

DETERMINANTS OF FINANCIAL LITERACY IN KIRTIPUR MUNICIPALITY

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by

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of the dissertation entitled **'Determinants of Financial Literacy in Kirtipur Municipality.'** The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees, nor it has been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work have been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

Ms. Sajina Mali has defended the research proposal entitled “**Determinants of Financial Literacy in Kirtipur Municipality**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Jhabindra Pokharel and submit the thesis for evaluation and viva voce examination.

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We, the undersigned, have examined the dissertation entitled “**Determinants of Financial Literacy in Kirtipur Municipality,**” presented by Sajina Mali a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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TABLE OF CONTENTS

<i>Title Page</i>	<i>i</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>Acknowledgements</i>	<i>v</i>
<i>Table of Contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>viii</i>
<i>List of Figures</i>	<i>ix</i>
<i>Abbreviation</i>	<i>x</i>
<i>Abstract</i>	<i>xi</i>
CHAPTER-I	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	4
1.3 Objectives of the Study	7
1.4 Research Hypothesis	8
1.5 Rationale of the study	8
1.6 Limitations	9
CHAPTER-II	10
LITERATURE REVIEW	10
2.1 Theoretical Review	10
2.1.1 Behavioral Finance Theory	10
2.1.2 Prospect Theory	11
2.1.3 Life Cycle Theory	12
2.2 Emperical Review	12
An analysis of personal financial literacy among college students	20
2.3 Research Gap	21
CHAPTER III	22
RESEARCH METHODOLOGY	22
3.1 Research Design	22
3.2 Population and Sample	22

3.3 Sources of Data	23
3.4 Data Collection Processing Procedures	23
3.5 Data Analysis Tools and Techniques	24
3.6 Model Specification	25
3.7 Pilot Test	25
3.8 Research Framework	26
3.9 Operational Definition of the Variables	26
CHAPTER IV	29
RESULTS AND DISCUSSION	29
4.1 Results	29
4.1.1 Respondents Profile	29
4.1.2 Descriptive Analysis of Financial Knowledge	31
4.1.3 Analysis of Financial Literacy	37
4.2. Discussion	39
CHAPTER V	43
SUMMARY AND CONCLUSIONS	43
5.1 Summary	43
5.2 Conclusions	44
5.3 Implications	45
BIBLIOGRAPHY	
Appendix	

LIST OF TABLES

Table 3.1	Cronbach's Alpha of Variables	27
Table 4.1	Demographic Characteristics of Respondents	29
Table 4.2	Frequency and Percentage of Components of Financial Knowledge	30
Table 4.3	Mean Percentage of correct responses to each section by characteristics of sample	31
Table 4.4	Frequency and Percentage in Financial Behaviour	34
Table 4.5	Descriptive Statistics of Financial Behavior	35
Table 4.6	Mean and Standard Deviation in Financial Attitude	36
Table 4.7	Results of ANOVA	37
Table 4.8	Omnibus Tests of Model Coefficients	37
Table 4.9	Summary of Logistic Regression	38

LIST OF FIGURES

Figure Number	Title	Page No.
3.1	Research Framework Models	25

ABBREVIATIONS

ANOVA	:	Analysis of Variance
DF	:	Degree of Freedom
IPO	:	Initial Public Offering
MS	:	Microsoft
NGOs	:	Non-government Organizations
NPR	:	Nepalese Rupees
NRB	:	Nepal Rastra Bank
OECD	:	The Organization for Economic Cooperation and Development
SD	:	Standard Deviation
SE	:	Standard Error
SPSS	:	Statistical Package for Social Science Research

ABSTRACT

The main objective of the research is to analyze people's financial literacy and the impact of demographic, educational, and personality characteristics on financial literacy. This study surveyed 300 residents of Kirtipur Municipality. The analysis is carried out using mean, standard deviation, ANOVA, and logistic regression. The research results show that most people have a basic understanding of the stock market, banking, taxation, net worth, inflation, and compound interest rates, but they lack understanding of insurance, numeracy, and credit analysis. The study also highlighted age, family monthly income, degree of education, educational stream, financial behavior, and financial attitude as factors of financial literacy. Gender, family income, educational stream, level education, and financial behaviour have no impact on financial knowledge. It is concluded that people have basic level of financial knowledge. However, overall financial literacy of the people is affected by financial attitude.

Key words: Financial Literacy, Financial Behaviour & Financial Attitude

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

According to Lusardi and Tufano, financial literacy is the capacity to make straightforward judgments concerning debt arrangements, mainly by using a fundamental understanding of interest compounding (2008). Financial literacy refers to a person's aptitude for and comprehension of putting money away and making investments for their financial security. There are many crucial financial ideas and abilities involved. Knowing how to make a budget, prepare for retirement, manage debt, and restrain personal spending are all aspects of financial literacy. Financial literacy may be measured by how effectively a person comprehends and applies knowledge about their finances.

The various definitions of financial literacy that are mentioned in the literature provide the clearest example of how different definitions of it are. For others, it includes a broad range of concepts, such as understanding economics and how financial considerations affect family decisions. Others discover it focuses too much on basic financial knowledge such as insurance, investing, saving, and budgeting. Worthington, 06.

Financial literacy was defined as "the ability to make knowledgeable judgments and to take effective decisions on the use and management of money" by Noctor, Stoney, and Stradling (1992). Financial literacy is the ability to use and manage money wisely. Schagen and Lines, (1996). Understanding money management concepts, being aware of financial institutions, and having the attitudes necessary to manage finances responsibly and effectively are all components of being financially literate. The capacity to use information and abilities to manage financial resources for long-term financial well-being successfully is known as financial literacy. It entails making wise financial selections, forming sound financial habits, and comprehending financial ideas. Financial literacy requires financial well-being, which is the ability to satisfy present and future financial commitments fully, feel confident about one's financial future, and make decisions that enable one to have a satisfying life.

Financial literacy is the knowledge and abilities that enable one to make prudent financial decisions appropriate for one's financial circumstances. Therefore, understanding a variety of financial subjects, such as personal finance, investing, and money management, is referred to as financial literacy. Since financial literacy is viewed as human capital and contains additional application components, individuals must have the capacity and self-assurance to use their financial knowledge to make financial decisions. It is expected that a well-crafted financial literacy instrument that precisely assesses personal finance knowledge and application would demonstrate the efficacy of financial education in augmenting the human capital required to behave appropriately to enhance financial well-being.

According to Mahdzan and Tabiani (2013), greater financial literacy and ability to encourage better financial decision-making by facilitating better life event planning and management, such as college, home ownership, or retirement. Financial literacy is undoubtedly one of the buzzwords that arose in Nepal at the beginning of the twenty-first century and swiftly found its way into the country's social, economic, and political language. Given Nepal's economic situation, achieving the goal of capital development requires a well-thought-out, encouraged, and targeted investment strategy among rural communities.

The biggest factor influencing university students' financial literacy, according to Albeerdy and Gharleghi (2015), is their level of education. A money-minded mindset greatly enhances college students' financial literacy. Researcher Mendes (2013) discovered that master's degree holders possess a higher level of financial literacy than undergraduates. In addition, those with greater professional experience behave financially more appropriately than those without professional experience. In another perspective, when one's understanding of finance develops, it affects the individual's financial attitude and behavior. Moreover, those who examine financial behavior tend to be better financially educated.

Money affects every element of our lives, including our personal savings, retirement savings, and daily spending. Financial literacy is a foundational skill that is necessary for responsible money management. Responsible money management and sound financial decision-making facilitate financial stability throughout one's life. It also encourages more budgeting and the economical use of limited funds. One can avoid financial difficulties in the future by being very financially literate. By actively using

money as a tool to make decisions that lead to increased life satisfaction, financial literacy aims to help gain financial control.

Policymakers in various fields must understand the degree of financial literacy among the young, as this will help those developing laws protecting younger consumers and those looking to construct successful programs for financial education. Lusardi and associates (2010). Uncertainty about finances can result in risky spending that gets out of control and unsustainable debt loads that eventually cause bankruptcy, bad credit, and other negative outcomes.

Financial literacy is focused on the ability to manage personal finances effectively. This entails having experience in making appropriate choices regarding personal finance matters, such as savings, insurance, real estate, college payments, budgeting, retirement, and tax planning. Individuals with a good understanding of finances should be able to answer transaction questions, determining whether an item is accessible and whether it is considered an asset or a liability.

This field of knowledge sheds light on a person's habits and perceptions towards money, specifically about their daily life. Financial literacy demonstrates how adults make financial decisions and help them create a financial roadmap that outlines their income, expenses, and liabilities. It is also crucial for small business owners, who play a significant role in economic growth and stability. Lack of financial knowledge affects individuals of all ages and socioeconomic classes. Financial illiteracy often leads borrowers to fall prey to predatory loans, subprime mortgages, fraud, and high interest rates. This can result in bad loans, bankruptcies, and foreclosures.

Financial knowledge includes comprehending interest computations, the relationships between inflation and return, pricing and inflation, risk and return, and the importance of diversification in risk management. A person's financial conduct, which includes making on-time payments and saving consistently, determines how they handle their finances. Their financial attitude influences a person's behavior. A person's planning mindset determines their motivation to save and spend money. Therefore, a person's financial knowledge, attitude, and conduct determine their level of financial literacy.

Their level of financial literacy significantly impacts an individual's ability to make well-informed judgments. According to the OECD (2013), financial literacy is the capacity and understanding needed to manage one's finances sensibly. It might also

encourage people to participate in the economy more actively. The financial market is currently in an unstable state. As a result, the issue of financial literacy is causing governments and financial system regulatory agencies to become more worried, which has resulted in the introduction of several initiatives and programs. As part of the government's drive for financial inclusion, Nepal Rastra Bank is required by law (NRB Act, 2002 Section 4(b)) to increase public trust in the banking sector and broaden access to financial services. Their Strategic Plan (2022–2026) aims to "Enhance Financial Literacy, Inclusion, and Access to Finance." This commitment is ongoing.

