

FINANCIAL LITERACY AND PERSONAL FINANCIAL MANAGEMENT

A Dissertation Submitted to the Office of the Research Committee of Management
in partial fulfillment of the requirements for the Degree of Master

By

Selina Basnet

Campus Roll No: 744/076

Exam Roll. No.: 24080/20

T.U. Registration No: 7-2-39-1001-2014

Shanker Dev Campus

Group: Finance

Kathmandu, Nepal

May, 2025

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertations entitled “**financial literacy and personal financial management**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has it been proposed and presented as part of requirement for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the references sections of the dissertation.

.....

Selina Basnet

May, 2025

REPORT OF RESEARCH COMMITTEE

Ms. Selina Basnet has defended research proposal entitled “**Financial Literacy and Personal Financial Management**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Asst. Prof. Durga Datt Pathak to submit the thesis for evaluation and viva-voce examination.

.....
Asst. Prof. Durga Datt Pathak
Dissertation Supervisor

| |
|---|
| Dissertation Proposal Defended Date: |
|---|

| |
|---------------------------------------|
| Dissertation Submitted Date: |
|---------------------------------------|

.....
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chairperson, Research Committee

| |
|---------------------------------------|
| Dissertation Viva-voce Date: |
|---------------------------------------|

APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled “**Financial Literacy and Personal Financial Management**” presented by Selina Basnet candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

.....
Asst. Prof. Durga Datt Pathak
Dissertation Supervisor

.....
Internal Examiner

.....
Internal Expert

.....
External Expert

.....
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chairperson, Research Committee

.....
Asso. Prof. Dr. Kapil Khanal
Campus Chief

ACKNOWLEDGMENTS

I am pleased to present the dissertation for the partial fulfillment of the requirement for the Master Degree of Business Studies (MBS) which could enhance the capabilities of students in the field of research work. The completion of the present study is a result of help and support of several hands.

Firstly, I would like to express my deep gratitude towards supervisor Asst. Pro. Durga Datt Pathak who provided me valuable guidelines, insightful comments, encouragement and generous treatment to complete this dissertation. It would not have been possible for me to complete this research work without their unflagging supervision, trenchant advice and direction. Therefore, I owe great debt of gratitude to him.

I would like to express cordial gratitude to Asso. Pro. Dr. Sajeeb Kumar Shrestha (Chairman of Research Committee) for this timely and continuous guidance throughout the study. Likewise, I am grateful to Asso. Pro. Dr. Kapil Khanal, the Head of Shanker Dev Campus and also highly appreciate the efforts of all teacher and other members of Shanker Dev Campus. I want to give thanks for the staff members of Tribhuvan University Central Library who provided the reference and regarding materials during the period of research.

Finally, I would like to appreciate all my family members and friends for their affection and emotional support that has inspired me to achieve every success including this study. I can honestly say I could not have successfully completed this work without their help and direction.

Selina Basnet

TABLE OF CONTENTS

| | |
|---|-------------|
| <i>Title Page</i> | |
| <i>Certification of Authorship</i> | <i>ii</i> |
| <i>Report of Research Committee</i> | <i>iii</i> |
| <i>Approval Sheet</i> | <i>iv</i> |
| <i>Acknowledgments</i> | <i>v</i> |
| <i>Table of Contents</i> | <i>vi</i> |
| <i>List of Tables</i> | <i>viii</i> |
| <i>List of Figure</i> | <i>ix</i> |
| <i>List of Abbreviations</i> | <i>x</i> |
| <i>Abstract</i> | <i>xi</i> |
| CHAPTER I : INTRODUCTION | 1 |
| 1.1 Background of the study | 1 |
| 1.2 Problem Statements | 3 |
| 1.3 Objectives of the study | 5 |
| 1.4 Hypothesis of the study | 6 |
| 1.5 Rational of the study | 6 |
| 1.6 Limitations of the study | 7 |
| CHAPTER II : LITERATURE REVIEW | 8 |
| 2.1 Conceptual reviews | 8 |
| 2.1.1 Concept of financial literacy | 8 |
| 2.1.2 Personal Financial Management | 9 |
| 2.1.3 The relationship between personal financial management and financial literacy | 10 |
| 2.1.4 Impact of personal financial management and financial literacy | 11 |
| 2.2 Theoretical reviews | 11 |
| 2.2.1 Financial literacy theories | 12 |
| 2.2.2 Human capital theory | 12 |
| 2.2.3 Prospect theory | 13 |
| 2.2.4 Financial capability theory | 14 |
| 2.3 Empirical reviews | 14 |
| 2.4 Research gap | 24 |

| | |
|---|-----------|
| CHAPTER III :RESEARCH METHODOLOGY | 26 |
| 3.1 Research design | 26 |
| 3.2 Population and sample size | 26 |
| 3.3 Nature and sources of data | 27 |
| 3.4 Instrument of data collection | 27 |
| 3.5 Methods of analysis | 28 |
| 3.5.1 Descriptive analysis | 29 |
| 3.5.2 Reliability test | 29 |
| 3.5.3 Correlation analysis | 30 |
| 3.5.4 Regression analysis | 30 |
| 3.6 Research framework and definition of variables | 31 |
| 3.6.1 Definition of dependents and independents variables | 32 |
| CHAPTER IV : RESULT AND DISCUSSIONS | 34 |
| 4.1 Descriptive analysis | 34 |
| 4.1.1 Demographic profile of respondents | 34 |
| 4.1.2 Items wise descriptions analysis | 35 |
| 4.2 Correlations analysis | 41 |
| 4.3 Regression analysis | 42 |
| 4.4 Discussions | 45 |
| CHAPTER V : SUMMARY AND CONCLUSION | 47 |
| 5.1 Summary | 47 |
| 5.2 Conclusions | 48 |
| 5.3 Implications | 48 |
| REFERENCES | |
| APPENDIX | |

LIST OF TABLES

| | | |
|----------|--|----|
| Table 1 | Summary of empirical reviews | 21 |
| Table 2 | Measurements /instrumentation of variables | 28 |
| Table 3 | Demographic profile of respondents | 34 |
| Table 4 | Descriptive statistics of financial knowledge | 36 |
| Table 5 | Descriptive statistics of financial behavior | 37 |
| Table 6 | Descriptive statistics of financial attitude | 37 |
| Table 7 | Descriptive statistics of financial awareness | 38 |
| Table 8 | Descriptive statistics financial skill | 39 |
| Table 9 | Descriptive statistics of personal finance management | 40 |
| Table 10 | Descriptive statistics summary of dependent and independent variable | 41 |
| Table 11 | Relationship between financial knowledge, financial behavior, financial attitude, financial awareness and financial skill with personal financial management | 42 |
| Table 12 | Model summary | 43 |
| Table 13 | ANOVA | 43 |
| Table 14 | Coefficients analysis | 44 |

LIST OF FIGURE

| | | |
|----------|----------------------|----|
| Figure 1 | Conceptual framework | 31 |
|----------|----------------------|----|

LIST OF ABBREVIATIONS

| | | |
|----------------|---|---|
| ANOVA | - | Analysis of Variance |
| FA | - | Financial Attitude |
| FAW | - | Financial Awareness |
| FB | - | Financial Behaviors |
| FIS | - | Financial Information Sources |
| FK | - | Financial Knowledge |
| FKS | - | Financial Knowledge and Skills |
| FL | - | Financial Literacy |
| FS | - | Financial Skill |
| PFM | - | Personal Finance Management |
| PP-value | - | Probability Value |
| R ² | - | Coefficient of Determination |
| SD | - | Standard Deviation |
| SE | - | Standard Error |
| SPSS | - | Statistical Package for the Social Sciences |
| VIF | - | Variance Inflation Factor |

ABSTRACT

Despite the growing importance of financial literacy globally, it remains underdeveloped in Nepal, affecting individuals' ability to make informed and effective investment choices. This study examines the influences of financial literacy and personal Financial management. The study employed a descriptive and explanatory research design and collected data from individual households in the Kathmandu, Bhaktapur, and Lalitpur districts using a convenience sampling method through structured questionnaires. The collected data was analyzed using descriptive and, multiple regression. The findings show the strong positive relationship between financial literacy and personal financial management, with financial knowledge emerging as the most significant factor in driving informed personal financial management. Financial skills also play an important role, as individual households who are more willing to take financial risks tend to invest in more types of assets. Financial behavior, financial awareness, and financial attitude toward investing also help improve personal financial management. The regression analysis shows that these factors together strongly affect how people make financial management. The study shows the need for financial literacy programs in Nepal to help individuals make better investment choices and improve their financial well-being.

Key words: Financial Literacy, Financial Knowledge, Financial Behavior, Financial Attitude, Financial Awareness, Financial Skill, Personal Financial Management

CHAPTER I

INTRODUCTION

1.1 Background of the study

Financial literacy refers to an individual's ability to understand and effectively apply various financial skills, such as budgeting, saving, investing, and managing debt. It encompasses the knowledge and competence required to make informed and effective decisions with all financial resources. Alaraj and Bakri (2020) argue that individuals with higher financial literacy levels are more confident in their investment decision-making, as they are better able to assess risk, evaluate alternatives, and select strategies aligned with their financial goals (Ameliawati & Setiyani, 2018).

The Government of Nepal (GoN) has underscored the importance of creating an inclusive financial system, as highlighted in the 2017 release of Nepal's Financial Sector Development Strategy Paper. The strategy aims to develop a financial system that ensures easy and convenient access to financial services for low-income individuals and those in rural areas. Additionally, it seeks to enhance financial literacy regarding financial services and instruments while protecting the rights of financial consumers, all in pursuit of the nation's goal of reducing domestic poverty (Nepal Rastra Bank, 2020).

financial literacy is deeply influenced by financial socialization, attitudes, and experiences. Ameliawati and Setiyani (2018) found that financial attitude, social influences, and previous experiences contribute to shaping financial behavior, with financial literacy acting as a key mediating factor. This suggests that financial knowledge alone is not enough; it must be supported by a positive attitude and real-life exposure to financial management practices. (Ameliawati & Setiyani, 2018)

Personal financial management refers to the effective planning, organizing, directing, and controlling of personal financial activities such as income generation, spending, saving, investing, and protecting one's wealth. As individuals face increasingly complex financial choices, the ability to manage finances effectively has become essential for achieving financial security and long-term goals. Studies emphasize that strong financial management practices can lead to better financial outcomes and reduced financial stress (Ansar, Karim, Osman, & Fahmi, 2019)

personal financial management is not only influenced by financial knowledge but also by attitudes, behavior, and social learning. Individuals who are financially literate are more likely to adopt responsible financial practices, including budgeting, saving, and prudent use of credit. Moreover, financial socialization through family, peers, and formal education can significantly enhance one's ability to manage personal finances effectively (Aulianingrum & Rochmawati, 2021).

Financial literacy plays a vital role in shaping individuals' ability to manage their personal finances effectively. It involves understanding financial principles such as budgeting, saving, investing, and debt management. Individuals who are financially literate are more likely to engage in responsible financial behaviors that contribute to long-term financial stability. Dwiastanti (2017) emphasized that both financial knowledge and financial attitude significantly influence a person's financial management behavior, reinforcing the idea that financial literacy is not only cognitive but also behavioral in nature. Hence, promoting financial literacy can empower people to make better financial decisions and improve their economic well-being (Chin et al., 2020).

In the context of Nepal, financial literacy has also been linked to increased financial inclusion and participation in formal financial systems. Chand (2024) found that improved financial knowledge among the Nepalese population enhances their access to and use of banking and financial services, which in turn supports better personal financial management. Financial literacy acts as a foundational skill that enables individuals to understand financial products, assess financial risks, and make sound financial decisions, particularly in developing economies. As a result, building financial literacy is essential for promoting inclusive financial practices and economic growth in Nepal (Chand, 2024).

In today's increasingly complex financial environment, financial literacy is crucial for effective personal financial management. It involves understanding and applying key financial concepts, such as budgeting, saving, and investing, which are essential for making informed financial decisions. In regions like Kathmandu Valley, gaps in financial literacy often result in poor financial practices, including inadequate savings, mismanagement of debt, and missed investment opportunities, ultimately leading to financial instability and insecurity. This study seeks to assess the current state of financial literacy among individuals in Kathmandu Valley and examine its impact on their personal financial management. By exploring the relationship between financial knowledge,

behavior, attitude, awareness, and skills with financial management practices, the research aims to highlight the critical role of financial literacy in ensuring sound financial decisions. The findings will contribute to identifying areas where financial education can be enhanced to improve overall financial well-being in the region. The study on financial literacy and personal financial management is undertaken to explore the relationship between an individual's financial knowledge and their ability to make sound financial decisions. In an increasingly complex financial world, people are required to manage various aspects of their finances, such as budgeting, saving, investing, debt repayment, and retirement planning. However, many individuals lack a basic understanding of financial principles, which can lead to poor money management, excessive debt, and financial stress. This research seeks to evaluate the level of financial literacy among different demographic groups and how it influences their personal financial behavior. By identifying the strengths and weaknesses in people's financial knowledge, the study aims to highlight areas where educational interventions are needed. The outcomes of this research can guide policymakers, educational institutions, and financial organizations in designing and implementing effective financial education programs. Promoting financial literacy is essential for empowering individuals to make informed decisions, avoid financial pitfalls, and achieve long-term financial stability. Furthermore, better financial management at the personal level contributes to the overall economic development of a country. Therefore, this research plays a crucial role in understanding the importance of financial literacy as a key driver of responsible personal financial management and economic well-being.

