THE FINANCIAL ATTRIBUTES FOR FINANCIAL LITERACY OF COMMERCIAL BANKS IN NEPAL

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

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CERTIFICATION OF OWNERSHIP

I hereby confirm that the research undertaken and the material included in this dissertation, titled "**The Financial attributes for Financial Literacy of Commercial Banks in Nepal**" is entirely my own original work. I assure that all information and data sources have been appropriately cited and referenced in accordance with relevant academic standards.

Additionally, I state that this dissertation has not been submitted, either fully or partially, for any degree or academic qualification at any other institution. I maintain complete ownership and accountability for the ideas, analysis and conclusions expressed in this document.

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Laxmi Kunwar

REPORT OF RESEARCH COMMITTEE

Mrs. **Laxmi Kunwar** has defended research proposal entitled **"The Financial attributes for Financial Literacy of Commercial Banks in Nepal"** 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. **Dinesh Basnet** and submit the dissertation for evaluation and viva voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled **"The Financial attributes for Financial Literacy of Commercial Banks in Nepal"** presented by **Laxmi Kunwar** for the degree of Master of Business Studies (MBS semester) and conducted the viva voce examination of the candidate. We hereby certify that the dissertation is acceptable for the award of degree.

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LIST OF ABBREVIATIONS

%	Percent
A. D.	Anno domini
BFI	Banks and financial institutions
CV	Coefficient of variance
FA	Financial attitude
FB	Financial behaviour
FK	Financial Knowledge
LFL	Level of Financial Literacy
NRB	Nepal rastra bank
POLS	Pooled ordinary least square method
SD	Standard deviation

ABSTRACT

This study examines the influence of key financial attributes such as, Financial Attitude (FA), Financial Behavior (FB) and Financial Knowledge (FK) on the Level of Financial Literacy (LFL) among commercial bank customers in Nepal. Using a structured questionnaire and responses from 2,000 participants, the study employs correlation and multiple regression analysis through SPSS version 29 to assess the strength and significance of these relationships. The correlation matrix reveals that all independent variables Financial Attitude (FA), Financial Behavior (FB) and Financial Knowledge (FK) are positively and significantly correlated with Level of Financial Literacy (LFL), suggesting that stronger financial attitude, better behavior, and increased knowledge are associated with higher levels of financial literacy.

The regression analysis shows that Financial Behavior (FB) has the highest predictive power ($\beta = 0.368$), followed by Financial Attitude (FA) ($\beta = 0.321$) and Financial Knowledge (FK) ($\beta = 0.176$), with all predictors being statistically significant at the 1% level ($p < 0.001$). The model demonstrates a strong fit, with an R-value of 0.692 and an R^2 of 0.478, indicating that approximately 47.8% of the variation in financial literacy is explained by these three variables. The ANOVA results confirm the overall significance of the model ($F = 610.370$, $p = 0.001$). These findings suggest that financial behavior plays the most influential role in shaping financial literacy, followed by financial attitude and financial knowledge. The study offers important insights for policymakers, educators, and financial institutions aiming to improve financial literacy through targeted behavioral, attitudinal, and educational strategies.

Keywords*: Level of Financial Literacy (LFL), Financial Knowledge (FK), Financial Attitudes (FA) and Financial Behaviour (FB).*

CHAPTER-I
INTRODUCTION

1.1 Introduction

Financial literacy involves understanding key financial concepts and principles, equipping individuals with the skills and confidence to effectively manage personal finances. This includes budgeting, saving, investing, borrowing and planning for retirement. As economies grow more complex, financial literacy is a vital skill for navigating financial systems, avoiding excessive debt, and achieving long-term financial stability (Chalise et al., 2024).

Financial literacy is widely recognized by policymakers, educators, and financial institutions as crucial for fostering economic stability and personal well-being. It empowers individuals to make informed financial decisions. Research indicates that those with greater financial literacy are more likely to save consistently, invest prudently and plan for their future . On the other hand, inadequate financial literacy is associated with negative outcomes, including excessive debt, insufficient savings, and susceptibility to financial scams (Khadka & Khadka, 2024).

Acknowledging its importance, numerous governments and organizations have introduced programs to boost financial education and inclusion, especially for vulnerable populations like youth, women, and low-income families. Improving financial literacy is not just a personal benefit but also a key public policy focus to promote inclusive and sustainable economic growth. Financial literacy greatly impacts individuals' capacity to make informed and prudent financial choices throughout their lives. Research by Jaisi and Mahato (2014) indicates that those with strong financial knowledge are better prepared to handle personal finances, plan for retirement, and steer clear of issues like excessive debt and unwise investments. Their findings highlight a clear link between financial understanding and sustained economic well-being, suggesting that improving financial literacy can enhance personal financial outcomes and support the creation of stable financial futures (Jaisi & Mahato, 2025).

Globally, financial literacy is increasingly vital due to the growing complexity of financial markets and the expansion of digital financial services. Mustafa (2024) notes that without sufficient financial knowledge, individuals face heightened risks, including financial scams, ineffective budgeting and insufficient savings. Their global survey reveals significant gaps in financial literacy among adults in both developed and developing nations, emphasizing the urgent need for focused educational programs to provide essential financial skills in a rapidly changing financial environment (Mustafa, 2024).

Understanding how to manage money effectively is not just about numbers and budgets; it is also about empowering individuals and communities to access financial services and break the cycle of poverty. According to Xu and Zia (2024), a lack of financial knowledge is a significant obstacle for many people in developing countries when it comes to utilizing formal banking services. Those who do not have a strong grasp of financial concepts are less likely to take advantage of banking options, utilize digital payment methods, or borrow money responsibly. By increasing financial literacy, individuals can make better use of financial resources, leading to more inclusive economic development and a decrease in income inequality (Xu & Zia, 2024).

In the world of policymaking, the importance of financial literacy is recognized as a key factor in promoting economic stability and growth. By improving financial literacy, individuals are better equipped to protect themselves as consumers, make responsible decisions about borrowing and saving and ultimately contribute to the strength of financial systems. Countries that implement strong financial education programs often see improved financial outcomes for their citizens. This highlights the value of prioritizing financial literacy within public policy and integrating it into broader educational and social development frameworks. (Ratnawati et al., 2024).

Having a strong grasp of financial literacy is essential for people to effectively handle their money and make informed decisions about their finances. This includes understanding important financial concepts like interest rates, inflation, savings, investments, credit, and risk management, all of which play a crucial role in interacting with banks. In countries like Nepal, where the banking industry has seen significant growth with a variety of financial products and digital services, these financial skills are more important than ever. Individuals who possess solid financial literacy skills are better able to understand the terms of banking products, weigh their options, and choose solutions that align with their financial goals. This ultimately leads to an improvement in their overall financial well-being. (Chabaefa & Qutieshat, 2024).

The banking sector in Nepal has been rapidly growing, bringing with it a wide range of financial products for customers to choose from. These products include various loan options, savings accounts, insurance plans, and mobile banking services. In order to make the most of these offerings, customers must have a solid understanding of key financial concepts. For instance, knowing how interest compounds and how loan repayment schedules function is crucial for individuals to accurately assess the actual cost of borrowing. Similarly, being aware of how inflation can affect savings can help customers make wiser investment decisions. Without these financial skills, customers may find themselves at risk of falling into debt traps, using banking products incorrectly, or missing out on valuable financial opportunities. These risks can have a significant impact on overall financial stability for individuals (Thapa, 2025).

As financial services continue to evolve in the digital age, it is crucial for individuals to develop digital financial literacy alongside traditional financial knowledge. It is no longer enough to just understand basic banking principles; now, customers must also be adept at using digital platforms, mobile wallets, and online banking tools. This shift requires acquiring new skills like identifying cybersecurity risks, comprehending online transactions, and safeguarding against digital scams. In Nepal, where internet connectivity is growing but inconsistent, it is especially important to prioritize the development of these digital financial skills. By empowering individuals with the knowledge and abilities to navigate modern banking services, we can ensure that everyone has equal access to financial opportunities and prevent marginalized communities from being left behind (Joshi & Rawat, 2024).

Evaluating and improving financial literacy attributes among commercial bank customers is essential for advancing financial inclusion and economic progress in Nepal. Strong financial literacy empowers individuals to plan effectively for the future, enhance their saving practices, and make well-informed borrowing choices. By prioritizing these financial skills, commercial banks and policymakers can develop targeted educational initiatives and customer awareness programs to boost confidence and proficiency in using financial products. Such efforts strengthen the financial system’s stability, aid poverty alleviation, and promote sustainable economic development within Nepal’s dynamic banking environment (Bishwakarma et al., 2024).

Financial literacy in Nepal is still low, especially among rural communities, women, and young people, with many lacking fundamental knowledge of concepts like budgeting, saving, interest rates, and debt management. A 2024 survey by Nepal Rastra Bank (NRB) found that just 18.2% of adults in Nepal have a thorough grasp of basic financial principles. This lack of understanding restricts individuals’ ability to make sound financial choices and limits access to formal financial services, particularly in remote regions with limited traditional banking options (Nepal Rastra Bank, 2024).

To tackle this challenge, the Government of Nepal and financial institutions have launched initiatives to boost financial literacy. The NRB and commercial banks have introduced programs such as awareness campaigns, community-based workshops, and financial education via mobile banking platforms. These initiatives seek to improve public knowledge of savings, credit management, insurance, and digital financial tools. According to Thebe (2024), enhancing financial literacy in Nepal is crucial for advancing financial inclusion, alleviating poverty and fostering sustainable economic development, particularly in a nation with a significant informal economy (Thebe, 2024).

Nepal encounters numerous obstacles in advancing financial literacy, driven by its diverse geography, socio-economic disparities, and educational inequalities. A large segment of the population, especially in rural and mountainous areas, lacks knowledge of fundamental financial concepts like interest rates, savings, budgeting, insurance and responsible credit use. Low levels of formal education further hinder individuals’ ability to effectively engage with financial products and services. Cultural and traditional practices often limit financial independence for women and the elderly, exacerbating their exclusion from financial systems. As financial products grow more complex, particularly with the rise of digital banking, online platforms, and mobile wallets, the divide between available tools and public understanding continues to expand. Many Nepalis struggle to adapt to these advancements, leading to distrust, misinformation, and underuse of formal financial services. Additionally, financial literacy initiatives in Nepal are often inconsistent, short-lived, and primarily driven by individual banks or donor-supported NGOs, lacking a cohesive national strategy. Most initiatives fail to account for Nepal's cultural and linguistic diversity, rendering them ineffective in remote and indigenous communities. The scarcity of trained facilitators, inadequate funding, and the lack of integration of financial education into the national school curriculum further diminish the effectiveness of these efforts. These challenges highlight that improving financial literacy in Nepal is not only a technical issue but also a structural and societal one. Addressing it demands a collaborative approach involving the government, Nepal Rastra Bank, educational institutions, NGOs and private sector partners to create inclusive, localized, and sustainable strategies that close the knowledge gap and enable all population segments to make informed financial choices. Without such comprehensive measures, achieving broader objectives like financial inclusion, poverty alleviation and sustainable economic growth will remain challenging (Shah et al., 2025).

Addressing the financial literacy challenges in Nepal demands a comprehensive, inclusive approach that tackles structural, social, and technological barriers. A key step is embedding financial education within the national school and college curricula to equip future generations with the skills needed for sound financial decision-making. Beyond formal schooling, financial literacy initiatives should be customized and accessible, particularly in rural areas with low literacy levels. This involves using local languages and culturally relevant methods like storytelling, community radio, and peer-based learning to engage underserved communities. Financial education is most impactful when tailored to specific groups and delivered at key moments, such as during job onboarding, loan applications, or social security enrollment (Choowan et al., 2025).

Leveraging digital innovation is key to expanding financial literacy outreach in Nepal. Mobile devices, social media and intuitive apps can deliver educational content, simulate financial decision-making and share public awareness messages. However, addressing the digital divide through infrastructure improvements and digital skills training, particularly for women and rural communities, is equally critical. Financial institutions can contribute by simplifying their products, providing financial counseling, and integrating literacy initiatives into customer interactions. A national financial literacy strategy should be data-driven, foster collaboration between public and private sectors, and include regular monitoring to assess effectiveness. In Nepal, this requires coordination among stakeholders such as Nepal Rastra Bank, the Ministry of Education, local governments, microfinance organizations, and NGOs. Only through a unified, well-resourced approach can Nepal cultivate a financially literate society capable of withstanding economic challenges, effectively utilizing formal financial systems and contributing to long-term national development (Adhikari et al., 2024).

1.2 Problem Statement

In today's increasingly dynamic and complex financial landscape, financial literacy has emerged as a vital skill for individuals navigating modern financial systems, particularly those involved in commercial banking. It encompasses critical components such as financial knowledge (FK), financial attitude (FA) and financial behavior (FB), factors that jointly determine an individual's ability to make informed and effective financial decisions. Despite its growing global importance, the status and determinants of financial literacy among customers and employees of commercial banks in Nepal remain inadequately explored (Pokharel, 2024).

Studies conducted in various international contexts underscore the importance of these financial attributes. For instance, Furtuna (2008) assessed their level of financial literacy and identify the key factors influencing their financial competency. The research utilized a quantitative approach and gathered primary data through a structured survey. By using a logistic regression model, the researcher examined the likelihood of students possessing a higher level of financial knowledge based on various independent variables, including field of study (FS), completion of a finance course (FC), gender (G), age group (AG), class rank (CR), work experience (WE), and intention to work in the local area after graduation (IW). The main focus was on the probability of demonstrating financial literacy (FL). The results indicated that students studying business or economics (FS), those who had taken a finance course (FC) and individuals with more work experience (WE) were more likely to be financially literate. On the other hand, females (G), younger students (AG), and those in the early years of study (CR) showed lower levels of financial literacy (FL). The regression analysis confirmed the importance of these variables in determining students' financial knowledge (FL). The study concluded that disparities in financial literacy (FL) among students could have significant economic implications for the Lynchburg region, particularly in terms of their readiness for future financial responsibilities and involvement in the local economy.

Lusardi et al. (2010) explored the state of financial literacy among young people in Germany and uncovered a troubling lack of understanding in key financial areas. The findings revealed that many young people lacked a solid understanding of important financial concepts such as interest rates, inflation, and risk management. Shockingly, less than one-third of the participants demonstrated even a basic level of knowledge in these areas. The study also shed light on how various socio-demographic factors including age (A), gender (G), native language (NL), ethnicity (E), and income level (I), played a significant role in shaping financial literacy (FL) levels. Furthermore, the research emphasized the impact of family financial experience on the financial skills of young individuals. It became evident that exposure to financial matters within the family setting greatly influenced the development of financial literacy (FL). This suggests that early involvement in financial discussions within the family is crucial in nurturing a strong understanding of financial concepts among young people.

However, such insights are largely missing in the context of Nepal, especially among those directly engaged in the banking sector. Employees and customers of commercial banks operate at the frontline of financial transactions, yet there is little empirical understanding of their financial literacy levels or the contribution of financial knowledge (FK), financial attitude (FA) and financial behaviour (FB) to their overall financial competence. Without this understanding, efforts to promote financial inclusion, improve service delivery or design effective financial education programs risk being misaligned or ineffective.

Therefore, the current study aims to investigate this gap by addressing the following research questions:

i. What is the present level of financial literacy among both employees and customers of commercial banks in Nepal?
ii. Is there a meaningful relationship between financial knowledge (FK), financial attitude (FA) and financial behavior (FB) with the overall level of financial literacy (LFL) within Nepal's commercial banking sector?
iii. To what extent do financial knowledge (FK), financial attitude (FA), and financial behavior (FB) as financial traits affect the overall financial literacy (LFL) of individuals in the context of commercial banks in Nepal?