In Nepal, several financial literacy efforts are carried out by the government, non-governmental organizations (NGOs), and the private sector. The "NRB with Students" program was started in 2014 by the Nepal Rastra Bank, the country's central bank, to raise students' financial literacy. Initiatives aimed at financial literacy for women, victims of conflict, ethnic minorities, and impoverished and marginalized populations are highly prioritized in the NRB Strategy Plan 2012-2016. As a result, since 2012, the NRB has strongly prioritized financial literacy measures in its monetary policy, saying that a "suitable approach should be established" because financial services are inefficient when they lack basic financial literacy. However, there is a lack of studies on financial literacy among young in Nepal. To achieve financial well-being, one must possess financial literacy. It requires making appropriate financial decisions, maintaining good financial habits, and understanding financial concepts. Financial education, which can be given through various methods, can lead to financial literacy. People can make better financial decisions, feel less stressed about finances, and achieve greater financial well-being by becoming more financially literate.

1.2 Problem Statement

Even with low incomes, financially knowledgeable are capable of saving. A country's economic condition will be boosted if the citizens of that country are financially literate. The country's economic situation can improve if its citizens make wise financial decisions and are financially literate. Based on the above information, this study aims to investigate the factors influencing Kirtipur Municipality's financial literacy rate. The nation's financial literacy rate, as reported by the central bank, is 57.9%, indicating that over 40% are still financially ignorant. Additionally, Nepal

Rastra Bank observes a significant disparity between males and women. Women's financial literacy is 7.5% lower than men's, which had a rate of 61.8%. An extra application factor of financial literacy is that a person must possess the confidence and capacity to apply their financial knowledge while making financial decisions.

Although studies reveal considerable imbalances in financial literacy between developed and developing nations due to sex, age, socioeconomic status, and other demographic characteristics, financial well-being heavily depends on financial literacy. The age factor indicates a low level of financial knowledge in adults. Men outscore women in terms of financial well-being and possess more financial knowledge. In the meantime, the age factor reveals that younger behave less sensibly financially and have worse financial literacy, attitude scores, and knowledge than older adults.

Ramaswamy et al. (2013) used a survey to examine the financial literacy awareness of management students at the University of Mauritius. Furthermore, age, gender, language, ethnicity, or economic level had no significant effect on the degree of financial literacy.

According to Thapa and Nepal (2015), the pupils had a favorable attitude towards saving and were greatly affected by their parents at home. It demonstrates that most students have a fundamental understanding of finance but are not well-versed in credit, taxes, investing, financial statements, or insurance.

The effects of demographic characteristics on financial literacy levels have been the subject of numerous literature reviews. Studies conducted more recently by Jeyaram and Mustapha et al. (2015) and Klapper and Lusardi et al. (2020) demonstrate that women are less financially literate than males. In addition, financial literacy levels impact women's understanding less than men's. This gender gap exists in both developing and economically developed nations. A third of males and thirty percent of women globally are financially literate, according to an S&P Global Finlit Survey (2015). Men have better financial skills than women across various age groups, nations, income levels, and educational attainment. Klapper, L.F., and Panos (2011). Financial literacy is unaffected by sex, according to Ibrahim et al. (2016). Because both sexes demonstrate an equal comprehension of financial awareness, they demonstrate that sex does not distinguish financial awareness.

Acquiring knowledge and strengthening one's ability to think and make decisions are the two main goals of education. This enduring concept highlights the growth of the human capacity to comprehend finances and make choices regarding financial issues. While financial education encompasses financial literacy, it is more advanced and contains practical skills to decide on financial issues. Financial literacy concentrates on learning the fundamentals of the subject topic. Knowledge of one's rights to protect oneself through financial literacy results from educational features.

According to other research estimating the impact of financial education on college students, taking a personal finance course in college improved a person's understanding of investments, raising their propensity to save. Likewise, attending personal finance courses in high school or college did not improve a person's understanding of investments. Peng, Fox, Bartholomeae, and Cravener (2007). There is a negative correlation between financial literacy and lower income levels. Stated differently, there is a positive correlation between educational attainment and financial literacy. Similarly, Lusardi et al. (2012) discovered that even after adjusting for demographics, educated individuals have greater levels of financial literacy. Additionally, those with lesser incomes said that financial behaviors, particularly saving, were hindered by a lack of financial understanding Mauldin et al., (2016). Certain research findings indicate that a student's educational path serves as a predictor of their financial literacy. Volpe & Chen (1998).

One of the most significant variables influencing financial literacy is one's financial mindset. Individuals' thoughts, convictions, and perspectives regarding personal finances are called financial attitudes. Using financial resources for one's own financial independence and well-being is known as financial behavior. Individuals' financial behavior is significant, but defining, quantifying, and comprehending can be challenging. According to Koenen et al. (2016), the three primary financial behaviors are saving for retirement, building wealth, and preserving financial stability. It presents retirement planning, wealth accumulation, and financial security as the primary financial behavior. Ibrahim et al. (2009) concluded that a student's social background, financial attitude, financial awareness, and family sophistication all have a major impact on their level of financial literacy. Individuals' financial behavior is significant, but it can be difficult to quantify, characterize, and comprehend. The study concluded that a student's financial literacy level is greatly influenced by their

demographic factors, such as their social background, financial attitude, financial awareness, and family sophistication.

One of the most significant variables influencing financial literacy is attitude toward money. People's thoughts, beliefs, and analyses of their personal finance perspectives are called financial attitudes. Using financial resources for financial well-being and independence is known as financial behavior. Jorgensen et al. (2007) used personal characteristics to examine the personal financial literacy of a sample of undergraduate and graduate college students. Despite the students' low attitude, behavior, and financial understanding scores, the study indicated that these areas improved dramatically from the first to the master's year.

According to multiple studies, Nepal has a low level of financial literacy. Studies that have looked at college students' financial literacy utilizing a variety of assessment areas are uncommon in the Nepalese environment. Three general categories can be used to classify all independent variables: demographic characteristics, personality, and educational characteristics. Several issues are brought up in these instances and warrant further investigation. The study has the following research questions:

- i. What is the current status of Kirtipur Municipality's financial literacy?
- ii. What is the effect of demographic characteristics (gender, age, income) and educational characteristics (level, type, stream) on financial literacy?
- iii. What is the effect of personality factors on financial literacy?

1.3 Objectives of the Study

The study's general objective is to examine the determinants of financial literacy of Kirtipur Municipality. The specific purposes of the research are as follows:

- i. To analyze the current status of financial literacy in Kirtipur Municipality.
- ii. To examine the effect of demographic characteristics (gender, age, income) and educational characteristics (level, type, stream) on the financial literacy of Kirtipur Municipality.
- iii. To examine the effect of Personality factors on financial literacy.

1.4 Research Hypothesis

The following hypotheses have been prepared for the study:

H1: There is a significant difference in financial literacy due to different demographic characteristics (age, gender, income level).

H2: There is a significant difference in financial literacy among different educational characteristics (level, type, stream).

H3: There is a significant difference in financial literacy of Kirtipur Municipality in terms of different personality characteristics (Financial behavior, financial attitude).

1.5 Rationale of the study

This research will add to the existing knowledge of financial literacy. The study is being carried out in Nepal, where there is a growing trend in understanding the value of financial literacy. In other words, this study contributes to the knowledge and investigation of financial literacy among researchers, policymakers, and others. This study focused on analyzing the current state of financial literacy among Kirtipur Municipality residents, which offers an excellent opportunity to examine the residents' financial literacy conditions. Similarly, it looked at how educational and demographic traits affected financial literacy. This study will benefit stakeholders and Nepal Rastra Bank as they plan and implement the literacy program. Similarly, this study will assist financial institutions in launching various plans and initiatives. In addition to the general population, who should assess their level of financial literacy and take appropriate steps to enhance it if needed, the researcher is requesting more variables for future research. This research is important for understanding the factors influencing an individual's financial literacy. Additionally, this study is crucial in giving policy makers, business professionals, government authorities, and business choices an additional basis. This study will also be helpful for future investigations in this field.

1.6 Limitations

- This study only focuses on the financial literacy of Kirtipur municipality. Therefore, the results might not be generalized to reflect Nepal's condition.
- The study only considers variables such as numeracy, compound interest, inflation, money illusion, risk and return, share market, banking, insurance, taxes, credit, and diversification.
- This study takes nine variables as independent and only one variable as the dependent variable.
- The evaluation is made through demographic variables such as gender, age, income level, education stream, and educational and personal variable level to analyze knowledge of Kirtipur municipality.

CHAPTER-II

LITERATURE REVIEW

A brief assessment of the state of knowledge on a particular subject is what a literature review is. It is possible to assess the state of research on a certain topic and identify gaps in knowledge by reading through the literature on the subject. The method of understanding and gaining knowledge about the concept of the related subject matter is through the review of literature. Once the topic of the study has been determined, researchers must examine distinct materials (such as books, journals, magazines, newspapers, articles, etc.) to obtain data regarding the number of problems in the examination. Reading distinctive educational materials related to the research topic under consideration is referred to as "Review of Literature." It enables the research gap to be found. According to Wolf and Pant (2005), a review of the literature aids in the researcher's development of a comprehensive comprehension and insight into earlier research projects that are relevant to the current subject. As such, it offers knowledge regarding the current state of the research field. The goal of the literature review is to ascertain what has been done and what needs to be done in the field of study that has been selected. The literature is often examined in two ways for any given research aim.

2.1 Theoretical Review

Theories that had already been established and that had, throughout time, demanded additional investigation on the topic served as the study's guiding principles. Some of these theories are Behavioral, prospect, and life cycle theories.

2.1.1 Behavioral Finance Theory

The capacity to read was the foundation for the concept of human literacy. In psychology and education, learning is commonly understood as combining studies for gaining, enhancing, or altering one's understanding, abilities, values, and worldviews with cognitive, emotional, and contextual factors. Ormrod (1995); Illeris (2004). As a result, the level of understanding in any subject, including economics, can be linked to various factors, including place of residence, age, gender, educational program and level, media accessibility, parental training, and financial literacy tests. Shefrin and

Statman (1994) enable arbitragers to account for any instances of price mispricing Thaler & Barberis, (2002).

2.1.2 Prospect Theory

The prospect hypothesis states that investors assess profits and losses differently, placing a higher value on expected profits than losses. When presented with similar options, an investor will select the option with the greatest profit potential. Prospect theory is often referred to as the loss-aversion hypothesis. Experience regret as a result of their errors. Investors might avoid regret by holding onto their shares that have increased in value and refusing to sell those that have decreased in value. According to Fogel and Berry (2006), investors express remorse for holding losing stocks longer than for selling winning stocks too soon.