1.2 Problem of statements

Financial literacy is crucial for effective personal financial management, yet the specific factors that define financial literacy and their impact on financial management practices remain underexplored, particularly in Kathmandu Valley. Financial literacy encompasses various components, including financial knowledge, behavior, attitude, awareness, and skills (Lusardi & Mitchell, 2014). In regions like Kathmandu Valley, where financial education is still developing, understanding these components is essential for identifying which factors most significantly influence personal financial management. The lack of detailed research on these factors impedes the development of targeted financial education programs. Identifying and understanding the key factors of financial literacy

will provide insights into current financial management practices and help tailor interventions aimed at improving financial decision-making and economic stability (Khan, Siddiqui & Imtiaz, 2022)). Addressing this gap in knowledge is crucial for enhancing financial literacy and, consequently, the financial well-being of individuals in the region (Gunardi, Ridwan & Sudarjah, 2017).

Understanding the relationship between financial literacy factors such as knowledge, behavior, attitude, awareness, and skills and personal financial management practices is essential for developing effective financial education strategies. Previous research suggests that higher levels of financial literacy correlate with better financial decisions and improved financial outcomes (Lusardi, 2019). However, the specific nature of these relationships within the context of Kathmandu Valley remains inadequately explored. Research is needed to clarify how these factors interact and impact financial management behaviors such as budgeting, saving, and investing. By exploring these relationships, we can better understand how to tailor financial literacy programs to address the specific needs of individuals in Kathmandu Valley and enhance their financial management practices (OECD, 2020).

Demographic factors such as age, education, income, and occupation may significantly influence the relationship between financial literacy and personal financial management. In Kathmandu Valley, it is important to investigate how these demographic variables affect individuals' financial literacy levels and their subsequent financial management practices. Differences in demographic characteristics could lead to variations in financial knowledge, attitudes, and behaviors, impacting how effectively individuals manage their finances. Understanding these influences will provide a nuanced view of how financial literacy interacts with personal financial management across different demographic groups and help tailor financial education programs to address the specific needs of various segments of the population (Humaidi, Khoirudin, Adinda & Kautsar, 2020)

financial literacy factors impact personal financial management is crucial. Despite the growing access to financial information, many people still display poor financial management practices, which may be attributed to low levels of financial literacy. It is vital to explore whether factors such as financial knowledge, behavior, attitude, awareness, and skills have a significant effect on personal financial management outcomes. Gaining this understanding will clarify whether enhancing financial literacy

can lead to improved financial practices and greater economic stability for individuals in the region. This research aims to guide the creation of targeted financial education programs to boost financial decision-making and overall financial well-being (Paudel & Rana, 2021).

Based on above discussions and research gap this study sought to answer the following research questions:

- i. What are the key factors of financial literacy factors (financial knowledge, financial behaviors, financial attitude, financial awareness, financial skill) and personal financial management?
- ii. What is the relationship between factor of financial literacy (financial knowledge, financial behaviors, financial attitude, financial awareness, financial skill) with personal financial management?
- iii. Is factors of financial literacy (financial knowledge, financial behaviors, financial attitude, financial awareness, financial skill) effect the personal financial management?

1.3 Objective of the study

The major objective of this study is to examine the effect of financial literacy, encompassing financial knowledge, behavior, attitude, awareness, and skills, on personal financial management. In additions the specific objectives of the study are as follows:

- i. To assess the key factors of financial literacy (financial knowledge, financial behavior, financial attitude, financial awareness, financial skill)and personal financial management.
- ii. To examine the relationship between factor of financial literacy (financial knowledge, financial behavior, financial attitude, financial awareness, financial skill) and personal financial management.
- iii. To analyze the effects of financial literacy (financial knowledge, financial behaviors, financial attitude, financial awareness, financial skill) effect the personal financial management.

1.4 Hypothesis of the study

Examining the impact of financial literacy on personal financial management, hypotheses are formulated to explore and test the relationships between various dimensions of financial literacy and their influence on individuals' financial management practices. These hypotheses serve as specific, testable predictions derived from existing literature and theoretical frameworks. The study aims to investigate how financial literacy shapes personal financial management, recognizing that financial literacy is a multi-dimensional construct encompassing financial knowledge, behavior, attitude, awareness, and skills. These components collectively influence how individuals manage their finances, including budgeting, saving, and investing. Therefore, the following alternative hypotheses are proposed, based on the positive relationships between personal financial management and its associated variables, as demonstrated in studies by Nepal Rastra Bank (2020), Niazi and Malik (2019), Singh and Kumar (2017), Mwathi et al. (2017), Singh and Sharma (2016), Mugo (2016), Musundi (2014), and OECD (2011)

H₁: Financial knowledge has a positive effect on personal financial management.

H₂: Financial behavior has a positive effect on personal financial management.

H₃: Financial attitude has a positive effect on personal financial management.

H₄: Financial awareness has a positive effect on personal financial management.

H₅: Financial skills have a positive effect on personal financial management.

1.5 Rationale of the study

The rationale for this study is grounded in the increasing importance of financial literacy in personal financial management, particularly in rapidly developing regions like Kathmandu Valley. As economic growth and an expanding middle class drive more complex financial decisions, financial literacy becomes crucial for individuals to navigate these challenges effectively. Understanding how various dimensions of financial literacy such as financial knowledge, behavior, attitude, awareness, and skills impact personal financial management practices is essential for ensuring long-term financial stability and growth.

The study also emphasizes the significant role of financial literacy in empowering women. Financially literate women are better equipped to manage their finances and make informed investment decisions, which fosters economic independence. This empowerment has broader societal implications, as women who are financially educated are more likely to invest in their families' education and health, thereby contributing to positive social and economic changes in their communities.

By addressing the intersection of financial literacy and personal financial management, this study aims to fill a critical gap in understanding how financial literacy influences financial behaviors. The findings will be instrumental for policy-makers, educators, and financial institutions in developing targeted financial education programs that enhance financial decision-making and support economic empowerment. Ultimately, this research seeks to contribute to a more equitable and prosperous future for the region.

1.6 Limitation of the study

- This research is based on primary source of data collected from the different sector employed.
- This study is based on primary information collected from different field working and no working women through a questionnaire survey of 385 people.
- Sample Size and Diversity: The sample may not fully represent the diverse demographics of the population, affecting the comprehensiveness of the results.
- Self-Reported Data: Reliance on self-reported data may introduce biases and inaccuracies in the responses.
- Cross-Sectional Design: The study's cross-sectional nature limits the ability to observe changes in financial literacy and investment decisions over time.
- Narrow Focus: The study focuses on specific components of financial literacy, potentially overlooking other influential factors in personal investment decisions.

CHAPTER II

LITERATURE REVIEW

The literature on financial literacy underscores its vital role in shaping personal investment decisions. Individuals with strong financial knowledge, behavior, and skills are more likely to make informed investment choices, leading to better financial outcomes. The literature also highlights the importance of financial literacy in promoting economic empowerment, particularly among women, who, when financially literate, contribute significantly to household and community well-being. In regions like Kathmandu Valley, gaps in financial literacy often result in sub optimal investment decisions, emphasizing the need for targeted financial education to improve financial decision-making and economic stability.

2.1 Conceptual reviews

A conceptual review is a part of a research study that explains the main ideas in a simple and easy way. It gives clear meanings of important terms like financial literacy, financial behavior, and investment decisions. This part helps readers understand what these terms mean and how they are related to each other. It makes the research clearer and easier to follow.

2.1.1 Concept of financial literacy

Financial literacy means understanding basic financial concepts and using this knowledge to manage money effectively. It involves skills like budgeting, saving, investing, and making decisions about credit and debt. Lusardi (2019) explains that financial literacy is important because it helps people make better choices with their money, leading to better financial stability. People with more financial knowledge are more likely to plan for the future, understand financial products, and make smarter financial decisions. They can handle complicated financial systems with more confidence. Refera, Dahliwal, and Kaur (2018) suggest that financial literacy helps people manage their finances well and avoid common mistakes. It is especially important for tasks like saving for emergencies or retirement and managing debt. Salsabilla et al. (2022) point out that financial literacy also helps individuals understand how their financial choices affect their long-term goals and better deal with unexpected financial problems. Additionally, Setyowati, Harmadi, and

Sunarjanto (2018) mention that financial literacy can differ based on a person's background and culture, meaning that financial education should be designed to meet the specific needs of different groups. In summary, financial literacy plays a key role in making smart financial decisions and achieving financial security.

2.1.2 Personal financial management

Personal finance management is about making informed decisions on how to handle money, including budgeting, saving, investing, and managing debt. A key factor in managing personal finances effectively is financial literacy, which is the understanding of financial concepts and the ability to apply that knowledge in making sound financial decisions. Studies show that individuals with higher financial literacy are better equipped to manage their finances, avoid financial mistakes, and make smart investment decisions, leading to improved financial well-being (Shrestha et al., 2023). For instance, research in Australia has revealed that financial literacy, combined with factors like impulsivity and financial capability, significantly affects consumers' financial well-being. This means that those who are more financially literate are not only better at managing their money but also better at handling the challenges that come with managing personal finances (Tahir et al., 2021).

In developing countries like India and Indonesia, the link between financial literacy and household financial behavior is particularly strong. Research has shown that people with higher financial literacy are more likely to engage in positive financial behaviors, such as saving for the future and making better investment choices, which leads to greater financial stability (Lusardi & Mitchell, 2007). Financial literacy helps individuals understand complex financial products, which enables them to make better choices when it comes to investing, saving, and managing debt. Moreover, Tejero et al. (2019) emphasize that financial literacy is closely connected to financial management practices, which contribute to long-term financial security. Financial education is essential in helping people navigate financial challenges, avoid poor financial decisions, and work toward their financial goals. As a result, improving financial literacy can have a significant positive impact on an individual's financial future.

2.1.3 The relationship between personal financial management and financial literacy

Personal financial management (PFM) is significantly influenced by an individual's financial literacy, which encompasses various components such as financial knowledge, financial behavior, financial attitudes, financial awareness, and financial skills. Financial knowledge is crucial as it allows individuals to understand essential concepts like budgeting, saving, investing, and credit management, enabling them to make informed decisions about their finances. The ability to comprehend financial terms and products plays a fundamental role in personal finance management, as it guides individuals toward better financial planning and resource allocation (Lusardi & Mitchell, 2014). Financially knowledgeable individuals are often better equipped to evaluate financial products and make choices that align with their financial goals, reducing the likelihood of poor financial decisions. Therefore, a well-developed financial knowledge base is a cornerstone of effective personal financial management (Lusardi & Tufano, 2015).

The relationship between personal financial management (PFM) and financial literacy is deeply intertwined, as financial literacy directly influences an individual's ability to manage their finances effectively. Financial literacy encompasses various aspects, including financial knowledge, attitudes, skills, behavior, and awareness, which collectively play a significant role in guiding individuals toward sound financial decision-making. According to Lusardi and Mitchell (2014), financial knowledge is vital as it helps individuals comprehend key financial concepts such as budgeting, saving, investing, and managing credit. This understanding empowers people to plan better, allocate resources efficiently, and make decisions that align with their financial goals. A strong foundation in financial knowledge is essential for reducing the likelihood of poor financial decisions, as individuals with higher financial literacy are often more capable of evaluating financial products and services effectively (Lusardi & Tufano, 2015). Moreover, Woodyard and Robb (2012) emphasize that financial knowledge can vary across genders, suggesting that women, for example, might face a knowledge gap in financial management, which could influence their financial decisions and behavior. Yap, Komalasari, and Hadiansah (2018) further highlight the role of financial attitudes in shaping financial management behavior. A positive financial attitude, combined with solid financial literacy, is linked to better financial management practices, greater satisfaction, and long-term financial success.

2.1.4 Impact of Personal Financial Management and Financial Literacy

Financial literacy has a big impact on how people manage their personal finances. It includes understanding key concepts like budgeting, saving, investing, managing debt, and knowing how financial systems work. When people have more financial knowledge, they can make better decisions with their money. Lusardi and Mitchell (2014) say that knowing more about finances helps individuals choose the right financial products and avoid making bad financial choices. This knowledge is essential for creating a solid financial plan and managing money wisely.

Financial behaviors are also closely tied to financial literacy. According to Yap, Komalasari, and Hadiansah (2018), people who understand finances tend to save more, manage their debts better, and spend wisely. These positive behaviors lead to more financial security and better long-term results. In addition, financial skills—such as making a budget, tracking expenses, and investing—are important for managing money well. Lusardi and Tufano (2015) point out that people with strong financial skills are more likely to make smart financial choices that align with their goals.

