methodologies based on the goals, nature of the problem, and data. The data collected for the study is analyzed using quantitative techniques. The population and sample, data sources, data collection process, data processing procedure, and data analysis tools & techniques are all covered in this part. The subsequent approaches are used in this study:

3.1 Research design

Descriptive and explanatory research designs are used in this study. In order to determine how factors like occupation, income, education, financial behavior, financial influence, and financial attitude affect financial literacy, this study uses an active population approach in Abu Khaireni Rural Municipality. As a result, the primary research method in this work is a survey, which enables the gathering and analysis of quantitative data using both inferential and descriptive statistics. The collection and assessment of numerical data is another component of the process used in quantitative research. The research actively uses a comprehensive questionnaire design to address the main facets of personal finance. It covers risk and return, share market, banking, insurance, taxes, credit, inflation, compound interest, time value of money, money illusion, and financial literacy and numeracy. The research questionnaires are predicated on studies by Jorgensen (2007) and Thapa & Nepal (2007). A number of factors have been taken into consideration when choosing the study's questionnaire items.

3.2 Population and sample

The method of convenience sampling is employed. The employed active people, workers in the public and private sectors, small and large businesses, and entrepreneurs from Abu Khaireni Rural Municipality in Tanahun District comprised the study's sample. There are other municipalities in the Tanahun district; the city of Abu Khaireni has been chosen for the investigation. There were only 400 respondents since there were only 400 surveys given.

3.3 Nature and sources of data

The study's primary source of data is a judgment sample survey conducted in Abu Khairani City in Tanahun, using a questionnaire and 400 living residents. There are two sections to the questionnaire. The employees' demographic and educational profile is addressed in Section 1, and information regarding the elements that influence financial awareness, financial experience, and financial talent is gathered in Section 2. There are multiple choice questions and Likert scale questions (1 to 5; 5 strongly agree and 1 strongly disagree) throughout the questionnaire.

3.4 Method of Analysis

The study collects data from the respondents directly in the place of their education, work or residence. Everyone who was approached received a questionnaire. A Google form was created in order to collect data for the study, and respondents who used the internet to complete surveys were provided the link. Data were encoded into SPSS tools following receipt of the response. The results are described using descriptive statistical techniques such as mean, standard deviation, and percentages. The relationship between the dependent and independent variables is demonstrated using the ANOVA Test, multiple regression, and correlation.

3.5 Tools and Techniques Used

The study employs various financial tools and statistical tools to analyze the data collected from various sources.

3.5.1 Statistical Tool

Descriptive Statistics

Descriptive statistics was utilized to make use of the interpreted data that was gathered from the respondents. Several tools, including percentage, frequencies, mean, and standard deviation, were computed in order to summarize the data and in order to clarify the relationship between the independent and dependent variables, ANOVA tests, multiple regression, and correlation will be performed.

Mean

The responses' average is determined using the mean. A higher mean indicates support for the responses from the respondents, while a lower mean indicates opposition to the responses.

$$\text{Mean } (\bar{X}) = \frac{\sum x}{n}$$

Where,

ΣX = Sum of the variables 'X'

n = No. of Observation

Standard Deviation(σ)

The deviation of a value from the mean is computed using the standard deviation. A higher standard deviation indicates greater variation in the responses that the respondents are inferring. Low standard deviation is preferred, though.

$$\sigma = \frac{\sum(X-\bar{X})^2}{N}$$

Where,

X = variables

\bar{X} = mean

N = No. of observation

Correlation Analysis

The degree of relationship between the variables will be displayed by the correlation coefficient. The correlation coefficient was used in this study to investigate the relationship between the dependent and independent variables for which Likert Scale questions would be evaluated by utilizing a correlation matrix. It gives us no information regarding the relationship between cause and effect. The range of correlation is -1 to +1. There is a strong correlation between two variables when Pearson's correlation (r) is near to 1. This indicates that a change in one variable will be substantially associated with a change in the other. There is a weak association between two variables when the correlation is around zero. The following is the correlation analysis formula that was used to calculate it.

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{n \sum X^2 - (\sum X)^2} \cdot \sqrt{n \sum Y^2 - (\sum Y)^2}}$$

Where,

r = Correlation Coefficient

n= no. of observation, variables are x and y

Regression Coefficient

Modeling the link between a dependent variable and one or more independent variables is done statistically using regression. It aims to find the best-fitting line or curve that predicts the values of the dependent variable based on the values of the independent variables. Regression helps in understanding the correlation and quantifying the strength and direction of the relationship between variables, allowing for prediction and inference.