Prospect theory states that people feel loss more deeply than pleasure from similar gains tend to underestimate some outcomes relative to expectations and react differently to comparable situations depending on whether benefits or losses are involved. Kahneman & Perttunen (2004). Prospect theory was created in 1979 by psychology professors at Princeton University Amos Tversky and Daniel Kahneman as a psychologically sound substitute for expected value theory. The prospect theory, according to Kahneman (2003), aids in explaining how people make decisions when presented with unclear options. It explains how people evaluate uncertain decisions by comparing potential profits or losses to a fixed reference point, usually the purchase price. The prospect theory describes the mental states—such as loss aversion and aversion to regret—that affect an individual's decision-making ability. (2003) Waweru et al.

According to Kahneman (2003), a central tenet of the prospect theory is that economic agents' expectations and experiences concerning value are contingent upon how they mentally construct a transaction or outcome. This idea served as the basis for the current study, which examined the trade-off between saving for future consumption and current spending. The fourth particular purpose of this study was thus to investigate the moderating effect of financial circumstances on the link between financial literacy and financial preparation for retirement. This considers the utility of time worth of money depending on credit constraints and discount rates.

2.1.3 Life Cycle Theory

In order to maintain a relatively constant level of consumption throughout their professions, they borrow money or sell assets early in life (when their income is low) and save during their peak earning years (when their income is high), according to the life cycle hypothesis. Making decisions can benefit from a life cycle perspective. Considering all the significant effects on the economy, environment, and society, it implies that everyone has a role to play and a responsibility to fulfill throughout the whole life cycle of a product, from creation to disposal. The notion posits that an individual's income should be justified to optimize their lifelong utility. It was first created by Ando and Modigliani (1963). It was founded on the traditional economic theory of saving and consumption, which holds that a completely rational and knowledgeable person will save to support consumption when income declines (after retirement) and consume less than his income during high earnings (during employment). Households can smooth their marginal utility of consumption over their life cycle by engaging in this saving behavior.

Based on certain assumptions about human behavior, this model suggests that looking ahead in life, they can predict how much money they will have, that they know how much money they will need at different stages of their lives, and that they make prudent decisions about how to spend their money. The present study employs life cycle theory interpretation to explain individuals' decisions to postpone current consumption in favor of investments and save for the future, given that retirement savings sufficiency is a forward-looking concern. This study examined how financial circumstances, demographic characteristics, and the independent variable of financial literacy influenced the effect of financial adequacy for retirement. This takes discount rates into account, as well as the value of money over time.

2.2 Empirical Review

Raut and Twanabasu (2024) examine the variables influencing the financial literacy of 308 management students in the Bhaktapur district using regression, correlation, and descriptive analysis. The average score of students indicates that their level of financial literacy is not fully literate. The Pearson correlation indicates that a person's age affects their financial literacy. However, neither respondents' gender nor family income significantly affected their level of financial literacy. The results show that a

person's financial behavior, attitude, and knowledge considerably impact their financial literacy level. Thus, financial knowledge, judgment, and awareness should all be well-versed for students. Students who major in finance in college will develop into rational, responsible members of society.

Faulkner (2022) conducted a study titled *Financial Literacy around the World: What We Can Learn from the National Strategies and Contexts of the Top Ten Financially Literate Nations*. Even though it is one of the richest countries in the world, the United States does not rank among the most financially savvy. The average American does not have the same level of financial literacy as they should, despite having comparatively substantial sums of money to make decisions. Australia, Canada, Finland, Germany, Israel, the Netherlands, Sweden, and the United Kingdom are the countries with the highest levels of financial literacy in the world. This study examines the national strategies and financial literacy contexts in these countries. This research used content analysis to investigate the extant academic literature, national financial literacy initiatives, and related policy literature in these highly educated countries. In order to better understand our financial literacy participation and how the financial literacy initiatives being undertaken in these other countries may inspire us to expand or modify our efforts at the local, national, and individual levels, this research will give librarians in the United States a more comprehensive context that goes beyond the boundaries of library science literature.

Murugiah (2016) examined Malaysians' comprehension levels and methods for improving their financial literacy. Questionnaires were distributed to 2500 Malaysians in Peninsular Malaysia in 2014, ages 18 to 45. The poll found that while Malaysians thought they understood financial literacy very well, their understanding was still growing. This study also showed that focus groups in Malaysia should be formed to increase young boys' understanding and familiarity with financial concerns, with certificate holders earning less than RM1,500. Thus, it is possible to argue that sound money management and financial literacy are essential life skills.

According to the study by Thapa and Nepal (2015), most students understood finance fundamentals. Still, they lacked comprehension of credit, taxes, the stock market, financial statements, and insurance. Pupils had a favorable attitude about saving and were heavily impacted by their parents at home. The study also considered factors that determine financial literacy, including age, gender, income, type of college, and

attitude of students. Nonetheless, financial behavior and impact, university affiliation, gender, and general financial knowledge were all insignificant. According to the survey, college students possess a rudimentary understanding of finance. Nonetheless, a few of the student's educational, psychological, and demographic traits impacted their financial literacy. To increase students' financial literacy, it was recommended that the government and universities implement some financial literacy programs.

When Heenkenda (2014) used quantitative data from the state, urban, and rural sectors to examine the pattern and levels of disparity in functional financial literacy in the Sri Lankan context, she found a strong correlation between an individual's financial literacy and their socio-economic-demographic traits. Furthermore, functional financial literacy varied significantly among respondents based on age, gender, income, education level, and other characteristics. The majority of respondents had only a basic comprehension of money problems.

According to Bhushan (2014), the study's findings indicate that a person's level of financial literacy impacts their awareness of and investment choices for financial goods. This shows unequivocally that invest in old financial goods because they lack financial literacy, missing out on newer financial products that can yield larger profits. Government officials and policymakers must act immediately to raise the general public's level of financial literacy.

Ramaswamy et al. (2013) surveyed to identify the level of financial literacy among management students. Level and relevance, definitions and theories, limitations, and corrective measures are the four main components of financial literacy that were considered. They found that when studying the topic, management students at the University of Mauritius assigned financial literacy a fair weight. However, most students only possess a medium degree of financial literacy knowledge and abilities, which includes the inability to borrow and save money. The financial literacy of the male and female respondents did not differ significantly, but they did find substantial disparities in their analytical, managerial, reading, and communication skills. Similarly, their research revealed that financial literacy was unaffected by age, gender, language, race, or economic level.

Shaari et al. (2013) examined the financial literacy of 384 college students from nearby Malaysian universities using questionnaire surveys. The results of their study

show that while spending habits and length of study have a substantial positive correlation with financial literacy, age, and gender have a negative correlation. The accumulation of significant debt, especially credit card debt, can be prevented in university students through financial literacy.

In Malaysia, an emerging economy, Mahdzan and Tabiani (2013) looked into the impact of financial literacy on individual saving. A poll with over 200 respondents was conducted in Malaysia's Klang Valley to get further information about the relationship under investigation. The regularity of saving, risk-taking, and sociodemographic characteristics were among the other factors investigated as drivers of individual saving. A probit regression analysis revealed that the degree of financial knowledge significantly and positively influences personal saving. Additionally, the chance of saving was influenced by gender, income, education level, and saving frequency. The study results suggest that implementing different financial education programs and raising family financial literacy can help policymakers further affect national saving rates.

Nidar and Bestari (2012) conducted a personal assessment of financial literacy. The study's primary goal was to determine what factors influence personal financial literacy and to what extent it is influenced. At Padjadjaran University in Indonesia, 400 students were the study subjects, and it was found that the student's financial literacy was typically inadequate, especially regarding credit, investments, and insurance. The study also showed how crucial parental income, education level, insurance ownership, parental awareness, and faculty were in determining a person's financial literacy. The survey used personal financial literacy in the following areas: basic personal finance, income and expenditure, credit and debt, saving and investing, and insurance. According to the report, the Reserve Bank, stakeholders, and financial institutions can all utilize this research as a reference.

According to the research by Agarwal et al. (2012), various sociodemographic factors significantly influence different dimensions of financial literacy among young working individuals in urban India. The study found that certain India-specific elements, such as the prevalence of joint family structures and collaborative decision-making processes, notably shape the financial literacy of urban Indian youth. This paper reports that while the impact of factors like gender, education, and income on

financial literacy is similar to findings in other contexts, a few India-specific elements were found to influence the financial literacy of this population significantly. Specifically, the joint-family system and the consultative decision-making process common in India were identified as key factors shaping the financial literacy of urban Indian youth. It suggests that the financial literacy of young people in urban India is affected by universal sociodemographic characteristics and significantly influenced by cultural and social dynamics unique to the Indian context. Understanding these nuances is important for developing effective financial literacy initiatives tailored to the needs of this population.

Research by Lusardi et al. (2010) on financial literacy among young people in Germany found that only roughly one-third of young adults knew the fundamentals of risk diversification, inflation, and interest rates. However, a substantial correlation was found between financial literacy, family financial sophistication, and sociodemographic factors. To help young people become financially literate, there is a claim that the government, reserve banks, and financial institutions must take action. Other researchers may use this study as a foundation for additional research based on different financial literacy standards.

Using the personal variables of gender, class rank, socioeconomic background, and peer and parental influences, Jorgensen (2007) assessed the level of personal financial literacy of a sample of undergraduate and graduate college students. It was found that although students' scores in these areas were poor, they significantly improved each year from freshman to master. Also, it was found that students whose parents had a financial influence on them scored higher on financial knowledge, attitude, and conduct, and students who scored higher on knowledge also scored higher on attitude and behavior related to money.

Britt et al. (2004) investigated the monetary habits of college and university students. A survey of 1500 students discovered that 90% of them were interested in learning about specific financial education topics. The greatest need for counseling services was identified by the greatest percentage of the students, who also expressed interest in learning about savings and investments, budgeting, increasing their income, and financial management. Further research revealed that female students were likelier

than male students to love shopping and purchase items on sale. In comparison, male students were likelier to hide their purchasing habits from their families.

Chen and Volpe (2002) studied online investors' investment literacy. Women had less investment knowledge than men, and the study employed the logistic regression and ANOVA tests. Investors who were 50 or older were shown to be more knowledgeable than those who were younger. Compared to those with only a high school education, investors obtaining graduate degrees showed higher knowledge levels. The study concluded that, in comparison to male investors, female investors should have a stronger financial literacy program.