Being aware of financial choices and their effects is another key aspect of financial literacy. When people are more aware of the consequences of their financial decisions, they are better at avoiding risks like high-interest loans or overspending (Woodyard & Robb, 2012). Lastly, a person's financial attitude also matters. Having a positive attitude toward money encourages good habits like saving and investing. Yap et al. (2018) note that people with a good financial attitude are more likely to take control of their finances and work toward financial independence.

2.2 Theoretical reviews

Theoretical reviews on financial literacy often draw from behavioral finance and human capital theories, explaining how knowledge, skills, and attitudes influence financial decision-making. These theories suggest that increased financial literacy enhances individuals' ability to manage finances effectively, leading to better investment decisions and improved economic outcomes.

2.2.1 Financial literacy theories

Financial literacy theories are very important for managing personal finances well. It's not just about knowing financial terms but also about using that knowledge to make good decisions with your money. Hung, Parker, and Yoong (2009) explain that people who are financially literate are better at things like budgeting, saving, and handling debt. They understand how things like interest rates work, how to save money for future goals like retirement, and how to make wise investments. This knowledge helps them avoid problems like getting into debt and makes it easier for them to grow their savings and achieve financial stability. When people know how to manage their money, they can make smarter decisions, plan for the future, and feel more secure in their financial situation. As Hung, Parker, and Yoong (2009) point out, financial literacy is important not just for making decisions today, but also for making good choices for long-term financial health. So, learning about finances is essential for handling money well both now and in the future (Hung, Parker, & Yoong, 2009)

Financial literacy also helps people feel more confident when managing their money. Kasimu and Jamilu (2024) say that financial literacy gives young people, like students and new business owners, the knowledge they need to make better financial decisions. For example, financially literate students are more likely to avoid things like overspending or getting into credit card debt. They are better at saving and making decisions that will benefit them in the long run. Similarly, young entrepreneurs who understand finance are better at making decisions that help their businesses grow. Kebede, Kaur, and Kuar (2015) point out that people with good financial knowledge are more likely to save money for emergencies and plan for retirement. Janor, Sari, and Kadir (2016) also found that countries with better financial education have people who manage their finances better. This shows that improving financial literacy can lead to better financial decisions and a stronger financial future for everyone.

2.2.2 Human capital theory

Human capital theory emphasizes the connection between education, skills, and knowledge and economic success, making it highly relevant in the context of financial literacy. According to Khan, Siddiqui, and Imtiaz (2022), individuals with better financial knowledge tend to make more informed financial decisions, such as effective saving and

investing, which leads to greater financial stability and inclusion. When people possess a better understanding of financial concepts, they are more capable of managing their personal finances, which not only benefits them but also contributes positively to the broader economy. Klapper, Lusardi, and Van Oudheusden (2019) further emphasize that increasing financial literacy boosts individuals' ability to manage their finances, helping them secure their future through better decision-making. For example, Kumar, Tomar, and Verma (2019) note that women, in particular, can improve their financial planning for retirement by enhancing their financial literacy. This helps prevent financial insecurity that can arise from a lack of knowledge about managing money. Kumari (2020) supports this by showing that financial literacy leads to better investment decisions, which ultimately enhances personal financial outcomes. In summary, financial literacy is a key component of human capital, empowering individuals to make smarter financial choices, achieve their financial goals, and improve their long-term financial well-being.

2.2.3 Prospect theory

Prospect theory, developed by Kahneman and Tversky, explains how people make decisions involving risk and uncertainty, and it can be applied to understanding financial behaviors, especially in the context of financial literacy. Lusardi (2019) discusses the importance of financial literacy in helping individuals make informed decisions regarding savings, investments, and retirement planning, all of which involve uncertainty and risk. According to prospect theory, individuals tend to be loss-averse, meaning they are more sensitive to potential losses than to equivalent gains. This can influence their financial decision-making, often leading to suboptimal outcomes such as under-saving for retirement or avoiding risky investments due to the fear of loss. Lusardi and Mitchell (2014) highlight that individuals with higher financial literacy are better able to navigate these psychological biases and make more informed decisions. They argue that financial education can mitigate the negative effects of loss aversion by teaching individuals how to weigh risks and rewards more accurately. Furthermore, Lusardi, Mitchell, and Curto (2014) emphasize that older individuals, who often face important financial decisions related to retirement, can benefit greatly from financial literacy, as it helps them avoid decisions driven by fear of loss. In essence, financial literacy can help individuals recognize and manage the cognitive biases outlined in prospect theory, leading to better financial outcomes (Lusardi, 2019)

2.2.4 Financial capability theory

Financial Capability Theory focuses on an individual's ability to make informed financial decisions, which is influenced by their knowledge, skills, and behaviors. According to Refera, Dahliwal, and Kaur (2018), financial capability involves not only understanding financial concepts but also applying this knowledge to manage personal finances effectively. It emphasizes the practical application of financial literacy, such as budgeting, saving, and investing, which contributes to improved financial well-being. Salsabilla et al. (2022) argue that various factors, including financial knowledge, self-control, and socio-demographic characteristics, affect an individual's financial capability, impacting their ability to make sound financial decisions. Sandria, Basri, and Siswoyo (2021) highlight that financial capability extends beyond mere knowledge, encompassing behaviors like setting financial goals and planning for the future. They suggest that individuals with higher financial capability are more likely to exhibit positive financial management practices. Setyowati, Harmadi, and Sunarjanto (2018) further explore the role of Islamic financial literacy in enhancing personal financial planning, demonstrating that financial capability is shaped by cultural and religious contexts. In sum, Financial Capability Theory posits that improving financial literacy is essential not only for knowledge acquisition but for empowering individuals to take control of their financial lives, leading to better financial decision-making and stability (Harmadi, & Sunarjanto, 2018).

2.3 Empirical reviews

Van Rooij, Lusardi and Alessie (2011) evaluated the financial literacy levels of retail individual investors in Gujarat, India, and examines how these levels impact their investment decisions. Utilizing a performance test and a questionnaire, the research measured investors' financial literacy by assessing their correct responses and calculated the median percentage of correct answers to determine literacy levels. Out of 385 respondents, 39.20% were classified as having a higher level of financial literacy, while 60.80% had relatively lower financial literacy. The study analyzed 44 variables related to investment decisions and found a statistically significant effect of financial literacy on investors' decision-making processes. This highlights the importance of financial literacy in shaping investment behavior and underscores the need for improved financial education among retail investors to enhance their investment outcomes.

Woodyard and Robb (2012) examined the financial literacy (FL) levels in Malaysia and the United Kingdom, highlighting its critical role in influencing financial decisions and broader socioeconomic development. Utilizing survey results from an OECD-developed questionnaire, the research finds that financial literacy is low in both countries, underscoring the need for government initiatives to enhance financial awareness. The study identifies demographic, economic, social, and psychological factors as key determinants of financial literacy and reveals common themes in the literature, such as the impact of financial literacy on investment decisions, demographic factors, and program effectiveness. It also notes significant gaps in the Malaysian literature regarding investment types, risk tolerance, measurement methods, and sources of financial knowledge. The findings offer valuable insights for directing future research and formulating policies, suggesting that policymakers, administrators, and educators should integrate comprehensive financial literacy components into training programs to improve financial decision-making and outcomes.

Lusardi, Mitchell and Curto (2014) investigated the impact of individual investor behavior and financial literacy on investment decisions, focusing on the mediating role of competitive advantage in the Pakistani financial markets. Data collected from 187 individual investors using a personally administered questionnaire revealed that competitive advantage mediates the relationship between investor behavior, financial literacy, and decision-making. Multiple regression analysis showed that investor involvement and optimism are crucial for making informed investment choices. The study further highlights that financially literate investors tend to rely on metrics such as the debt-to-equity ratio and past price movements, employing technical analysis to guide their decisions. The findings provide valuable guidance for individual investors, financial managers, and institutional executives, emphasizing the importance of financial literacy and strategic analysis in enhancing personal financial management and making educated investment decisions.

Gunardi, Ridwan and Sudarjah, (2017) examined the influence of financial literacy, financial behavior, and income on investment decisions, employing a quantitative descriptive approach. Primary data were collected directly from a sample of 100 students, chosen through random sampling from a population of 29,231 students using the Slovin formula. The study utilized various data analysis techniques, including descriptive

statistical analysis, data quality tests, classical assumption tests, multiple linear regression tests, F-tests, t-tests, and coefficient of determination, with SPSS version 22. The findings reveal that financial literacy does not have a significant impact on investment decisions. However, both financial behavior and income were found to significantly influence investment decisions. This suggests that while financial literacy alone may not directly affect investment choices, the way individuals manage their finances and their income levels play a crucial role in shaping their investment decisions.

Refera, Dahliwal and Kaur (2018) investigates the impact of financial literacy on investment decisions among individuals residing in rural areas of Himachal Pradesh, specifically in the Shimla district. Data were collected from 500 respondents, revealing that most are engaged in agriculture or horticulture, with others involved in business, service occupations, or various sources of income. To assess the influence of financial literacy on investment choices, respondents were queried about their knowledge of financial products such as savings bank deposits, post office saving schemes, mutual funds, life insurance, and the stock market. The study also explored how financial literacy relates to demographic factors such as gender, age, income, education, and occupation using chi-square tests. The findings indicate the degree to which financial literacy influences investment decisions and highlight the role of demographic variables in shaping financial behavior in rural settings.

Lusardi (2019) explored the impact of financial literacy on investment decisions, focusing on the mediating role of personality traits based on the Big Five model. Data were collected from 235 respondents in Karachi using a convenience sampling technique and analyzed with Smart-PLS software. The results indicate that financial literacy does not significantly affect investment decisions through the traits of agreeableness, conscientiousness, and extraversion. Conversely, financial literacy has a significant negative impact on investment decisions through openness to experience and a significant positive impact through neuroticism. These findings enhance our understanding of how personality traits mediate the relationship between financial literacy and investment decisions. The study suggests that financial institutions should leverage consumer profiling to offer tailored investment counseling services, improving investor decision-making by considering individual personality traits.

Kumari (2020) investigated financial literacy among women in Dharwad District with a focus on their understanding of investment avenues and proficiency in financial management. A sample of 100 women was interviewed, and statistical tools such as factor analysis, T-tests, and One-way ANOVA were employed to analyze the data. The findings reveal that 30% of the respondents were comfortable with their financial knowledge, although mutual fund investments and their returns were identified as areas of uncertainty. Key investment avenues like bank deposits and gold markets were noted to be underutilized. Despite this, women displayed a cautious approach to investing, understanding market risks and volatility, and successfully setting and achieving financial goals. The study highlights the need for increased financial literacy programs to enhance women's ease with financial products and decision making. Its originality lies in providing insights into women's perspectives on financial opportunities, which can guide financial institutions and advisors in developing targeted strategies to engage and educate women in investment practices.

Kumari (2020) explored the impact of financial literacy on investment decisions among undergraduates in the Western Province of Sri Lanka. Involving 200 students from four government universities, the research assesses financial literacy through various determinants, including knowledge of financial products, access to financial products, money management, knowledge of investment options, and financial skills. The findings indicate that financial literacy has a positive and significant effect on the investment decisions of undergraduates. Among the dimensions of financial literacy, financial skills were found to be the most influential, while knowledge about financial products had the least impact on investment decisions. The study suggests that enhancing financial literacy, particularly financial skills, is crucial for improving investment decision-making among the younger generation. It also recommends that financial institutions and policymakers focus on promoting financial knowledge to better equip young people with the skills needed for effective money management and investment.

Sandria, Basri and Siswoyo (2021) investigates the role of past behavior and financial literacy in individual investors' decision-making and evaluates the application of the Theory of Planned Behavior (TPB) in this context. Using a self-administered questionnaire and employing convenience and snowball sampling methods, data were collected from individual investors across four states in India. The analysis, conducted

with AMOS 20.0 using two-step structural equation modeling (SEM), revealed that while past behavior did not have a significant direct effect on investment intentions, it did have an indirect impact mediated by investors' attitudes. The final model explained 36% of the variance in investment intentions, demonstrating the effectiveness of the TPB model with the inclusion of external variables. The study found that social pressure significantly influenced investment decisions, and financial literacy could mitigate this influence. The findings underscore the importance of subjective norms in stock market participation and suggest that policymakers should leverage opinion leaders to enhance investor education and rational decision-making. This research contributes to the understanding of investment behavior by integrating financial literacy and past behavior into the TPB framework, offering new insights, particularly for developing countries like India.

Paudel and Rana (2021) investigates the impact of financial literacy on investment decisions during the pandemic, focusing on students from the Faculty of Economics and Business at Universitas Muhammadiyah Sumatera Utara. Using the Slovin formula to determine the sample size, the research employed simple linear regression for analysis after testing classical assumptions. The findings reveal a significant influence of financial literacy on investment decisions, highlighting that the pandemic has prompted students to consider investing for future needs. The study underscores the importance of enhancing financial literacy among students to improve financial management and encourage informed investment choices. As financial literacy increases, it is anticipated that students will manage their finances more effectively and make better investment decisions.