1.3 Objectives of the Study

i. To identify the current level of financial literacy among employees and customers of commercial banks in Nepal.
ii. To examine the relationship between financial knowledge (FK), financial attitude (FA), and financial behavior (FB) with the overall level of financial literacy (LFL) in the commercial banking sector of Nepal.
iii. To analyze the influence of financial knowledge (FK), financial attitude (FA), and financial behavior (FB) on the overall level of financial literacy (LFL) among employees and customers of commercial banks in Nepal.

1.4 Rationale of the Study

i. **Increasing Complexity of Financial Products:** The rapid growth of commercial banks in Nepal has introduced a variety of complex financial products and services, making it essential for customers to possess adequate financial literacy to make informed choices.
ii. **Customer Financial Behavior:** Understanding financial literacy attributes helps analyze how bank customers comprehend and manage key financial concepts such as interest rates, loans, deposits, and digital banking, which directly affect their financial decisions.
iii. **Financial Inclusion and Economic Development:** Commercial banks are crucial for Nepal's economic growth and financial inclusion. Enhancing

customers' financial literacy supports greater access to banking services and promotes responsible financial behavior.

iv. **Risk Reduction:** Low financial literacy can increase the likelihood of poor financial decisions, over-indebtedness, and susceptibility to financial fraud. Identifying literacy gaps enables banks and policymakers to reduce such risks.

v. **Demographic Disparities:** Nepal's diverse population, including rural communities, women, and youth, faces unique challenges in understanding and accessing banking services. Studying financial literacy helps tailor interventions for these vulnerable groups.

vi. **Policy and Educational Implications:** Insights from the study can guide the design of targeted financial education programs and customer awareness campaigns by banks, government agencies, and NGOs to improve overall financial literacy in Nepal.

1.5 Limitations of the Study

i. The study focused on customers of commercial banks in Nepal, which limits the generalizability of the findings to those outside the formal banking sector, such as individuals relying on cooperatives, microfinance or informal financial systems, especially in rural areas.

ii. The sample size for qualitative interviews was relatively small and may not fully capture the diversity of financial experiences across Nepal's population. This limits the depth and representativeness of the qualitative insights.

iii. Self-reported data from participants may introduce response bias or inaccuracies, as individuals may overestimate their financial behavior or literacy, leading to gaps between reported perceptions and actual financial actions.

iv. Although digital financial literacy was included, the study may not have covered all aspects of digital transformation, such as cybersecurity awareness, use of emerging fintech tools or experience with newer digital banking innovations.

v. The cross-sectional design of the study limits its ability to capture long-term behavioral changes or trends in financial literacy. It provides a snapshot in time rather than ongoing developments influenced by economic shifts or policy changes.

vi. The study did not incorporate broader socio-cultural, psychological, or institutional factors such as trust in banks, peer influence, financial stress, or cultural beliefs, which may also play a significant role in shaping financial literacy but were beyond the study's scope.

vii. The study used a 5-point Likert scale in the questionnaire to collect responses on financial knowledge, attitude, behavior and literacy. While useful for capturing perceptions, this method may oversimplify complex financial behaviors and does not measure actual financial outcomes or performance.

CHAPTER-II
REVIEW OF LITERATURE

This chapter includes a conceptual, theoretical, and empirical review related to financial attributes and financial literacy in the context of commercial banks in Nepal. The conceptual review defines key terms such as financial literacy, behavior, knowledge and attitude. The theoretical review highlights relevant theories like the Theory of Planned Behavior and Human Capital Theory. The empirical review summarizes national and international studies on the relationship between financial attributes and financial literacy providing a foundation for the present research.

2.1 Theoretical Review

Financial literacy in commercial banks is not only a functional skill but also a theoretically grounded construct influenced by behavioral, economic, and educational factors. At its core, financial literacy comprises three key financial attributes such as financial knowledge, financial attitude and financial behavior. These components interact to determine an individual's ability to understand, manage and utilize financial resources effectively. Theoretical frameworks help explain how these attributes develop and influence outcomes in banking contexts.

i. **Human Capital Theory:** Human Capital Theory, as proposed by Becker in 1964, suggests that people make investments in their education and skills in order to increase their economic productivity. In the context of commercial banks, having a strong understanding of finance is seen as a valuable investment in human capital. Employees and customers who possess this knowledge are better equipped to make wise financial choices, enhance their savings and investments, and play a role in maintaining the stability of the financial system. Becker's theory highlights the importance of continuous learning and development in achieving economic success and stability (Becker, 1964).

ii. **Theory of Planned Behavior (TPB):** The Theory of Planned Behavior, created by Ajzen in 1991, proposes that our actions are influenced by our attitude towards the behavior, the opinions of those around us, and our perceived ability to control the behavior. When it comes to financial literacy, having a positive outlook on finances, such as being forward-thinking, frugal, and having trust in financial institutions, can lead to a greater willingness to make wise financial decisions like budgeting and repaying loans. Both customers and employees can benefit commercial banks by acting on these financially responsible intentions that are backed by positive attitudes (Ajzen, 1991).

iii. **Financial Socialization Theory:** Financial Socialization Theory is a concept that delves into how individuals acquire financial knowledge and behaviors through their interactions with family, friends, and institutions. When it comes to banking, employees gain financial knowledge through training, while customers form financial habits from their experiences with banking services and financial education initiatives. This theory emphasizes the influence that both banks and families have in shaping people's financial behaviors and attitudes (Gudmunson & Danes, 2011).

iv. **Behavioral Finance Theory:** Behavioral Finance Theory is a fascinating concept that brings together the worlds of psychology and finance. It highlights the fact that even those who are well-versed in financial matters can still fall prey to common biases like overconfidence, present bias and mental accounting. By understanding these biases and being mindful of our financial behavior, better decisions can be made when it comes to money. In the banking industry, it is crucial to educate both customers and employees about these biases. By providing training and utilizing digital tools to raise awareness, banks can help customers make more informed choices and ultimately reduce the risks associated with financial decision-making. This approach not only benefits the individual but also contributes to a more stable and secure financial system overall (Thaler, 1993).

v. **Capability Approach:** Amartya Sen's Capability Approach focuses on empowering individuals to lead lives that hold personal value to them. By improving financial literacy, particularly in terms of behavior, people are equipped with the knowledge and skills needed to save, invest, and safeguard themselves from unexpected financial setbacks. When commercial banks offer inclusive products and educational resources that support these capabilities, they play a crucial role in empowering individuals financially (Sen, 1999).

2.1.1 Importance of Financial Attributes for Financial Literacy

i. **Strengthens Informed Financial Decision-Making**: Having a good grasp of financial products and systems allows people to effectively compare different savings options, evaluate interest rates and assess the risks associated with investments. When individuals are financially literate, they are better equipped to make logical financial decisions, benefiting both themselves and the financial institutions they interact with (Remund, 2010).

ii. **Promotes Positive Financial Attitudes and Values**: Having a positive financial mindset which includes traits like self-discipline, long-term financial planning, and confidence, greatly influences one's financial behavior. Those who are financially literate are more likely to develop healthy habits such as regular saving, avoiding unnecessary debt and seeking financial guidance when necessary(Perry & Morris, 2005).

iii. **Encourages Responsible Financial Behavior**: Behaviors like budgeting, tracking expenses and making timely loan payments demonstrate the practical application of financial knowledge and mindset. In the banking sector, customers and employees who exhibit responsible financial behavior help reduce the risks of loan defaults, fraud and financial mismanagement (Xiao & Porto, 2017).

iv. **Supports Financial Inclusion and Stability**: Strong financial attributes empower individuals to confidently utilize formal banking services, including digital platforms, credit options and savings products. This increased confidence leads to greater financial inclusion, particularly in countries like Nepal where there may be low levels of trust and understanding of traditional banking practices (Sanghvi, & Desai, 2018).

2.1.2 Determinants of Financial Attributes for Financial Literacy

Financial attributes such as financial knowledge, attitude and behavior are not developed in a vacuum. They are influenced by a variety of factors including demographics, socio-economic status, education and psychological traits. Understanding these determinants is crucial for enhancing financial literacy outcomes, particularly in the realm of commercial banking where both customers and employees interact with complex financial products.

i. **Demographic Determinants:** Demographic factors such as age, gender and family income play a significant role in shaping financial attributes. Younger individuals may lack experience and exhibit weaker financial behavior while older individuals often possess more financial knowledge and better saving habits. Gender differences also come into play, with males typically displaying higher confidence in financial matters but not necessarily better financial behavior (Lusardi & Mitchell, 2008).

ii. **Educational Factors:** Educational factors, such as access to financial education and academic performance, directly impact financial knowledge and attitude. Those who have been exposed to financial literacy courses or banking-related training are more likely to adopt positive financial behaviors like budgeting, saving, and responsible borrowing (Chen & Volpe, 1998).

iii. **Socioeconomic Status**: Socioeconomic status is another important determinant, as individuals from higher-income families often have better exposure to financial systems, leading to the development of sound financial habits and a more confident financial outlook. On the other hand, those from lower-income backgrounds may lack access to resources that support the cultivation of financial attributes (Mandell, 2009).

iv. **Psychological and Personality Traits:** Psychological and personality traits, such as risk tolerance, self-control, future orientation, and confidence, also play a significant role in shaping financial attitude and behavior. For instance, individuals with a future-oriented mindset are more inclined to save and plan for retirement, while those with higher risk tolerance may be more likely to invest in stocks or mutual funds (Perry & Morris, 2005).

v. **Family and Social Influence**: Family and social influences, including parental guidance, peer behavior, and societal norms, are also key determinants of financial attributes. Those who engage in discussions about financial matters with parents or role models are more likely to exhibit strong financial attitudes and disciplined financial behavior (Jorgensen & Savla, 2010).

2.1.3 Bank Literacy in Nepal

In the ever-changing landscape of Nepal's financial sector, the importance of financial literacy has become crucial for both bank staff and customers. The core elements of financial knowledge, attitude, and behavior play a significant role in shaping how individuals engage with financial services and products, particularly in Nepalese commercial banks where advancements like digital transformation, financial inclusion, and increasing household debt are reshaping the financial environment.

i. **Financial Knowledge:** Understanding financial concepts such as interest rates, budgeting, and investment options is essential for making informed financial decisions. In Nepal, the lack of formal financial education has created gaps in financial knowledge, especially in rural areas. Commercial banks are working towards bridging this gap by providing educational resources like brochures, financial counseling, and promoting digital banking awareness (Shrestha & Manandhar, 2018).

ii. **Financial Attitude:** The mindset and beliefs individuals hold about money management, saving, and future planning greatly influence their financial decisions. Positive attitudes towards finances lead to responsible financial behavior, while negative attitudes can result in overspending or hesitance to use banking services. Factors like socio-cultural influences and trust in banks play a role in shaping financial attitudes, with urban populations generally displaying more confidence in formal financial services (Gautam & Basnet, 2020).

iii. **Financial Behavior:** The actions individuals take in managing their finances, such as budgeting, saving, and investing, directly impact their financial well-being. Improving customer behavior through financial literacy programs is seen as a way to reduce non-performing loans and promote responsible banking practices in Nepalese commercial banks. Bank employees with good financial behavior are better equipped to guide customers effectively and maintain institutional stability (Dhungana, 2021).

iv. **Integrated Perspective:** The combination of financial knowledge, attitude, and behavior forms the foundation of financial literacy. Commercial banks in Nepal are gradually adopting strategies to enhance financial inclusion through digital financial services, mobile banking apps, and financial education campaigns. Understanding how these elements interact is crucial for banks looking to increase customer engagement, mitigate credit risk, and foster long-term financial health in the population (NRB, 2022).

2.1.4 Necessity of Financial Literacy

i. **Empowering Individuals for Better Financial Decisions**: Financial literacy empowers individuals to make informed choices about savings, investments, loans, and insurance, helping them avoid over-indebtedness and build economic resilience (Xu & Zia, 2012).

ii. **Enhancing Utilization of Banking Services**: Financial literacy bridges the gap in accessing formal banking services in rural areas, equipping individuals with the knowledge to utilize digital banking, savings instruments, and formal credit, leading to greater trust in the banking system (Adhikari, 2019).

iii. **Reducing Non-Performing Loans (NPLs)**: One root cause of rising non-performing loans in Nepalese commercial banks is borrowers' limited understanding of interest rates, loan terms, and repayment plans. Financial literacy programs targeted at loan customers could reduce credit risk and enhance the overall health of the banking sector (Shrestha & Subedi, 2020).

iv. **Promoting Entrepreneurship and Economic Growth**: Limited understanding of interest rates, loan terms, and repayment plans among borrowers contributes to the rise in non-performing loans. Targeted financial literacy programs for loan customers could reduce credit risk and improve the overall health of the banking sector (Sharma & Nepal, 2021).

v. **Encouraging Saving and Investment Culture**: Fostering a culture of saving and structured investment is crucial for individual financial security and national economic stability in Nepal. Financial literacy enhances people's ability to make informed saving and investment decisions (Regmi, 2017).

vi. **Strengthening Financial Inclusion Policies**: Nepal Rastra Bank's initiatives like mobile banking and branchless banking aim to bring unbanked populations into the formal financial system. However, without adequate financial knowledge, these efforts may not be fully utilized. Financial literacy plays a key role in ensuring the success of such regulatory initiatives (NRB, 2020).

2.2 Conceptual Review

Understanding finances has become increasingly important in Nepal's changing financial landscape where digital banking, financial inclusion and customer empowerment are on the rise. The level of financial literacy among employees and customers in commercial banks directly impacts decision-making, loan repayment and savings habits. A strong grasp of financial aspects including financial knowledge, financial attitude and financial behavior, is crucial in shaping financial literacy outcomes.

This conceptual review seeks to delve into how these three factors influence the level of financial literacy, which is the main focus of this study.

i. **Financial Knowledge**

Financial knowledge serves as the foundation of financial literacy, encompassing a person's ability to comprehend and apply key financial concepts like interest rates, budgeting, investment, and debt management. In Nepalese commercial banks, financial knowledge empowers customers to assess financial products and make informed choices regarding savings, credit, and digital banking services.

Research by Lusardi and Mitchell (2011) highlights the strong link between financial knowledge and improved financial decision-making and security. In Nepal, studies by Shrestha and Manandhar (2018) reveal that limited financial knowledge, especially in rural areas, poses a significant obstacle to effective banking engagement.

ii. Financial Attitude

Financial attitude reflects an individual's mindset or beliefs regarding financial matters, encompassing views on saving, spending, borrowing, and risk. A positive financial attitude promotes responsible financial behaviors such as long-term planning and prudent credit use.

According to Ajzen's (1991) Theory of Planned Behavior, attitudes play a key role in shaping intentions, which in turn influence actual financial behaviors. Research by Gautam and Basnet (2020) indicates that financial attitudes in Nepalese households greatly impact saving habits and willingness to utilize banking services. In commercial banks both employees and clients with positive financial attitudes are more likely to engage effectively with financial products and policies.

iii. Financial Behavior

Financial behavior involves putting financial knowledge and attitudes into practice in everyday life, encompassing actions like budgeting, timely loan repayment, regular saving, and avoiding impulsive spending. In commercial banks, customers with good financial behaviors reduce default risks and enhance banking relationships, while financially responsible staff are better equipped to assist clients and fulfill institutional duties.

Studies by Xiao and Porto (2017) demonstrate that financial behavior plays a significant role in mediating the link between financial education and financial well-being. In Nepal, research by Dhungana (2021) shows that employees with sound financial behaviors experience greater financial satisfaction and contribute more effectively to bank performance.

iv. Level of Financial Literacy

The level of financial literacy is the outcome of an individual's financial knowledge, attitude, and behavior. It determines how well a person can understand financial information, evaluate financial products, and manage their personal or institutional finances effectively. In the context of commercial banks in Nepal, a high level of financial literacy contributes to customer satisfaction, better credit performance, and stronger institutional trust.