Multiple Regression Analysis

A statistical method called regression will be applied in the financial industry and other domains to evaluate the kind and strength of the link between both independent and dependent variables. The impact of independent and dependent variables will be examined using this tool.

Model I'll make an effort to determine how a variable affects the population's financial literacy. The model given below:

$$\text{Model 1: } Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots$$

Where

a=Regression intercept,

β 's=Multiple regression coefficient

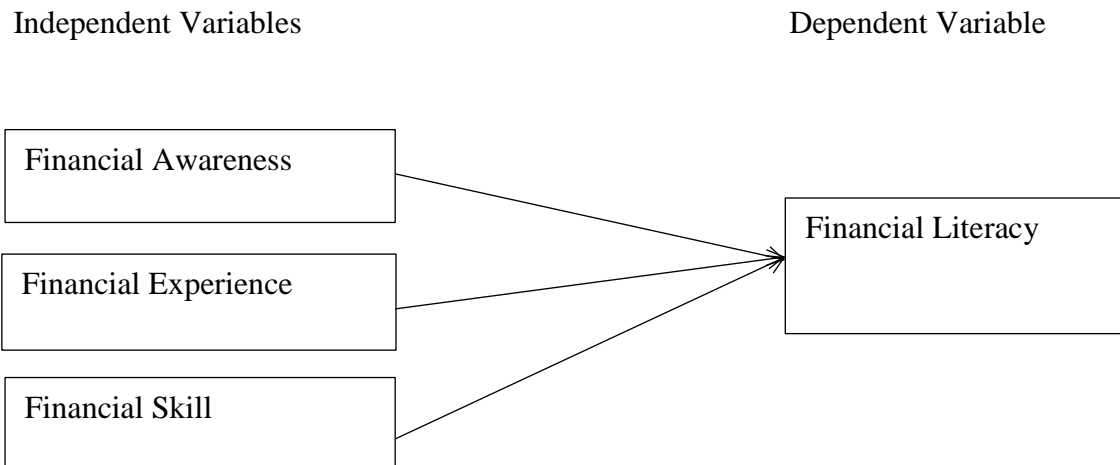
FA=(X1) Financial Awareness

FE=(X2) Financial Experience

FS=(X3) Financial Skill

3.6 Research framework and definition of variables

An analytical technique for organizing ideas or drawing conceptual differences is a conceptual framework. The study's conceptual framework provides a methodical explanation of the relationship between the independent and dependent variables in order to explain the active population's financial literacy as well as the factors that influence it.



Source: Lone and Bhat (2022)

Figure 1: Conceptual Framework

Independent Variables

Financial Awareness

In order to manage one's personal finances, financial awareness is defined as having a general understanding of budgeting, knowledge of the financial goods and services provided by financial institutions, and a fundamental understanding of finance principles and achieve his/her financial goals (Chowdhry and Dholakia 2020).

Financial Experience

Financial experience is defined as having a financial product or sharing that experience with others. It is thought that having financial experience increases financial literacy (Dewi et al. 2020). So, positive financial experiences may include making sound investment choices, effectively managing debt, achieving goals and financial stability.

Financial Skill

Financial skill: Referred to as an individual's numerical and cognitive abilities, financial ability may inspire people to examine data, acquire new abilities, and even look for what is available (Lusardi 2012; Mitchell and Lusardi 2015).

Dependent Variable**Financial Literacy**

Financial Literacy: The ability to make wise and prudent financial decisions is referred to as financial literacy. It includes understanding many financial ideas, including managing debt, saving, investing, budgeting and planning for retirement.

According to this study, financial literacy is the comprehension of fundamental economic and financial ideas necessary for effective resource management in order to attain financial well-being (Hung et al. 2009).

CHAPTER IV

RESULTS AND DISCUSSION

The findings of the data analysis are covered in this chapter. The study collected data from 400 active population in Abu Khaireni rural municipality through online questionnaires. The respondents' profile, including age, gender, education level, and monthly income level was analyzed to ensure a diverse sample representation. The data has been used to explore the impact of variables on financial literacy. The study aims to answer research questions, fulfill objectives, and test hypothesis related to components of financial literacy in Abu Khaireni rural municipality.