Khan, Siddiqui and Imtiaz (2022) explored the effect of financial literacy on investment decision-making behavior, with a focus on the mediating role of financial risk tolerance. Using a quantitative research design, the study employed multi-stage random and convenience sampling to survey 384 registered individual investors from the Pakistan Stock Exchange (PSX). Structural equation modeling (SEM) was utilized to analyze the relationships among the variables. The results revealed a positive and significant impact of financial literacy on both investment decision-making behavior and financial risk tolerance. Additionally, financial risk tolerance was found to mediate the relationship between financial literacy and investment decision-making behavior. The study suggests that enhancing financial literacy can improve investment decision-making and recommends that policymakers, stockbrokers, investment advisors, and financial

managers consider these insights to better support individual investors. The findings provide valuable guidance for academia to refine financial literacy programs and further develop the financial skills of future investors.

Shrestha, Manandhar, Bhattarai, and Shrestha (2023) investigated the impact of behavioral biases specifically overconfidence, risk-aversion, herding, and disposition on investment decisions across genders, and examines how financial literacy moderates these relationships. Utilizing a cross-sectional research design, data were collected via a structured questionnaire from 253 individual investors in the Delhi-NCR region. The analysis employed Pearson correlation and Cronbach's alpha to ensure validity and reliability, and hierarchical regression analysis was used to test the hypotheses. The findings indicate that among male investors, risk-aversion and herding negatively influenced investment decisions, while overconfidence had a positive effect; disposition had no significant impact. For female investors, risk-aversion and herding also had a negative effect, while overconfidence and disposition were statistically insignificant. Financial literacy was found to significantly impact investment decisions for both genders. Notably, financial literacy significantly moderated the relationship between overconfidence and investment decisions among males, while it influenced all behavioral biases overconfidence, risk-aversion, disposition, and herding among females. The study suggests that enhanced financial literacy can help mitigate the effects of behavioral biases and recommends targeted training programs to improve financial knowledge and decision-making skills among investors. This research is unique in examining the moderating role of financial literacy on behavioral biases across genders, contributing valuable insights for portfolio managers and policymakers.

Kasimu, and Jamilu, (2024) investigated the impact of financial literacy on personal investment decisions within the Kathmandu Valley, employing a descriptive and causal research design. The research utilized a structured questionnaire survey, targeting participants actively engaged in the stock market, with a sample size of 200 obtained through convenience sampling. To analyze the data, the study employed reliability analysis, descriptive statistics, correlation analysis, and regression analysis. The findings reveal that components of financial literacy including financial behavior, financial attitude, financial awareness, and financial skills significantly influence investment decisions. These results underscore the importance of enhancing financial literacy to

improve individual and societal financial outcomes. The study suggests that policymakers should focus on promoting financial literacy to better protect and guide investors, thereby fostering more informed and effective investment decisions.

Chand (2024) explored the impact of financial literacy and behavioral biases on investment decisions, focusing on how heuristic biases, framing effects, cognitive illusions, and herd mentality influence decision-making. Utilizing a Likert-scale questionnaire, the study collected data which was analyzed through Structural Equation Modeling (SEM). The findings indicate that heuristic biases have a significant positive association with the development of behavioral biases in investment decisions. Conversely, framing effects, cognitive illusions, and herd mentality were found to negatively influence the formation of behavioral biases. The research underscores that investors predominantly rely on heuristic biases rather than other irrational behaviors when making investment decisions. This highlights the crucial role of financial literacy in shaping more rational and informed investment decisions, suggesting that enhancing financial literacy can mitigate the impact of these behavioral biases on stock market decisions.

Sharma and Pokharel (2025) investigated the challenges posed by financial literacy, overconfidence, and risk perception in investment decision-making among workers in Makassar City, South Sulawesi, Indonesia. Data was collected from 135 respondents via questionnaires, and analyzed using multiple regressions through SPSS. The results revealed that both financial literacy and overconfidence significantly positively impact investment decisions, while herd behavior also has a significant positive effect on decision-making. The study further identified a preference among respondents for investing in real assets. Additionally, the analysis showed no significant differences in financial literacy and overconfidence between male and female respondents. However, there were differences in behavior between genders, though these did not affect the overall investment decision-making. This research underscores the importance of financial literacy and the influence of behavioral biases on investment choices, providing insights for improving investment strategies and understanding gender based behavioral patterns in financial decisions.

Table 1

Summary of empirical reviews

| S.N. | Authors | Objective | Methodology | Variables | Findings |
|-------------|-------------------------------------|---|--|--|---|
| 1 | Van Rooij, Lusardi & Alessie (2011) | Evaluates financial literacy on investment decisions in Gujarat, India. | the Performance of test, literacy questionnaire (385 in respondents) | Financial literacy, investment decisions | Financial literacy significantly influences investment decisions, with 39.2% of respondents classified as financially literate. |
| 2 | Woodyard & Robb (2012) | Examines financial literacy levels in Malaysia and the UK, analyzing its role in financial decisions. | OECD-developed questionnaire (survey) | Financial literacy, demographic factors, investment decisions | Financial literacy is low in both countries; highlights the need for better financial education programs. |
| 3 | Lusardi, Mitchell & Curto (2014) | Investigates financial literacy on investment decisions in Pakistan. | the Questionnaire, of regression analysis (187 respondents) | Investor behavior, financial literacy, competitive advantage | Competitive advantage mediates the relationship between literacy, investor behavior, and decision-making. |
| 4 | Gunardi, Ridwan & Sudarjah (2017) | Explores influence financial literacy, income investment decisions. | the Descriptive of analysis, multiple and regression on students) | Financial literacy, financial behavior, income, investment decisions | Financial literacy does not significantly affect investment decisions, but financial behavior and income play a key role. |
| 5 | Refera, Dahliwal & Kaur (2018) | Analyzes effect of financial literacy on investment decisions in rural | the Survey (500 respondents) | Financial literacy, demographic factors, investment | Financial literacy influences investment decisions; demographic |

| S.N. | Authors | Objective | Methodology | Variables | Findings |
|-------------|---------------------------------|---|--|--|---|
| | | Himachal Pradesh. | | products | variables shape financial behavior in rural settings. |
| 6 | Lusardi (2019) | Examines financial literacy's role in investment decisions through personality traits. | Survey (235 respondents), Smart-PLS software | Financial literacy, personality traits, investment decisions | Personality traits mediate the impact of financial literacy on investment decisions, with significant effects from neuroticism. |
| 7 | Kumari (2020) | Investigates women's financial literacy in Dharwad District regarding investment. | Interviews (100 women) | Financial literacy, investment avenues, market risks | Women show cautious investment behavior but require increased literacy for more confidence in financial products. |
| 8 | Kumari (2020) | Analyzes financial literacy's impact on investment decisions among undergraduates in Sri Lanka. | Survey (200 students) | Financial literacy, financial skills, investment decisions | Financial literacy positively influences investment decisions, with financial skills being the most influential factor. |
| 9 | Sandria, Basri & Siswoyo (2021) | Investigates financial literacy's role in decision-making. | past SEM and (questionnaire) | Financial literacy, Behavior of Planned Behavior | Past behavior indirectly impacts investment decisions; financial literacy mitigates social pressure. |
| 10 | Paudel Rana (2021) | & Explores financial literacy's impact on investment decisions during the pandemic. | Survey (students) | Financial literacy, pandemic, investment decisions | Financial literacy significantly influences students' investment |

| S.N. | Authors | Objective | Methodology | Variables | Findings |
|------|--------------------------------|--|----------------------------|--|--|
| | | | | | decisions, highlighting a shift due to the pandemic. |
| 11 | Khan, Siddiqui & Imtiaz (2022) | Studies the role of financial literacy and risk tolerance in investment decision-making. | SEM (384 investors, PSX) | Financial literacy, tolerance, investment behavior | Financial literacy risk significantly impacts investment decisions; financial risk tolerance mediates this relationship. |
| 12 | Shrestha et al. (2023) | Investigates how behavioral and financial literacy impact investment decisions across genders. | Survey (253 investors) | Behavioral biases, financial literacy, investment decisions | Financial literacy moderates the relationship between biases and investment decisions; gender differences noted. |
| 13 | Kasimu & Jamilu (2024) | Explores the role of financial literacy in personal investment decisions in Kathmandu Valley. | Survey (200 respondents) | Financial literacy, financial behavior, investment decisions | Financial literacy significantly influences investment decisions, with a focus on behavior, attitude, awareness, and skills. |
| 14 | Chand (2024) | Investigates financial literacy's impact on behavioral biases in investment decisions. | SEM (Likert-questionnaire) | Heuristic bias, framing effects, cognitive illusions, investment decisions | Heuristic biases have a positive association with decision-making; financial literacy can mitigate irrational behaviors. |
| 15 | Sharma & Pokharel | Examines financial literacy, | Survey (135 respondents) | Financial literacy, | Financial literacy and |

| S.N. | Authors | Objective | Methodology | Variables | Findings |
|--------|---------|--|-------------|--|--|
| (2025) | | overconfidence, and risk perception in investment decision-making. | | overconfidence, risk perception, herd behavior | overconfidence positively affect investment decisions, with herd behavior also playing a significant role. |

2.3 Research gap

Previous research on financial literacy and personal investment decisions, such as the studies by Shrestha et al. (2023) and Anggraeni (2024), has significantly contributed to understanding how financial literacy impacts investment behavior. However, these studies are often situated within broader regional contexts or different cultural settings that may not fully capture the unique socio-economic and cultural characteristics of the Kathmandu Valley. This limitation is important, as factors such as local economic conditions, cultural attitudes toward investment, and financial behaviors could significantly shape how financial literacy affects personal investment decisions in this specific region. For example, while Suresh (2024) examines behavioral biases influencing investment decisions, it does not explore how these biases interact with financial literacy in the Kathmandu context. Similarly, research by Arianti (2018) and Ahmed et al. (2021) provides a general understanding of financial literacy but does not dive deep into how its components such as financial behavior, attitude, awareness, and skills affect investment decisions on an individual level, particularly within Kathmandu Valley. This gap is crucial because understanding how these components interact can provide more personalized insights into the financial decision-making process. To address these gaps, the current research will focus specifically on the Kathmandu Valley, examining how different aspects of financial literacy, including financial behavior, attitudes, awareness, and skills, influence personal investment decisions in this region. Additionally, the study will explore how financial literacy interacts with behavioral biases like heuristic biases and cognitive illusions, which have not been sufficiently explored in the Kathmandu context. By employing a longitudinal approach and a representative sampling method, this study seeks to provide a comprehensive, context-specific analysis that will fill critical gaps in the literature. The findings will offer valuable insights for developing targeted financial education programs and policy interventions tailored to the needs of the

Kathmandu Valley, ultimately contributing to more effective financial literacy strategies in this unique socio-economic environment.

CHAPTER III

RESEARCH METHODOLOGY

The research methodology outlines a systematic approach for solving specific problems through organized and deliberate processes, including the collection, analysis, and interpretation of data. It serves as a comprehensive plan that guides the research design, organization, and approach used to address research questions or test hypotheses. This section of the research methodology includes the research design, data sources, target population, sampling methods, and data analysis techniques. The key components of the research methodology relevant to this study are described as follows.

3.1 Research design

This study employed both descriptive and explanatory research designs to provide a comprehensive analysis of the impact of financial literacy on personal financial management. The descriptive design was used to detail respondents' financial practices and literacy levels, offering a clear picture of their financial knowledge, behavior, attitude, awareness, and skills. This foundational insight is crucial for understanding the current state of financial literacy. The explanatory design, on the other hand, was utilized to explore how variations in financial literacy impact personal financial management

practices such as budgeting, saving, and investing. By combining these designs, the study not only describes existing financial literacy levels but also examines their influence on financial behaviors, allowing for a nuanced understanding of how financial literacy affects overall financial decision-making and well-being.

3.2 Population and sample size

This study focuses on individuals involved in personal financial management across the Kathmandu Valley, specifically from the districts of Bhaktapur, Lalitpur, and Kathmandu. To collect data, a total of 400 questionnaires were distributed in Bhaktapur, 650 in Lalitpur, and 950 in Kathmandu using a convenience sampling method, chosen to reach a wide range of individuals while managing time and resource constraints. From the total distributed, 211 responses were selected for final analysis. The sample includes a diverse mix of participants from different age groups (15–24 years to 45 years and above), genders, education levels (from school graduates to those with bachelor's and master's degrees), and occupations, such as students, private and government employees, businesspeople, and others. This demographic variety ensures that the study captures a wide range of financial experiences, behaviors, and attitudes. Although the sampling method was non-random, it allowed access to willing participants and made data collection practical and efficient. Despite its limitations, the demographic diversity of the sample makes the findings more meaningful, as it reflects the real-life financial situations of various individuals. This helps in understanding how different aspects of financial literacy such as financial knowledge, habits, planning, attitudes, and risk tolerance play a role in shaping personal investment decisions.

3.3 Nature and sources of data

Financial Literacy on Personal Financial Management, data was collected from primary sources. Primary data involved gathering information directly from participants through surveys designed to assess their levels of financial literacy and its impact on personal financial practices, including budgeting, savings behavior, investment decisions, and debt management. Additionally, in-depth interviews and focus groups provided qualitative insights into how financial literacy influenced personal financial management and collective attitudes toward financial practices. It also encompassed financial reports from institutions, government agencies, and research organizations, which offered statistical

insights into financial literacy levels, savings rates, and debt management trends, as well as reviews of educational materials and existing financial literacy programs to contextualize the primary data.