Nepal Rastra Bank (NRB, 2022) identifies financial literacy as a core component of financial inclusion and emphasizes the need to improve it through structured programs targeting customers and banking staff.

2.3 Empirical Review

Raut and Twanabasu (2024) analyzed the level of financial literacy (LFL) among management students in community colleges of Bhaktapur. The researchers took a quantitative research approach and gathered data directly from 308 students attending six different colleges. Theresearchers looked at financial literacy (FL) as the main factor of interest, with financial knowledge (FK), financial behavior (FB) and financial attitude (FA) as the key independent variables. Through the use of descriptive statistics, Pearson correlation and multiple regression analysis, the researchers made some interesting discoveries. The study found that a strong positive relationship existed between financial knowledge (FK) and the level of financial literacy (FL) while financial attitude (FA) and financial behavior (FB) showed moderately positive connections. The regression analysis further confirmed that all three independent variables had significant positive impacts on the level of financial literacy (FL) with financial knowledge (FK) standing out as the most influential factor. The researchers concluded that a student's financial knowledge, attitude and behavior play crucial roles in shaping their financial literacy. As a result, the study recommended the implementation of structured financial education programs within community colleges to help students develop a better understanding of financial concepts and practices.

Chand (2024) examined the relationship between financial literacy (FL) and financial inclusion (FI) in Nepal. The research delved into how an individual's financial knowledge (FK), financial attitude (FA) and financial behavior (FB) impact their ability to access financial services. Utilizing a quantitative approach, the researcher analyzed data from 3,355 individuals provided by Nepal Rastra Bank. Financial inclusion (FI) was the main dependent variable while financial literacy (FL) and its components such as financial knowledge (FK), financial attitude (FA) and financial behavior (FB) were considered independent variables. Additionally, age (A), gender (G), education (E), income (I) and employment status (ES) were included as control variables. The analysis revealed that financial behavior (FB) exhibited the strongest positive correlation with financial inclusion (FI) followed by financial knowledge (FK) and financial attitude (FA). Further regression analysis confirmed that financial literacy (FL) had a significant positive impact on financial inclusion (FI) with financial behavior (FB) emerging as the most influential predictor. The findings led the researcher to emphasize the importance of financial literacy (FL), particularly in terms of financial behavior (FB), in promoting financial inclusion (FI). The study recommended targeted financial education initiatives for marginalized groups to enhance their financial inclusion (FI) opportunities.

Naghera et al., (2024) identified the factors that influence financial literacy (FL) and examining its impact on investment decisions (ID). A qualitative analysis of 82 studies published between 2010 and 2023 was carried out. The research highlighted financial literacy (FL) and its core components such as financial knowledge (FK), financial attitude (FA) and financial behavior (FB) as the primary drivers of investment decisions (ID). The findings demonstrated a strong relationship between financial knowledge (FK) and financial behavior (FB) with effective investment decisions (ID). This indicated that a solid understanding of financial concepts, along with the adoption of positive financial habits, contributes to improved investment outcomes. The study underscored the vital role of financial literacy (FL) especially financial knowledge (FK) and financial behavior (FB) in influencing investment decisions (ID). It was proposed that enhancing financial education could empower individuals to make more informed and beneficial investment choices.

Chanoca and Tavares (2024) analyzed the realm of financial literacy in Portugal, aiming to understand how various sociodemographic and financial factors influence individuals' financial knowledge. The study took a hands-on approach by surveying 600 Portuguese residents aged 18 and older, seeking to uncover the nuances of financial literacy. The researchers identified five key factors through exploratory factor analysis that played a role in shaping financial literacy: perception of current financial situation (PCFS), planning and control of personal finances (PCPF), perception of risky and risk-free assets (PRFA) and saving behavior (SB). These factors were crucial in determining individuals' level of financial literacy which was the focal point of the study. Through correlation and OLS regression analyses, researchers found that all the identified variables had a significant positive impact on financial literacy (FL) ($p < 0.001$). The results were robust, with strong R^2 values indicating a high level of explanatory power. Importantly, there were no concerns of multicollinearity or autocorrelation, ensuring the reliability of the findings. One notable discovery was that individuals aged 26–35 exhibited the highest level of financial knowledge, particularly in understanding interest rates. However, their grasp of concepts like inflation and risk was comparatively weaker. To address these knowledge gaps and enhance overall financial decision-making, the researchers suggested implementing targeted financial education programs tailored to the specific needs of different age groups.

Chabaefe and Qutieshat (2024) aimed to develop a conceptual framework linking financial education (FE) and financial experience (FX) to financial literacy (FL). Rather than gathering new data, the researchers focused on synthesizing and analyzing existing literature to construct their conceptual model. Financial literacy (FL) was defined through three core components: financial knowledge (FK), financial attitude (FA), and financial behavior (FB), with financial education (FE) and financial experience (FX) identified as the key driving factors influencing these dimensions. Although no statistical analysis was conducted, the proposed framework served as a foundation for future empirical research. The findings indicated that both financial education (FE) and financial experience (FX) significantly contribute to improving financial literacy (FL). The model was recommended as a tool for developing effective financial literacy programs and for guiding future studies aimed at enhancing individuals' financial competencies.

Rehman and Mia (2024) investigated the factors that contribute to financial literacy (FL) and proposed avenues for future research by conducting a thorough analysis of 53 peer-reviewed articles spanning from 1981 to 2024. Through a qualitative approach supported by thematic analysis, the researchers explored the evolving trends, frameworks and key influencers in the field. Financial literacy (FL) was the focal point of the study with various factors influencing it, including demographic factors (such as age (A) and gender (G)), socio-economic factors (like income (I) and education (E)), psychological factors (PF), financial behavior (FB), societal influences (SI), Islamic values (IV) and digital financial literacy (DFL). While the study did not conduct original correlation or regression analyses, it synthesized findings from multiple studies that highlighted positive correlations and significant regression outcomes for variables such as education (E), income (I) and age (A) in relation to financial literacy (FL). The researchers emphasized the intricate and multifaceted nature of financial literacy, suggesting that future research should place more emphasis on Islamic financial literacy (IV) and digital financial literacy (DFL). The researchers advocated for interdisciplinary and culturally sensitive approaches to develop comprehensive financial literacy models that are inclusive and accessible to all individuals.

Neves (2024) focused on understanding how financial literacy (FL) influences an individual's financial well-being (FWB) and identifying different FWB profiles through a clustering model. The researcher opted for a quantitative approach, gathering survey responses from 236 participants. The main variable of interest was financial well-being (FWB) which was assessed based on financial satisfaction, stress levels and the sense of control over one's finances. Factors like financial literacy (FL), financial behavior (FB) and sociodemographic details (SD) such as age (A), income (I), education (E) and employment status (ES) were considered as independent variables. Through correlation and regression analyses, it was revealed that financial literacy (FL) plays a crucial role in enhancing individual's financial well-being (FWB). The findings of the study emphasized the importance of financial literacy (FL) in promoting individual's financial well-being (FWB) and suggested that grouping individuals based on their financial characteristics could help tailor financial education programs and policy interventions to better meet their needs.

Poudel et al (2024) analyzed how behavioral biases such as overconfidence (OC), the disposition effect (DE), herding (H) and risk aversion (RA) influence the investment decisions (ID) of Nepalese investors. The reseachers also looked at how financial literacy (FL) plays a role in moderating these biases. The researchers used a quantitative approach, gathering data from 338 participants through a structured questionnaire. The main focus was on investment decision-making (ID) with overconfidence (OC), the disposition effect (DE), herding (H) and risk aversion (RA) as key factors, while financial literacy (FL) acted as a moderating force and demographic variables (DV) were controlled for. The analysis revealed that investment decisions (ID) were moderately positively correlated with the disposition effect (DE), risk aversion (RA) and financial literacy (FL) and weakly positively correlated with herding behavior (H). Through hierarchical regression analysis, the study found that the disposition effect (DE) and risk aversion (RA) had significant impacts on investment decisions (ID), while financial literacy (FL) helped mitigate the negative effects of behavioral biases, leading to more rational choices. Ultimately, the study highlighted the importance of financial education in counteracting the influence of behavioral biases on investment decisions (ID), underscoring the need for targeted programs to enhance financial literacy (FL) among investors.

Rana (2024) investigated the impact of financial literacy on the investment decisions (ID) of retail investors in the Nepalese stock market. The research methodology employed a quantitative approach, specifically a causal-comparative design and involved gathering data from 429 retail investors using a carefully crafted questionnaire. The main variable of interest was the investors' decision-making process when it comes to investments, referred to as investment decisions (ID) while the factors under scrutiny included their level of financial knowledge (FK), financial behavior (FB), financial skills (FS) and financial attitude (FA). Through the use of various statistical tools such as correlation analysis, exploratory factor analysis (EFA), confirmatory factor analysis (CFA) and structural equation modeling (SEM), the study was able to uncover some interesting findings. It was revealed that a strong grasp of financial knowledge (FK), coupled with positive financial behavior (FB) and financial skills (FS) had a significant and positive impact on investment decisions (ID). Surprisingly, financial attitude (FA) did not seem to play a significant role in influencing these decisions. Ultimately, the study emphasized the importance of practical financial knowledge (FK), behavior (FB) and skills (FS) in shaping investment decisions (ID). It also suggested that future research should delve deeper into other behavioral factors such as personality traits and emotional intelligence to gain a more comprehensive understanding of investor decision-making processes.

Kharel et al (2024) analyzed the level of financial literacy and financial behavior among management students in Nepal and examine the influence of education, family and media. The researchers delved into the impact of education (E), family dynamics or familial influence (FI) and media exposure (ME) on these students. Through a combination of descriptive and analytical research methods, data was gathered from 320 MBA students across multiple universities using carefully crafted questionnaires. The study emphasized on financial literacy (FL) and financial behavior (FB) as the key dependent variables, with education (E), familial influence (FI) and media exposure (ME) as the independent variables under scrutiny. The findings revealed an average financial literacy (FL) score of 2.405, indicating a level below what was expected. While formal correlation and regression analyses were not performed, the study did highlight the strong connections between family influence (FI) and media exposure (ME) on the financial attitudes and behaviors of the students. Ultimately, the researchers noted that while there were some positive financial behaviors (FB) exhibited by the students, there were noticeable gaps in their financial literacy (FL), particularly in areas related to investments. The study recommended a bolstering of educational initiatives to fortify the financial capabilities of these students and bridge the existing knowledge disparities.

Khadka and Khadka (2024) explored the impact of financial literacy (FL), risk tolerance (RT), education level (EL) and work experience (WE) on the personal savings (PS) of university staff. A quantitative survey was conducted gathering information from 210 staff members using a structured questionnaire. The main focus was on personal savings (PS) as the outcome variable with financial literacy (FL), risk tolerance (RT), education level (EL) and work experience (WE) identified as the influencing factors. The analysis revealed a strong positive correlation between financial literacy (FL) and personal savings (PS) ($r = 0.623$, $p < 0.01$). Furthermore, regression analysis indicated that financial literacy (FL) ($\beta = 0.585$), education level (EL) ($\beta = 0.126$) and work experience (WE) ($\beta = 0.124$) were significant predictors of personal savings (PS) while risk tolerance (RT) did not exhibit a significant impact.

The model explained 44.5% of the variance in personal savings (PS) and was found to be statistically significant. The study concluded that financial literacy (FL) plays a crucial role in determining personal savings (PS) with education level (EL) and work experience (WE) also contributing meaningfully. Based on these findings, the recommendation was made to implement targeted financial education programs for university staff to strengthen financial literacy and improve personal savings behavior. Ghimire and Dahal (2024) investigated the impact of financial awareness (FAW), financial attitude (FA), and financial knowledge (FK) on personal financial planning (PFP) among individuals in Kathmandu Valley. Primary data were gathered from people actively involved in financial activities at stock broker centers using a purposive sampling technique. Personal Financial Planning (PFP) was used as the dependent variable while Financial Awareness (FAW), Financial Attitude (FA) and Financial Knowledge (FK) were the independent variables. Correlation analysis revealed positive relationships between each independent variable and Personal Financial Planning (PFP). Regression analysis showed that all three variables had a statistically significant impact on PFP with Financial Knowledge (FK) having the strongest effect, followed by Financial Awareness (FAW) and Financial Attitude (FA). The model was statistically significant and showed no signs of multicollinearity. The study emphasized the critical importance of Financial Knowledge (FK) in enhancing Personal Financial Planning (PFP) and suggested the implementation of customized financial literacy programs to improve individual financial decision-making.

Khadka (2023) examined the impact of financial knowledge (FK) and economic independence (EI) on investment decisions (ID) in Nepal. The research methodology involved gathering primary data and utilizing correlation and multiple regression analysis techniques. The main variable of interest was investment decision (ID), while financial knowledge (FK) and economic independence (EI) were considered as independent variables. The findings revealed strong, positive connections among all variables, indicating that having a good grasp of financial knowledge (FK) was associated with both economic independence (EI) and making sound investment decisions (ID). Furthermore, the regression analysis demonstrated that both financial knowledge (FK) and economic independence (EI) played significant roles in influencing investment decisions (ID), with economic independence (EI) emerging as the more influential factor. The statistical model used in the study was deemed to be highly significant and provided a good level of explanation. Ultimately, the study emphasized the importance of financial education and self-reliance in shaping investment behavior, underscoring the need for individuals to be well-informed and financially independent. Suggestions for future research included exploring how cultural and technological factors might also impact investment decisions.

Bhandari (2023) examined how well individual investors at the Nepal Stock Exchange (NEPSE) grasp financial concepts and how this knowledge influences their Investment Decision-Making (IDM). The study employed a comprehensive approach combining quantitative data gathered through structured surveys with qualitative insights obtained from semi-structured interviews. The main factor under scrutiny was the Investment Decision-Making (IDM) process when it comes to investments, with Financial Literacy (FL) being a key element alongside other contextual factors such as Interest Rates (IR), Economic Indicators (EI), Market Sentiment (MS), Liquidity (LQ), Market Trends (MT), Company Performance (CP) and Financial Statement Analysis (FSA). Through correlation analysis, it was discovered that there is a notable positive connection between Financial Literacy (FL) and Investment Decision-Making (IDM). The study revealed that investors generally exhibit a moderate level of Financial Literacy (FL) with an average score of 63.83%. While the research did not delve into regression analysis, the results strongly suggest that a higher level of Financial Literacy (FL) equips individuals to make more informed Investment Decisions (ID). Ultimately, the study emphasized the significant impact of Financial Literacy (FL) on Investment Decision-Making (IDM) and recommended tailored financial education initiatives to improve investment outcomes and bolster the growth of Nepal Stock Exchange (NEPSE).

Ghimire et al., (2023) explored the impact of Financial Literacy (FL) elements, such as Financial Awareness (FAW), Financial Knowledge (FK), and Financial Attitude (FA), on Personal Financial Planning (PFP) of individuals in Rainas Municipality, Nepal, who receive remittances. The study utilized a detailed research design and gathered information from 110 participants using both targeted and random selection methods. The main focus of the study was on Personal Financial Planning (PFP) as the dependent variable, with Financial Awareness (FAW), Financial Knowledge (FK) and Financial Attitude (FA) serving as the key independent variables. Through the application of Structural Equation Modeling (SEM), the researchers discovered that a strong level of Financial Awareness (FAW) had a significant positive influence on Personal Financial Planning (PFP). However, the study did not find statistically significant effects from Financial Knowledge (FK) or Financial Attitude (FA). The researchers concluded that Financial Attitude (FA) plays a crucial role in shaping PFP behavior and suggested incorporating Financial Literacy (FL) education into school curriculums to enhance financial decision-making skills, particularly for remittance-dependent households.