Danes and Hira (1987) conducted a study of 323 college students from Iowa State University. They used a questionnaire to assess their understanding of credit cards, insurance, personal loans, record-keeping, and general financial management. They determined that participants lacked knowledge of credit cards, insurance, and general money management. Also, they discovered that while men are more knowledgeable about personal loans and insurance, women are more knowledgeable about topics related to general financial management. Students who were married were found to know more about personal finance.

Summary of empirical review

Authors, Years	Focus on	Key Findings
Thapa & Nepal (2015)	Financial Literacy in Nepal: A Survey Analysis from College Students.	According to the study, most students understood finance fundamentals but lacked comprehension of credit, taxes, the stock market, financial statements, and insurance. The study also considered factors like age, gender, income, type of college, stream of education, and student attitude as predictors of financial literacy. However, there was no significant difference in overall financial knowledge based on gender, university affiliation, financial behavior, or influence. The survey found that college students possess a rudimentary understanding of finance.
Mahdzan &	Impact of	To further affect saving rates at the national

Authors, Years	Focus on	Key Findings
Tabiani (2013)	Financial Literacy on Individual Saving in the Malaysian Context.	level, the study recommends that policymakers develop various financial education programs to increase families' financial literacy.
Murugiah (2016)	The Level of Understanding and Strategies to Enhance Financial Literacy among Malaysians.	According to the report, although Malaysians believe they are well-versed in financial matters, their actual knowledge of the subject is still lacking. According to this study, to improve young men's financial literacy awareness and knowledge in Malaysia, focus groups should be formed out of those who earn less than RM1,500 and have a degree.
Bhushan (2014)	Relationship between Financial Literacy and Investment Behavior of Salaried Individuals.	According to the survey, people invest in traditional financial goods because they lack financial literacy, which prevents them from taking advantage of newer financial products that can yield higher returns. According to the study, a person's level of financial literacy influences their awareness of and investing preferences for financial goods, particularly for salaried individuals.
Shaari et al. (2013)	Financial literacy among university students.	The study results showed that financial literacy positively correlates with spending habits and academic year but adversely correlates with age and gender. According to the study, financial knowledge can help university students avoid significant debt, particularly credit card debt.
Heenkenda (2014)	Inequalities in the financial inclusion in Sri Lanka: an assessment of the functional financial literacy.	According to the study, most respondents had just a rudimentary understanding of finance, and respondents' functional financial literacy varied greatly based on factors like age, gender, income, and educational attainment.
Nidar &	Personal Finance	According to the study, a person's financial

Authors, Years	Focus on	Key Findings
Bistari (2012)	Literacy in Padjadjaran University of Indonesia.	literacy is greatly influenced by their educational background, income, parents' income, level of schooling, faculty, and insurance ownership.
Britt et al. (2004)	Financial Behaviors and Problems among University Students.	According to the survey, male students preferred keeping their spending habits a secret from their families, while female students were likelier to enjoy shopping and bringing products on sale.
Jorgensen (2007)	Financial Literacy of College Students: Parental and Peer Influences.	The study revealed that financial knowledge, attitude, and behavior scores were low but significantly increased each year from freshman to master.
Agarwal et al. (2013)	Financial Literacy among Working Young in Urban India.	It was discovered that a few Indian-specific characteristics, like a joint family and consultative decision-making, had a major impact on the financial literacy of urban Indian youth.
Ramaswamy et al. (2013)	level of Awareness of Financial Literacy among Management Undergraduates.	Age, gender, language, race, and economic level were shown to have little bearing on the degree of financial literacy, with most students having a medium level of knowledge and skills in savings and borrowing.
Lusardi et.al. (2010)	Financial Literacy among the Young	Young people's financial literacy is inadequate, as evidenced by less than one-third of them comprehending the basics of interest rates, inflation, and risk diversification.
Raut and Twanabasu (2024)	Factors affecting the financial literacy of students in Bhaktapur district	Financial literacy was strongly associated with sociodemographic characteristics and family financial education. Compared to males, women knew less about investing.

Authors, Years	Focus on	Key Findings
Danes and Hira (1987)	Money Management Knowledge of College Students	The national approaches and financial literacy environments in various nations are examined in this study. Research indicates that an individual's financial attitude, financial behavior, and financial knowledge substantially impact their financial literacy level. Thus, pupils must comprehend money management, financial judgment, and financial principles. College students learning about money management will become mature, responsible adults.
Chen & Volpe (2002)	An analysis of personal financial literacy among college students	This study describes the knowledge college students possess regarding money management and identifies the characteristics of those students associated with differences in comprehension level. This study used the logistic regression and ANOVA tests to demonstrate that women knew less about investments than men. Research indicated that investors fifty or older possessed greater expertise than their younger counterparts. The knowledge levels of investors with doctoral degrees were higher than those with a high school education.
Faulkner (2022)	Financial Literacy around the World: What We Can Learn from the National Strategies and Contexts of the Top Ten Most Financially Literate Nations	The study concluded that programs for financial literacy should be more robust for female investors than for male investors. In these highly educated nations, the current study used content analysis to examine national financial literacy programs, relevant policy literature, and current academic literature. This research will provide librarians in the United States with a more comprehensive context that extends beyond the boundaries of library science literature, helping us to understand better our financial literacy participation and how the financial literacy

Authors, Years	Focus on	Key Findings
		initiatives being undertaken in these other countries may inspire us to expand or modify our efforts at the local, national, and individual levels.

2.3 Research Gap

The majority of the studies on financial literacy, according to a review of the literature, were student-focused Chen & Volpe (2002); Danes and Hira (1987); Raut and Twanabasu (2024); Thapa and Nepal (2015); Nidar and Bestari (2012). Another study investigated the effects of academic supervision on graduate and undergraduate students' financial behavior, financial literacy, financial awareness, and background characteristics. Studies with young participants and certain demographic characteristics have been conducted. Research has also been done to evaluate the degree of knowledge that investors possess and, in turn, to evaluate financial literacy. The characteristics analyzed in these studies are the attitudes toward saving and borrowing, the use of banks and building societies, account management procedures, family money management, and the degree of confidence in managing financial problems. Additional factors considered are problem-solving skills, financial decision-making, financial planning, and familiarity with financial instruments and markets. A survey of young adults working in urban India was also carried out.

There isn't much research on financial literacy outside of a couple focusing on students in Nepal. This is concerning because few studies have been conducted on the financial literacy of Nepal's Kirtipur municipality residents. This study aims to close the gap by conducting research in Kirtipur municipality for the first time. Three general categories can be used to classify all independent variables: demographics, personality & educational characteristics.

CHAPTER III

RESEARCH METHODOLOGY

The methodological approach to be employed in this investigation is covered in this chapter. Depending on the goals, nature, and data of the problem, different forms of methodology are applied in different sorts of research. To analyze the data collected, the study used quantitative methods. The population and sample, data sources, data collection process, data processing procedure, and data analysis tools & techniques are all covered in this part. The following approaches are used in this investigation.

3.1 Research Design

The researchers used an analytical and descriptive research design. This study aims to determine how characteristics, including gender, income, qualification, financial behavior, and financial attitude, impact the financial literacy of Kirtipur Municipality. Because surveys enable the collection and analysis of quantitative data using both descriptive and inferential statistics, they are the primary research approach used in this study. The gathering and examining of numerical data is another aspect of quantitative research methodology.

The study shows how to create a thorough questionnaire that covers all significant aspects of personal finance. Risk and return, the stock market, banking, insurance, taxation, credit, inflation, compound interest, time value of money, money illusion, and diversification are all covered in financial literacy. The study by Thapa and Nepal (2015) was the foundation for the research questionnaires. Many considerations are made when selecting the study's questionnaire items.

3.2 Population and Sample

The financial literacy of those living in Kirtipur Municipality was investigated in this study. Kirtipur Municipality is divided into ten wards. From the total population of Kirtipur Municipality, three hundred individuals were selected randomly for this study. At the 2021 Nepal census, the municipality's population had increased to 81,578. In 2021, 88.8% of the population was literate, and 99.6%

of the residents were citizens of Nepal. Kirtipur was formerly a Newar foundation and is a hub of Newari culture. It has combined with the surrounding towns to form the 67,171-person municipality of Kirtipur. Owing to Tribhuvan University, Kirtipur is a common area for professors and students who come to rent homes, significantly contributing to the local economy.

3.3 Sources of Data

The study's primary data source is a convenience sample survey conducted in Kirtipur Municipality with 300 respondents via questionnaire. There are two sections to the questionnaire. The demographic and educational profile of the subject is covered in Section 1, and the personality element influencing financial behavior and attitude is the subject of Section 2. It also seeks to determine the respondents' degree of financial literacy. Likert scale, multiple choice, and option-based items are all included in the questionnaire.

3.4 Data Collection Processing Procedures

The study collected data from the respondents through online Google form questionnaires by email, messenger, and WhatsApp; questionnaires were sent to everyone who responded. Through phone conversations and social media, the researcher also helps the responders. Everyone received a questionnaire, and the researcher was on hand to help the respondents. After obtaining the response, the information was decoded into an Excel file and SPSS. Concerning Thapa and Nepal (2015), a comprehensive questionnaire was created that covers five areas: financial behavior, financial attitude, financial knowledge, and respondents' personal information. The survey included 21 questions, including multiple-choice questions about the participants' financial knowledge, multiple-answer questions, comments regarding various areas of financial literacy, and requests for personal information. Names were not required, though. To improve and finalize the questionnaire, a pilot test with 20 potential responders was carried out, and the opinions of two researchers were obtained.

3.5 Data Analysis Tools and Techniques

Survey responses are used to compile descriptive statistics relevant to the primary data analysis used in this study. The link between the dependent and independent variables is illustrated using a logistic regression model, and the outcome is discussed using descriptive statistical techniques like mean, standard deviation, and percentage. The graphical presentation of the data makes it easier to understand and analyze the information. Using an ANOVA analysis of data based on the percentage of respondents that responded to a questionnaire, the dependability of the model is evaluated. To determine the 's scenario, information is obtained. The data gathered will be utilized for research purposes. The collected data are processed, analyzed, and evaluated using a variety of software applications, such as SPSS, Microsoft Word, and Excel.