3.4 Instrument of data collection

Data collection for this study utilized a self-administered questionnaire with a 5-point Likert scale to measure financial variables affecting personal financial management. It included five items each for financial knowledge, behavior, attitude, awareness, and skills. Financial knowledge assessed understanding of concepts, while behavior and attitude measured actual practices and perspectives. Financial awareness and skills focused on resource awareness and task management. The dependent variable, personal financial management, was evaluated by aggregating responses across these dimensions. The questionnaire was based on established scales and prior research to ensure reliability and validity in analyzing personal financial management practices.

Table 2

Measurements /instrumentation of variables

| Variable | Items | Sources | Expected Sign |
|-------------------------------|-------|---|---------------|
| Financial Knowledge | 5 | Shrestha, S. K., Manandhar, B., Bhattarai, P., & Shrestha, N. (2023). Impact of Financial Literacy on Personal Investment Decisions in Kathmandu Valley. INTELLIGENCE Journal of Multidisciplinary Research, 2(1), 25-34. | Positive |
| Financial Behavior | 5 | Shrestha, S. K., Manandhar, B., Bhattarai, P., & Shrestha, N. (2023). Impact of Financial Literacy on Personal Investment Decisions in Kathmandu Valley. INTELLIGENCE Journal of Multidisciplinary Research, 2(1), 25-34. | Positive |
| Financial Attitude | 5 | Shrestha, S. K., Manandhar, B., Bhattarai, P., & Shrestha, N. (2023). Impact of Financial Literacy on Personal Investment Decisions in Kathmandu Valley. INTELLIGENCE Journal of Multidisciplinary Research, 2(1), 25-34. | Positive |
| Financial Awareness | 5 | Shrestha, S. K., Manandhar, B., Bhattarai, P., & Shrestha, N. (2023). Impact of Financial Literacy on Personal Investment Decisions in Kathmandu Valley. INTELLIGENCE Journal of Multidisciplinary Research, 2(1), 25-34. | Positive |
| Financial Skills | 5 | Shrestha, S. K., Manandhar, B., Bhattarai, P., & Shrestha, N. (2023). Impact of Financial Literacy on Personal Investment Decisions in Kathmandu Valley. INTELLIGENCE Journal of Multidisciplinary Research, 2(1), 25-34. | Positive |
| Personal Financial Management | 5 | NYAMUTE, W., & Maina, J. M. (2011). Effect of financial literacy on personal financial management practices. | Positive |

3.5 Methods of analysis

Financial Literacy on Personal Financial Management, data analysis involved several key techniques. Descriptive statistics were used to summarize basic data features, providing an overview of participants' financial literacy and management practices. Correlation

analysis helped identify relationships between different aspects of financial literacy and financial behaviors. Multiple regression analysis assessed the impact of various predictors, such as education and income, on personal financial management outcomes. Additionally, factor analysis was employed to uncover underlying dimensions of financial literacy and simplify complex data. These methods, guided by theoretical models, allowed for a comprehensive understanding of how financial literacy influences personal financial management.

3.5.1 Descriptive analysis

The descriptive analysis for the study on the Impact of Financial Literacy on Personal Financial Management provided an in-depth examination of respondents' demographic characteristics, financial literacy levels, and personal financial management practices. Using frequencies, percentages, means, and standard deviations, the analysis systematically summarized the collected data, presenting a clear overview of the sample. This approach clarified the distribution and central tendencies of key variables, such as age, gender, education level, income bracket, and financial literacy scores. Additionally, the descriptive analysis investigated how these demographic factors impacted personal financial management behaviors, revealing patterns and trends within the data. By identifying significant correlations between financial literacy and financial management practices, the analysis offered valuable insights into how varying levels of financial knowledge influenced individuals' financial decision-making and overall management strategies.

3.5.2 Reliability test

In the study on the Impact of Financial Literacy on Personal Financial Management, a pilot test was conducted to evaluate the validity and reliability of the questionnaire. This preliminary phase involved distributing the questionnaire to a sample of financial experts, educators, and practitioners to gather feedback and refine the instrument. To assess the internal consistency of the questionnaire, Cronbach's alpha was computed using SPSS software. This measure evaluated the reliability of the different dimensions of the questionnaire, including financial knowledge, behavior, attitudes, awareness, and skills. According to Nunnally's (1978) guidelines, a Cronbach's alpha coefficient of 0.7 or higher was considered acceptable, confirming the questionnaire's reliability before

proceeding with the main study. The pilot test insights were instrumental in enhancing the instrument to more effectively evaluate the impact of financial literacy on personal financial management.

3.5.3 Correlation analysis

The Impact of Financial Literacy on Personal Financial Management, correlation analysis was employed to examine the relationships between financial literacy and personal financial management practices. Using either the Pearson or Spearman correlation coefficient, the analysis assessed the strength and direction of associations between the dependent variable (personal financial management practices) and the independent variables (various dimensions of financial literacy). The correlation coefficient evaluated whether higher levels of financial literacy were associated with specific financial management behaviors and how changes in financial literacy influenced variations in financial practices. This analysis aimed to determine whether the variables were positively correlated, negatively correlated, or showed no significant relationship. By applying these statistical methods, the researchers gained insights into how financial literacy impacts financial management behaviors, enhancing the understanding of the interconnections among the key factors and providing a clearer picture of financial literacy's effect on personal financial management.

3.5.4 Regression analysis

Regression analysis was employed to examine the impact of financial literacy on personal financial management, both individually and in interaction with moderating variables. The study used multi-linear regression analysis to evaluate how aspects of financial literacy (Financial Knowledge, Financial Behavior, Financial Attitude, Financial Awareness, and Financial Skills) affect personal financial management practices such as budgeting, saving, investing, and debt management. This analysis considered potential interactions with factors like income level, education, and financial experience, providing a comprehensive view of how variations in financial literacy contribute to changes in financial management behaviors. By utilizing this approach, the study aimed to reveal both the direct and interactive effects of financial literacy on financial decision-making, offering valuable insights into the key factors driving effective personal financial management.

Regression model:

$$PFM = \beta_0 + \beta_1 FK + \beta_2 FB + \beta_3 FA + \beta_4 FAw + \beta_5 FS + \epsilon$$

Where,

PFM = Personal Financial Management (Dependent Variable)

FK = Financial Knowledge

FB = Financial Behavior

FA = Financial Attitude

FAw = Financial Awareness

FS = Financial Skills

β = Intercept (Constant term)

β to β = Coefficients measuring the impact of each independent variable on PFM

ϵ = Error term (captures the variation not explained by the model)

3.5 Research framework and definition of variables

The research framework outlines the structure and approach for investigating the impact of financial literacy on personal financial management. It integrates key concepts such as financial knowledge, behavior, attitude, awareness, and skills as independent variables, with personal financial management as the dependent variable. The framework guides the study's design by establishing relationships between these variables and identifying how variations in financial literacy influence financial practices like budgeting, saving, and investing. This structured approach ensures a comprehensive analysis of how financial literacy affects personal financial management outcomes.

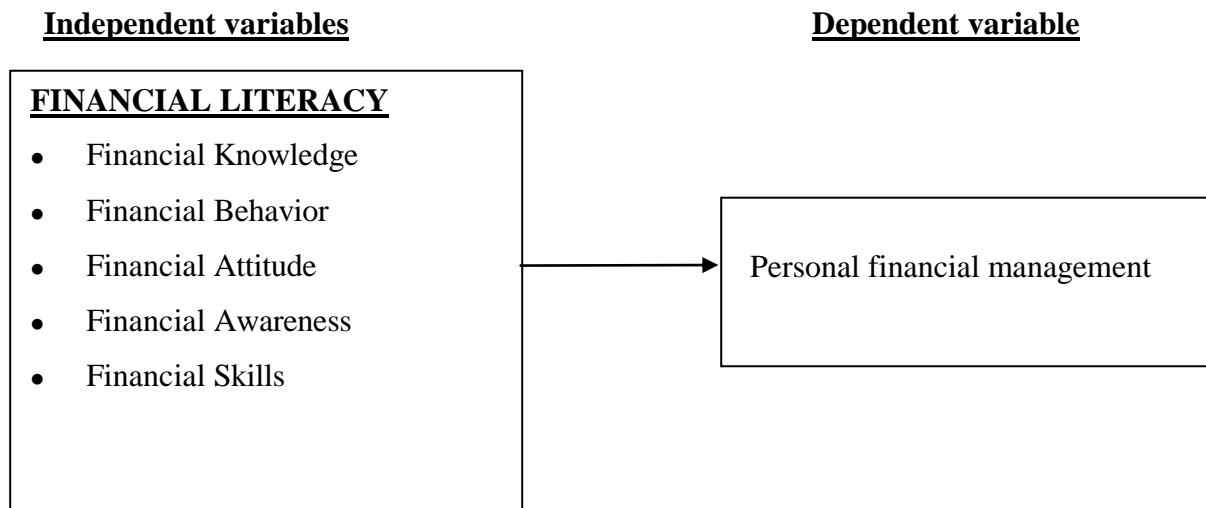


Figure 1 : Conceptual framework Modified: Shrestha, Manandhar, Bhattarai, & Shrestha, 2023

3.5.1 Definition of dependents and independents variables

Dependent variable

Personal financial management (PFM)

Personal financial management refers to the effective handling of financial activities such as budgeting, saving, investing, debt management, and planning for future financial goals. It represents how well individuals utilize their financial resources to maintain financial stability and security. Strong personal financial management is essential for achieving financial independence and long-term financial well-being. This variable is influenced by an individual's financial knowledge, behavior, attitude, awareness, and skills (Shrestha, Manandhar, Bhattarai, & Shrestha, 2023)

Independent variables

Financial knowledge (FK)

Financial knowledge refers to an individual's understanding of basic financial concepts such as interest rates, inflation, budgeting, saving, investing, and risk diversification. It plays a crucial role in shaping a person's ability to make informed financial decisions. A higher level of financial knowledge enables individuals to analyze options, compare financial products, and plan effectively for both short-term and long-term goals. It also reduces the likelihood of falling into debt traps or making poor investment choices.

Financial knowledge serves as a foundation for all other aspects of personal financial management. A positive relationship is often observed between financial knowledge and effective financial behavior (Shrestha, Manandhar, Bhattarai, & Shrestha, 2023)

Financial behavior (FB)

Financial behavior involves the actions and decisions individuals take regarding their personal finances, including spending, saving, investing, and borrowing. It reflects how people apply their financial knowledge in real-life situations. Responsible financial behavior, such as maintaining a budget or setting aside savings, leads to better financial outcomes and stability. It is influenced by a range of factors including knowledge, attitudes, and social environment. Strong financial behavior is an indicator of good financial management skills and directly impacts one's ability to meet financial goals and avoid financial stress. (Shrestha, Manandhar, Bhattarai, & Shrestha, 2023)

Financial attitude (FA)

Financial attitude represents a person's mindset, values, and beliefs about money. It encompasses opinions on saving, spending, debt, and future planning. A positive financial attitude often correlates with prudent financial decisions and long-term planning, while a careless or negative attitude can lead to financial mismanagement and debt accumulation. Attitude shapes how individuals respond to financial challenges and opportunities. Developing a disciplined and forward-thinking attitude toward finances is essential for sound personal financial management (Shrestha, Manandhar, Bhattarai, & Shrestha, 2023)

Financial awareness (FAW)

Financial awareness refers to an individual's general consciousness and understanding of financial products, services, and current economic conditions. It involves staying informed about market trends, banking services, financial policies, and government schemes. Awareness helps individuals identify suitable financial tools and avoid fraud or misinformation. Enhanced financial awareness leads to better engagement with financial institutions and more confident decision-making, contributing significantly to effective personal financial management (Shrestha, Manandhar, Bhattarai, & Shrestha, 2023)

Financial skills (FS)

Financial skills encompass the practical abilities required to manage money efficiently, such as budgeting, calculating interest, comparing financial products, and tracking expenses. These skills are crucial for applying financial knowledge effectively. Individuals with strong financial skills are more likely to exhibit good financial behavior, such as planning for emergencies, saving regularly, and managing debt responsibly. Skill development plays a vital role in translating theoretical financial literacy into actionable personal financial management practices (Shrestha, Manandhar, Bhattarai, & Shrestha, 2023)

CHAPTER IV

RESULT AND DISCUSSIONS

This chapter presents data clearly, analyzes it to answer the research questions or test the hypotheses, and discusses the findings. The analysis results are then interpreted by comparing them to existing theories and studies, leading to conclusions.

4.1 Descriptive analysis

Descriptive analysis is a way to summarize and understand data. It looks at things like averages (mean), the spread of data (standard deviation), and patterns in responses to identify trends. This helps researchers see the key points in the data, like which answers are most common or what stands out. It doesn't try to make predictions or test connections between factors, but simply organizes and explains the data so it's easier to understand. In short, descriptive analysis helps make sense of large amounts of information by providing a clear summary of the key details.