4.1 Descriptive Analysis

A statistical method for summarizing and describing a dataset's primary features is called descriptive analysis. Descriptive analysis was applied to provide an overview of the demographic characteristics of the respondents. The respondent banks were asked to rate the usage of financial literacy. The ranking ranged from 1 to 5. Questions are used in Five Point Likert Scale questionnaire and each question ranging from "Strongly disagree" to "Strongly agree", coded by 1 is "Strongly disagree," with 2 standing for "Disagree," 3 for "Neutral," 4 for "Agree," and 5 for "Strongly agree."

4.2 Demographics Characteristics of Respondents

Table 1

Gender of respondents

Attributes	Sub Attributes	Numbers	Percentages (%)
Gender	Male	198	49.5
	Female	202	50.5
Total		N= 400	100

Source: Field Survey, 2024

The table 1 shows the majority of the respondents were female (i.e. 202) in this study which comprises of 50.5% of the total respondents, while 49.5% (i.e.198) were male.

Table 2

Age group of respondents

Attributes	Sub Attributes	Numbers	Percentages (%)
	Below 20	8	2
	20 - 30	252	63
	30 - 40	96	24
Age	Above 40	44	11
Total		N = 400	100

Source: Field Survey, 2024

The table 2 shows all the respondents are categorized in 4 groups where, the majority of the respondents were between 20-30 age group with 63% (i.e 252), 2% were below 20 age group, 24% were 30-40 age group and 11% were above 40 age group.

Table 3

Family monthly income of respondents

Attributes	Sub Attributes	Numbers	Percentages (%)	
	Below Rs.20000	22	5.5	
	Rs.20000-30000	110	27.5	
Family	Monthly	Rs.30000-50000	170	42.5
Income	Range	More than Rs.50000	98	24.5
Total		N = 400	100	

Source: Field Survey, 2024

The table 3 shows family monthly income range, majority of the respondents fall within the Rs.30000-50000 has 42.5% (i.e 170), below Rs.20000 has 5.5%, Rs.20000-30000 has 27.5% and more than Rs.50000 has 24.5%.

These demographic details provide valuable information about the sample of respondents, indicating data the study includes a diverse group of active population in the Abu Khaireni Rural Municipality, with various levels of education and income.

Table 4

Education level of respondents

Attributes	Sub Attributes	Numbers	Percentages (%)
	SLC	34	8.5
	Intermediate	70	17.5
	Bachelor Degree	190	47.5
	Masters Degree or Above	104	26
Education (currently studying)	No formal education	2	0.5
Total		N = 400	100

Source: Field Survey, 2024

The table 4 shows regarding education (currently studying), 8.5% had a SLC, 17.5% had a Intermediate, 47.5% (i.e 190) had a Bachelor Degree, 26% had a Master Degree or Above and 0.5% had a No formal education. Most respondents were well educated with a bachelor degree level education.

4.3 Financial literacy and variables analysis

Financial literacy variables analysis involves identifying and examining factors that contribute to the active population within a municipality. Data is collected through surveys, and descriptive statistics, correlation analysis and multiple regression analysis are used to understand the various variables on financial literacy. The findings help municipality make informed decisions to enhance financial literacy.

Table 5

Financial Awareness

Descriptive Statistics	N	Mean	Std. Deviation
I am aware of the importance of budgeting and tracking my expenses.	400	3.97	0.745
I actively seek out information on personal finance topics to improve my financial knowledge.	400	4.05	0.790
I feel confident in my ability to make informed financial decisions based on my understanding of financial concepts.	400	3.99	0.766
I am always willing to discuss financial issues.	400	3.75	1.016
I believe that improving financial awareness in our community can lead to better financial outcomes for individuals and the municipality as a whole.	400	3.87	0.936
N	400	3.92	0.851

Source: SPSS Output

The table 5 shows of financial awareness and behavior among 400 respondents, reflecting their attitudes through mean scores and standard deviations for various statements. The overall mean score is 3.92, indicating a generally positive disposition towards financial literacy. The highest mean score of 4.05 pertains to seeking information on personal finance, suggesting that respondents are proactive about enhancing their financial knowledge. This is closely followed by the confidence in making informed financial decisions (mean 3.99) and the importance placed on budgeting and tracking expenses (mean 3.97), highlighting strong individual financial competence and awareness.

