

# **FACTOR AFFECTING FINANCIAL MANAGEMENT BEHAVIOR OF NEPALESE YOUTHS**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfillment of the requirements for the Master's Degree

by

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## CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Factor Affecting Financial Management Behavior of Nepalese Youths**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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## REPORT OF RESEARCH COMMITTEE

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## APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled **Factor Affecting Financial Management Behavior of Nepalese Youths**” presented by Radhika Neupane, 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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Date: .....

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## ABBREVIATIONS

%	:	Percentage
&	:	And
e.g.	:	Example
FA	:	Financial Attitude
FK	:	Financial Knowledge
FMB	:	Financial Management Behavior
i.e.	:	That is
IBM	:	International Business Machine Corporation
LOC	:	Locus of Control
MS. DO	:	Microsoft Disk Operating System
No.	:	Number
Res	:	Respondents
SEM	:	Structural Equation Modeling
SPSS	:	Statistical Package for Social Sciences
T.U.	:	Tribhuvan University
WHO	:	World Health Organization
www	:	World Wide Web

## ABSTRACT

This study has investigated the factor affecting financial management behavior of Nepalese youths. The study has used descriptive and casual comparative research design. The sampling technique for the study followed convenience sampling. Data have analyzed by using different statistical technique such as descriptive statistic, correlation analysis and multiple regression. This study shows that youths agreed that financial knowledge highly affects their personal financial management behaviour among youths and they believe that their management behaviour is also high. The correlation analysis reveals that there is significant position association between financial knowledge and financial management behavior. Similarly, financial attitude has significant positive relationship with financial management behavior. At the same time, there is significant positive association between financial skill and financial management behavior. The regression analysis shows that there is significant positive effect of financial knowledge on financial management behavior. Then, there is also significant positive effect of financial attitude on financial management behavior. Moreover, financial skill has significant positive impact on financial management behavior. However, all the factors (financial knowledge, financial attitude and locus of control) have significant impact on financial management behavior among youths in Kathmandu valley.

*Keywords: Financial management behaviour, financial knowledge, financial attitude and locus of control.*

## **CHAPTER - I**

### **INTRODUCTION**

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

Independence in the financial sector becomes one of the focus areas for the country's economic development strategy. The way that people handle their finances has become crucial to raising living standards. Kholilah and Iramani (2013) stated financial management behavior refers to a person's capacity to perform the financial roles of planning, controlling, searching, and storing both short- and long-term. Effective financial science knowledge and practical application are prerequisites for implementing the right financial management pattern. Because of this, each student should adopt a sound financial behavior pattern in order to begin learning the first step toward a rich life.

Personal financial management behavior is a major issue in the realm of financial management discipline since it significantly affects people's financial situations. Personal financial management behavior has been defined and assessed in the literature thus far in a variety of ways, depending on the research populations used (Goyal, Kumar & Xiao, 2021). Parrotta and Johnson (1998) described financial management as the process of planning, executing, and assessing financial choices, including cash management, credit management, investments, insurance, and retirement and estate planning. Similarly, Altfest (2004) characterized financial management planning as a comprehensive approach to managing all facets of an individual's financial interests, encompassing cash flow, investments, risk management, retirement, taxes, and estate planning.

The importance of personal financial management is rising, especially in light of the current unsteady global economy. Many people's already unstable financial situations have become further more insecure as a result of the COVID-19 outbreak and the Russia-Ukraine war. In terms of a person's financial situation, bad money management practices or a lack of knowledge about personal money management might have unforeseen consequences, such personal credit default. Thus, boosting people's awareness of personal finance has become more crucial for maintaining personal balance, prosperity, and the growth of the economy as a whole. Financially

astute individuals may guarantee that the financial sector may successfully contribute to actual economic progress and the eradication of poverty in emerging economies (Adriani, 2021).

It is not necessary to have money to invest in an alternative investment. Hedge funds, commodities, and real estate are included in alternative investments, nevertheless. In order to make it easier for people than it was previously to obtain investing goods and services. People need to be more financially literate and knowledgeable about financial products and services in order to make wise financial decisions, even while access to investment products and services is becoming easier. Over the past ten years, the global economy has been steadily declining, and this collapse has led to rising rates of inflation, unemployment, and declining income levels. Researchers are now looking into solutions as a result of the economic collapse and the complexity of financial decisions, which have an impact on people's quality of life and employment (Taft, Hosein & Mehrizi, 2013). The capacity of people to manage their own savings, expenditures, and investments of their own financial resources has been used to gauge the success of personal financial management (Garman & Fogue, 2011).