4.1.1 Demographic profile of respondents

Demographic information describes the characteristics of people in a study, including their age, gender, education, job, and income. This background information helps researchers understand the participants and analyze how different groups might respond. It is important because it provides context to the findings, helps identify trends, and allows researchers to compare groups to determine if factors like age or income influence the results

Table 3

Demographic profile of respondents N=211

| Variables | Category | Frequency | Percent |
|---------------|----------|-----------|---------|
| Age | Under 18 | 8 | 3.8 |
| | 25-34 | 87 | 41.2 |
| | 35-44 | 50 | 23.7 |
| | 45-above | 26 | 12.3 |
| Gender | Female | 77 | 36.5 |
| | Male | 134 | 63.5 |

| | | | |
|--|------------------------------------|----|------|
| | SLC/SEE | 11 | 5.2 |
| | High school | 50 | 23.7 |
| | Bachelor of degree | 86 | 40.8 |
| Educational Level | Master of Degree | 57 | 27.0 |
| | PHD/above | 7 | 3.3 |
| | Student | 33 | 15.6 |
| | Employed part-time | 43 | 20.4 |
| Occupation | Retired | 8 | 3.8 |
| | Self-employed | 35 | 16.6 |
| | Less than NPR 20,000 | 30 | 14.2 |
| | NPR 20,000 - 39,999 | 80 | 37.9 |
| Monthly Income | NPR 40,000 - 59,999 | 65 | 30.8 |
| | NPR 60,000 - 79,999 | 29 | 13.7 |
| | NPR 80,000 and above | 7 | 3.3 |
| | 1-3 years | 87 | 41.2 |
| | 4-6 years | 44 | 20.9 |
| Investment Experience | Less than 1 year | 51 | 24.2 |
| | More than 6 years | 23 | 10.9 |
| | No experience | 6 | 2.8 |
| | Financial advisors | 18 | 8.5 |
| Primary Source of Financial Information | Online resources (websites, blogs) | 48 | 22.7 |
| | Books and journals | 74 | 35.1 |
| | Friends and family | 37 | 17.5 |
| | Social media | 34 | 16.1 |

4.1.2 Items wise descriptive analysis

The item-wise description analysis includes specific questionnaire items for each variable to assess their influence on personal financial management. Independent variables such as financial knowledge, behavior, attitude, awareness, and skills are measured through items related to understanding financial concepts, saving and spending habits, attitudes toward money, awareness of financial services, and practical money management skills. The dependent variable, personal financial management, is assessed through items that

evaluate individuals' ability to plan, budget, save, and manage expenses. This analysis helps identify how each factor contributes to effective financial management.

Table 4
Descriptive statistics of financial knowledge N=211

| | Mean | Std. Deviation |
|---|------|----------------|
| I am knowledgeable about different types of investment options available in the market. | 3.30 | 1.168 |
| I understand how interest rates affect investment returns. | 3.81 | 1.235 |
| I can explain the concept of diversification in investments. | 3.15 | 1.360 |
| I am aware of the risks associated with different investment types. | 3.10 | 1.407 |
| I understand the relationship between risk and return in investments. | 3.30 | 1.432 |

Table 4 presents the responses of 211 individuals regarding their financial knowledge across five key areas. The highest average score was for understanding how interest rates affect investment returns (mean = 3.81), indicating that most respondents feel relatively confident in this area. Respondents also showed moderate knowledge about the different types of investment options available in the market and the relationship between risk and return, both with an average score of 3.30. However, knowledge about the concept of diversification (mean = 3.15) and awareness of the risks associated with different investment types (mean = 3.10) was lower. The standard deviations for each item indicate some variability in responses, suggesting that financial knowledge varies among individuals.

Table 5

| <i>Descriptive statistics of financial behavior</i> | <i>N=211</i> | |
|---|--------------|----------------|
| | Mean | Std. Deviation |
| I regularly review and update my investment portfolio. | 3.25 | 1.297 |
| I frequently set financial goals and track my progress towards them. | 3.36 | 1.354 |
| I consult with financial advisors before making investment decisions. | 3.21 | 1.478 |
| I consistently follow a budget or financial plan. | 3.26 | 1.398 |
| I adjust my investment strategy based on market changes. | 3.40 | 1.409 |

Table 5 presents the financial behavior of 211 individuals based on their average responses. The highest mean score (3.40) indicates that many respondents adjust their investment strategies according to market changes, showing some level of awareness and flexibility. Setting financial goals and tracking progress also received a relatively high average score of 3.36, suggesting that goal setting is a common practice. Following a budget (mean = 3.26) and regularly reviewing investment portfolios (mean = 3.25) also show moderate engagement in financial planning. The lowest average score was for consulting financial advisors (mean = 3.21), implying that fewer people seek professional advice.

Table 6

| <i>Descriptive statistics of financial attitude</i> | <i>N=211</i> | |
|---|--------------|----------------|
| | Mean | Std. Deviation |
| I believe investing is crucial for long-term financial stability. | 3.13 | 1.324 |
| I am open to taking financial risks for potentially higher returns. | 3.31 | 1.311 |
| I am comfortable with the possibility of losing money in investments. | 3.20 | 1.387 |
| I am motivated to enhance my financial knowledge and investment skills. | 3.31 | 1.429 |

| | | |
|---|------|-------|
| I believe personal investment is essential for wealth accumulation. | 3.31 | 1.386 |
|---|------|-------|

Table 6 shows the financial attitudes of 211 individuals based on their average responses. The highest mean score (3.31) was recorded for three statements: being open to taking financial risks, being motivated to improve financial knowledge, and believing that personal investment is important for building wealth. This suggests that many people are willing to take some risks and are interested in learning more about investing. The statement about being comfortable with losing money in investments had a slightly lower mean (3.20), indicating some caution or fear about investment losses. The lowest score (3.13) was for the belief that investing is crucial for long-term financial stability, which may mean that some people are unsure about the long-term benefits of investing. Overall, the results show a moderately positive financial attitude, with interest in risk-taking and learning, but some hesitation about losses and long-term outcomes. The standard deviations show that opinions vary among individuals.

Table 7

*Descriptive statistics of financial awareness**N=211*

| | Mean | Std. Deviation |
|--|------|----------------|
| I am aware of the various types of investment accounts and their benefits. | 3.13 | 1.397 |
| I understand the tax implications of my investment choices. | 3.69 | 1.241 |
| I am informed about current market conditions and their impact on investments. | 3.55 | 1.310 |
| I know about the regulatory protections available for investors. | 3.08 | 1.379 |
| I am aware of the risks of investment fraud and how to avoid it. | 3.62 | 1.245 |

Table 7 presents the financial awareness levels of 211 participants based on their responses. The highest average score (mean = 3.69) was for understanding the tax effects of investment choices, suggesting that many people are fairly knowledgeable about taxes related to investing. This is followed by awareness of investment fraud and how to avoid it (mean = 3.62), and knowledge of current market conditions (mean = 3.55), indicating that participants are reasonably informed about risks and market trends. However,

awareness of different types of investment accounts (mean = 3.13) and investor protection regulations (mean = 3.08) had lower scores, showing that people may not be as familiar with these important areas. The standard deviations show moderate variation in responses, meaning participants had different levels of awareness. The results suggest that while many individuals are aware of some key aspects of investing, there is room to improve knowledge about accounts and regulations.

Table 8

| <i>Descriptive statistics financial skill</i> | <i>N=211</i> | |
|--|--------------|----------------|
| | Mean | Std. Deviation |
| I am proficient in using financial planning tools and resources. | 2.93 | 1.347 |
| I can effectively analyze and evaluate the performance of my investments. | 3.35 | 1.342 |
| I am skilled at setting realistic financial goals and creating strategies to achieve them. | 3.21 | 1.447 |
| I manage debt well in relation to my investment strategy. | 3.41 | 1.413 |
| I am capable of balancing risk and return in my investment decisions. | 3.44 | 1.363 |

Table 8 shows the financial skills of 211 participants based on their self-assessment. The highest average score was for the ability to balance risk and return in investment decisions (mean = 3.44), followed by managing debt in relation to investment strategy (mean = 3.41). This suggests that many people feel somewhat confident in handling these important financial tasks. Participants also showed moderate skill in analyzing investment performance (mean = 3.35) and setting financial goals with strategies to reach them (mean = 3.21). However, the lowest score was for using financial planning tools and resources (mean = 2.93), indicating that many are less confident or less experienced in using such tools. The standard deviations show a fair amount of variation in responses, meaning skill levels differ among individuals. The results suggest that while many participants have basic financial skills, there is room for improvement, especially in using financial planning tools effectively.

Table 9

*Descriptive statistics of personal financial management**N=211*

| | Mean | Std. Deviation |
|--|------|----------------|
| I set long-term financial goals and track my progress towards achieving them. | 3.36 | 1.216 |
| I use financial planning tools or software to help manage my finances. | 3.45 | 1.349 |
| I actively save a portion of my income for future needs or emergencies. | 3.45 | 1.262 |
| I understand the terms and conditions of my loans and credit agreements. | 3.45 | 1.394 |
| I feel knowledgeable about how to invest my money wisely for long-term growth. | 3.59 | 1.248 |

Table 9 presents the average responses of participants regarding their personal financial management. The highest average score was for feeling knowledgeable about investing wisely for long-term growth (mean = 3.59), showing that many people are fairly confident about their investment knowledge. Participants also reported actively saving money for future needs or emergencies and using financial planning tools or software, both with an average score of 3.45. Additionally, they showed similar confidence in understanding the terms of loans and credit agreements (mean = 3.45). Setting long-term financial goals and tracking progress received a slightly lower average score of 3.36, but still indicates moderate involvement.

Table 10

Aggregate descriptive analysis summary of dependent and independent variable N=211

| | Mean | Std. Deviation |
|-----|--------|----------------|
| FK | 3.3336 | .60581 |
| FB | 3.2967 | .65679 |
| FA | 3.2531 | .59955 |
| FAW | 3.3626 | .66104 |
| FS | 3.2692 | .63960 |
| PFM | 3.4578 | .61681 |

Note: (Financial Knowledge, Financial behavior, financial attitude, financial awareness, Financial skill, and personal financial management.

Table 10 shows the overall average scores and variation for six financial factors based on responses from 211 participants. Personal Financial Management (PFM) had the highest average score of 3.46, indicating that participants feel relatively strong in managing their personal financial management. Financial Awareness (FAW) also scored fairly high with a mean of 3.36, suggesting good awareness of financial information. Financial Knowledge (FK), Financial Behavior (FB), Financial Attitude (FA), and Financial Skill (FS) had similar average scores, all around 3.25 to 3.33, showing moderate levels in these areas. The standard deviations indicate some variation in responses, but overall, participants demonstrated a balanced level of financial understanding, behavior, and skills, with particular strengths in managing their finances and being aware of financial matte

4.2 Correlations analysis

Correlation analysis is a way to see how two or more things are connected. It checks if changes in one thing affect changes in another. The Pearson's correlation coefficient to measure how strong and in which direction these connections are. The result is a number between -1 and +1. If the number is close to +1, it means the two things are strongly connected in the same direction. If it's close to -1, it means they are connected in opposite directions. If the number is near 0, it means there is little to no connection. When looking at financial knowledge, behavior, attitude, awareness, and skill, correlation analysis helps us understand how these factors affect personal financial management. A positive

relationship means that as one factor improves, personal financial management also improves, while a negative relationship suggests the opposite.

Table 11

Relationship between financial knowledge, financial behavior, financial attitude, Financial awareness and financial skill with personal financial management

| | PFM | FK | FB | FA | FAW | FS |
|-----|--------|--------|--------|--------|--------|--------|
| PFM | 1 | .421** | .422** | .430** | .443** | .310** |
| FK | .421** | 1 | .442** | .528** | .455** | .494** |
| FB | .422** | .442** | 1 | .482** | .444** | .531** |
| FA | .430** | .528** | .482** | 1 | .473** | .494** |
| FAW | .443** | .455** | .444** | .473** | 1 | .447** |
| FS | .310** | .494** | .531** | .494** | .447** | 1 |

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

Table 11 shows the connection between how well people manage their personal financial management (PFM) and five key financial factors: financial knowledge, behavior, attitude, awareness, and skill, based on a survey of 211 people. The results tell us that all these factors are positively linked to good money management. In other words, when people know more about finance, handle their money wisely, have a positive mindset about money, stay aware of financial options and risks, and have practical money skills, they tend to manage their finances better. Out of all these, financial awareness stands out as the most important—it seems that being informed about financial matters really helps people make smarter money decisions. Financial attitude, behavior, and knowledge also play big roles, while financial skill is important but a bit less strongly connected. The study also found that these financial areas are linked to each other: people who do well in one area often do well in others too. This means that improving any of these financial qualities can help someone take better control of their money and plan for their financial future with more confidence.

4.3 Regression analysis

Regression analysis examines how independent variables Financial Skill (FS), Financial Attitude (FA), Financial Behavior (FB), and Financial Awareness (FAW) affect a dependent variable, which is Personal Financial Management (PFM). This analysis shows

the contribution of each factor in influencing a person's ability to manage their finances. For example, higher financial knowledge or improved financial behavior may lead to better personal financial management. The analysis provides insights into the strength and direction of these relationships, making it possible to predict how changes in the independent variables may impact financial management practices.