Pranusha (2023) investigated the level of financial literacy (FL) among students at Gopalan College of Commerce, focusing on their understanding of income, savings, investment, budgeting, and money management. The study used a descriptive research design, collecting data from 50 students through structured questionnaires. The dependent variable was financial literacy (FL), while independent variables included demographic characteristics (DC) and financial awareness (FA). The study used descriptive statistics, without conducting correlation or regression analysis. It concluded that financial literacy among students is essential for effective financial decision-making and recommended integrating financial education into academic curricula to enhance financial well-being and economic participation.

Ranabhat (2023) examined how Financial Literacy (FL) affects the Usage of Financial Services (FS) among households in Kaski district, Nepal. The objective was to assess whether higher levels of Financial Literacy (FL), comprising Financial Knowledge (FK), Financial Skill (FSK), Financial Attitude (FA) and Financial Behavior (FB), lead to increased adoption of Financial Services (FS). Using a quantitative research design, data were collected from 400 households through self-administered surveys. The study employed Exploratory Factor Analysis (EFA) and Structural Equation Modeling (SEM) for data analysis. The dependent variable was Usage of Financial Services (FS) while the independent variables were Financial Knowledge (FK), Financial Skill (FSK), Financial Attitude (FA), and Financial Behavior (FB). Results from SEM indicated that all four components of Financial Literacy (FL) had a significant and positive impact on Usage of Financial Services (FS). Although regression analysis was not conducted, the findings supported the conclusion that improving Financial Literacy (FL) can enhance Usage of Financial Services (FS). The study recommended implementing targeted financial education programs to strengthen each component of Financial Literacy (FL), thereby promoting greater financial inclusion in Nepal.

Shrestha et al., (2023) examined the impact of financial literacy on investment decisions (ID) among stock market participants in Kathmandu Valley. The main objective of the research was to determine how various components of financial literacy influence personal investment decisions. The study adopted a quantitative approach, employing both descriptive and causal research designs and data were collected through structured surveys from 200 respondents using convenience sampling. Correlation and multiple regression analyses were applied to assess the relationships and effects between variables. The dependent variable was investment decision (ID) while independent variables included financial knowledge (FK), financial behavior (FB), financial attitude (FA), financial awareness (FAw), and financial skill (FS). The correlation analysis showed that all components of financial literacy were positively related to investment decisions. However, the regression analysis revealed that only financial behavior (FB), financial attitude (FA) and financial skill (FS) had a significant positive impact on investment decisions whereas financial knowledge (FK) and financial awareness (FAw) were not statistically significant. Based on these findings, the study concluded that financial behavior, attitude and skill significantly influence investment decisions and recommended the promotion of financial education programs to enhance individual and societal financial outcomes.

Chaulagain (2022) assessed the impact of financial literacy (FL) on sustainable access to financial services (FS) in Nepal. The objective was to determine whether financial knowledge alone ensures long-term financial inclusion. The study used a mixed-methods approach combining qualitative interviews with finance professionals and secondary data analysis from Nepal Rastra Bank reports. It did not apply correlation or regression analysis, instead relying on thematic and interpretive analysis. The dependent variable was sustainable access to financial services (FS) while independent variables included financial literacy (FL), number and location of financial institutions (NOFI), policy framework (PF), and geographic distribution of services (GDS). Findings showed that while financial literacy (FL) is important, it is insufficient alone. Lack of financial institutions and unclear policies were major barriers. The study concluded that improving financial literacy (FL) must be combined with institutional expansion and policy reform to achieve sustainable financial inclusion in Nepal.

Gonzalvo and Avila (2019) examined the level of financial literacy (LFL) among micro-business owners in Ragay, Camarines Sur, Philippines, focusing on financial knowledge (FK), attitude (FA), and behavior (FB). The objective was to assess how personal and business factors influence financial literacy and its potential link to business profitability. Employing a descriptive-correlational research design, data were collected via structured questionnaires from 374 purposively sampled micro-business owners. The dependent variable (DV) was financial literacy (LFL) while the independent variables (IVs) included age (A), sex (S), civil status (CS), number of dependents (NOD), highest educational attainment (HEA), monthly business income (MBI), and business age (BA). Pearson correlation analysis revealed that financial literacy had significant positive relationships with age (A), sex (S), civil status (CS), monthly business income (MBI) and business age (BA). However, number of dependents (NOD) and highest educational attainment (HEA) showed no significant correlation. The study found that while financial knowledge (FK) was low, financial attitude (FA) and financial behavior (FB) were average among respondents. Although no regression analysis was reported, the findings suggest that better financial literacy (LFL) is positively associated with improved business profitability. The study concluded by recommending targeted financial education programs tailored to micro-business owners' demographic and business characteristics to enhance their financial literacy (LFL) and support business success.

Onyango (2018) assessed the impact of Financial Literacy (FL) and Financial Knowledge (FK) on Loan Performance (LP) in Kenyan commercial banks. The objective was to determine whether improving a borrower's understanding of financial concepts (FK) and their ability to apply them (FL) could lead to better loan outcomes (LP). The study employed a descriptive research design, using both primary data (questionnaires distributed to customers) and secondary data (audited financial reports from 42 commercial banks). The dependent variable (DV) was Loan Performance (LP), measured using Non-Performing Loans (NPL) and the Loan-to-Total Asset ratio (LTA). The independent variables (IVs) included Financial Literacy (FL), the practical ability to make informed financial decisions and Financial Knowledge (FK), the theoretical understanding of financial principles. The study also included control variables, such as Age (A), Gender (G), and Loan Repayment Period (LRP), which is the time span allocated for repaying the loan. Using regression analysis, the findings showed that both Financial Literacy (FL) and Financial Knowledge (FK) had a significant positive relationship with Loan Performance (LP), meaning that borrowers who understood and applied financial information were less likely to default. However, Loan Repayment Period (LRP) showed a negative effect on Loan Performance (LP), implying that longer repayment durations were associated with poorer loan outcomes. The effects of Age (A) and Gender (G) on Loan Performance (LP) were mixed and not consistent. The model’s adjusted R^2 was 0.521, indicating that 52.1% of the variation in LP was explained by FL, FK, and the control variables. The study emphasized that improving Financial Literacy (FL) and Financial Knowledge (FK) among borrowers can enhance Loan Performance (LP) in commercial banks. It recommended incorporating financial education programs into banking services to empower customers and reduce the risk of loan default.

Prasad et al., (2018) investigated the level of Digital Financial Literacy (DFL) among households in Udaipur, India, and examine how personal characteristics (PC) influence both Digital Financial Awareness Index (DFAI) and Digital Financial Frequency Index (DFFI). The objective was to explore whether factors like education, gender, age, and occupation affect awareness and usage of digital financial platforms. The study used a quantitative research design, collecting data from 268 households via structured questionnaires. The dependent variables (DVs) were DFAI (awareness of digital financial platforms) and DFFI (frequency of use). The independent variables included Education (EDU), Gender (GEN), Age (AGE), and Occupation (OCC). Correlation analysis showed a significant positive relationship ($r = 0.595$) between DFAI and DFFI, meaning that increased awareness led to higher usage. Regression and ANOVA results revealed that Education (EDU) had a significant effect ($p < 0.01$) on both DFAI and DFFI, while other variables had less consistent influence. The study emphasized Education (EDU) as the key factor influencing Digital Financial Literacy (DFL) and recommended targeted awareness campaigns and simplified digital tools to improve financial inclusion, especially among less educated populations.

Chaulagain (2018) examined the effect of Financial Literacy (FL) on Financial Behavior (FB) among small borrowers in Nepal. The research aimed to determine whether improving financial knowledge, awareness and decision-making skills (FL) would lead to more responsible money management practices (FB). Using the Theory of Planned Behavior, data were collected from 393 small borrowers across four districts through structured questionnaires. Respondents were categorized into three groups based on their FL score: high (≥16 points), medium (12–15 points) and low (<12 points). Financial behavior was measured and later converted into a binary scale (good vs. poor behavior) for regression analysis. The study used binary logistic regression to analyze the data. The dependent variable was Financial Behavior (FB), and the independent variable was Financial Literacy (FL). The results showed that FL was statistically significant ($p = .00$) in predicting FB. The model's Nagelkerke R^2 was 0.26, meaning that FL explained 26% of the variation in FB. Moreover, a 1% increase in FL increased the odds of good FB by 1.07 times, and a 10% increase improved the odds by 10.7 times. Control variables such as Sex (S), Marital Status (MS), and Income Level (IL) were tested but found to be statistically insignificant. The study concluded that higher Financial Literacy (FL) positively influenced Financial Behavior (FB) among small borrowers. It emphasized the need for context-specific financial education programs to improve financial decision-making and overall financial well-being in Nepal's lending landscape.

Khursheed et al., (2016) investigated the determinants of financial literacy (FL) among commercial bank customers in Lahore, Pakistan, focusing on three dependent variables (DVs): financial attitude (FA), financial behavior (FB), and financial knowledge (FK). Data from 390 respondents were collected via structured questionnaires and analyzed using correlation and Ordinary Least Squares (OLS) regression across three models. The independent variables (IVs) included education (EDU), educational specialization (EDUSP), class/rank (CR), household financial responsibility (HFR), financial product experience (FPE), family/friends' financial experience (FFE), as well as demographic factors such as age (A), gender (G), marital status (MS), employment status (ES), and income level (IL). Model 1 examined financial attitude (FA) and found that education (EDU), educational specialization (EDUSP), class/rank (CR), household financial responsibility (HFR), and family/friends' financial experience (FFE) significantly predicted FA, explaining 32.5% of its variance ($R^2 = 0.325$). Model 2 focused on financial behavior (FB), with education (EDU), household financial responsibility (HFR), and family/friends' financial experience (FFE) significantly influencing FB, explaining 35.6% of the variance ($R^2 = 0.356$). Model 3 analyzed financial knowledge (FK), revealing that educational specialization (EDUSP), education (EDU), financial product experience (FPE), and household financial responsibility (HFR) were significant predictors, with the highest explanatory power of 40.1% ($R^2 = 0.401$). Correlation analysis showed strong positive relationships among FA, FB, and FK, highlighting their interconnected nature. The study concluded that higher education and financial product experience positively impact all dimensions of financial literacy, while delegating household financial responsibilities negatively affects them. These findings emphasize the need for financial literacy programs that promote education and active financial involvement to enhance overall financial literacy.

Thapa and Nepal (2015) evaluated the level of financial literacy (FL) among college students in Nepal and to identify the impact of demographic characteristics (DC), educational characteristics (EC) and personality characteristics (PC) on financial knowledge (FK). The study employed a quantitative research design using primary data collected from 436 students through structured questionnaires. Analytical tools such as descriptive statistics (mean), ANOVA, and binary logistic regression (LR) were applied to analyze the data. The dependent variable was financial knowledge (FK), categorized as adequate or inadequate. Independent variables included age, income, and gender under demographic composition (DC); stream of education (SoE), type of college (ToC), and university affiliation (UA) under education composition (EC) ; and financial attitude (FA), financial behavior (FB), and financial influence (FI) under personal composition (PC). While correlation was not explicitly discussed, log regression analysis showed that age (A), income (I), tream of education (SoE), type of college (ToC) and financial attitude (FA) significantly influenced finacial knowledge (FK), whereas gender, university affiliation (UA), financial behavior (FB) and financial influence (FI) had no significant effect. The findings revealed that most students possessed a basic level of financial literacy (FL), especially in savings, but lacked understanding in areas such as credit, taxes, insurance, financial statements, and the share market. The study concluded that FK among students is shaped by specific demographic characteristics (DC) andeducational characteristics (EC) factors, as well as their attitude and recommended the implementation of targeted financial literacy programs to address these gaps.

Table 1

Summary of Empirical Review

S.N	Writer (S)	Objective	Methodology	Variables	Conclusion
1	Raut and Twanabasu (2024)	To assessing the level of financial literacy (FL) among management students in community colleges of Bhaktapur District.	A quantitative research approach	Dependent: financial literacy (FL) independent: financial knowledge (FK), financial behavior (FB) and financial attitude (FA).	correlation analysis revealed that FK had a strong positive correlation with FL, while FA and FB also showed moderate positive correlations. FK, FA, and FB all had positive and statistically significant effects on FL.
2	Chand (2024)	to assess the relationship between finan cial literacy (FL) and fina ncial inclusion (FI) in Nepal	a quantitative research design	Dependent: financial inclusion (FI), independent: financial literacy (FL) and its subcomponents (FK, FA, FB).	financial behavior (FB) had the strongest positive correlation with FI followed by financial knowledge (FK) while financial attitude (FA) had a weaker positive correlationhe

					impact of FL on FI was positive and significant
3	Naghera et al. (2024)	to investigate the determina nts of financial literacy (FL) and its impact on investment decisions (ID)	a qualitative research design	Dependent: Financial literacy (FL) independent : financial literacy (FL) and its sub-components like FK, FA and FB	numerous studies that demonstrated positive correlations and significan t regression coefficients linking FL
4	Chanoca and Tavares (2024)	to assess the level of financial literacy in Portugal.	a quantitative research	Dependent: financial outcome (FO) Independent:Percept ion of current financial situation (PCFS) ,Planning and control of personal finances (PCPF), Perception of risky financial assets (PRFA), Perception of risk-free financial assets (PRFA), and Saving behavior (SB).	The F-statistic yielded a p-value of 0.000, leading to the rejection of the null hypothesis and confirming the model's overall significance.
5	Chabaefe and Qutieshat (2024)	to address the global concern of persistently low financial literacy levels,	a conceptual and qualitative research	Independent:financi al knowledge (FK), financial attitude(FA), and financial behavior (FB) Dependent: include financial education (FE)	financial experience remains an understudied but important factor influencing financial literacy. future empirical studies that could use statistical tools such as correlation analysis or structural equation modeling to validate the relationships among the identified variables.
6	Rehman and	to investigate	a systematic	Dependent:	several empirical studies

	Mia (2024)	what factors influence financial literacy	literature review (SLR	financial literacy (FL) Independent: demographic factors,socio-economic, psychological factors, financial behavior, societal influences, Islamic values and financial literacy (DFL).	reported positive correlations between education, income and age with financial literacy and employed regression models to quantify the impact of these factors.
7	Neves (2024)	to explore the relationship between financial literacy and financial well-being outcomes	a quantitative research	Dependent: Financial Well-Being (FWB) The independent variables included F L (Financial Literacy),	regression results revealed that FL had a statistically significant and positive impact on FWB across various clusters.
8	Poudel et al., (2024)	to assess how psychological factors and investor characteristic s influence rational investment behavior.	A quantitative research	Dependent: investment decision (ID), independent: overconfidence (O), disposition effect (DE), herding (H), and risk aversion (RA). Financial literacy (FL) was tested as a moderating variable.	correlation analysis revealed a moderate positive correlation between ID and variables like DE, R, and FL, and a weak positive correlation with H, strong correlations between financial literacy and risk aversion, and between financial literacy The regression (model 1 through model 4). Model 1, which included only demographic predictors, had low explanatory power and was not statistically significant. Model 2 and Model 3, the R-square values

					improved, indicating that the behavioral biases significantly explained the variation in investment decision-making.disposition effect (DE) and risk aversion (R) showed statistically significant positive impacts on investment decisions, while herding (H) did not. The final model (Model 4) revealed that financial literacy (FL) significantly moderated the relationship between behavioral biases and investment decisions,
9	Rana (2024)	to analyze how various dimensions of financial literacy influenced individual investment choices	a causal-comparative research design	independent variables included fi nancial knowledge (FK), financial behavior (FB), financial skills (FS) and financial attitude (FA).	financial knowledge, financial behavior, and financial skills had a statistically significant and positive impact on the investment decisions of retail investors.
10	Kharel et al., (2024)	to investigated the level of financial literacy and financial knowledge practices amo ng management students	a descriptive and analytical research design,	dependent: level of financial literacy(FL) and financial behavior (FB), independent: education (E), familial influence (FI) and media exposure (ME)	The financial literacy scores among students ranged from 1.43 to 3.86, with a mean score of 2.405 and a standard deviation of 0.449, indicating a generally below-average financial literacy level.
11	Khadka and Khadka	to understand how these	a descriptive research design,	personal savings (PS) as	Correlation results showed a significant and strong