Among the fundamental ideas of the financial discipline is the conduct of financial management. There are many definitions available for this term. Van Horne and Wachowicz (2002) defined financial management behavior as the process of deciding how to allocate, acquire, and use financial resources, usually with an overall goal in mind. Weston and Brigham (1981) defined financial management behavior as a branch of financial decision-making that balances the goals of the enterprise with the motivations of the individual. Joo (2008) indicated that good money management practices should enhance financial well-being, whereas poor money management can have major long-term negative social and societal repercussions. Therefore, efficient fund management is the primary focus of financial management. Inadequate financial management can have detrimental long-term effects on a person as well as their family.

Xiao and Dew (2011) identified four criteria that can be used to classify an individual's financial management behavior: credit management, savings and investments, cash-flow management, and consumption. A method for integrating all of a person's financial interests is called personal financial management behavior, or PFMB. Among these include estate planning, investing, risk management, retirement planning, and tax preparation. How each person manages their own funds is determined by their degree of financial literacy. McCannon (2014) asserted that a person's behavior with regard to amassing money is influenced by their financial literacy. This suggests that having good money management abilities is one of the most essential conditions for success in life.

The foundations of financial conduct can be traced back to an individual's actions during the decision-making process. In this instance, it is explained how young people's emotional reasoning styles influence their decision-making. Ricciardi and Simon (2000) stated that financial behavior more clearly explains what, why, and how finance and investment work from a human perspective lends credence to this. Consequently, in recent years, researchers have been more concerned in personal money management behavior. So, this study aimed to analyze the affecting factor of personal financial management behavior.

## **1.2 Problem Statement**

Every nation is fighting for economic success these days, but young people who have never been taught how to manage their finances or make plans to secure financial stability find it particularly difficult. Concern over the general state of financial literacy in society has increased significantly in recent years and is predicted to continue to rise.

Prihartono and Asandimitra (2018) revealed that locus of control had little bearing on financial management behavior while knowledge had no effect on it. Instead, financial literacy and attitude had a substantial impact. Herawati et al. (2018) showed financial behavior was positively and significantly impacted by financial literacy, financial self-efficacy, and social economic standing. The largest contribution was made by social and economic position. The results demonstrated that this study's independent factors had an impact on participants' financial behavior. Abriani,

Ahmad, and Purwohedi (2020) found that financial knowledge greatly enhanced financial conduct. Similarly, financial attitudes had a direct and substantial positive impact on personal financial conduct, while locus of control had no influence at all. Htet and Wongsunopparat's (2021) study found no relationship between the degree of financial literacy and the personal financial management of young adults.

Adriani (2021) revealed that financial knowledge, locus of control, and motivation did not impact financial behavior, whereas financial attitude did influence financial behavior. Halim and Setyawan (2021) indicated that financial management behavior is greatly impacted by financial knowledge, financial attitudes, and particularly financial literacy. Setianingsih, Dewi and Chanda (2022) showed financial behavior was significantly influenced by financial knowledge and internal locus of control. On the other hand, financial planning and financial self-efficacy did not have a notable impact on financial management behavior.

Syaliha et al. (2022) showed accounting students at Yapis University in Papua demonstrated a positive and significant relationship between their financial management behavior and their locus of control and financial literacy. However, there was little to no significant influence of lifestyle or financial views on money management practices. Khanal, Thapa and Nepal (2022) revealed financial knowledge had no effect on personal financial planning, but financial attitude and awareness did.

Ruslim, Wijaya, and Turangan (2022) revealed financial management behavior was significantly positively impacted by financial attitude. Simultaneously, financial literacy significantly improved financial management practices. Furthermore, locus of control significantly harmed the way in which financial management was done. Dewi et al. (2023) found how psychological bias variables, financial literacy, individual emotional intelligence, and financial knowledge affect the Buleleng Regency's Z generation's personal financial management.

Mardiana and Widodoatmodjo (2023) revealed that financial management behavior was positively influenced by both financial knowledge and financial attitude. Income, on the other hand, positively but marginally influenced financial management behavior. Ansar et al. (2023) revealed financial knowledge and attitude have a major positive

impact on how Malaysian youth manage their finances. Gunawan et al. (2023) showed that financial management behavior is influenced by financial socialization, knowledge, and experience. Moreover, locus of control moderates the effects of financial socialization, financial knowledge, and financial experience on financial management behavior. Phuong et al. (2023) found that general financial comprehension and financial attitude had a significantly positive impact on personal financial management behavior. Nevertheless, while there are empirical evidences in other countries, there is a lack of such evidence in the current scenario in Nepal, particularly in Kathmandu. Additionally, financial knowledge, financial attitude, and locus of control were the independent variables in the research, but they were not all examined together in one study. The goal is to address the previously mentioned gap in the context. Therefore, the objective of the research is to address the following questions.