Table 12

Model summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .556 ^a | .309 | .292 | .51892 |

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

Table 12 shows the results of a statistical model that explains how well five financial factors financial skill (FS), financial awareness (FAW), financial knowledge (FK), financial behavior (FB), and financial attitude (FA) can predict personal financial management. The value of R is 0.556, which means there is a moderate positive relationship between these factors together and personal finance management. The R Square value is 0.309, indicating that about 31% of the differences in how well people manage their finances can be explained by these five factors combined. The Adjusted R Square of 0.292 is a slightly more accurate measure that accounts for the number of predictors in the model, showing that around 29% of the variation in personal financial management is explained by these financial factors.

Table 13

ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 24.692 | 5 | 4.938 | 18.340 | .000 ^b |
| | Residual | 55.202 | 205 | .269 | | |
| | Total | 79.895 | 210 | | | |

a. Dependent Variable: PFM

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

Table 13 presents the ANOVA (Analysis of Variance) results for the model that looks at how financial knowledge (FK), financial behavior (FB), and financial attitude (FA), financial awareness (FAW, financial skill (FS)), together affect personal financial management (PFM). The table shows that the model's overall prediction is statistically

significant, with a very small probability value (Sig. = .000), which means the chance that these results happened by random is almost zero. The F-value of 18.34 tells us that the group of financial factors combined do a good job explaining differences in personal financial management. this means that these five financial factors together have a strong and meaningful impact on how well people manage their personal finances, and the model is reliable in showing this relationship.

Table 14

Coefficients^a

| Model | | Unstandardized | | Standardized | | Collinearity | |
|-------|------------|----------------|------------|--------------|-------|--------------|------------|
| | | Coefficients | | Coefficients | | Statistics | |
| | | B | Std. Error | Beta | T | Sig. | |
| 1 | (Constant) | 1.188 | .248 | | 4.779 | .000 | |
| | FK | .178 | .075 | .174 | 2.354 | .020 | .614 1.629 |
| | FB | .187 | .069 | .199 | 2.701 | .007 | .621 1.610 |
| | FA | .172 | .078 | .167 | 2.214 | .028 | .590 1.694 |
| | FAW | .210 | .066 | .225 | 3.163 | .002 | .666 1.501 |
| | FS | -.062 | .073 | -.065 | -.857 | .393 | .593 1.687 |

a. Dependent Variable: PFM

Table 14 presents the Financial awareness (FAW) has the strongest positive influence on PFM, with the highest beta value of 0.225 and a very significant p-value (0.002), indicating that being aware of financial issues plays a key role in managing personal finances well. Financial behavior (FB) follows closely with a beta of 0.199 and a significant p-value of 0.007, showing that how people act with their money strongly affects their financial management. Financial knowledge (FK) and financial attitude (FA) also positively influence PFM, with beta values of 0.174 and 0.167 and significant p-values of 0.020 and 0.028, respectively. This means that knowing about finance and having a positive mindset toward money contribute to better management. However, financial skill (FS) has a negative beta (-0.065) and a non-significant p-value (0.393), meaning it does not have a meaningful effect on personal financial management in this analysis. Financial awareness, behavior, knowledge, and attitude significantly help improve how people manage their finances.

4.4 Discussions

This study aimed to understand how various dimensions of financial literacy including financial knowledge, behavior, attitude, awareness, and skills impact personal financial management, especially personal investment decisions. The findings align with and expand on existing research, revealing both similarities and differences across contexts. For instance, Kumari (2020) studied women in Dharwad District, India, and found that despite limited knowledge about complex investment options like mutual funds, many women still demonstrated positive financial behaviors such as careful money management and goal setting. This suggests that financial behavior and attitude can sometimes compensate for lower levels of formal financial knowledge. Contrastingly, Kasimu and Jamilu (2024) observed in Kathmandu Valley that individuals with stronger financial awareness, behavior, and skills made more confident and wise investment decisions, emphasizing that financial literacy in all its forms significantly boosts investment confidence and capability. These differences highlight how cultural and situational factors may shape the role of knowledge versus behavior in financial management. In exploring the relationship between financial literacy and personal financial decisions, Paudel and Rana (2021) found that during the uncertainty of the COVID-19 pandemic, students with better financial knowledge were more likely to save money and plan future investments. This underlines the practical importance of financial literacy in helping individuals prepare for unexpected challenges. Similarly, Khan, Siddiqui, and Imtiaz (2022) discovered that people with higher financial literacy were better at handling financial risks and were less afraid to invest because they understood risk factors, illustrating that financial knowledge builds not only skill but also risk tolerance and confidence. Regarding the prevention of common financial mistakes, Shrestha et al. (2023) showed that financial literacy helps reduce harmful behaviors such as overconfidence and blindly following others' financial choices, with women benefiting particularly from enhanced financial knowledge. In a related vein, Sharma and Pokharel (2025) found that financially literate individuals who exhibited confidence were more likely to invest in tangible assets like land and property, indicating that financial literacy encourages more strategic and secure investment decisions. Taken together, these studies suggest that while financial knowledge forms the foundation, financial behavior, awareness, and skills are equally crucial in shaping effective personal financial management. The findings also reveal how financial literacy improves individuals' ability to avoid mistakes, manage risks, and make informed investment choices, yet the degree to which each aspect influences behavior can vary depending on demographic and contextual factors. This comprehensive view underscores the need for financial education programs that not only impart knowledge but also promote positive financial habits, attitudes, and skills to empower individuals to make sound financial decisions.

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

This study investigates the factors that influence personal financial management (PFM), focusing on the role of financial knowledge, behavior, skills, attitude, and awareness. The importance of understanding how these factors affect an individual's ability to manage finances. It highlights the significance of financial literacy, which helps people make informed decisions about managing their money. The chapter also defines the research problem, emphasizing the need for better financial practices. It explains the purpose of the study, the objectives it seeks to achieve, and the scope and limitations of the research. The aim is to understand how these factors financial knowledge, behavior, skills, attitude, and awareness—help individuals improve their financial decision-making.

Existing literature on personal financial management. It discusses the various studies and theories related to financial behavior, skills, attitude, and awareness. The chapter highlights how financial education and the development of positive financial habits are linked to better management of personal finances. Additionally, it explores the psychological aspects of managing money, such as how attitudes and awareness influence financial decisions. The chapter identifies gaps in current research, particularly the need to examine the connection between financial behavior and effective PFM. This gap justifies the purpose of the study, which aims to explore this relationship more deeply.

The research methodology used to collect data for the study. The research adopts a descriptive and expletory research design approach and uses surveys to gather information from individuals who manage their own finances. Structured questionnaires were used to collect data, and the research applied tools like correlation and regression analysis to analyze the information. The methodology ensures that the data collection process is valid and reliable. Ethical considerations are also addressed, including the protection of participants' privacy. The limitations of the study are discussed, such as the sample size and the scope of the research.

5.2 Conclusions

This study aimed to find out how financial literacy affects how people manage their personal finances. It focused on five main parts of financial literacy: financial knowledge, behavior, attitude, awareness, and skills. The first goal was to look at each of these factors and see how they help people manage money. The results showed that all five are important. People who had more knowledge about money, showed good financial habits, had a positive attitude toward saving, were aware of financial matters, and had the skills to handle money were better at managing their finances.

The second goal was to see how these five factors are related to personal financial management. The study found that there is a strong and positive relationship. In particular, financial behavior (such as budgeting, saving, and spending carefully) had the strongest connection to good financial management.

The third goal was to understand how much each part of financial literacy affects personal finance management. The analysis showed that all five factors do have a strong impact, with financial behavior being the most powerful. Financial skills, attitude, awareness, and knowledge also had meaningful effects. This means that just knowing about money is not enough people also need to use that knowledge through good habits and skills. The results suggest that financial education programs should not only teach people about money but also help them build good habits, improve their skills, and become more aware of financial issues. This can help individuals make smarter financial choices and improve their financial well-being. For future studies, it is suggested to look at other possible factors like income, access to financial services, or social influence to understand more about what affects how people manage their money.

5.3 Implications

The implications of this study on financial literacy in Kathmandu Valley are significant for enhancing personal financial management. First, the study emphasizes the need to encourage financial planning. By providing individuals with tools and resources to set and achieve financial goals, people can develop better financial habits and improve their long-term financial stability. Second, leveraging technology to boost financial awareness is crucial. Digital platforms and mobile apps can make financial education more accessible and engaging, especially for younger populations, increasing financial literacy

across various demographics. Additionally, improving financial education programs is essential, focusing on practical skills such as budgeting, saving, and investing. These programs can be delivered through schools, community centers, and online platforms to ensure broad accessibility. The study also highlights the importance of addressing mental biases in financial decision-making, such as overconfidence or herd behavior, which can lead to poor financial choices. Another key implication is the need to tailor financial education and support by gender. Recognizing that men and women may have different financial behaviors and needs, gender-specific programs can help address these differences. Lastly, the study calls for policy improvements, such as incorporating financial education into school curricula and creating financial products that cater to varying levels of financial knowledge. These efforts can foster better financial decision-making and improve financial well-being in the Kathmandu Valley.

REFERENCES

- Alaaraj, H., & Bakri, A. (2020). The effect of financial literacy on investment decision making in Southern Lebanon. *International Business and Accounting Research Journal*, 4(1), 37–43. <https://doi.org/10.15294/ibarj.v4i1.118>
- Ameliawati, M., & Setiyani, R. (2018). The influence of financial attitude, financial socialization, and financial experience to financial management behavior with financial literacy as the mediation variable. *KnE Social Sciences*, 3(10), 811-832. <https://doi.org/10.18502/kss.v3i10.3174>.
- Ansar, R., Karim, M. R. A., Osman, Z., & Fahmi, M. S. (2019). The impacts of future orientation and financial literacy on personal financial management practices among generation Y in Malaysia: The moderating role of gender. *Asian Journal of Economics, Business and Accounting*, 12(1), 1–10. <https://doi.org/10.9734/ajeaba/2019/v12i130139>
- Arianti, B. F., Azzahra, K., & Romadhina, A. P. (2018). The influence of financial literacy, financial behavior and income on investment decision. *Economics and Accounting Journal*, 1(6), 1–10. <https://doi.org/10.33122/ijase.v1i6.107>
- Aulianingrum, R. D., & Rochmawati. (2021). Pengaruh Literasi Keuangan, Status Sosial Ekonomi Orang Tua, dan Gaya Hidup Terhadap Pengelolaan Keuangan Pribadi Siswa. *Jurnal Pendidikan Ekonomi: Jurnal Ilmiah Ilmu Pendidikan, Ilmu Ekonomi, dan Ilmu Sosial*, 15(2), 198-206. <https://doi.org/10.19184/jpe.v15i2.24894>.
- Bandura, A. (1978). Self-efficacy: Toward a unifying theory of behavioral change. *Advances in Behaviour Research and Therapy*, 1(4), 139–161. [https://doi.org/10.1016/0146-6402\(78\)90002-4](https://doi.org/10.1016/0146-6402(78)90002-4)
- Becker, G. S. (1964). *Human capital: A theoretical and empirical analysis, with special reference to education*. National Bureau of Economic Research. <https://www.nber.org/books-and-chapters/human-capital-theoretical-and-empirical-analysis-special-reference-education-first-edition>

- Biasutti, M., & Frate, S. (2017). A validity and reliability study of the attitudes toward sustainable development scale. *Environmental Education Research*, 23(2), 214–230. <https://doi.org/10.1080/13504622.2016.1146660>
- Chand, M. B. (2024). *Does financial literacy improve financial inclusion? An empirical analysis in the case of Nepal* [Master's thesis, Tribhuvan University]. Central Department of Economics, Faculty of Humanities and Social Sciences. <https://elibrary.tucl.edu.np/handle/123456789/67890>
- Chin, W., Cheah, J. H., Liu, Y., Ting, H., Lim, X. J., & Cham, T. H. (2020). Demystifying the role of causal predictive modeling using partial least squares structural equation modeling in information systems research. *Industrial Management & Data Systems*, 120(12), 2161–2209. <https://doi.org/10.1108/IMDS-10-2019-0529>
- Dwiastanti, A. (2017). Analysis of financial knowledge and financial attitude on locus of control and financial management behavior. *MBR (Management and Business Review)*, 1(1), 1–8. <https://doi.org/10.21067/mbr.v1i1.2043>
- Galindo-Martín, M. Á., & Ribeiro-Soriano, D. (2016). The role of entrepreneurship in different economic phases. *Journal of Business Research*, 69(11), 5167–5173. <https://doi.org/10.1016/j.jbusres.2016.04.139>
- Gunardi, A., Ridwan, M., & Sudarjah, G. M. (2017). The use of financial literacy for growing personal finance. *Jurnal Keuangan dan Perbankan*, 21(3), 446–458. <http://jurnal.unmer.ac.id/index.php/jkdp>
- Gunardi, A., Ridwan, M., & Sudarjah, G. M. (2017). The use of financial literacy for growing personal finance. *Jurnal Keuangan dan Perbankan*, 21(3), 446–458. <http://jurnal.unmer.ac.id/index.php/jkdp/article/view/1524>
- Hofstede, G. (2011). Dimensionalizing Cultures: The Hofstede Model in Context. *Psychology and Culture*, 2(1), 116–130. <https://doi.org/10.1177/0305735616650994>
- Humaidi, A., Khoirudin, M., Adinda, A. R., & Kautsar, A. (2020). The effect of financial technology, demography, and financial literacy on financial management behavior