	(2024)	factors relate to and predict individual savings.		the dependent variable, while financial literacy (FL), risk tolerance (RT), education level (EL) and work experience (WE) served as the independent variables.	positive association between financial literacy and personal savings with correlations ranging from for other variables. Regression analysis revealed that financial literacy education level and work experience significantly predicted personal savings, while risk tolerance was not statistically significant.
12	Ghimire and Dahal (2024)	To examine how these components shape the financial behavior and decision-making capabilities of individuals	both descriptive and causal research designs	Dependent: personal financial planning (PFP) Independent:financial awareness (FA), financial attitude (FA) and financial knowledge (FK)	correlation found positive relationships between all three independent variables and PFP. the regression analysis further validated these findings, indicating that all three predictors significantly influence PFP.
13	Khadka (2023)	to examine the key factors that influence individual investment behavior within the evolving financial landscape of Nepal.	a quantitative research design	Dependent:Investment Decision (ID). Independent: Financial Knowledge (FK) and Economic Independence (EI	Correlation shows strong and significant positive relationships among all three variables.regression modeling showed that both FK and EI significantly influenced ID.
14	Bhandari (2023)	to explore how financial literacy influences the investment	both quantitative and qualitative methods	Dependent: investment decision-making(IDM) independent: financial	A significant positive correlation was found between financial literacy and investment decisions, indicating that more

		behavior of retail investors		literacy(FL)	financially literate individuals made more informed investment choices.
15	Ghimire et al. (2023)	to investigated the factors influencing p ersonal financial planning amo ng households of migrant workers	Structural Equation Modeling (SEM)	Dependent: personal financial planning (PFP), independent: financial awareness(FAW), financial knowledge (FK), and financial attitude (FA).	SEM results indicated that financial awareness had a statistically significant positive impact on financial planning On the other hand, financial knowledge and financial attitude were not significantly related to financial planning
16	Pranusha (2023)	to assess the level of financial literacy among students at Gopalan College of Commerce.	a descriptive research design	dependent: level of financial literacy (FL) among the students. Independent variables such as students' demographic characteristics (DC) and their awareness of financial (FA)	The findings suggest that enhancing financial literacy at the educational level can have a positive impact on both individual financial health and the economy.
17	Ranabhat (2023)	to examine the effect of financial literacy on the usage of financial services amo ng households in Kaski district, Nepal.	a quantitative research design	dependent: financial services (FS), Independent: financial knowledge (FK), financial skill (FSK), financial attitudes (FA) and financial behaviour (FB).	the SEM indicated a significant positive impact of these financial literacy components on the usage of financial services, suggesting that improvements in these areas can lead to increased utilization of financial products by households.
18	Shrestha et al. (2023)	to explore the impact of financial	a quantitative research approach,	Dependent: Personal Investment Decision (ID), independent:	The correlation analysis revealed that all independent variables had

		literacy on personal investment decisions am ong stock market participants in Kathmandu Valley		Financial Knowledge (FA), Financial Behavior (FB), Financial Attitude (FA), Financial Awareness (FA) and Financial Skill (FS).	a positive relationship with personal investment decisions. financial literacy factors had a significant and positive effect on personal investment decisions.
19	Chaulagain (2022)	to determine whether the mere quantitative expansion of financial institutions	a descriptive-cum-analytical research design	dependent: financial sustainability (FS). The independent; financial literacy (FL), the number and location of financial institutions (NOFI), policy frameworks (PF) and geographic distribution (GD).	financial literacy alone was found to be a necessary but not sufficient condition for ensuring sustainable access to finance.
20	Gonzalvo and Avila (2019)	to determine the level of financial literacy among micro-business owners	a descriptive-correlational research design	Dependent: level of financial literacy LFL), measured through the components of knowledge (FK), attitude (FA) and behavior (FB). The independent variables included socio-demographic factors (DF) such as age (A), sex (S), civil status (CS), number of dependents(NOD), highest educational attainment (HEA), monthly business	correlation analysis revealed significant relationships between financial literacy and age, sex, civil status, monthly business income, and business age, while no significant correlations were found with number of dependents and educational attainment.

				income (MBI), and business age (BA).	
21	Onyango (2018)	to examine the effect of financial literacy and financial knowledge of bank customers on the loan performance of commercial banks in Kenya.	a descriptive research design	Dependent: NPL and LTA, while the independent: financial literacy and financial knowledge. Control variables such as age, gender, and loan repayment period	both financial literacy and financial knowledge had a significant positive impact on loan performance, Additionally, while age and gender sho wed mixed effects, the loan repayment period was found to have a significant negative impact, suggesting that extended repayment terms may increase the risk of default.
22	Prasad et al., (2018)	to analyze how personal characteristic s (PC) such as education, gender, age and occupation influence both the awareness and frequency of use of digital financial platforms.	a quantitative research design	Dependent: Digital Financial Awareness Index (DFAI) and Digital Financial Frequency Index (DFFI), Independent: education (EDU), gender (GEN), age (AGE), and occupation (OCC).	education level had a statistically significant effect on both awareness and usage at the 1% level, with school-level educated respondents showing much lower DFL scores compared to graduates and professionals.
23	Chaulagain (2018)	to examine the contributi on of financial literacy (FL) to the financial	a quantitative research	Dependent: financial behavior (FB) Independent: financial literacy (FL)	The study found a positive and statistically significant relationship between financial literacy and financial behavior, indicating that improved financial literacy increases

		behavior (FB) of small borrowers in Nepal.			the likelihood of positive financial behavior among small borrowers.
24	Khursheed et al., (2016)	to investigate the determinants of financial literacy among commercial bank customers in Lahore, Pakistan,	a quantitative research design	dependent variables like financial attitude (FA), financial behavior (FB), and financial knowledge (FK). The independent variables age (A), gender (G), education (E), marital status (MS), employment status (ES), income level (IL) and financial product experience (FPE).	regression results consistently indicated that higher levels of education and financial product experience were positively and significantly associated with higher financial literacy. Additionally, Pearson correlation analysis demonstrated significant positive associations among financial knowledge, attitude, and behavior, reinforcing the idea that these dimensions are interrelated.
25	Thapa and Nepal (2015)	to identify the impact of demographic characteristics (DC), educational characteristics (EC) and personality characteristics (PC) on financial knowledge (FK).	a quantitative research design	Dependent: financial knowledge (FK), Independent: Demographic composition (DC); Education Composition (EC) and	age, income, SoE, ToC, and FA significantly influenced FK, whereas gender, UA, FB, and FI had no significant effect.

2.4 Research gap

Although several studies have been conducted globally and nationally on financial literacy, most of the existing literature in Nepal has predominantly focused on general financial awareness, individual financial behavior, or access to financial services in rural and underserved communities. However, limited attention has been given to the financial attributes of financial literacy such as budgeting, saving, borrowing, investment decision-making and risk management within the context of commercial banks in Nepal. Furthermore, there is a scarcity of empirical evidence that examines how these financial attributes influence or are influenced by the policies, products, and customer engagement strategies adopted by commercial banks. The few available studies often lack a comprehensive analytical framework linking financial literacy levels to banking performance indicators (e.g., loan repayment behavior, deposit mobilization, customer retention, and financial product usage). In addition, there is a noticeable gap in segment-wise analysis, such as by income level, gender, occupation, or geographic location, in understanding how financial literacy is distributed among commercial bank customers in Nepal. Moreover, the impact of digital financial literacy, especially in the post-COVID era with increased reliance on digital banking, remains underexplored.

Therefore, a significant research gap exists in understanding the multidimensional financial attributes of financial literacy and their direct and indirect influence on the efficiency and inclusivity of Nepalese commercial banking services. This calls for a more integrated and data-driven approach to examining financial literacy not just as a social agenda, but also as a strategic financial factor for banking performance and sustainable financial inclusion.

CHAPTER- III
RESEARCH METHODOLOGY

The various components of the methodology were carefully outlined. These included the determination of the research design, identification of the nature and sources of data, establishment of the population and sampling design, analysis of the data, testing for reliability, examination of demographic factors, analysis of descriptive statistics, performance of regression analysis and development of a conceptual framework.

3.1 Research design

Employing both descriptive and causal-comparative research designs, the study examined the cause-and-effect relationships among financial literacy level (LFL) and its key components: financial knowledge (FK), financial attitude (FA) and financial behavior (FB). The central objective was to analyze how these factors contributed to the financial literacy of individuals associated with Nepalese commercial banks.

Primary data were collected using a structured questionnaire administered to bank customers allowing for a systematic assessment of their financial attributes and their role in overall financial literacy. The causal-comparative design was crucial for uncovering influence patterns and explaining how variations in financial knowledge, attitudes and behavior led to different financial literacy outcomes. The study aimed to quantify the impact of each financial attribute providing valuable insights for developing effective financial literacy strategies relevant to Nepal’s commercial banking context.

3.2 Population, Sample and Sampling Design

The study aimed to identify which financial attributes influence the financial literacy of commercial bank customers in Nepal. A convenience sampling method was used to select participants based on their availability and willingness to participate. This approach ensured a diverse sample in terms of age, gender, income, education level, and place of residence, enhancing the understanding of financial literacy across various demographic groups within the banking sector. The target population comprised individual clients of commercial banks in Nepal, as they regularly interact with financial products and services, making them suitable for assessing financial knowledge, financial attitude, and financial behavior. To determine the required sample size, Cochran's (1977) formula as cited by Kotrlik et al. (2001) was applied, yielding a statistically adequate sample of 384 respondents, based on a 95% confidence level and a 5% margin of error. To increase the reliability and generalizability of the study, data were ultimately collected from 400 respondents, providing a strong foundation for quantitative analysis.

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

Where, n_0 = Sample size for infinite population

Z= Critical value of desired confidence interval

p = Estimated proportion of an attribute that's present in population

e = Level of significance

With Confidence Interval of 95% and 5% level of significance

Here,

Z =1.96, p = 0.5, q = 0.5, e = 0.05

Then, $n_0 = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2} =$ 384 it is optimal size.

The data have been collected from 400 respondents.

3.3 Nature and Sources of Data

To gather information, the study employed both direct virtual conversations and structured questionnaires. The informal virtual discussions served to build connections with crucial financial literacy stakeholders like bank officials, regulators and financial education experts. Concurrently, comprehensive surveys were given to numerous clients and staff of Nepalese commercial banks. This dual approach allowed for the collection of both qualitative insights from conversations and quantitative data from surveys, specifically focusing on the financial attributes that shape individuals' financial literacy.

3.4 Data Analysis

The research used only quantitative data for analysis.

The analysis of quantitative data from primary sources also centered on the financial literacy level (LFL). However, financial knowledge (FK), financial attitude (FA) and financial behavior (FB) were treated as variables with predictive power. Numerical data was compiled via structured questionnaires and the responses were then processed using a range of statistical methods. Descriptive statistics summarized respondent characteristics, while correlation analysis evaluated the strength of relationships between the variables. To further explore the influence of the independent variables, multiple linear regression analysis was performed. This statistical technique allowed for the quantification of how financial knowledge, attitude and behavior affected financial literacy. It provided an impartial assessment, making it possible to identify the most significant predictors of financial literacy. Through this robust statistical approach, valuable insights were generated, revealing the main drivers of financial literacy within Nepal's commercial banking sector.

3.5 Reliability test

The process of conducting a reliability test is regarded as a way to evaluate the trustworthiness and consistency of a research instrument, such as a questionnaire or test. Various methods are assessed to ensure that the tool can be consistently relied upon. One commonly applied method in this context is Cronbach’s Alpha, through which the internal consistency of a set of items such as survey questions is measured. When a Cronbach’s Alpha value of 0.7 or higher is obtained, it is interpreted that the items are well-correlated and function cohesively, indicating that the instrument demonstrates a high level of reliability.

Table 2

Reliability Test

Variables	No of Items	Cronbach’s Alpha
Level of Financial Literacy (LFL)	5	0.926
Financial Attitudes (FA)	5	0.872
Financial Knowledge (FK)	5	0.725
Financial Behaviour (FB)	5	0.810

Results are drawn from SPSS 29

3.6 Descriptive statistics

Descriptive statistics serve as the primary method for organizing and presenting data in an understandable way. The core purpose is to provide a comprehensive look at a dataset's distinct features, whether it represents a whole population or a specific sample, without inferring conclusions about a broader group. This approach simplifies intricate raw data, boosting its readability and analytical potential and facilitating the early identification of crucial patterns and trends. Measures such as mean, median and mode illustrate central tendencies, while range, variance and standard deviation are applied to quantify data spread. Furthermore, frequency distributions and visual tools like histograms, bar charts and box plots are employed for clear data visualization. Through these applications, insights are effectively conveyed, supporting sound decision-making in diverse disciplines.

a. Mean

The mean, or average, is a key central tendency measure in statistics. It's computed by totaling all dataset values and dividing by the number of observations. This measure is important because it incorporates every data point, offering a thorough summary of the dataset's central value and serving as a common way to condense large data sets into one clear figure. In various research fields, the mean is frequently used to analyze data, such as average test scores, average blood pressure, average response times and average income. These applications illustrate the mean's effectiveness in summarizing data and facilitating meaningful conclusions.

$$\text{Sample mean } (\overline{\mathrm{x}}) = \frac{\sum \mathrm{x}}{\mathrm{n}}$$

Where, $(\overline{\mathrm{x}})$ = sample mean

$\sum$ x = sum of scores in a distribution

n= no of items in sample

b. Standard Deviations

Standard deviation is a crucial statistical metric that quantifies the typical dispersion of data points around the mean value. Unlike the range, this measure considers every data point, offering a comprehensive insight into data spread. A small standard deviation indicates that data points are clustered closely around the average, signifying consistency whereas a large standard deviation suggests considerable variation. It serves as an important complement to the mean by illustrating data variability; this is vital because datasets can share the same mean but exhibit different levels of spread. Standard deviation finds extensive application across various sectors, including finance (for assessing investment risk), manufacturing (for ensuring product quality), healthcare (for patient data monitoring), sports analytics (to measure performance consistency) and scientific research (for hypothesis testing and data reliability assessment).

$$s = \frac{\sqrt{\sum[\mathrm{x} - \bar{\mathrm{x}}]^2}}{\mathrm{n} - 1}$$

c. Correlation

Correlation is a statistical measure that describes the linear relationship between two variables, showing how they move together in strength and direction. Its coefficient, from -1 to +1, indicates positive, negative, or no relationship, but it does not imply causation. In data analysis, correlation is commonly used to identify links, assist predictive modeling, select features and understand data structure, playing key roles in finance, quality control and machine learning. While correlation reveals associations, proving cause and effect requires more in-depth statistical investigation.