- What is the level of personal financial management behavior among youth in Kathmandu Valley?
- Is there any relationship between personal financial management behavior and its factors among youth in Kathmandu Valley?
- What is the impact of financial knowledge, financial attitude and locus of control on personal financial management behavior among youth in Kathmandu Valley?

### **1.3 Objective of the Study**

The main objective of the study is to analyze the affecting factor of personal financial management behavior among youths in Kathmandu valley. The other specific objectives were;

- To analyze the level of level of personal financial management behavior among youth in Kathmandu Valley.
- To examine the relationship between relationship between personal financial management behavior and its factors among youth in Kathmandu Valley.
- To assess the impact of financial knowledge, financial attitude and locus of control on personal financial management behavior among youth in Kathmandu Valley.

### **1.4 Research Hypothesis**

Following the goals of the research, the study has developed hypotheses based on a theoretical and empirical review of the factors influencing personal financial management behavior in young people in Kathmandu valley.

1. H<sub>1</sub>: There is significant impact of financial knowledge on personal financial management behavior among youth in Kathmandu Valley.
2. H<sub>2</sub>: There is significant impact of financial attitude on personal financial management behavior among youth in Kathmandu Valley.
3. H<sub>3</sub>: There is significant impact of locus of control on personal financial management behavior among youth in Kathmandu Valley.

### **1.5 Rationale of the Study**

Regarding academic achievement and the implications for business management, the results of this study can benefit both the individuals and the associated businesses. Individuals can use this information to better understand their own personal financial management circumstances and to prevent overspending and debt issues by learning how to manage their money on their own. Academic policy and planning can leverage the findings to improve financial literacy, academic performance, and personal financial management for high school and college students. Using the results, government policy makers in the fields of banking and economics may create appropriate rules for financial goods and services that will have a positive impact on company management and improve the nation's overall performance. The foundation laid down by this study may prove useful to scholars in the future who wish to investigate financial literacy and personal financial management. The holes that have not been addressed are provided by this research study, which future scholars might work to fill.

### **1.6 Limitations of the Study**

The main limitations of the study are as follows:

- The study concentrates on factors influencing personal financial management behavior among youth, excluding other financial aspects.

- The research is confined to Kathmandu, limiting its scope to areas where specific responses can be obtained, and may not fully represent the views of youth across Nepal.
- The data analysis primarily relies on primary data, so its accuracy depends on the reliability of the respondents' opinions.
- The study uses a convenience sampling method, which may introduce errors due to the sampling approach.
- The responses are exclusively from individuals aged 18-35 years.
- With a sample size of 400 participants, making broad generalizations may be challenging.

## **CHAPTER- II**

### **LITERATURE REVIEW**

A crucial and essential stage in any research project is the assessment of existing literature. Examining research papers or other pertinent claims in the relevant field of study is a necessary step in conducting new research since it makes one aware of all previous studies, their shortcomings, and their findings. This chapter reviews and analyzes a number of books, essays, and published and unpublished works on similar topics from a range of economic publications, research papers, newspapers, and periodicals. It also looks up relevant information on the internet. The theoretical review and the empirical review are the two elements that make up this chapter.

#### **2.1 Theoretical Review**

##### **2.1.1 Theories of Personal Financial Management**

This section reviews relevant theories of personal financial management behavior, including goal-setting theory, the theory of planned behavior, social cognitive theory, social learning theory, and the behavioral life-cycle hypothesis.

###### **2.1.1.1 Goal Setting Theory**

Expectancy theory and goal setting theory have been combined more recently (Hollenbeck et al., 1989). The foundation of goal setting theory is the idea that results are driven by deliberate objectives and intentions. According to Locke and Latham's (1986) goal setting theory of motivation, an individual's performance on related tasks is likely to be influenced by their own goals. More specifically, definite, difficult goals outperform ambiguous, simple, or do-your-best goals in terms of performance. Objective setting theory presupposes that for people to be effective, they must be able to complete the task, be dedicated to the objective, and receive feedback. This suggests that initiatives promoting financial literacy that are driven by beliefs and worries about one's financial security in later life should be more successful. According to motivational theory, financial conduct that serves customers' best interests should be taken into account when measuring financial literacy.