Despite this overall positive trend, the willingness to discuss financial issues scored the lowest mean (3.75) and exhibited the highest variability (standard deviation 1.016). This suggests a notable reluctance or inconsistency among respondents in engaging in financial discussions, indicating a potential area for improvement in fostering open communication about financial matters. The statement regarding the belief in the community benefits of

financial awareness scored a mean of 3.87, reflecting a general agreement that improving financial literacy can lead to better outcomes at both individual and municipal levels.

These findings underline a robust individual awareness and confidence in financial matters, but also point to a significant opportunity to enhance the comfort level and consistency in discussing financial issues openly. This could be critical for furthering financial education and support within the community, ultimately contributing to better collective financial outcomes.

Table 6

Financial Experience

Descriptive statistics	N	Mean	Std. Deviation
My financial experiences have influenced my attitudes and behaviors towards saving and investing for the future.	400	4.09	0.702
I maintain an adequate insurance coverage.	400	3.78	0.887
I have an experience in managing personal assets.	400	3.82	0.890
I have an investing experience in stock market.	400	3.67	1.084
I always hold emergency savings.	400	3.75	1.150
N	400	3.82	0.943

Source: SPSS Output

The table 6 shows descriptive statistics for various aspects of financial experience among 400 respondents. Each row represents a different financial behavior or attitude, with the responses rated on a scale from 1 to 5. The statistics include the number of respondents (N), the mean (average) score, and the standard deviation.

The first row shows that the statement "My financial experiences have influenced my attitudes and behaviors towards saving and investing for the future" has a high mean score of

4.09 with a relatively low standard deviation of 0.702, indicating that most respondents agree with this statement and there is less variability in their responses. Other financial behaviors such as maintaining adequate insurance coverage, managing personal assets, having stock market investing experience, and holding emergency savings have mean scores ranging from 3.67 to 3.82, with standard deviations ranging from 0.887 to 1.150. These results suggest that while the respondents generally have positive financial experiences and practices, there is more variability in their responses compared to the first statement.

Table 7

Financial skill

Descriptive Statistics	N	Mean	Std. Deviation
	400	3.93	0.794
I feel confident in my ability to create and stick to a personal budget.			
I understand financial terminology and concepts, such as interest rates, inflation, and compound interest.	400	4.09	0.770
My bank account savings allow me to make future plans.	400	4.07	0.814
I possess the potential to take/ raise loan from the bank.	400	3.60	1.097
I effectively manage my financial goals by applying my financial talents.	400	4.01	0.792
N	400	3.94	0.853

Source: SPSS Output

The table 7 interprets descriptive statistics for a survey conducted on 400 participants regarding their financial skills. The survey items measured various aspects of financial literacy and confidence, on a scale of 1 for "strongly disagree" to 5 for "strongly agree."

The table summarizes the mean, and standard deviation for each survey item.

The results show that participants generally feel confident in their financial abilities. The highest mean score is 4.09 for the item "I understand financial terminology and concepts, such as interest rates, inflation, and compound interest," indicating a strong grasp of fundamental financial concepts. Similarly, the mean scores for "I can plan for the future from the money saved in my bank" (4.06) and "I use financial skills efficiently to manage my financial goals" (4.01) imply that participants have a strong sense of competence in financial planning and management. The item with the lowest mean score is "I possess the potential to take/raise a loan from the goals" bank" (3.60), which also has the highest standard deviation (1.097), indicating more variability in responses and possibly less confidence in this area compared to others.

Overall, the standard deviations for most items are relatively low, indicating that responses are clustered close to the mean, with the exception of the item related to taking or raising a loan. This data can be used to identify areas where additional financial education might be beneficial, particularly in understanding and managing loans.

Table 8

Financial literacy

Descriptive Statistics	N	Mean	Std. Deviation
I believe that financial literacy is essential for making informed financial decisions.	400	4.05	0.674
I feel confident in my understanding of basic financial concepts such as budgeting, saving and investing.	400	4.09	0.702
I actively seek out opportunities to improve my financial knowledge and skills.	400	4.14	0.811
I believe that having a strong foundation in financial literacy can lead to better overall financial well-being.	400	4.16	0.750
I feel empowered to take control of my financial future because of my level of financial literacy.	400	3.99	0.701
N	400	4.08	0.728

Source: SPSS Output

The table 8 shows descriptive statistics for a survey of 400 participants, focusing on various aspects of financial literacy. Each item is rated on a scale from 1 to 5, where higher scores indicate stronger agreement. The table presents the number of respondents (N), mean scores, and standard deviations for each survey item.