Correlation Coefficient (r) $= \frac{\mathrm{n}\sum\mathrm{xy} - \sum\mathrm{x}\sum\mathrm{y}}{\sqrt{n\sum x^2 - (\sum x)^2}\sqrt{n\sum y^2 - (\sum y)^2}}$

Where,

r = Co-efficient of correlation

$\sum xy$ =Sum of products of two variables

$\sum x$ = Sum of variable X

$\sum y$ = Sum of variable Y

$\sum x^2$ = Sum of squared of X

$\sum Y^2$ = Sum of squared of Y

n = Sample size

d. Coefficient Variance (CV)

The Coefficient of Variation (CV) offers a standardized way to express data variability. As a unitless measure, it represents the standard deviation as a percentage of the mean, facilitating direct comparisons of spread across different datasets, even if they have disparate units or scales. By anchoring the data's dispersion to its average, the CV provides crucial context. Its broad applications span finance (for risk assessment), manufacturing (for quality assurance), biological research (for gauging measurement consistency) and survey research (for evaluating data uniformity). The CV's power to standardize variability makes it an invaluable asset for comparative analysis and strategic decision-making.

Coefficient of Variance (CV)= $\frac{\sigma}{\bar{x}} \times 100$

Where,

$\bar{X}$ = Arithmetic mean

σ= Standard deviation

3.7 Regression Analysis

The financial literacy level (LFL) was used as the dependent variable in the study, while financial knowledge (FK), financial attitude (FA), and financial behavior (FB) were identified as the main factors affecting it. The analysis was conducted using the foundational model that was provided.

$Y = \beta_0 + \beta 1\ X_1 + \beta_2\ X_{2t} + \beta_3\ X_3 + U$

Where,

β_0 = intercept

Y= Level of financial literacy

X_1 = Financial knowledge

X_2 = Financial attitude

X_3 = Financial behaviour

$\beta_1 - \beta 3$ = Coefficient parameters

U = Error term where *i* is cross sectional and *t* time identifier

3.8 Conceptual Framework and Definition of Variables

The conceptual framework of this study is centered on examining the influence of financial attributes on the financial literacy level of commercial bank customers in Nepal. Level of financial literacy (LFL) serves as the dependent variable, representing individuals' ability to understand and apply financial knowledge effectively. The independent variables include financial knowledge (FK), financial attitude (FA) and financial behavior (FB). Financial knowledge refers to the understanding of financial concepts, products, and services, which forms the foundation for developing a positive financial attitude, an individual’s mindset and perceptions towards money management. This attitude influences financial behavior which encompasses the actual practices of budgeting, saving, investing and managing financial resources. It is proposed that these three financial attributes collectively impact the overall financial literacy level. Enhancements in financial knowledge are expected to foster constructive financial attitudes which then promote responsible financial behaviors, ultimately contributing to higher financial literacy among customers of commercial banks in Nepal.

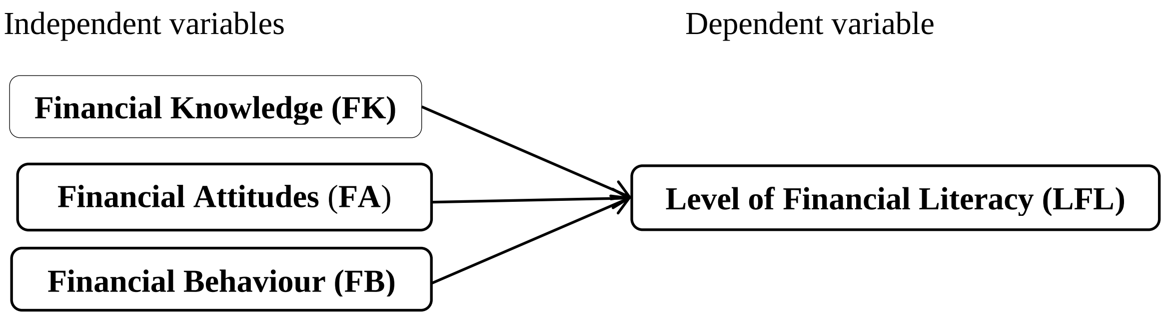

Figure 1. Conceptual Framework (Raut and Twanabasu, 2024)

There are two types of variables are used in this study:

1. **Independent variables**: Independent variables are the key factors or attributes that are assumed to influence or predict changes in another variable, commonly referred to as the dependent variable. In the context of research, independent variables serve as the basis for examining cause-and-effect relationships. They are either manipulated or observed to assess their impact on the outcome being studied. For instance, in a study on financial literacy, variables such as financial knowledge (FK), financial attitude (FA) and financial behavior (FB) are considered independent because they are believed to directly affect an individual’s level of financial literacy (LFL). These variables are not influenced by other factors within the study but instead act as driving forces that help explain variations in the dependent variable. Therefore, identifying and accurately measuring independent variables is essential for understanding how and why certain outcomes occur in research.

i. **Financial Knowledge (FK):** It refers to an individual's understanding and awareness of fundamental financial concepts, such as interest rates, inflation, savings, investment, credit, taxation and budgeting. It encompasses the ability to comprehend financial information and apply it in real-life situations. A higher level of financial knowledge enables individuals to make informed decisions regarding financial products and services, thereby improving their overall financial well-being (Raut and Twanabasu, 2024).

ii. **Financial Attitude (FA):** It represents an individual's mindset, beliefs, values and psychological disposition toward financial matters. It reflects how people perceive the importance of savings, financial planning, debt management and investment. A positive financial attitude generally leads to more responsible and future-oriented financial decisions, influencing behaviors such as saving regularly, avoiding unnecessary debt and planning for financial goals (Raut and Twanabasu, 2024)

iii. **Financial Behavior (FB):** It is defined as the actual financial practices and actions taken by individuals in managing their money. This includes behaviors such as budgeting, saving, spending, borrowing, and investing. Financial behavior is a reflection of both financial knowledge and attitude and plays a critical role in determining an individual's financial health. Sound financial behavior indicates a disciplined and rational approach to handling financial resources (Raut and Twanabasu, 2024).

2. **Dependent variable:** Dependent variable is the outcome or result that a researcher aims to explain, predict, or measure in a study. It is called "dependent" because its value is influenced or determined by changes in one or more independent variables. In other words, it is the effect or response that occurs as a result of variations in the factors being studied. For example, in research on financial literacy, the level of financial literacy (LFL) is considered the dependent variable because it is believed to be shaped by factors such as financial knowledge (FK), financial attitude (FA) and financial behavior (FB). The dependent variable reflects the core focus of the research and is used to assess the

extent to which the independent variables impact or contribute to the observed changes. Accurately measuring the dependent variable is crucial for drawing valid and meaningful conclusions in any empirical study.

i. **Level of Financial Literacy (LFL):** It is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. It forms the foundation of an individual's relationship with money and directly influences their ability to make sound and rational financial decisions. A high level of financial literacy equips individuals with the competence to evaluate financial choices, plan for the future and respond to economic challenges more effectively (Raut and Twanabasu, 2024).

CHAPTER- IV
RESULTS AND DISCUSSION

This chapter presents the results derived from the analysis of the data collected through structured questionnaires administered to customers of commercial banks in Nepal. The aim of this chapter is to explore the relationship between financial attributes such as financial knowledge (FK), financial attitude(FA) and financial behavior (FB) and level of financial literacy (LFL) of the respondents. The findings are discussed in line with the research objectives and hypotheses with the support of appropriate statistical tools such as descriptive analysis, correlation and regression. The results provide insights into how these financial attributes contribute to shaping the financial literacy levels among individuals and further shed light on the practical implications of these relationships for financial education and policy development in Nepal.

4.1 Results

In research, the understanding of data is considered essential, and the use of descriptive statistics is regarded as a key step in achieving clarity and meaningful interpretation. These statistics provide basic information about the sample and measurement variables, helping researchers grasp the overall structure and tendencies of the data. Typically, the analysis process begins with descriptive statistics to offer a clear overview of the dataset before proceeding to more complex analyses. In this study, the independent variables such as financial knowledge (FK), financial attitude (FA), and financial behavior (FB) have been analyzed using descriptive statistics, alongside the dependent variable, level of financial literacy (LFL). This approach has helped in summarizing the core characteristics of the data and identifying patterns, variability, and initial insights. Although graphical tools are often used in research, this study has focused on numerical summaries to maintain clarity. Overall, the application of descriptive statistics has laid a strong foundation for subsequent analytical procedures and further interpretation of results. This initial analysis ensures that the data is well-understood and ready for deeper statistical examination.

Demographic statistic

Table 3

Demographic Profile of Respondents

Factors	Demographic Variables	Frequency	Percentage
Genders	Female	180	45
	Male	220	55
	other	0	0
Age	Below 20	35	8.75
	21-30	65	16.25
	31-40	150	37.50
	41-50	100	25
	50 Above	50	12.5
Education	Under SLC	55	13.75
	Intermediate	105	26.25
	Bachlor	110	27.5
	Master	130	32.5
Area of Residency	Urban	290	72.5
	Rural	110	27.5
Monthly Income	Below 25000	85	21.25
	Rs 25001-Rs 50000	115	28.75
	Rs50001-Rs 100000	120	0.30
	More than 100000	80	0.20
Profession	Student	90	22.5
	Private Job	110	27.5
	Government Job	120	0.30
	Self Employed Job	60	0.15
	Unemployed or retired	20	0.05

Demographic statistics offer a deep insight into the makeup of a population, allowing decision-makers, businesses and researchers to examine economic, social and cultural trends. These statistics encompass various factors like age distribution, gender balance, education levels, income disparities and occupational engagement, all of which play a crucial role in shaping the progress of society.

Age distribution helps in categorizing the population into different groups such as children, working-age individuals and the elderly, aiding governments and organizations in planning for healthcare, employment and retirement policies. A higher number of young individuals indicates a growing workforce while an aging population may lead to an increased demand for social security and healthcare services. Gender statistics shed light on the male-to-female ratio, impacting workforce participation and social dynamics. Addressing gender imbalances in employment and education is essential for ensuring equal opportunities and fostering economic growth. Education levels reflect literacy rates and overall human capital development which are essential for economic advancement and innovation. A well-educated population tends to be more productive and has better employment prospects, making education a critical area for investment. Income distribution highlights economic disparities and living standards with metrics like the Gini coefficient and poverty rates helping in assessing financial inequalities. This information enables policymakers to design effective taxation, wage policies and social welfare programs to promote economic inclusivity.

Professional statistics analyze the distribution of the workforce across various sectors like agriculture, manufacturing, and services. Understanding employment trends assists businesses and governments in implementing strategies for job creation, skill development and workforce planning. With the shift towards a knowledge-based economy, investments in technology and education are crucial for ensuring long-term economic stability and growth.

Analysis of Financial Knowledge (FK)

Financial knowledge refers to an individual's understanding of essential financial concepts and the ability to use that knowledge to make informed and effective decisions regarding their personal finances. It encompasses a wide range of topics including budgeting, saving, investing, borrowing, insurance, taxation, and retirement planning. A person with good financial knowledge is able to create and manage a budget, distinguish between different types of financial products, understand the risks and benefits associated with investments, and plan for both short-term needs and long-term financial goals. Moreover, financial knowledge includes familiarity with banking systems and the use of digital financial services, such as mobile banking and online transactions, along with an awareness of financial fraud and cybersecurity. Possessing sound financial knowledge enables individuals to avoid debt traps, improve their financial well-being and make strategic decisions that lead to greater financial security.

Table 4

Descriptive Statistics of Financial Knowledge (FK)

S.N	Statements	Mean	Standard deviation	CV
1	I understand how bank interest rates affect loans, savings and even my mobile banking and credit card activity.	4.40	0.79	17.85
2	Having learned about inflation, taxation, and digital charges, I feel informed when using ATMs, credit cards or mobile apps.	4.38	0.79	18.08
3	I'm capable of reading and interpreting mobile banking notifications, credit card bills and account statements.	4.33	0.87	20.11
4	I've developed the ability to differentiate between services like debit cards, credit cards, e-wallets and fund transfers.	4.37	0.78	17.79
5	I usually consider hidden costs before using digital banking services and credit card facilities offered by commercial banks.	4.32	0.89	20.5
	Grand Value	4.36	0.05	

Results are drawn from SPSS 29

Table 4 presents descriptive statistics for five statements assessing respondents' financial knowledge. The mean scores, all above 4.3, reflect strong agreement among respondents, with the highest mean (4.40) for understanding how bank interest rates impact loans, savings, and digital financial activities. The lowest mean (4.32) was recorded for considering hidden costs before using digital banking services, indicating slightly less awareness in this area. Standard deviations ranged from 0.78 to 0.89, showing relatively consistent responses with slightly more variation on interpreting financial documents and hidden charges. The coefficient of variation (CV) was lowest for the ability to differentiate between financial services (17.79%), representing the most consistent responses, and highest for awareness of hidden costs (20.50%), indicating the greatest variability. Overall, the grand mean of 4.36 signifies a strong consensus across all statements, reflecting a generally high level of financial knowledge among the respondents.

Analysis of Financial Behaviour (FB)

Financial Behaviour refers to the actual actions and practices that individuals exhibit in managing their financial resources, such as spending, saving, budgeting, investing, and handling credit or debt. Financial behaviour reflects how people apply their financial knowledge and attitudes in real-life situations. Positive financial behaviour includes practices like maintaining a budget, saving regularly, avoiding unnecessary debt, and planning for future expenses. In contrast, poor financial behaviour may involve overspending, impulse buying, neglecting savings, or defaulting on loan repayments. These behaviours are influenced by a person's financial knowledge, attitudes, income level and socio-economic background.

Table 5

Descriptive Statistics of Financial Behaviour(FB)

S.N	Statements	Mean	Standard deviation	CV
1	I make monthly budgets that reflect how I use ATM withdrawals, credit card spending and online transactions.	4.43	0.79	17.83
2	Having developed a habit of saving, I often use mobile apps, credit card-linked savings plans or visit bank branches to deposit money.	4.36	0.80	18.35
3	I regularly monitor my financial activities using SMS alerts, banking apps, credit card statements or printed bank statements.	4.34	0.90	20.74
4	I try to repay my loans and credit card bills on time, often using mobile payment methods or teller-assisted deposits	4.40	0.79	17.95
5	I regularly monitor my financial activities using SMS alerts, banking apps, credit card statements, or printed bank statements.	4.34	0.79	18.20
	Grand Value	4.37	0.05	

Results are drawn from SPSS 29

Table 5 represents the financial behaviors of respondents, revealing a strong inclination towards responsible practices. The average scores for all five statements exceeded 4.3, indicating general agreement with positive financial habits. Budgeting emerged as the most consistent behavior, with the highest mean score of 4.43. This suggests that respondents are highly engaged in creating monthly budgets that encompass all their transactions, including ATM, credit card, and online activities. Conversely, the lowest mean score (4.34) was observed for statements related to regularly monitoring financial activities through alerts and statements, hinting at slightly less uniform adherence to these specific practices. The standard deviations, ranging from 0.79 to 0.90, further emphasize this, with the highest variability also seen in monitoring financial activities across various banking channels. The coefficient of variation (CV) reinforces these findings. Budgeting showed the lowest CV (17.83%), signifying highly consistent responses, while regular monitoring had the highest CV (20.74%), indicating more diverse opinions within the respondent group. Overall, the grand mean of 4.37 highlights a strong consensus among participants, reflecting well-established financial behaviors across both traditional banking and digital platforms.

Analysis of Financial Attitude (FA)

Financial attitudes refer to an individual's mindset, beliefs, and emotional responses toward money and financial decision-making. These attitudes influence how a person manages their income, spending, saving, borrowing, and investing. Unlike financial knowledge, which is based on facts and understanding, financial attitudes are shaped by personal values, upbringing, culture, past experiences, and social influences. A positive financial attitude such as being disciplined, future-oriented, and responsible can lead to prudent financial behaviors like budgeting, regular saving, and avoiding unnecessary debt. Conversely, negative attitudes such as impulsiveness, materialism, or financial avoidance may result in poor money management and long-term financial insecurity. Financial attitudes also affect how people perceive risk and how willing they are to plan for the future, including retirement or emergencies. Ultimately, financial attitudes play a crucial role in shaping financial habits and are often considered a key component of overall financial literacy.