The research holds various statistical tools, which are defined as follows.

i. Mean (\bar{X})

The arithmetic mean or average is the sum of total values to the number of observations in the sample. It represents the entire data which lies almost between the two extremes. For this reason, an average is frequently referred to as a measure of central tendency. On this study it is used in data related to dividend of sample companies over different years. It is calculated as,

$$\text{Mean} = \frac{\text{Sum of Total Values}}{\text{No. of Values}}$$

$$\bar{X} = \frac{\sum X}{n}$$

Where,

$$\bar{X} = \text{Mean}$$

$$N = \text{Number of values}$$

$$\sum X = \text{Sum of total value}$$

ii. Standard Deviation σ (S.D)

The standard deviation (S.D.) is an absolute measurement of dispersion in which the drawbacks present in other measures of dispersion are removed. The high amount of dispersion reflects high standard deviation. The small standard deviation means the high degree of homogeneity of the observations. It is calculated for selected dependent and independent variables specified. It is the positive square root to mean square deviation from the arithmetic mean it is denoted by ' σ '.

Formula:
$$S.D = \sqrt{\frac{\sum (X - \bar{X})^2}{n}}$$

Where,

$$S.D = \text{standard deviation}$$

3.6 Model Specification

The logistic model takes on the following form:

$$\log [p/(1 - p)] = B_0 + B_1(\text{Gender}) + B_2(\text{Education}) + B_3(\text{Type}) + B_4(\text{Stream}) + B_5(\text{Behavior}) + B_6(\text{Attitude}) + \varepsilon_i \dots\dots\dots(1)$$

where P = the probability of a student who is more knowledgeable about finance.

Gender = 1 if the participant is a male, 0 otherwise.

Education = 1 if the participant is studying at bachelor level, 0 otherwise

Type = 1 if the participant is studying in a private college, 0 otherwise

Stream = 1 if the participant's stream is management, 0 otherwise

Behavior = Financial Behavior measured on a 4-point scale

Attitude = Financial Attitude measured on 4-point scale

E_i = Error term

3.7 Pilot Test

A pilot study involving a representative sample of respondents from the target demographic should be conducted using a questionnaire. Pilot research can identify design and instrumentation problems and provide equivalents for data needed to choose an appropriate sample. For the pilot test, a total of 20 respondents were selected. Before any data was collected to meet the study's

objectives, the questionnaire was sent out to residents of Kirtipur Municipality to evaluate the instrument's reliability for measuring the variable under investigation.

3.8 Research Framework

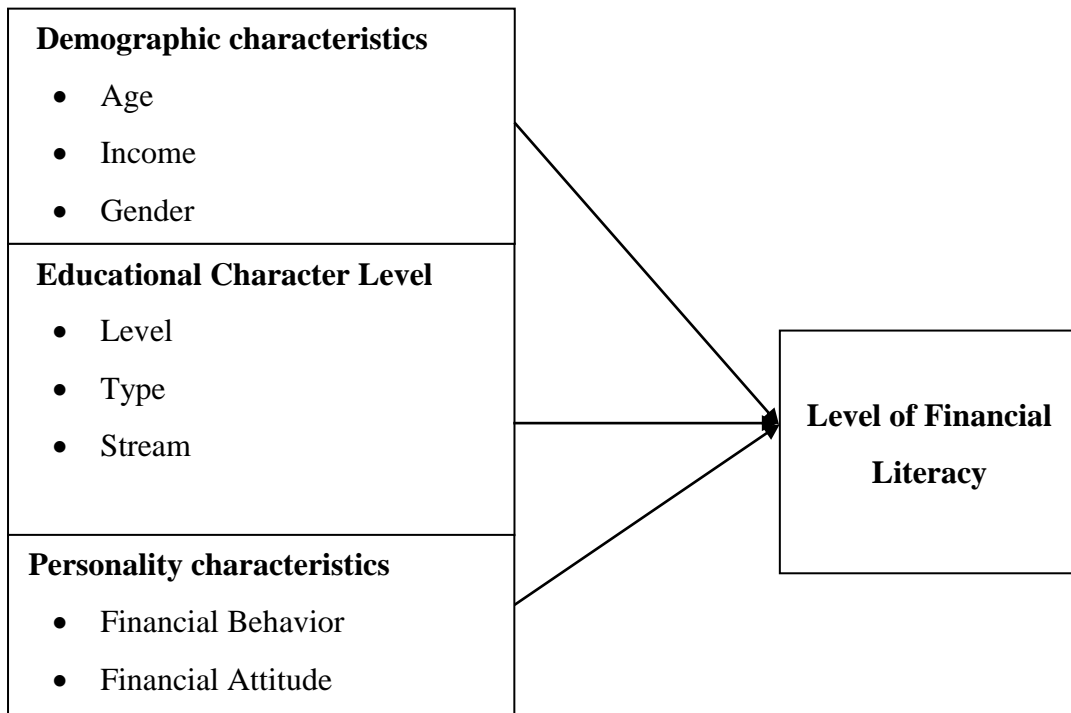


Figure 3.1: Research Framework Models

Source: Thapa & Nepal (2015), *Financial Literacy in Nepal: A Survey Analysis from College Students*

Making conceptual distinctions or organizing thoughts is done with the help of the conceptual framework, an analytical instrument with multiple variations and contexts. The study's conceptual framework systematically explains the relationship between the independent and dependent variables to explain financial literacy and the factors that influence it. The study's dependent variable in the figure is financial literacy in Kirtipur Municipality, whereas the independent variables are personality, educational background, and demographic traits.

3.9 Operational Definition of the Variables

Demographic Characteristics

It is made up of age, gender, and economic bracket. Male and female genders are separated into four categories based on monthly income. 1. Less than Rs. 20,000; 2. Between Rs. 20,000 and Rs. 300,000; 3. Between Rs. 30,000 and Rs. 50,000; and 4.

Above Rs. 50,000. A person's age is separated into five categories. 1st, under 18, 2nd, 18–20, 3rd, 21–24, 4th, 25–29, and 5th, 30 and higher.

Educational Characteristics

Two subgroups based on educational attainment are formed. The levels are: i) High School, ii) Undergraduate, and iii) Graduate. In a similar vein, there are management and non-management educational streams.

Personality Characteristics

Financial behavior and financial attitude are its two components. Does one's level of financial understanding influence one's attitude toward money? What effect do someone's financial actions and mindset have on their financial literacy?

Financial Literacy

Understanding financial ideas and concepts, such as the time value of money, compound interest, debt management, financial planning, and successful saving techniques, is referred to as financial literacy. Good money management, sound financial judgment, and long-term financial stability are all facilitated by financial literacy. Additionally, it encourages more frugal spending and the effective use of limited funds. A high level of financial literacy can help avoid future financial difficulties. Poor financial decisions can be detrimental to one's financial well-being and are often the result of illiteracy or lack of financial literacy. The most essential phases toward financial success are setting up budgets, monitoring spending, paying off debt, and making sound retirement plans. Effective personal money management is the main focus of this topic, as is the information needed to make wise decisions about investments, insurance, real estate, funding for school, budgeting, retirement, and tax planning.

Reliability

Finding out if the data are reliable is the goal of the validity and reliability analysis. Before asking respondents to participate, the questionnaire design is finalized. Cronbach's Alpha for this questionnaire was computed for the reliability test. It is typically applied as a gauge for dependability or internal consistency. Table 3.2 displays the specific results.

Table 3.1.

Cronbach's Alpha of Variables

Variables	Cronbach's Alpha
Financial Behaviour	0.714
Financial Knowledge/Literacy	0.721
Financial Attitude	0.780

The independent variables, financial behavior, financial attitude, and dependent variable, financial literacy, are shown with their Cronbach's alpha coefficients in Table 3.1. Sekaran (2000) states that a Cronbach's Alpha coefficient of less than 0.6 is considered "poor," more than 0.6, but less than 0.8 is considered "acceptable," and more than 0.8 is considered "good." In the current scenario, Cronbach's Alpha values for all variables are greater than 0.6 but less than 0.8. For any variable, Cronbach's Alpha is acceptable. Consequently, the research's methodology is regarded as trustworthy.

CHAPTER IV

RESULTS AND DISCUSSION

The analysis findings from the data collection procedure are covered in this chapter. This study examines and elucidates primary data collected through questionnaires from 300 participants. As was said before in this chapter, the data were analyzed in the context of the research's objective. This chapter's main objectives are to present the questionnaire survey results and assess and interpret the collected data. The data analysis outcomes will help this research study accomplish its main objective.

4.1 Results

4.1.1 Respondents Profile

The demographic profile of the respondents, including age, gender, monthly income range, educational level, type, and stream, is shown in the table below.

The sample's characteristics are displayed in Table 4.1. It reveals that 59% of respondents are women and 41% are men. According to age, 32.7, 24.3, 21.7, and 13.3 percent of respondents are between 18 and 20, 21–24, 25–29, and above 30, respectively. Eight percent of respondents are under the age of 18. When it comes to family income, 9 percent of respondents come from income groups below Rs 20,000, Rs 20000 – Rs 30000, Rs 30000 – Rs 50000, and More than Rs 50000, respectively. Fifty-two percent, 28.7 percent, and 10.3 percent of respondents came from income groups over Rs 20,000. The educational stream indicates that 77.7 percent of respondents are in management, and 22.3 percent are in non-management. Similarly, the data indicates that the highest percentage of +2 was attained by those with high education levels (24.7%), followed by those with bachelor's and master's degrees (19.3% and 56%), respectively.

Table 4.1
Demographic Characteristics of Respondents

	Frequency	Percent
<i>Gender</i>		
Male	123	41.0
Female	177	59.0
Total	300	100.0
<i>Age</i>		
Below 18	24	8.0
18-20	98	32.7
21-24	73	24.3
25-29	65	21.7
Above 30	40	13.3
Total	300	100.0
<i>Family income</i>		
Below Rs.20,000	27	9.0
Rs.20,000-30,000	156	52.0
Rs.30,000-50,000	86	28.7
More than Rs.50,000	31	10.3
Total	300	100.0
<i>Education stream</i>		
Management	233	77.7
Non-management	67	22.3
Total	300	100.0
<i>Level of education</i>		
+2	74	24.7
Bachelors	168	56.0
Masters	58	19.3
Total	300	100.0

Source: Field Survey, 2023

4.1.2 Descriptive Analysis of Financial Knowledge

Financial knowledge refers to knowledge and awareness of money, financial products, and ideas that can be used to inform their financial decisions. It includes understanding basic financial ideas such as risk analysis, cash flows, investments, inflation, and asset management. Financial literacy means an individual needs a wide range of awareness, knowledge, skills, attitudes, and behaviors to make sound financial decisions to ensure the sustainability and development of their companies.