The mean scores across the items suggest that participants generally value and feel confident in their financial literacy. The highest mean score is 4.15 for the statement "I believe that having a strong foundation in financial literacy can lead to better overall financial well-being," indicating strong agreement among participants on the importance of financial literacy for overall well-being. Similarly, the statement "I actively seek out opportunities to improve my financial knowledge and skills" has a mean score of 4.13, showing a proactive approach towards enhancing financial knowledge.

While all items have mean scores close to or above 4.0, indicating a high level of agreement, the statement "I feel empowered to take control of my financial future because of my level of financial literacy" has the lowest mean score (3.99) and also a relatively low standard deviation (.701), suggesting consistent but slightly less strong feelings of empowerment compared to other areas. The standard deviations for most items are relatively low, indicating that responses are generally close to the mean. These findings reflect a generally high level of confidence and proactive attitudes towards financial literacy among the participants.

4.4 Relationship between Effectiveness of Characteristics and Literacy

4.4.1 Correlation analysis

Table 9

Correlation matrix analysis

Variable	FA	FE	FS	FL
FA	1			
FE	.608**	1		
FS	.563**	.680**	1	
FL	.611**	.540**	.591**	1

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

Source: SPSS Output

The table 9 shows a correlation matrix showing the relationship between four variables: FA, FE, FS, and FL. Each cell in the matrix contains a correlation coefficient that quantifies the

strength and direction of the linear relationship between the corresponding pair of variables. These coefficients range from -1 to 1, where 1 indicates a perfect positive correlation, -1 indicates a perfect negative correlation, and 0 indicates no correlation. In this matrix, significant correlations at the 0.01 level (2-tailed) are marked with two asterisks (**), indicating a high level of statistical confidence.

The matrix reveals that all pairs of variables have positive and significant correlations. For instance, FA is significantly correlated with FE ($r = .608$), FS ($r = .563$), and FL ($r = .611$), suggesting that increases in FA are associated with increases in these variables. Similarly, FE shows significant correlations with FS ($r = .680$) and FL ($r = .540$), and FS is significantly correlated with FL ($r = .591$). These positive correlations imply that as one variable increases, the others tend to increase as well, reflecting a consistent pattern of association among the variables in the dataset.

4.5 Impact of characteristics on financial literacy

4.5.1 Regression analysis

A statistical method called regression analysis is used to look at the relationship in a dataset between a dependent variable (response) and one or more independent variables (predictors). The goal of regression analysis is to build a mathematical model that can predict or explain the variation in the dependent variable based on the values of the independent variables.

Table 10

Multiple Regression analysis of independent variables to dependent variable (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 ^a	0.468	0.464	0.36258

Predictors: (Constant), Awareness, Experience, Skill

Source: SPSS Output

The table 10 interprets the key statistics for the regression analysis involving predictors Awareness, Experience, Skill.

- R: The correlation coefficient (0.684) indicates a strong positive relationship between the predictors and the dependent variable.
- R Square: The coefficient of determination (0.468) shows that 46.8% of the variance in the dependent variable is explained by the model.

- Adjusted R Square: The adjusted R-square (0.464) adjusts the R-square value for the number of predictors, providing a more accurate measure of the model's explanatory power.
- Std. Error of the Estimate: The standard error (0.36258) indicates the average distance that the observed values fall from the regression line.

In summary, the model explains approximately 46.4% of the variance in the dependent variable with a strong correlation, and the predictors Awareness, Experience, and Skill contribute significantly to this explanation. The standard error suggests a moderate level of accuracy in the predictions made by the model.

Table 11

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	45.744	3	15.248	115.985	<.001 ^b
Residual	52.060	396	0.131		
Total	97.804	399			

a. Dependent Variable: FL

b. Predictors: (Constant), FA, FE, FS

Source: SPSS Output

The table 11 shows the results of a regression analysis, showing that the model significantly explains the variation in the dependent variable ("Financial Literacy "). The regression sum of squares is 45.744, the residual sum of squares is 52.060, and the total sum of squares is 97.804. With 3 degrees of freedom for the regression and 396 for the residual, the mean squares are 15.248 and 0.131, respectively. The high F-statistic of 115.985 and a p-value of less than 0.001 indicate that the regression model is highly significant. The footnotes clarify that it is an independent variable and listed as a predictor, suggesting a possible error in the predictor listing.