Table 6

Descriptive Statistics of Financial Attitudes(FA)

S.N	Statements	Mean	Standard deviation	CV
1	I believe that tools like mobile banking, ATMs, and credit cards help me maintain better financial discipline.	4.38	0.81	18.49
2	I tend to trust formal channels like banks, remittance apps and credit card providers over informal moneylenders	4.38	0.78	17.81
3	Saving through mobile banking, auto-deposits, and credit card reward programs has become a routine I value.	4.40	0.79	17.95
4	Having been exposed to banking apps, credit card platforms, and digital systems, I see financial education as increasingly vital.	4.37	0.83	18.99
5	I think carefully before using services like online lending, ATM-based cash advances, or credit card installment plans	4.49	0.63	14.03
	Grand Value	4.40	0.07	

Results are drawn from SPSS 29

Table 6 represents the financial attitudes of respondents, demonstrating a notably positive and strong agreement with formal financial practices and digital tools. All five statements received mean scores above 4.3, underscoring a generally favorable outlook. The most prominent attitude observed was careful consideration before utilizing services such as online lending or credit card installment plans, which garnered the highest mean score of 4.49. This indicates a strong inclination towards cautious and responsible financial decision-making among the respondents. The statement concerning the importance of financial education through digital platforms recorded the lowest mean (4.37), though still reflecting a high level of agreement. This suggests a slightly less uniform perspective on this particular aspect compared to other attitudes. The standard deviations, ranging from 0.63 to 0.83, further illustrate this, with the least variation seen in the cautious use of financial services and the most in views on financial education.

The coefficient of variation (CV) reinforces these observations. The most cautious statement exhibited the lowest CV (14.03%), pointing to high consistency in responses. Conversely, the financial education statement had the highest CV (18.99%), indicating a somewhat broader range of opinions. Overall, the grand mean of 4.40 signals a strong positive consensus on financial attitudes, highlighting respondents' trust in formal financial systems and their preference for disciplined financial conduct.

Analysis of Level of Financial Literacy (LFL)

Level of Financial Literacy (LFL) refers to an individual's overall ability to understand and effectively apply financial knowledge, attitudes, and behaviors to make informed and responsible financial decisions. It includes skills like budgeting, saving, investing, managing debt and planning for future financial needs. Individuals with a high level of financial literacy are more capable of achieving financial stability, avoiding excessive debt and securing their long-term financial well-being. In contrast, low financial literacy can lead to poor financial decisions and greater vulnerability to financial stress. Improving LFL is essential for promoting financial inclusion, economic empowerment and adapting to the complexities of today’s financial systems.

Financial literacy also supports individuals in recognizing financial risks and evaluating various financial products and services. It enhances confidence in managing personal finances and promotes disciplined financial habits. People with higher financial literacy are more likely to prepare for emergencies and retirement. It contributes to better decision-making in areas such as borrowing, insurance, and investment. Overall, a strong foundation in financial literacy is a key driver of personal and national economic well-being.Level of Financial Literacy (LFL) refers to an individual's ability to understand and apply financial knowledge, attitudes, and behaviors to make informed financial decisions. It involves essential skills such as budgeting, saving, investing, and managing debt. A higher level of financial literacy helps individuals achieve financial stability, avoid poor financial choices, and plan effectively for the future. Improving LFL is crucial for financial inclusion, personal well-being, and adapting to the demands of today's complex financial systems.

Table 7

Descriptive Statistics of Level of Financial Literacy (LFL)

S.N	Statements	Mean	Standard deviation	CV
1	I feel confident when managing my finances through mobile banking, ATMs, credit cards or in-person services.	4.51	0.58	12.86
2	I have a clear understanding of how savings, loans, insurance and credit card services function across different bank platforms.	4.35	0.86	19.77
3	When choosing financial tools like debit cards, credit cards or e-transfers, I compare options before deciding.	4.49	0.63	14.03
4	I apply what I know about digital banking, credit card policies and in- branch services to make smart financial decision.	4.43	0.79	17.83
5	Having been a user of both mobile banking, credit cards, and traditional banking, I manage my personal finances effectively.	4.36	0.80	18.35
	Grand Value	4.43	0.12	

Results are drawn from SPSS 29

Table 7 provides an overview of respondents' level of financial behavior, revealing strong agreement and confidence in their financial dealings, with all mean scores exceeding 4.3. The highest mean score (4.51) was recorded for the statement on managing finances across diverse channels such as mobile banking, ATMs, credit cards or in-person services. This suggests a high degree of comfort and proficiency in utilizing various financial platforms. Conversely, the lowest mean (4.35) was associated with the statement concerning understanding savings, loans, insurance and credit card services. While still indicating a strong level of clarity, this suggests slightly less comprehensive knowledge in these areas compared to the confidence in using financial tools. The standard deviations, ranging from 0.58 to 0.86, further illustrate this point, with the least variation observed in confidence with financial tools and the most in understanding financial services. The coefficient of variation (CV) reinforces these findings. The CV was lowest (12.86%) for confidence in using financial services, indicating highly consistent responses. In contrast, the highest CV (19.77%) was for understanding multiple banking services, suggesting more diverse perspectives within the respondent group. Overall, the grand mean of 4.43 reflects a high level of financial behavior among respondents, indicating their active and effective engagement with both digital and traditional financial tools.

Descriptive statistics

Descriptive statistics are used to analyze and summarize the responses related to the study's key variable such as Financial Behavior (FB), Financial Attitude (FA), Financial Knowledge (FK), and the Level of Financial Literacy (LFL). This analysis offers an overview of how respondents scored across each variable providing insights into their financial habits, attitudes and understanding. Key statistical measures such as mean, standard deviation, minimum and maximum values are employed to examine the average responses, the spread of data and the range within which the responses varied. These results form the basis for further analysis and interpretation of financial literacy among commercial bank customers in Nepal.

Table 8

Descriptive Statistics

Variables	Mean	Std. Deviation	Minimum	Maximum
FA	4.402	0.771	1	5
FB	4.381	0.81	1	5
FK	4.359	0.823	1	5
LFL	4.427	0.74	1	5

Results are drawn from SPSS 29

Table 8 presents the descriptive statistics for four major variables: Financial Attitude (FA), Financial Behavior (FB), Financial Knowledge (FK) and Level of Financial

Literacy (LFL). The mean score for FA is 4.402 with a standard deviation of 0.771, indicating that respondents generally held positive financial attitudes, with moderate variation in their responses. FB shows a mean of 4.381 and a standard deviation of 0.810, suggesting favorable financial behavior, although responses varied slightly more than those for FA. FK records a mean of 4.359 and the highest standard deviation at 0.823, reflecting that while financial knowledge is strong among participants, their levels of understanding differ more widely. LFL, representing the overall financial literacy level, has the highest mean at 4.427 and a standard deviation of 0.740, indicating that most respondents rate their financial literacy highly with relatively less variation. All four variables share a minimum value of 1 and a maximum value of 5, showing that responses spanned the full 5-point Likert scale. Overall, these statistics suggest that respondents generally possess high financial literacy, attitudes, behaviors, and knowledge, with moderate differences in individual responses across the sample.

Correlation

Correlation analysis is conducted to examine the strength and direction of the linear relationships between the dependent variable, Level of Financial Literacy (LFL), and the independent variables such as Financial Behavior (FB), Financial Attitude (FA) and Financial Knowledge (FK). The Pearson correlation coefficient (r) was used to determine whether increases in the independent variables are associated with increases in financial literacy. This analysis provides a statistical foundation for understanding how closely financial literacy is linked to individuals' knowledge, attitudes and financial practices. The results offer essential insights into which financial attributes have stronger or weaker associations with financial literacy among commercial bank customers in Nepal.

Table 9

Correlation Matrics

	FA	FB	FK	LFL
FA	1.000			
FB	0.510**	1.000		
FK	0.448**	0.292**	1.000	
LFL	0.587**	0.583**	0.427**	1.000

Note: Results are drawn from SPSS 29

*. Correlation is significant at the 0.05 significance level (2-tailed)

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

Table 9 presents the correlation matrix showing the relationships between Financial Attitude (FA), Financial Behavior (FB), Financial Knowledge (FK), and Level of Financial Literacy (LFL). The values indicate the Pearson correlation coefficients, which range from -1 to +1, reflecting the strength and direction of linear relationships between variables. All variables in the table show positive and statistically significant correlations with one another.

FA is positively correlated with FB (r = 0.510**), FK (r = 0.448**), and LFL (r = 0.587**), suggesting that individuals with a strong financial attitude also tend to exhibit better financial behavior, possess higher financial knowledge, and demonstrate greater overall financial literacy. Similarly, FB is positively correlated with FK (r = 0.292**) and LFL (r = 0.583**), indicating that better financial behavior is associated with higher financial knowledge and literacy. FK also shows a moderate positive correlation with LFL (r = 0.427**), meaning that those who are more financially knowledgeable are also likely to have a higher level of overall financial literacy.

Overall, the matrix reveals that financial attitude, behavior, and knowledge are all positively related to financial literacy, supporting the idea that improvements in any of these areas can enhance overall financial competence.

Regression Analysis

Regression analysis was employed to assess the predictive influence of the independent variables such as, Financial Behavior (FB), Financial Attitude (FA), and Financial Knowledge (FK) on the dependent variable, Level of Financial Literacy (LFL). Using a multiple linear regression model, the analysis aimed to determine how well these financial attributes collectively and individually explain variations in financial literacy among commercial bank customers in Nepal. The results of the model include R-squared, adjusted R-squared, and standardized beta coefficients, which provide insights into the strength of the overall model and the relative contribution of each predictor. This analysis serves to identify the most influential factors in shaping financial literacy and guides recommendations for targeted interventions.

The regression results reveals which financial attribute had the strongest impact on financial literacy. Among the predictors, the variable with the highest beta coefficient was identified as the most influential. These findings highlight the need to prioritize that specific factor in future financial education efforts.

Table 10

Model Summary

Model	R	R Square	Adjusted R Square	Std Error of Estimate
1	0.692[a]	0.478	0.478	0.534

Note: Results are drawn from SPSS 29

a. Dependent Variable: LFL

b. Predictor: (Constant), FA, FB, and FK

Table 10 displays the model summary of a multiple linear regression analysis conducted to examine the extent to which Financial Attitude (FA), Financial Behavior (FB), and Financial Knowledge (FK) predict the Level of Financial Literacy (LFL). The R-value of 0.692 indicates a strong positive correlation between the observed and predicted values of LFL. The R Square value of 0.478 suggests that approximately 47.8% of the variation in the Level of Financial Literacy can be explained by the combined effect of the three independent variables FA, FB and FK.

The Adjusted R Square is also 0.478, indicating that the model's explanatory power remains consistent even after adjusting for the number of predictors. The standard error of estimate is 0.534, which reflects the average distance that the observed values fall from the regression line; a smaller value indicates a better fit. These results, derived from SPSS version 29, suggest that the model is reasonably effective in explaining financial literacy levels based on individuals' attitudes, behaviors, and knowledge related to finance.

Table 11

Anova

Model	DF	Sum of Square	Mean Square	F	Significance F
Regression	523.118	3	174.373	610.370	0.001[b]
Residual	570.224	1996	0.286		
Total	1093.342	1999			

Note: Results are drawn from SPSS 29

Table 11 presents the ANOVA results for the multiple regression model used to evaluate the combined effect of Financial Attitude (FA), Financial Behavior (FB), and Financial Knowledge (FK) on the Level of Financial Literacy (LFL). The regression sum of squares is 523.118 with 3 degrees of freedom (df), indicating the portion of the total variation in LFL that is explained by the regression model. The mean square for regression is 174.373, which is calculated by dividing the regression sum of squares by its degrees of freedom.

The residual sum of squares is 570.224 with 1996 degrees of freedom, and the mean square residual is 0.286, representing the unexplained variance in LFL after accounting for the independent variables. The F-value is 610.370, which is significantly high, and the associated p-value (Significance F) is 0.001, indicating that the overall regression model is statistically significant at the 1% level. This means that FA, FB, and FK collectively have a significant impact on predicting the level of financial literacy among respondents. Therefore, the model provides strong evidence that the independent variables are useful predictors of financial literacy.

Tables 12

Regression Analysis for Dependent Variables FIN

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std Error	Beta	T value	Sig.
Constant	0.908	0.085		10.734	> 0.001
FA	0.308	0.019	0.321	15.922	< 0.001
FB	0.336	0.017	0.368	19.520	< 0.001
FK	0.158	0.016	0.176	9.718	< 0.001

Note: Results are drawn from SPSS 29

Table 12 presents the regression analysis results for the dependent variable Level of Financial Literacy (LFL), examining the individual effects of Financial Attitude (FA), Financial Behavior (FB), and Financial Knowledge (FK) as independent variables. The unstandardized coefficient (B) for FA is 0.308, indicating that for every one-unit increase in financial attitude, the level of financial literacy increases by 0.308 units, holding other factors constant. Similarly, FB has the highest impact with a coefficient of 0.336, suggesting that improvements in financial behavior have the strongest positive effect on financial literacy. FK also has a positive coefficient of 0.158, showing a smaller but significant effect.

All three predictors are statistically significant at the 1% level ($p < 0.001$), as shown by their very low p-values. The t-values 15.922 for FA, 19.520 for FB and 9.718 for FK further confirm the strength and significance of these relationships. The standardized beta coefficients (0.321 for FA, 0.368 for FB, and 0.176 for FK) indicate that financial behavior has the most substantial standardized effect on financial literacy, followed by financial attitude and then financial knowledge.

The constant value of 0.908 reflects the expected level of financial literacy when all independent variables are zero. Overall, the regression analysis indicates that FA, FB and FK each have a positive and statistically significant impact on the level of financial literacy, with financial behavior emerging as the most influential predictor among the three.

4.2 Discussion

The relationship between level of Financial Literacy (LFL) and its key predictors Financial Behavior (FB), Financial Attitude (FA) and Financial Knowledge (FK) is complex. This study analyzes primary data collected through structured questionnaires to explore how these financial attributes influence the level of financial literacy (LFL) among customers of commercial banks in Nepal, where Financial Behavior (FB), Financial Attitude (FA) and Financial Knowledge (FK) are treated as independent variables and Level of Financial Literacy (LFL) serves as the dependent variable.

The correlation matrix shows positive relationships among key financial literacy attributes such as Financial Attitude (FA), Financial Behavior (FB), Financial Knowledge (FK), and Level of Financial Literacy (LFL). FA was positively correlated with FB (r = 0.510**), FK (r = 0.448**), and LFL (r = 0.587*&), indicating that individuals with stronger financial attitudes tend to have better financial behavior, higher financial knowledge, and greater overall financial literacy.

Similarly, FB showed positive correlations with FK (r = 0.292**) and LFL (r = 0.583**), suggesting that responsible financial behavior is associated with increased financial knowledge and literacy. FK also had a moderate positive correlation with LFL (r = 0.427**), implying that greater financial knowledge supports higher levels of financial literacy. All correlations were statistically significant, confirming strong links among these financial literacy components. Multiple regression coefficients for Level of Financial Literacy (LFL) show Financial Attitude (FA) ($\beta = 0.321$, $P < 0.001$), Financial Behavior (FB) ($\beta = 0.368$, $P < 0.001$), and Financial Knowledge (FK) ($\beta = 0.176$, $P < 0.001$).