There are two levels of financial knowledge: basic and advanced. Questions about money illusion, inflation, compound interest rates, and numeracy are used to create the basic financial literacy index. By including questions about risk and return, insurance, banking, taxes, credit, share markets, and diversification, Rooij et al. (2007) developed an advanced financial literacy index.

Table 4.2

Frequency and Percentage of Components of Financial Knowledge

Concepts	Frequency	Percentage
Tax Knowledge	186	62
Numeracy	123	41
Compound Interest Rate	201	67
Inflation	195	65
Time value of money	63	21
Banking Knowledge	234	78
Security Market	267	89
Credit Analysis	105	35
Insurance Knowledge	174	58
Net worth	201	67
Stock Exchange	108	36

Source: Field Survey, 2023

Table 4.2 shows the mean percentage scores for each component of sample characteristics, classified as basic, advanced, and overall. Chen and Volpe (1996; 2002) developed the financial literacy benchmark. The benchmark classified percentage correct scores into three categories: more than 80% (Highest), 60-79% (Medium), and less than 60% (Low). According to the benchmark, correct 80% or higher scores indicate strong financial knowledge, while 60-79% indicate average

financial understanding. Furthermore, respondents below 60% lack financial knowledge, suggesting the need for more financial literacy education.

Table 4.2 shows that the respondents have the highest knowledge regarding the security market (89%). While the respondents have medium knowledge regarding banking (78%), compound interest rates (67%), net worth (67%), inflation (65%), and tax (62%). The respondents have low insurance knowledge (58%), numeracy (41%), stock exchange (36%), credit analysis (35%), and time value of money (21%).

Table 4.3

Mean Percentage of Correct Responses to Each Section by Characteristics of Sample

Characteristic	Financial knowledge					
	Basic Knowledge		Advance Knowledge		Overall	
	N	%	N	%	N	%
<i>Gender</i>						
Male	83	41.29	40	40.40	123	41.00
Female	118	58.71	59	59.60	177	59.00
Total	201	100.00	99	100.00	300	100.00
<i>Family income</i>						
Below Rs.20,000	19	9.45	8	8.08	27	9.00
Rs.20,000-30,000	104	51.74	52	52.53	156	52.00
Rs.30,000-50,000	56	27.86	30	30.30	86	28.67
More than Rs.50,000	22	10.95	9	9.09	31	10.33
Total	201	100.00	99	100.00	300	100.00
<i>Education stream</i>						
Management	155	77.11	78	78.79	233	77.67
Non-management	46	22.89	21	21.21	67	22.33
Total	201	100.00	99	100.00	300	100.00
<i>Level of education</i>						
+2	47	23.38	27	27.27	74	24.67
Bachelors	114	56.72	54	54.55	168	56.00
Masters	40	19.90	18	18.18	58	19.33
Total	201	100.0	99	100.0	300	100.0

Source: Field Survey, 2023

According to Table 4.3, the respondents are divided into three categories: gender, family monthly income (NRS), education stream, and level of education. When using gender as the basis for categorization, males have 41.29%, while females have greater knowledge of the basic category (58.71%). In contrast, women make up 59.60% of the population, and men make up 40.40% of the population in the advanced category. Comparably, using monthly income as the base for category, those earning between Rs. 20,000 and Rs. 30,000 had better knowledge in the basic category (51.74%), compared to those earning between Rs. 20,000 and Rs. 30,000 having 9.45%, Rs. 30,000-50,000 having 27.86%, and Rs. 50,000 and above having 10.95%. Incomes between Rs. 20,000 and Rs. 30,000 also fall into the higher knowledge advance category (52.53%), but incomes below Rs. 20,000 and Rs. 30,000 have 8.08%, Rs. 30,000 and Rs. 50,000 have 30.30%, and incomes over Rs. 50,000 have only 9.09%.

Based on the education stream, the management group has greater knowledge in both the basic and advance categories, with 77.11% and 78.79%, respectively. In contrast, the non-management group has 21.21% in the advance category and 22.89% in the basic category. Similarly, the correct response rate for the basic category based on educational level is 23.38% for +2, 56.72% for bachelors, and 19.90% for masters level passed. The highest correct response rate for the advanced level category is 27.27% for the +2 level, 54.55% for the bachelor level, and 18.18% for the master level. The above table shows that women comprise 59% of the population. In comparison, those in the income range of 2000–30,000 make up 52%, those in the management education stream make up 77.67%, and bachelor's degree holders make up 56% of the knowledge base.

Financial Behavior

Financial behavior can be divided into four categories: saving, spending, borrowing, and investment. Individuals have different habits, influenced by various elements such as family advice, financial knowledge, social group financial situation, marital status, future perspective, income levels, etc.

It is an ability to understand the effect of financial decisions on one's (i.e., personal, family, community, and national) situations and make appropriate choices concerning cash management, precautions, and budget planning opportunities. It can be described as any human behavior associated with money management. Cash, credit, and savings

are all examples of common financial activities. They were asked questions and then divided into two categories based on the sample's median percentage of correct answers. Who has a greater level of knowledge than others and scores above the sample median? Those who score at or below the median know comparatively less. Table 4.4 presents the financial behavior of individuals with varying levels of knowledge concerning spending habits, record-keeping, utilization of savings, handling financial difficulties, and reliance on supplementary income.

Table 4.4 demonstrates that while there are differences in financial literacy between those with less and more knowledge, most people are neither frugal nor extravagant (36.82%, 37.37%). The findings indicate that those with less and greater awareness about spending habits are more likely to be very frugal (19.40%, 16.16%), somewhat frugal (24.88%, 29.29%), neither somewhat nor very frugal (11.94%, 10.10%), very spending-oriented, and rarely save money (6.97%, 7.07%). Overall, they are neither economical nor spending (37%). The different levels of financial literacy that are less knowledge and more knowledge of maintaining records have maintained no records (52.74%,47.47%), maintained minimal records (38.81%,48.48%), maintained very detailed records (8.46%,4.04%) and on overall basis maintain no records (51%). The different level of financial literacy that is less knowledge and more knowledge of use of savings have deposited into bank account (45.77%,42.42%), spend it on consumer goods (10.95%,10.10%), Keep it in cash 3.48%,9.09%), invest it the capital market (21.39%,25.25%), lend it to friends or relatives (11.94%,9.09%) and on overall basis deposit into bank account (44.67%). The different levels of financial literacy that are less knowledge and more knowledge of managing money in problems have cut down the expenses and save (66.6%,75.76%), borrow money from relatives, friends, and acquaintances (4.48%,2.02%), work extra hours or do additional jobs (28.86%,22.22%) and on overall basis cut down the expenses and save (69.67%).

Similarly, the different level of financial literacy that is less knowledge and more knowledge of use of additional income have fixed deposit for future (35.82%, 40.40%), purchasing of household goods like furniture (14.43%,11.11%), repay earlier debts (21.89%,15.15%), go for travel or vacation (6.97%,7.07%), investment in own business (9.95%,14.14%), buy. Insurance policy (7.46, 7.07%) and buy shares (3.48%, 5.05%) and, on an overall basis, have fixed deposits for the future (37.33%).

Table 4.4*Frequency and percentage in financial behavior*

Financial Behavior	Financial Knowledge					
	Less knowledge		More knowledge		Overall	
	N	%	N	%	N	%
<i>Spending Habit</i>						
very economical	39	19.40	16	16.16	55	18.33
somewhat economical	50	24.88	29	29.29	79	26.33
neither economical nor spending	74	36.82	37	37.37	111	37.00
Somewhat spending nor spending	24	11.94	10	10.10	34	11.33
very spending-oriented, hardly ever saving money	14	6.97	7	7.07	21	7.00
Total	201	100.00	99	100.00	300	100.00
<i>Maintaining Records</i>						
maintain no records	106	52.74	47	47.47	153	51.00
maintain minimal records	78	38.81	48	48.48	126	42.00
maintained very detailed records	17	8.46	4	4.04	21	7.00
Total	201	100.00	99	100.00	300	100.00
<i>Use of Savings</i>						
spend it on consumer goods	22	10.95	10	10.10	32	10.67
keep it in cash	7	3.48	9	9.09	16	5.33
deposit into bank account	92	45.77	42	42.42	134	44.67
invest it in the capital market	43	21.39	25	25.25	68	22.67
lend it to friends or relatives	24	11.94	9	9.09	33	11.00
Others	13	6.47	4	4.04	17	5.67
Total	201	100.00	99	100.00	300	100.00
<i>Managing Money in Problem</i>						
cut down on expenses and save	134	66.67	75	75.76	209	69.67
borrow money from relatives, friends, and acquaintances	9	4.48	2	2.02	11	3.67
work extra hours or do additional jobs	58	28.86	22	22.22	80	26.67
Total	201	100.00	99	100.00	300	100.00
<i>Use of Additional Income</i>						
purchasing of household goods like furniture	29	14.43	11	11.11	40	13.33
fixed deposit for future	72	35.82	40	40.40	112	37.33

repay earlier debts	44	21.89	15	15.15	59	19.67
Go for travel or vacation	14	6.97	7	7.07	21	7.00
Investment in own business	20	9.95	14	14.14	34	11.33
Buy and Insurance policy	15	7.46	7	7.07	22	7.33
Buy shares	7	3.48	5	5.05	12	4.00
Total	201	100.00	99	100.00	300	100.00

Source: Field survey, 2023

Table 4.5

Descriptive Statistics of Financial Behavior

Items	Less knowledge		More knowledge		Overall	
	Mean	SD	Mean	SD	Mean	SD
I budget and track my spending	2.22	1.04	2.16	1.01	2.20	1.03
I contribute to a bank saving account regularly	2.09	0.90	1.94	0.88	2.04	0.89
I compare prices when shopping for purchases	2.64	1.11	2.49	1.11	2.59	1.11
I have a life insurance policy	1.91	0.97	1.77	0.90	1.86	0.95
I invest in the shares under IPO	2.28	1.07	2.08	1.04	2.21	1.06
I read to increase my financial knowledge	2.16	0.98	1.92	0.95	2.08	0.97
I maintain adequate financial records	1.86	0.70	1.75	0.73	1.82	0.71
I spend less than my income	1.70	0.79	1.60	0.77	1.66	0.78
I maintain adequate insurance coverage	1.56	0.56	1.56	0.59	1.56	0.57
I plan and implement a regular savings/investment program	1.67	0.74	1.57	0.66	1.63	0.71

The relevance that respondents assigned to the study's financial behavior-related components is displayed in Table 4.5. A mean score greater than two on a 4-point Likert scale indicates that all aspects are important.