Table 12
Coefficient of regression

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Coefficients Beta		
1 (Constant)	1.511	0.140		10.831	0.000
FA	0.310	0.039	0.375	7.852	0.000
FE	0.081	0.044	0.099	1.844	0.066
FS	0.266	0.044	0.312	6.038	0.000

a. Dependent Variable: FL

Source: SPSS Output

The table 12 shows the coefficients from a multiple regression analysis, where the dependent variable is "Financial Literacy." The model assesses the impact of three independent variables—Financial Awareness, Financial Experience, and Financial Skill—on FL.

The "Unstandardized Coefficients" column provides the raw coefficients (B) for each predictor. The constant term (intercept) is 1.511, suggesting that if all predictors (FA, FE, FS) are zero, the expected value of FL would be 1.511. The coefficients for FA, FE, and FS are 0.310, 0.081, and 0.266, respectively. This means that a one-unit increase in FA is associated with an increase of 0.310 units in FL, holding the other variables constant. Similarly, a one-unit increase in FE and FS is associated with increases of 0.081 and 0.266 units in FL, respectively.

The "Standardized Coefficients" (Beta) indicate the relative impact of each predictor on FL when compared on the same scale. FA has the highest Beta value (0.375), indicating it has the strongest influence on FL, followed by FS (0.312) and FE (0.099). The "t" values and "Sig." (p-values) assess the statistical significance of each coefficient. FA and FS are highly significant predictors ($p < 0.001$), suggesting strong evidence that these variables affect FL. FE has a p-value of 0.066, indicating marginal significance, which means its effect on FL is not as strong and may be considered negligible at the conventional significance level of 0.05.

4.6 Hypothesis Testing

Ha: Financial literacy is significantly impacted by financial awareness.

The p-value is 0.000, which is less than 0.05. We reject the null hypothesis and conclude that FL (financial literacy) is significantly impacted by FA (financial awareness).

Hb: Financial experience has not significantly impacted by financial literacy.

The p-value is higher than 0.05 at 0.066. We do not reject the null hypothesis at the 0.05 level, meaning there isn't enough evidence to conclude that FE (financial experience) has a significant effect on FL (financial literacy).

Hc: Financial literacy is significantly impacted by financial skill.

The p-value is 0.000, which is less than 0.05. We conclude that there is a substantial relationship between financial literacy (FL) and financial competence (FS), rejecting the null hypothesis.

4.7 Discussion

The results from the regression model revealed that variables financial awareness, financial experience financial skill and financial literacy have significant positive relationships. Which means increase in financial awareness, experience and financial skill will positively increase the level of financial literacy.

The result of variables financial literacy having positive significant relationship with financial awareness, financial experience and financial skill. This is consistent with the study of Thesman and Wahyudi (2024), Das and Mahapatra (2023), Didenko et al. (2023) and Lone and Bhat (2022).

Similarly, The results of variable financial literacy having a positive significant relationship with financial awareness, financial experience and financial skill. This is inconsistent with the study of Kumar and Bansal (2021) and Kadoya and Khan (2020).

This study is inconsistent with Prakash et al. (2022) and Gupta and Gupta (2018), presented financial literacy which is generally influenced by demographic variables that played a significant moderating role, whereas our study has not consistent with demographic variables.

This study is inconsistent with Tanggamani et. al (2024) and Philippas and Avdoulas (2021), whereas our study has positive significance with relationships with financial awareness and financial skill.

Similarly, this study is consistent with Madeira and Magaretic (2022) and Hamza and Arif (2019), presented the positive effect of financial awareness and financial skill on financial literacy.

This study is consistent with Stolper and Walter (2017), where our study is also consistent with variable financial literacy. This study is inconsistent with Semercioglu and Akcay (2016), where our study has a positive effect of financial awareness and financial skill on financial literacy.

Furthermore, the correlation analysis demonstrated strong relationship between financial literacy with financial awareness, financial experience and financial skill to manage their finances and make sound financial decisions. This result is consistent with Ismail and Zaki (2019).