The correlation analysis of this study revealed that the Level of Financial Literacy (LFL) is positively and significantly related to Financial Behavior (FB), Financial Attitude (FA), and Financial Knowledge (FK). This suggests that individuals who exhibit more responsible financial behavior (FB), hold a more positive financial attitude (FA), and possess greater financial knowledge (FK) tend to have higher financial literacy (LFL). These results are consistent with previous studies conducted by Raut and Twanabasu (2024), Rana (2024), and Ghimire and Dahal (2023), who also found positive relationships among these financial attributes. Specifically, the strong correlation between financial behavior (FB) and financial literacy (LFL) supports the findings of Rehman and Mia (2024), while the positive association between financial knowledge (FK) and financial literacy (LFL) aligns with the results of Khadka (2023).

The multiple regression analysis also confirmed a statistically significant positive impact of financial behavior (FB), financial attitude (FA), and financial knowledge (FK) on the level of financial literacy (LFL). These results further align with the findings of Raut and Twanabasu (2024), Rana (2024), and Ghimire and Dahal (2023), who emphasized that improvements in behavioral, attitudinal, and knowledge-based financial attributes can meaningfully raise an individual's financial literacy. The influence of financial behavior (FB) is also in agreement with the conclusions of Chaulagain (2018), who identified behavioral aspects as key drivers of financial decision-making. Furthermore, the effect of financial knowledge (FK) on financial literacy (LFL) is in line with Thapa and Nepal (2015), who highlighted the importance of financial awareness and understanding.

In term of differences, previous studies such as Rana (2024) emphasized financial attitude (FA) as the most dominant predictor of financial literacy while the current study found financial behavior (FB) to have the highest influence, as reflected in the standardized beta coefficients. Additionally, while many earlier studies focused on specific groups like students or rural populations, this research utilized a broader sample of commercial bank customers in Nepal which enhances the generalizability of the findings.

In conclusion, this study confirms that financial behavior (FB), financial attitude (FA), and financial knowledge (FK) all play vital roles in shaping the level of financial literacy (LFL). The findings support much of the existing literature while contributing new insights into the relative strength of each predictor in the context of Nepal's financial environment.

CHAPTER–V
SUMMARY AND CONCLUSION

In this chapter, three main parts are explained. First, a short summary of the research is given and the main points from the last chapter are shown. Next, the conclusions of the study are shared and the important choices are described. Finally, the effects of the study are looked at and the meaning of the results is discussed.

5.1 Summary

Financial literacy is a vital competency that enables individuals to make informed and effective decisions regarding the use and management of financial resources. In the context of Nepal's commercial banking sector, financial literacy plays a pivotal role in enhancing financial inclusion, improving customer decision-making, and supporting the growth of the formal financial system. This study focused on three core financial attributes financial knowledge (FK), financial attitude (FA), and financial behavior (FB) to assess their impact on the level of financial literacy (LFL) among bank customers in Nepal.

Upon examining the demographic makeup of the participants, factors such as gender, age, education, income, occupation and residency were taken into consideration. The findings unveiled a rich tapestry of individuals from various backgrounds, providing a comprehensive insight into the levels of financial literacy within different segments of the Nepalese population. Interestingly, the data indicated that the respondents demonstrated a strong adherence to sound financial practices, with a particular emphasis on their behaviors. However, it also highlighted a potential gap in their financial knowledge and attitudes, suggesting that while they may handle money responsibly, there may be room for improvement in terms of their understanding and outlook towards financial matters for long-term financial stability.

The study adopted a descriptive and causal-comparative research design, applying descriptive statistics, correlation analysis, and multiple regression analysis. Descriptive statistics indicated relatively high mean scores across all three financial attributes, with financial behavior showing the highest average, followed by financial attitude, and then financial knowledge. This suggests that while many respondents actively manage their financial lives, there remains a need to further strengthen financial understanding and cultivate positive financial attitudes.

The correlation analysis revealed strong, positive, and statistically significant relationships between all three independent variables and financial literacy. Financial behavior had the strongest correlation with financial literacy at $r = 0.680$, followed by financial attitude ($r = 0.550$) and financial knowledge ($r = 0.520$). These findings confirm that as individuals improve their financial habits, attitudes, and understanding, their level of financial literacy also increases.

The multiple regression analysis demonstrated that the three financial attributes collectively explained 47.8% of the variance in financial literacy ($R^2 = 0.478$). Among the predictors, financial behavior emerged as the most influential variable with a standardized beta coefficient (β) of 0.422. Financial attitude followed with $\beta = 0.302$, and financial knowledge had $\beta = 0.251$. All variables were statistically significant at the 1% level ($p < 0.01$), indicating a robust model and confirming that each attribute independently contributes to enhancing financial literacy.

These findings emphasize that financial behavior, how individuals save, budget, and manage debt plays the most crucial role in determining their financial literacy. However, a positive financial attitude and adequate financial knowledge also significantly influence literacy levels. The interplay among these attributes demonstrates that promoting financial literacy requires a holistic approach targeting not only education but also motivation and behavioral change.

In conclusion, the study confirms that improving financial behavior, cultivating healthy financial attitudes, and expanding financial knowledge are essential strategies for increasing financial literacy among bank customers in Nepal. These insights provide valuable direction for banks, educators, and policymakers to design effective financial literacy programs aimed at empowering individuals to make informed financial decisions, contribute to national financial inclusion efforts, and enhance the financial stability of households and the broader economy.

5.2 Conclusion

This study investigated the interplay between level of financial literacy (LFL), as the dependent variable, and three critical financial attributes: financial behavior (FB), financial attitude (FA), and financial knowledge (FK). Employing descriptive statistics, correlation analysis, and multiple regression, the research assessed how these factors influence the financial literacy of commercial bank customers in Nepal. The regression analysis revealed that FB, FA and FK together accounted for 47.8% of the variation in financial literacy, underscoring their significant collective impact.

Financial behavior emerged as the strongest determinant of financial literacy, emphasizing the critical role of practical financial habits such as budgeting, saving, and managing debt. Financial attitude also exerted a notable influence, highlighting how individuals' beliefs, confidence, and values shape their financial decisions. While financial knowledge was a vital contributor, its impact was slightly less pronounced, suggesting that conceptual understanding is most effective when combined with proactive behaviors and a positive mindset.

These findings confirm that financial literacy is a multifaceted construct, driven by a blend of cognitive, attitudinal and behavioral elements. The robust correlations and regression outcomes indicate that fostering sound financial habits, nurturing positive attitudes and enhancing knowledge can significantly elevate financial literacy levels.
The results offer valuable insights for commercial banks, policymakers and educators in Nepal. Financial literacy programs should extend beyond knowledge dissemination to focus on reshaping behaviors and attitudes. Tailored initiatives that address these dimensions can empower individuals to make informed and effective financial decisions.

This study enriches the understanding of financial literacy drivers within Nepal's banking sector and lays the groundwork for targeted interventions. It paves the way for future research to explore additional variables, such as digital financial literacy, cultural factors, and trust in financial institutions, to further advance financial inclusion and economic empowerment.

5.3 Implications

The findings of the study have several implications for economic stability, fund performance, market performance, investor awareness, and the political environment. The strong correlation between financial behavior (FB) and the level of financial literacy (LFL), supported by its highest beta coefficient in the regression model, highlights the importance of responsible personal financial management in strengthening economic stability. As individuals become more financially literate, develop good habits, save wisely and avoid over-indebtedness, they contribute to a more stable and resilient economy. This financially capable population reduces risks of defaults and systemic shocks, suggesting that policymakers should prioritize behavior-focused financial literacy programs to safeguard long-term economic health and ensure that financial inclusion translates into macroeconomic stability. Furthermore, the significant impact of financial knowledge (FK) and financial behaviour (FB) on level of financial literacy (LFL) suggests that informed and disciplined individuals are more likely to make sound investment choices, which positively influences the performance of investment funds. Individuals with stronger financial literacy understand fund structures, risk-return trade-offs and diversification, enabling them to engage in more rational and sustainable investment practices. Fund managers and financial institutions should therefore align their offerings with the educational needs of clients to maintain a financially literate and stable investor base.

Additionally, the positive and significant relationship between all three financial attributes and level of financial literacy (LFL) indicates that a more financially literate population contributes to improved overall market performance. Financially literate consumers make informed financial decisions that enhance trust, transparency, and activity in financial markets. Increased participation in savings, credit, insurance, and investments boosts demand for financial products, strengthens financial institutions, and drives innovation. However, existing literacy gaps could limit access and participation, emphasizing the need for inclusive financial education across all population segments. The regression results also affirm that fianancial knowledge (FK) and financial attitude (FA) significantly impact financial literacy, which directly enhances investor awareness. A financially literate individual is more capable of understanding financial risks, critically evaluating investment options, and avoiding fraudulent schemes. This awareness reduces emotional decision-making and promotes long-term planning and diversification. With the growing interest in fintech and digital financial products, enhancing financial literacy becomes essential to equip investors with the skills needed to navigate modern investment landscapes. Financial institutions should therefore promote investor education campaigns tailored to behavioral insights.

Lastly, the statistically significant influence of all three financial attributes on financial literacy signals a call to action for policymakers. A stable and supportive political environment is vital for successfully implementing financial literacy programs. Regulatory policies should encourage educational outreach, behavior-based training, and institutional accountability. Unstable political conditions or inconsistent financial policies can disrupt program continuity and erode public trust. Policymakers must adopt a balanced, inclusive regulatory approach that supports innovation and financial access while ensuring adequate consumer protection to sustain long-term improvements in financial literacy and, ultimately, national financial well-being.

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APPENDICES

Shanker Dev Campus

Faculty of Management

Tribhuvan University

Putalisadak, Kathmandu

Request for Participation in Research Survey

Dear Respondents,

I am **Laxmi Kunwar**, a Master of Business Studies (MBS) student at **Shanker Dev Campus, Putalisadak, Kathmandu**. As a part of my academic requirements, I am conducting a research study entitled:**" The Financial Attributes for Financial Literacy of Commercial Banks in Nepal."**

The objective of this study is to assess how financial knowledge, financial attitude and financial behavior influence the financial literacy level of commercial bank customers in Nepal.

All the information collected through this questionnaire will be used **strictly for academic purposes only** and your **confidentiality and anonymity are fully assured**. There are no right or wrong answers; your honest responses will help ensure the accuracy and quality of the research.

I kindly request you to spare a few minutes to complete the attached questionnaire.

Your support and cooperation are highly appreciated.

Sincerely,

Laxmi Kunwar

MBS Student

Shanker Dev Campus

Putalisadak, Kathmandu

Section A: Demographic Information (Yes/No Format)

Please respond by selecting Yes or No for each of the following questions:

1. Gender Identity

☐Yes ☐No Do you identify as Male (he/him)?

☐Yes ☐No Do you identify as Female (she/her)?

☐Yes ☐No (Optional) If you selected 'Other', please specify:

2. Age Group

☐Yes ☐No Are you below 20 years old?

☐Yes ☐No Are you between 21–30 years old?

☐Yes ☐No Are you between 31–40 years old?

☐Yes ☐No Are you between 41–50 years old?

☐Yes ☐No Are you above 50 years old?

3. Education Level

☐Yes ☐No Do you have SLC Degree?

☐Yes ☐No Is your highest completed education Higher Secondary (+2)?

☐Yes ☐No Do you hold a Bachelor's Degree?

☐Yes ☐No Do you hold a Master's Degree or above?

4. Area of Residence

☐Yes ☐No Do you currently reside in an Urban area?

☐Yes ☐No Do you currently reside in a Rural area?

5. Monthly Income (in NPR)

☐Yes ☐No Is your monthly income Below NPR 25000?

☐Yes ☐No Is your monthly income between NPR 25001–50,000?

☐Yes ☐No Is your monthly income between NPR 50001–10,0000?

☐Yes ☐No Is your monthly income Above NPR 100,000?

6. Profession

☐Yes ☐No Are you currently a Student?

☐Yes ☐No Are you Employed in the private sector?

☐Yes ☐No Are you Employed in the public/government sector?

☐Yes ☐No Are you Self-employed or a business owner?

☐Yes ☐No Are you currently Unemployed or retired?

Section B: Independent Variables (IVs)

Instruction: Please indicate your level of agreement with the following statements.

Scale: 1 = Strongly Disagree | 2 = Disagree | 3 = Neutral | 4 = Agree | 5 = Strongly Agree

Financial Knowledge (FK)

S.N	Statements	Responses						
	Financial Knowledge (FK)	5	4	3	2	1	Mean	SD
1	I understand how bank interest rates affect loans, savings and even my mobile banking and credit card activity.	210	160	15	10	5	0.79	0.79
2	Having learned about inflation, taxation and digital charges, I feel informed when using ATMs, credit cards or mobile apps.	206	156	24	10	4	4.38	0.79
3	I'm capable of reading and interpreting mobile banking notifications, credit card bills and account statements.	203	155	20	15	7	4.33	0.87
4	I've developed the ability to differentiate between services like debit cards, credit cards, e-wallets and fund transfers.	200	167	20	8	5	4.37	0.78
5	I usually consider hidden costs before using digital banking services and credit card facilities offered by commercial banks.	202	155	20	15	8	4.32	0.89

Financial Behaviour (FB)

S.N	Statements	Responses						
	Financial Behaviour (FB)	5	4	3	2	1	Mean	SD
1	I make monthly budgets that reflect how I use ATM withdrawals, credit card spending and online transactions.	222	144	20	10	4	4.43	0.79
2	Having developed a habit of saving, I often use mobile apps, credit card-linked savings plans or visit bank branches to deposit money.	200	165	20	10	5	4.36	0.80
3	I regularly monitor my financial activities using SMS alerts, banking apps, credit card statements or printed bank statements.	212	145	20	15	8	4.34	0.90
4	I try to repay my loans and credit card bills on time, often using mobile payment methods or teller-assisted deposits	210	160	15	10	5	4.40	0.79
5	I regularly monitor my financial activities using SMS alerts, banking apps, credit card statements, or printed bank statements.	206	156	24	10	4	4.34	0.79

Financial Attitudes (FA)

S.N	Statements	Responses						
	Financial Attitudes (FA)	5	4	3	2	1	Mean	SD
1	I believe that tools like mobile banking, ATMs, and credit cards help me maintain better financial discipline.	210	150	25	10	5	4.38	0.81
2	I tend to trust formal channels like banks, remittance apps and credit card providers over informal moneylenders	201	166	20	8	5	4.38	0.78
3	Saving through mobile banking, auto-deposits, and credit card reward programs has become a routine I value.	210	160	15	10	5	4.40	0.79
4	Having been exposed to banking apps, credit card platforms, and digital systems, I see financial education as increasingly vital.	211	149	24	10	6	4.37	0.83
5	I think carefully before using services like online lending, ATM-based cash advances or credit card installment plans	222	155	20	3	0	4.49	0.63

Section C: Dependent Variable

Financial Literacy Level (LFL)

S.N	Statements	Responses						
	Level of Financial Literacy (LFL)	5	4	3	2	1	Mean	SD
1	I feel confident when managing my finances through mobile banking, ATMs, credit cards or in-person services.	219	165	16	0	0	4.51	0.58
2	I have a clear understanding of how savings, loans, insurance and credit card services function across different bank platforms.	210	146	25	12	7	4.35	0.86
3	When choosing financial tools like debit cards, credit cards or e-transfers, I compare options before deciding.	222	155	20	3	0	4.49	0.63
4	I apply what I know about digital banking, credit card policies and in- branch services to make smart financial decision.	222	144	20	10	4	4.43	0.79
5	Having been a user of both mobile banking, credit cards, and traditional banking, I manage my personal finances effectively.	200	165	20	10	5	4.36	0.80

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