Given that the mean value of the 4-scale Likert questions is greater than two points, Table 4.5 demonstrates their opinion that all are significant. The table illustrates how more and less informed shoppers compare prices when making purchases, with mean values of 2.49 and 2.64, respectively. Similarly, when making purchases, compare prices generally with a mean value of 2.59.

Financial Attitude

Financial knowledge is comprehending key ideas in personal finance, such as saving and budgeting. People's values and opinions about many aspects of personal finance, such as whether or not saving money is important, are referred to as their financial attitude. The results of the Kirtipur people's financial attitude are shown in Table 4.6.

Table 4.6

Mean and Standard Deviation in Financial Attitude

Items	Less		More		Overall	
	knowledge		knowledge			
	Mean	SD	Mean	SD	Mean	SD
I feel in control of my financial situation	1.85	0.88	1.64	0.76	1.78	0.84
I feel capable of using my future income to achieve my financial goals	1.83	0.78	1.71	0.79	1.79	0.78
I worry about managing my finance	1.93	0.77	1.76	0.87	1.87	0.81
I am uncertain about where my money is spent	2.00	0.71	1.75	0.76	1.91	0.74
I feel credit cards are safe and risk-free	1.74	0.86	1.60	0.81	1.69	0.85
I feel capable of handling my financial future	1.95	0.78	1.65	0.87	1.85	0.82
I am afraid of loan	2.30	1.02	2.13	1.17	2.25	1.07
I give importance to saving money from my monthly income	1.79	0.73	1.77	0.75	1.78	0.74
I feel having insurance is an important way to protect	1.85	0.61	1.69	0.69	1.80	0.65
I enjoy thinking about life and have an interest in reading about money management	2.20	0.93	2.06	0.91	2.16	0.92
I enjoy talking to my peers about money-related issues	1.84	0.88	1.72	0.82	1.80	0.86

All financial attitude elements shown in Table 4.6 are somewhat true for them, as shown by mean values larger than two on a 4-point scale. Of the 11 items, the most ignorant said they fear taking out a loan (2.30%), want to think about it, and would like to learn about money management (2.20). Likewise, more informed people fear loans (2.13%), enjoy contemplating life and want to read about money management (2.06%). People enjoy contemplating life, are apprehensive about taking out loans (2.25%), and are curious to read about money management (2.16).

4.1.3 Analysis of Financial Literacy

Analysis of Variance (ANOVA)

Table 4.7 displays the results of an ANOVA test to determine whether financial knowledge differs significantly among income and education levels.

The findings of an ANOVA test to see if gender, age, family income, educational attainment, and educational stream all significantly affect financial literacy are displayed in Table 4.7. It shows that the gender and family income significance levels (p-values, 0.00) are less than the standard of 5% (i.e., 0.05), at 0.022 and 0.00, respectively. Nevertheless, there is no discernible variation in people's knowledge, as evidenced by the insignificance of age, education level, and educational stream. This

suggests notable disparities in knowledge between family income and gender groupings. Put another way, family income and gender impact someone's financial literacy.

Table 4.7

Results of ANOVA

Characteristics	F-Statistics	Sig
Gender	.883	.022
Age	.704	.144
Family income	.991	.000
Level of education	.491	.475
Education stream	.744	.106

Logistic Regression Analysis

To determine whether gender, monthly income, education level, educational stream, behavior, influence, and attitude substantially impact financial knowledge, logistic regression analysis is utilized. It is employed due to the dichotomous nature of the dependent variable, financial knowledge.

Table 4.8

Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step 1	Step	12.598	6	.050
	Block	12.598	6	.050
	Model	12.598	6	.050
-2 Log likelihood = 367.909		Nagelkerke R-Square = .057		

The Omnibus test results for the model and model summary are shown in Table 4.8. Given that the link between the dependent and independent variables is significant, the model fits the data well. Additionally, the Nagelkerke R-Square proves that certain independent factors can explain a certain level of knowledge. Other significant variables that contribute to the explanation of financial literacy but were not considered in this study are also worth mentioning.

Table 4.9

Summary of Logistic Regression

Predictor	B	S.E.	Wald	df	Sig.	Exp(B)
GEN	.012	.267	.002	1	0.963	1.013
FINC	.064	.165	.153	1	0.696	1.067
EDU_S	-.011	.345	.001	1	0.976	.989
EDU_L	.060	.225	.071	1	0.791	1.062
FB_gro	-.060	.032	3.575	1	0.059	.942
FA_gro	-.066	.024	7.591	1	0.006	.936
Constant	1.466	1.040	1.986	1	0.159	4.332

Logistic regression was used to assess the effects of personal traits and demographic variables on students' financial literacy. The findings are displayed in Table 4.9. The findings show that, while financial attitude is statistically significant at the 0.006 percent level of significance, which means that as financial attitude rises, so does the level of financial knowledge, and vice versa, gender, monthly income, education stream, and education level are statistically insignificant. According to the table, the likelihood of having greater financial knowledge is expected to grow by 0.936 times for every point increase in financial attitude.

4.2. Discussion

Financial literacy aids in prudent money management, sensible financial decision-making, and lifelong financial stability. It also promotes greater financial discipline and efficient use of finite financial resources. The focus of this study has been financial literacy within the population of Kirtipur Municipality. This study's primary research method is a survey, which enables the gathering and analysis of quantitative data using descriptive and inferential statistics. Ten wards of Kirtipur Municipality's data are collected, and data in numerical form are analyzed as part of the quantitative research approach. Data was gathered via questionnaires from primary sources. The dependent variable in this study is Kirtipur Municipality's financial literacy, while the independent variables are personality, educational background, and demographics.

The major objective of the study is to examine the impact of independent variables on Kirtipur's financial literacy. The result indicates that gender, monthly income,

education stream, and education level are statistically insignificant, whereas financial attitude is significant. In particular, the knowledge level of the security market was found to be the highest. At the same time, it was medium in banking, taxes, compound interest, inflation, and net worth and low in numeracy, credit analysis, insurance knowledge, and stock exchange. According to this finding, workers who earn a high monthly wage are probably more knowledgeable. This outcome agrees with Thapa & Nepal (2015) and Nidar & Bistari (2012). This outcome may result from people investing more time in their education, having greater information, or having the chance to speak with one another about financial matters.

According to Chen and Volpe's (2002) study, residents in Kirtipur Municipality have an average degree of knowledge about advanced concepts but a low understanding of basic concepts. According to a study by Thapa & Nepal (2015), most students had a basic understanding of finance, but they lacked comprehension of taxes, insurance, share markets, and net worth. In contrast, this study reveals that residents of Kirtipur municipality have better financial knowledge, including an understanding share markets, taxes, and net worth, indicating that residents are aware of taxes associated with investing in share markets and net worth. The study's results indicate a strong correlation between financial attitude and knowledge. The degree and direction of schooling are inconsistent, but the financial mindset aligns with Thapa and Nepal (2015). This implies that when financial attitudes rise, so does the degree of financial knowledge, and vice versa. However, according to Shari et al. (2013), there is no significant correlation between financial literacy and gender, financial income, education level, educational stream, or financial behavior.

According to a study by Volpe et al. (2002), people over 50 had higher levels of knowledge, women had lower levels than men, and people with degrees had higher levels of knowledge. According to Bhushan (2014), the survey shows that people invest in traditional financial products because they lack financial literacy. According to the report, most people deposit money, pay off previous debt, and invest in their businesses without keeping proper records. Knowledge varies significantly depending on income, education level, and educational path. Financial behavior, demographics, and educational attainment are not statistically significant, indicating no discernible effect on financial literacy. The research indicates that while financial activity is

inconsistent, financial attitude is consistent with Raut and Twanabasu's (2024) findings, indicating that as financial attitude increases, so does financial knowledge.

Age, income, gender, level, stream, financial behavior, and financial attitude are the factors examined in this study. Descriptive statistics, correlation analysis, and logistic regression results are used to analyze the data. The proportion of female samples in the whole sample is higher (59%) than that of males (41%). The income group of Rs 20000-30,000 makes up a larger share (52%) of the sample as a whole. Similarly, the proportion of individuals in the management education stream is higher (77.7%), and bachelor's degree holders are larger (56%). The majority of individuals are knowledgeable about the stock market (89%), banking (78%), and net worth (67%); however, the majority are not familiar with credit analysis (35%) or the time value of money (21%).

According to the survey, women have higher knowledge (59.60%) than males do (40.40%), as do those in the income range of Rs. 20,000–30,000 (52.53%), the management stream (78.79%), and the bachelors' level (54.55%). Less knowledgeable people (36.82%, 37.37%) are neither frugal nor spendthrift; they do not keep any records (52.74%, 47.47%), deposit money into a bank account (45.77%, 42.42%), reduce their spending and save (66.67%, 75.76%); they make fixed deposits for the future (35.82%, 40.40%), pay off previous debts (26.7%, 15.2%), and invest in their own business (12%, 24.2%) when they have extra money. Furthermore, the general population is neither frugal nor extravagant (37%), does not keep any records (51%), deposits money into a bank account (44.67%), reduces expenditure and saves (69.67%), and makes fixed deposits for the future (37.33%).

Less informed individuals read to broaden their financial knowledge (2.16), compare prices when making purchases (2.64), prioritize investing in shares during initial public offerings (2.28), and consistently contribute to a bank savings account (2.09). More informed people place greater value on keeping a budget and tracking their spending (2.16), investing in shares under IPO (2.08), and generally comparing prices when making purchases (2.59), investing in shares under IPO (2.21), keeping a budget and tracking their spending (2.20), and consistently funding a bank savings account (2.04). Less aware people place less importance on investing in shares under IPO (2.16), whereas more knowledgeable people place less importance on maintaining proper financial records (2.52, 2.55). The behavior of individuals

demonstrates that to improve their financial literacy, more knowledgeable individuals, those who are less knowledgeable, and the general public all place nearly similar value on price comparison when making purchases (2.64, 2.49, 2.59).

An ANOVA was used to ascertain whether age, family income, educational attainment, and educational stream significantly affect financial literacy. There is no discernible variation in knowledge across individuals based on age, educational attainment, or educational stream. This suggests notable disparities in knowledge between family income and gender groupings. Put another way, family income and gender impact people's financial literacy.