CHAPTER V

SUMMARY AND CONCLUSION

This is the final chapter that involves summary, conclusions and implication of research work. The facts and findings from the primary data analysis are presented in this chapter. Besides summary and conclusion of the research work, implications are made to be concerned for further study to make more extensive study in the same topic.

5.1 Summary

A descriptive and informal comparative research design was used for the study. This study's primary research method is a survey, which enables the collection of quantitative data and its analysis utilizing descriptive. A further aspect of quantitative research methodology is the gathering and evaluation of numerical data. The study active population an all-inclusive questionnaire designed to cover major aspects of personal finance. It includes financial literacy on numeracy, compound interest, inflation, share market, banking, insurance, credit and diversification. Several considerations are made in the selection of questionnaire items of the study.

A crucial skill for enabling people to successfully negotiate the complexities of personal money is financial literacy. It entails understanding a variety of financial ideas, including debt management, borrowing, investing, and budgeting. People who possess financial literacy are able to make informed financial decisions and make the best use of their resources to meet their short- and long-term financial objectives. People who are possess knowledge about finance can accumulate wealth, take charge of their financial future, and achieve more financial stability and independence.

With reference to Lone and Bhat (2022), a comprehensive questionnaire is created that covers four areas: respondents' personal information; financial awareness; financial experience; and financial skill. Participants in the survey are asked 20 questions, some of which were multiple-choice inquiries regarding their financial literacy, multiple-answer questions, and opinions about various areas of financial literacy, in addition to demographic data. 400 populations that are actively participating are given the questionnaire. Frequency, percentage,

mean, standard deviation, and ANOVA test are used to characterize data. SPSS tools are utilized for data analysis and coding.

The results show that most active populations generally have a positive attitude towards financial awareness, education, and discussions. They recognize the importance of financial knowledge and its benefits. The highest variability is seen in the willingness to discuss financial issues, indicating that while many are open to discussing finances, a significant number are not comfortable. The study's conclusion is that financial literacy is positively and significantly impacted by financial awareness and skill. Financial literacy has not been significantly impacted by prior financial experience.

5.2 Conclusion

The study's primary goal is to assess the current state of financial literacy among the active population in Abu Khaireni Rural Municipality. This study surveyed 400 active populations. Assessing their knowledge of Financial awareness, Financial experience, Financial skill, and Financial literacy in terms of finance. Compound interest, loans, savings, spending, banking, insurance, record-keeping, investing, budgeting, share market, and financial awareness, as well as the connection between financial literacy and attributes like age, income level, gender, and education. There is importance of financial knowledge and its benefits. The study found that there is a significant impact of financial awareness and skill on financial literacy.

Measuring the influence of financial experience and awareness on financial literacy among active population is the second goal of the study. According to this study, financial literacy is significantly impacted by financial awareness. Financial experience has not a significant impact on financial literacy. In conclusion, financial awareness has a positive and significant impact on financial literacy which provides insights into the financial attitude and behaviors of the respondents and potential areas for improvement such as stock market investing experience and holding emergency savings.

The third objective of the research is to analyze the impact of financial skill on financial literacy among the active population. The respondents exhibit strong confidence in understanding financial concepts and planning for the future. In conclusion, it is found that there is a significant impact of financial skill on financial literacy.

5.3 Implications

The researcher's implications concern how interested parties apply recommendations from the study to their day-to-day activities. This study also has some implications that point to interesting avenues for future research. Here we discuss some implications and suggestions for future research.

- This study can be a good reference for banking institutions and other institutions which are working to enhance overall financial literacy among the active population. The government needs to know or understand and implement the policy and strategy for the financial literacy program for developing or upgrading the nation's financial condition.
- The study has considered only three factors namely financial awareness, financial experience and financial skill. The study's findings will provide financial guidance on how to maintain finances, saving, budgeting, insurance, investment decisions, compound interest, inflation, share market, loans, risk and return and so on. Future-focused factors can be taken into consideration when conducting additional study.
- The findings suggest for financial literacy and confidence in financial matters, but also point to a significant opportunity to enhance the comfort level and consistency in discussing financial issues openly. This could be critical for furthering financial education and support within the community, ultimately contributing to better collective financial outcomes.
- Based on our findings, higher financial literacy, according to study, makes people more capable of handling their money wisely, which promotes greater financial stability, lower debt loads, and higher savings and investment levels.
- To better understand students' financial perspectives, this study is helpful for aspiring researchers and affiliated organizations. Financial attitude variables include control over one's financial condition, ability to use income, purchase shares and insurance, take out loans, manage money, and deal with money-related concerns.
- The focus of this research is only in Abu Khairani Rural Municipality among the active population, Additional study might be carried out in Nepal taking into perspective various regions and subjects. Entrepreneurs, businesspeople, bankers, young people, government workers, educators, urban residents, and more could be the subject of future studies.