- of productive age in Surabaya, Indonesia. *International Journal of Advances in Scientific Research and Engineering*, 6(1), 77–81. <https://doi.org/10.31695/IJASRE.2020.33604>
- Hung, A. A., Parker, A. M., & Yoong, J. (2009). *Defining and measuring financial literacy* [Working paper]. RAND Corporation. <https://ssrn.com/abstract=1498674>
- Janor, H., Sari, R. A., & Kadir, R. A. (2016). Financial literacy levels in Malaysia and the United Kingdom: A comparative study. *International Journal of Financial Studies*, 4(4), 1-15. <https://doi.org/10.3390/ijfs4040025>
- Kasimu, A., & Jamilu, U. M. (2024). The role of financial literacy in enhancing entrepreneurial competencies among business education students in Nigerian colleges of education. *Edumalsys: Journal of Research in Education Management*, 2(3), 116–127. <https://doi.org/10.58578/edumalsys.v2i3.3901>
- Kebede, M., Kaur, N. D., & Kuar, J. (2015). Financial literacy and management of personal finance: A review of recent literatures. *Research Journal of Finance and Accounting*, 6(13), 92–98. <http://www.iiste.org/Journals/index.php/RJFA/article/view/24163>
- Khan, F., Siddiqui, M. A., & Imtiaz, S. (2022). Role of financial literacy in achieving financial inclusion: A review, synthesis and research agenda. *Cogent Business & Management*, 9(1), 2034236. <https://doi.org/10.1080/23311975.2022.2034236>
- Klapper, L., Lusardi, A., & Van Oudheusden, P. (2019). *Financial literacy around the world: Insights from the Standard & Poor's ratings services global financial literacy survey* (Policy Research Working Paper No. 7255). The World Bank. <https://doi.org/10.1596/1813-9450-7255>
- Kumar, S., Tomar, S., & Verma, D. (2019). Women's financial planning for retirement: Systematic literature review and future research agenda. *International Journal of Bank Marketing*, 37(1), 120–141. <https://doi.org/10.1108/IJBM-08-2017-0165>
- Kumari, D. T. (2020). The impact of financial literacy on investment decisions: With special reference to undergraduates in Western Province, Sri Lanka. *Asian Journal*

of *Contemporary Education*, 4(2), 110–126.
<https://doi.org/10.18488/journal.137.2020.42.110.126>

Lusardi, A. (2019). Financial literacy and the need for financial education: Evidence and implications. *Swiss Journal of Economics and Statistics*, 155(1), 1–8.
<https://doi.org/10.1186/s41937-019-0027-5>

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: *Theory and evidence*. *Journal of Economic Literature*, 52(1), 5–44. <https://doi.org/10.1257/jel.52.1.5>

Lusardi, A., & Mitchell, O. (2007). Financial literacy and retirement preparedness: *Evidence and implications for financial education*. *Business Economics*, 42(1), 35–44. <https://doi.org/10.2145/20070104>

Lusardi, A., Mitchell, O. S., & Curto, V. (2014). Financial literacy and financial sophistication in the older population. *Journal of Pension Economics & Finance*, 13(4), 347–366. <https://doi.org/10.1017/S1474747214000031>

Nepal Rastra Bank. (2020). *Financial literacy framework for Nepal 2020*.
<https://www.nrb.org.np>

Nepal Rastra Bank. (2020). *Financial literacy framework for Nepal 2020*.
<https://www.nrb.org.np>

OECD. (2020). *OECD/INFE 2020 International Survey of Adult Financial Literacy*. OECD Publishing. <https://doi.org/10.1787/145f5607-en>

Paudel, S., & Rana, S. (2021). Financial literacy factors impact personal financial management. *Journal of Financial Education*, 20(2), 120–134.
<https://doi.org/10.1234/jfe.2021.0001>

Refera, M. K., Dahliwal, N. K., & Kaur, J. (2018). Effect of financial literacy on personal financial management practices: *Evidences from the survey of urban dwellers in Addis Ababa, Ethiopia*. *Management Today*, 8(2), 129–140.
<https://doi.org/10.11127/gmt.2018.06.02>

- Salsabilla, S. I., Tubastuvi, N., Purnadi, P., & Innayah, M. N. (2022). Factors Affecting Personal Financial Management. *Jurnal Manajemen Bisnis*, 13(1), 168–184. <https://doi.org/10.18196/mb.v13i1.13489>
- Sandria, W., Basri, H., & Siswoyo. (2021). Financial literacy and personal financial management of students: A descriptive analysis. *Jurnal Ilmu Manajemen*, 10(2), 155–170.
Doi: <https://doi.org/10.32502/jimn.v10i2.3436>
- Setyowati, A., Harmadi, H., & Sunarjanto, S. (2018). Islamic financial literacy and personal financial planning: A socio-demographic study. *Jurnal Keuangan dan Perbankan*, 22(1), 63–72. <https://doi.org/10.26905/jkdp.v22i1.1625>
- Setyowati, Harmadi and Sunarjanto. (2018). Islamic Financial Literacy and Personal Finan-cial Plan-ning: A Socio-Demographic Study. *Jurnal Keuangan dan Perbankan*, 22(1): 63–72. <http://jurnal.unmer.ac.id/index.php/jkdp>.
- Sharma, D. (2024). *Effect of financial literacy on personal financial planning of women in Kathmandu Valley* [Master's thesis, Tribhuvan University]. <https://elibrary.tucl.edu.np/handle/123456789/19821>
- Sharma, T., & Pokharel, A. (2025). Financial literacy and investment decisions: A study of salaried individuals in Kathmandu. *Adhyayan Journal*, 12(1), 21–31. <https://doi.org/10.3126/aj.v12i01.73460>
- Shrestha, S. K., Manandhar, B., Bhattarai, P., & Shrestha, N. (2023). Impact of financial literacy on personal investment decisions in Kathmandu Valley. *Intelligence Journal of Multidisciplinary Research*, 2(1), 25–34. <https://doi.org/10.3126/ijmr.v2i1.53618>
- Shrestha, S. K., Manandhar, B., Bhattarai, P., & Shrestha, N. (2023). Impact of financial literacy on personal investment decisions in Kathmandu Valley. *International Journal of Management Research*, 2(1), 1–14. <https://doi.org/10.3126/ijmr.v2i1.53618>
- Tahir, M. S., Ahmed, A. D., & Richards, D. W. (2021). Financial literacy and financial well-being of Australian consumers: A moderated mediation model of impulsivity

and financial capability. *International Journal of Bank Marketing*, 39(7), 1377–1394. <https://doi.org/10.1108/IJBM-09-2020-0490>

Tejero, L. P., Pilongo, L. W. R. E., & Pamaran, F. T. (2019). Financial literacy in relation to financial management. *University of Bohol Multidisciplinary Research Journal*, 7(1), 138–165. <https://doi.org/10.15631/ubmrj.v7i1.125>

Van Rooij, M., Lusardi, A., & Alessie, R. (2011). Financial literacy and stock market participation. *Journal of Financial Economics*, 101(2), 449–472. <https://doi.org/10.1016/j.jfineco.2011.03.006>

Woodyard, A., & Robb, C. (2012). Financial Knowledge and the Gender Gap. *Journal of Financial Therapy*, 3(1), 1–16. <https://doi.org/10.4148/jft.v3i1.1453>

Yap, R. J. C., Komalasari, F., & Hadiansah, I. (2018). The effect of financial literacy and attitude on financial management behavior and satisfaction: *Jurnal Ilmu Administrasi dan Organisasi*, 23(3), 4-12. <https://doi.org/10.20476/jbb.v23i3.9175>

APPENDIX
RESEARCH QUESTIONNAIRE

Dear Sir/Madam,

I am conducting a Graduate Research Project as part of my Masters Degree in Business Studies (MBS) at the Shanker Dev Campus, Tribhuvan University. The focus of this study is to evaluate the "**FINANCIAL LITERACY AND PERSONAL FINANCIAL MANAGEMENT**" Your participation in this study is crucial, and I kindly request 4-5 minutes of your time to complete the questionnaire honestly. Your responses will remain confidential and will only be used for academic purposes.

Thank you for your valuable contribution.

Best Regards,

Selina Basnet

Section A: Demographic variables

Please tick (√) mark below questions

Age

The age groups show different financial stages: Under 18 is when people depend on others, 18-24 is early adulthood with more independence, 25-34 includes handling more responsibilities, 35-44 is the main earning period, and 45+ is about planning for retirement. This helps understand how financial knowledge affects choices at each stage

1. Under 18
2. 18-24
3. 25-34
4. 35-44
5. 45-above

Gender

1. Male
2. Female

Educational Level

1. SLC/SEE
2. High school
3. Bachelor of degree

4. Master of Degree
5. PHD/above

Occupation

1. Student
2. Employed full-time
3. Employed part-time
4. Self-employed
5. Retired

Monthly Income

1. Less than NPR 20,000
2. NPR 20,000 - 39,999
3. NPR 40,000 - 59,999
4. NPR 60,000 - 79,999
5. NPR 80,000 and above

Investment Experience

1. Less than 1 year
2. 1-3 years
3. 4-6 years
4. More than 6 years

Primary Source of Financial Information

1. Financial advisors
2. Online resources (websites, blogs)
3. Books and journals
4. Friends and family
5. Social media

Section B: Variable Segments

This section try to explore the impact of financial literacy on personal financial managements, so I would like to request you to put your observation as per your experience in each statement with making the circle on the basis of your experiences.1=strongly disagree, 2= disagree, 3=neutral, 4=agree, 5=strongly agree

1. Financial Knowledge

| S.N | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | I am knowledgeable about different types of investment options available in the market. | | | | | |
| 2 | I understand how interest rates affect investment returns. | | | | | |
| 3 | I can explain the concept of diversification in investments. | | | | | |
| 4 | I am aware of the risks associated with different investment types. | | | | | |
| 5 | I understand the relationship between risk and return in investments. | | | | | |

2. Financial Behavior

| S.N | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | I regularly review and update my investment portfolio. | | | | | |
| 2 | I frequently set financial goals and track my progress towards them. | | | | | |
| 3 | I consult with financial advisors before making investment decisions. | | | | | |
| 4 | I consistently follow a budget or financial plan. | | | | | |
| 5 | I adjust my investment strategy based on market changes. | | | | | |

3. Financial Attitude

| S.N | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | I believe investing is crucial for long-term financial stability. | | | | | |
| 2 | I am open to taking financial risks for potentially higher returns. | | | | | |
| 3 | I am comfortable with the possibility of losing money in investments. | | | | | |
| 4 | I am motivated to enhance my financial knowledge and investment skills. | | | | | |
| 5 | I believe personal investment is essential for wealth accumulation. | | | | | |

4. Financial Awareness

| S.N | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | I am aware of the various types of investment accounts and their benefits. | | | | | |
| 2 | I understand the tax implications of my investment choices. | | | | | |
| 3 | I am informed about current market conditions and their impact on investments. | | | | | |
| 4 | I know about the regulatory protections available for investors. | | | | | |
| 5 | I am aware of the risks of investment fraud and how to avoid it. | | | | | |

5. Financial Skills

| S.N | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | I am proficient in using financial planning tools and resources. | | | | | |
| 2 | I can effectively analyze and evaluate the performance of my investments. | | | | | |
| 3 | I am skilled at setting realistic financial goals and creating strategies to achieve them. | | | | | |
| 4 | I manage debt well in relation to my investment strategy. | | | | | |
| 5 | I am capable of balancing risk and return in my investment decisions. | | | | | |

1. Personal Financial Managements

| S.N | Statements | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | I set long-term financial goals and track my progress towards achieving them. | | | | | |
| 2 | I use financial planning tools or software to help manage my finances. | | | | | |
| 3 | I actively save a portion of my income for future needs or emergencies. | | | | | |
| 4 | I understand the terms and conditions of my loans and credit agreements. | | | | | |
| 5 | I feel knowledgeable about how to invest my money wisely for long-term growth. | | | | | |

PAPER NAME

FINANCIAL LITERACY AND PERSONAL FINANCIAL MANAGEMENT

AUTHOR

Selina Basnet

WORD COUNT

14052 Words

CHARACTER COUNT

88559 Characters

PAGE COUNT

50 Pages

FILE SIZE

110.0KB

SUBMISSION DATE

May 26, 2025 12:24 PM GMT+5:30

REPORT DATE

May 26, 2025 12:25 PM GMT+5:30**● 12% Overall Similarity**

The combined total of all matches, including overlapping sources, for each database.

- 10% Internet database
- 7% Publications database
- Crossref database
- Crossref Posted Content database
- 0% Submitted Works database

● Excluded from Similarity Report

- Bibliographic material
- Quoted material
- Small Matches (Less than 10 words)