CHAPTER V

SUMMARY AND CONCLUSIONS

5.1 Summary

The purpose of this study was to investigate the factors that influence the financial literacy of the Kirtipur Municipality. The main goals of this study are to assess the financial literacy of the population in Kirtipur Municipality, investigate the relationship between financial behavior and financial attitude traits in people and financial literacy, and investigate the effects of demographic characteristics (gender, age, and income) and educational characteristics (level, stream) on financial literacy.

A descriptive and analytical research design is used in the study. The primary research method used in this work is a survey, which enables the collection and evaluation of quantitative data using descriptive and inferential statistics. Collecting and analyzing numerical data is another aspect of quantitative research methodology. The study uses a comprehensive questionnaire to examine the significant aspects of personal finance. It covers risk and return, share market, banking knowledge, insurance, taxes, credit analysis, net worth, inflation, compound interest, and money illusion. The study's questionnaire items were determined using a variety of factors taken into consideration.

A comprehensive survey is designed to encompass five domains: respondent personal data, financial conduct, financial mindset, and financial expertise, all following Jorgensen's (2007) framework. Participants in the survey are asked 21 questions, including multiple-choice questions about their financial knowledge, multiple-answer questions, and opinions about various areas of financial literacy, in addition to demographic data. In the Kirtipur municipality, 300 persons receive the questionnaire. Frequency, percentage, mean, and standard deviation are used to characterize the data, while ANOVA and logistic regression analysis are used to test three hypotheses. Twenty potential respondents participated in the pilot test, and the questionnaire was refined and finalized with expert feedback. After processing with SPSS, data are entered into an Excel file.

According to the survey, while respondents are less conversant with credit analysis and the time value of money (21 and 35 percent, respectively), they are more educated

about advanced financial concepts. Most bank deposits (45.77%, 42.42%) and future fixed deposits (35.82%, 40.40%). To manage their finances, they also reduce spending and save money (28.86%, 22.22%). They fixed deposits for the future when they have additional money (35.82%, 40.40%). According to the study, most people prefer to deposit money with extra cash, while those with more experience prefer to pay off previous obligations. But most people are neither frugal nor extravagant and do not keep even basic financial records. Financial behavior, education level, income, gender, and stream of schooling have no bearing on financial literacy, but financial attitude greatly impacts financial knowledge.

5.2 Conclusions

The main objective of this study is to evaluate the determinants of financial literacy in Kirtipur. The main components of financial literacy that are the subject of this study are financial behavior and financial attitude. Numerous behavioral, educational, and demographic characteristics were also taken into consideration. The financial literacy results for both the overall and advanced categories show that the management education stream group has a higher level of financial literacy than the non-management stream. According to the study, a substantial correlation exists between financial attitude and financial literacy in Kirtipur Municipality. Financial literacy rises with an improvement in financial attitude and vice versa. The data indicates no significant correlation between financial literacy and gender, income, education level, income stream, or financial behavior. This means that gender, financial income, education level, type, stream, or financial behavior do not impact financial literacy.

Financial literacy refers to the capacity to make well-informed financial choices. It is particularly crucial for starting to manage their finances and prepare for the workforce. It gives individuals the ability to boost wealth and savings by helping them make timely and wise financial decisions. Investing or creating a budget for someone lacking financial literacy is impossible. According to experts, one's well-being and quality of life can be enhanced by understanding the crucial life skill of managing money. Financially illiterate individuals and groups might end up making poor financial decisions. In the complex modern financial market, one can make wise financial judgments with sufficient financial knowledge. Thus, developing financial literacy initiatives is essential to enhance professional and academic career growth.

The study may conclude that there is no relationship between changes in age, income level, financial behavior, educational stream, level of education, and vice versa with financial literacy. With the increase in financial attitude, financial literacy has also increased. Financial attitude affects the financial literacy of Kirtipur municipality. The government, financial sector authorities, non-governmental organizations, and educators may utilize these findings to guide the development of financial literacy regulations.

5.3 Implications

1. This study can be a useful tool for financial literacy campaigns at banks and other institutions, helping people plan their finances, create saving habits, and better understand financial goods that will enable them to use financial services effectively.
2. This study is limited to the population of Kirtipur Municipality; other regions and participants in Nepal may be the focus of future research.
3. The general public, stakeholders, and novice researchers can all benefit from this study's understanding of people's financial attitudes. The ability to manage one's finances, use one's income, purchase stocks and insurance, take out loans, handle money, and address money-related issues all contribute to one's financial attitude. Businesspeople, college students, bankers, young people, people in other fields, and laborers may be future research subjects.
4. The research demonstrates the importance of the relationship with the financial mindset. Based on this report, many organizations promoting financial literacy can run their literacy programs.
5. Further research can be conducted as this study has considered only eight factors.

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- b. Keep it in cash
 - c. Deposit it into the bank account
 - d. Invest it in the capital market
 - e. Lend it to friends or relatives
 - f. Other (Please specify)
4. What do you usually do when you (your family) run(s) out of money before the next income arrives?
- a. Cut down expenses and save
 - b. Borrow money from relatives, friends, and acquaintances
 - c. Spend our savings
 - d. Use a credit card or bank loan
 - e. Work extra hours or do additional jobs
5. Let's assume that in addition to your regular income, your family got some money of Rs50,000- Rs200,000. What would you most likely do with this money?
- a. Purchasing household goods like furniture, clothes, etc.
 - b. Fixed deposit for future
 - c. Saving for meeting contingency
 - d. Repay earlier debts
 - e. Go for travel or vacation
 - f. Investment in own business
 - g. Buy an insurance policy
 - h. Buy shares
6. Rate the following statements on a scale of 1-4 (1, not at all true for me; 2, somewhat not true for me; 3, somewhat true for me; 4, very true for me)

Statements	1	2	3	4
a. I budget and track my spending				
b. I contribute to a bank savings account regularly				
c. I compare prices when shopping for purchases				
d. I have a life insurance policy				
e. I invest in the shares under IPO				
f. I read to increase my financial knowledge				
g. I maintain adequate financial records				
h. I spend less than my income				
i. I maintain adequate insurance coverage				
j. I plan and implement a regular savings/investment program				

Financial Attitude

7. Rate the following items on a scale of 1-4 (1, not at all true for me; 2, somewhat not true for me; 3, somewhat true for me; 4, very true for me)

Statements	1	2	3	4
a. I feel in control of my financial situation				
b. I feel capable of using my future income to achieve my financial goals				
c. I worry about managing my finance				
d. I am uncertain about where my money is spent				
e. I feel credit cards are safe and risk-free				
f. I feel capable of handling my financial future (e.g., buying insurance)				
g. I am afraid of loan				
h. I give importance to saving money from my monthly income				
i. I feel having life insurance is an important way to protect				
j. I enjoy thinking about and have an interest in reading about money management				
k. I enjoy talking to my peers about money-related issues (i.e., axes)				

Financial Knowledge

8. What is the general corporate tax rate in Nepal?
 - a. 15%
 - b. 20%
 - c. 25%
 - d. 30%
9. Suppose you deposit Rs. 1000 in a savings account, and the bank pays 2% interest per year. How much interest would you receive after five years?
 - a. More than Rs. 1020
 - b. Exactly Rs. 1020
 - c. Less than Rs. 1020
 - d. Don't know
10. Suppose you had Rs.1000 in a savings account, and the interest rate is 20% per year, and you never withdraw money or interest payments. After five years, how much would you have on this account?
 - a. More than Rs. 2000
 - b. Exactly Rs. 2000
 - c. Less than Rs. 2000
 - d. Don't know
11. Imagine that the interest rate on your savings account was 6% per year, and inflation was 2% per year. After one year, how much can you buy with the money in this account?
 - a. More than today
 - b. Exactly the same
 - c. Less than today
 - d. Do not know
12. Suppose that in 2023, your income has doubled, and the prices of all goods have doubled, too. In 2023, how much will you be able to buy with your income?
 - a. More than today
 - b. The same
 - c. Less than today
 - d. Do not know
13. How many D-mat accounts can a person open?
 - a. 2
 - b. 1
 - c.3
 - d. Don't know
14. A company issues shares in the:
 - a. Secondary markets
 - b. Primary markets
 - c. Stock exchange
 - d. Derivative markets
15. Who regulates the banks and financial institutions in Nepal?
 - a. Mark only one oval.
 - b. Security Board of Nepal
 - c. Insurance Board of Nepal
 - d. Nepal Rastra Bank
 - e. Nepal stock exchange
16. Which is the largest IPO in the history of the Nepalese security market?
 - a. Chandragiri Hills
 - b. Nepal Infrastructure Bank
 - c. Nepal Reinsurance Company
 - d. Don't know
17. What do you think deserves primary attention when comparing the banks when choosing the one from which to take a loan?
 - a. Bank's reputation (fame) and its reliability
 - b. View of the bank office and qualifications of its personnel
 - c. Interest rate and the other costs
 - d. Gifts and advertising campaigns
18. The main reason to purchase insurance is to
 - a. Protect you from a loss recently incurred
 - b. Provide you with excellent investment returns
 - c. Protect you from sustaining a severe loss

- d. Protect you from small incidental losses
 - e. Improve your standard of living by filing fraudulent claims
19. Net worth is:
- a. The difference between expenditures and income
 - b. The difference between outsiders' liabilities and assets
 - c. The difference between cash inflow and outflow
 - d. None of the above
20. Investing in higher return security has:
- a. Higher Risk
 - b. Lower Risk
 - c. No Relation between risk and return
 - d. I don't know
21. In Nepal, the value of an IPO is generally fixed at:
- a. Rs. 10
 - b. Rs. 50
 - c. Rs. 80
 - d. Rs. 100

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ABSTRACT The main objective of the research is to analyze people's

financial literacy and **the impact of demographic, educational, and personality characteristics on financial literacy**

. This study surveyed 300 residents of Kirtipur Municipality. The analysis is carried out using mean, standard deviation, ANOVA, and logistic regression. The research results show that most people have a basic understanding of the stock market, banking, taxation, net worth, inflation, and compound interest rates, but they lack understanding of insurance, numeracy, and credit analysis. The study also highlighted age, family monthly income, degree

of education , educational **stream, financial behavior, and financial attitude** as factors of **financial literacy**

. Gender, family income, educational stream, level education, and financial behaviour have no impact on financial knowledge.

It is concluded that people **have basic level of financial knowledge. However, overall financial** literacy **of the** people **is affected by**