- For the purpose of establishing new policies and guidelines for student literacy, Nepal Rastra Bank, stakeholders, banks and financial institutions, researchers, the general public, public and private companies and others may find this study valuable. Both the people and the country as a whole may benefit from it.

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APPENDIX

QUESTIONNAIRE

Dear Respondents,

I am Bibha Gurung, student of Shanker Dev Campus, Tribhuvan University.

This study is a Graduate Research Project conducted as a partial fulfillment for the requirement of the Masters in Business Studies (MBS).

The study's main goal is to assess the "**Financial Literacy Among Active Population in Abu Khaireni Rural Municipality**".

The main purpose of this study is to analyze the status of financial literacy in the following aspects on "financial literacy the among active population in Abu Khaireni rural municipality".

I would like to make a humble request to you to spare 4-5 minutes of your time to fill up the questionnaire with honesty. I assure that strict confidentiality will be maintained and the information furnished by you will be used only for academic purpose. So, you are suggested to fill up the questionnaire with your own conscience as you fill right.

Thanks and Regards

Bibha Gurung

Section: I

Demographic Variables

Gender: Male [] Female []

Age: Below 20[] 20-30 [] 30-40 [] Above 40 []

Family monthly income range: Below Rs 20000 [] ,Rs 20000- Rs 30000 [] ,Rs 30000-50000[] ,More than Rs50000

Education level: SLC [] Intermediate[] Bachelor degree [] Masters degree or Above [] No formal education []

Section: II

The following statements reveal your response under different situations. Following indicates shows the level of change that you have felt in following aspects of financial literacy among the active population in Abu Khaireni Rural Municipality by selecting the options on the Likert Scale 1 to 5.

Please rate each statement on a scale of 1 to 5, with 1 being “Strongly Disagree”, 2 for “Disagree”, 3 for “Neutral”, 4 for “Agree” and 5 for “Strongly Agree”.

Independent Variables (Financial Awareness)

1. I am aware of the importance of budgeting and tracking my expenses.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

2. I actively seek out information on personal finance topics to improve my financial knowledge.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

3. I feel confident in my ability to make informed financial decisions based on my understanding of financial concepts.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

4. I am always willing to discuss financial issues.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

5. I believe that improving financial awareness in our community can lead to better financial outcomes for individuals and the municipality as a whole.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

Financial Experience

6. My financial experiences have influenced my attitudes and behaviors towards saving and investing for the future.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

7. I maintain an adequate insurance coverage.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

8. I have an experience in managing personal assets.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

9. I have an investing experience in stock market.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

10. I always hold emergency savings.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

Financial Skill

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

12. I understand financial terminology and concepts, such as interest rates, inflation, and compound interest.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

13. My bank account savings allow me to make future plans.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

14. I possess the potential to take/ raise loan from the bank.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

15. I effectively manage my financial goals by applying my financial talents.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

Dependent Variable (Financial Literacy)

16. I believe that financial literacy is essential for making informed financial decisions.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

17. I feel confident in my understanding of basic financial concepts such as budgeting, saving and investing.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

18. I actively seek out opportunities to improve my financial knowledge and skills.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

19. I believe that having a strong foundation in financial literacy can lead to better overall financial well-being.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

20. I feel empowered to take control of my financial future because of my level of financial literacy.

Strongly disagree, Disagree, Neutral, Agree, Strongly Agree

Thank You for your cooperation.

FINANCIAL LITERACY AMONG ACTIVE POPULATION IN A...

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paper text:

ABSTRACT Many young people wish they knew more about money, as financial literacy is crucial to making wise financial decisions.

The

purpose of this study was **to** analyze **the status of financial literacy among** the active population **in** Abu Khaireni Rural Municipality, to measure **the impact of**

financial awareness and financial experience and to assess the impact of financial skill on financial literacy of the active population.

This research is a descriptive and causal comparative research design. The study is based on primary data through questionnaires of