Hilgert, Hogarth and Beverly (2003) developed a financial practices index based on (self-beneficial) behavior in cash flow management, investing, saving, and credit management. When they compared the results of the quiz with those of the Financial Practices Index, they found a favorable correlation between the two. Their results suggest a connection between knowledge and financial actions.

#### **2.1.1.2 Theory of Planned Behavior**

According to Ajzen's (1991) theory of planned behavior, an individual's conduct is influenced by their behavioral intentions, which are also referred to as attitude, subjective norm, and perceived behavioral control. This theory states that attitude, which can be either good or negative, is made up of a person's fundamental ideas about the expected outcomes of a certain action. For example, a person will behave favorably if they believe that a particular course of action would lead to something pleasant, desired, favorable, or helpful. On the other hand, a negative attitude characterizes a situation in which a person believes that something bad will happen. Both purpose and attitude are impacted by subjective norms. The phrase "subjective norm" refers to societal pressure based on normative beliefs that requires one to engage in or refrain from a certain behavior. Thus, subjective norms are the behaviors we believe significant others in our life expect of us. Furthermore, our perceived behavioral control reflects our level of confidence in our ability to manage our behavior. It depends on our perception of both internal (such as our ability and willpower) and external (such as resources and assistance) factors.

#### **2.1.1.3 Social Cognitive Theory**

Bandura (1986) established the social cognitive theory, which describes how an individual's behavior is influenced by their surroundings, other people's actions, and their experiences. Self-efficacy is one of the cornerstones of social cognitive theory. The theory provides a framework for understanding how people actively shape their environment and are shaped by it. The theory explores in great detail how self-efficacy influences behavior generation as well as the processes of modeling and observational learning. The theory states that learning occurs in a social context as a result of the dynamic and reciprocal interaction between an individual's environment, behavior, and surroundings. What sets Social Cognitive Theory apart from others is its focus on social effect in addition to internal and outward social reinforcement. The

idea considers the specific process by which people pick up and remember a behavior as well as the social context in which it is used. The theory takes into account an individual's past experiences, which impact the likelihood of behavioral engagement. These past encounters create expectations, expectancies, and reinforcements that all influence a person's decision to engage in a certain activity as well as the justifications for such behavior. The social cognitive theory explains how financial management behavior is influenced by an individual's view of their financial self-efficacy (Asandimitra & Kautsar, 2020).

#### **2.1.1.4 Social Learning Theory**

The Locus of Control is based on the social learning theory proposed by Rotter. Rotter's (1954) model of behavior prediction using social learning theory consists of four fundamental components. The four of them are psychological situation, reinforcement value, behavior potential, and expectancy. Behavior potential is the likelihood of carrying out a specific action in a given circumstance. There are several actions that one can take in each given situation. Every action has a potential behavior. Whatever conduct has the most potential will be displayed by the individual. Moreover, expectation is the belief that a particular course of action will lead to a particular consequence. Low expectations are a sign that someone believes it is unlikely that their actions would be rewarded. We shall engage in the activity that has the highest expectation of success if both of the desired goals are achieved. People need to believe that they can perform the task effectively and that their actions will be rewarded in order to set high expectations. In addition, the outcomes of our actions are called reinforcement. Reinforcement value is the term used to describe how desirable certain outcomes are. Things that we desire to happen or are drawn to have a high reinforcement value. High reinforcement values are associated with things we want to happen or are drawn to. The reinforcement value of things we wish to prevent or don't want to happen is low. Furthermore, the psychological scenario highlights how unique each person's perspective of the world is. It is important to keep in mind that different people see the same situation in different ways. Different people will have different expectations and values for reinforcement in the same situation. Therefore, people's subjective experience of the world is what matters to them and shapes their responses, not a collection of objective data.

Furthermore, Rotter (1954) developed the theory of social learning, which held that behavior is influenced by an individual's anticipation that these goals would be achieved as well as the nature and applicability of the targets and reinforcements. The author claimed that these expectations are quantifiable and the consequence of prior actions. According to Bandura (2018), these expectations eventually transfer to other circumstances, giving rise to generalized expectancies like LOC.

#### **2.1.1.5 Behavioral Life-Cycle Hypothesis**

The Behavioral Life-Cycle hypothesis (Modigliani & Brumberg, 1954) extends the standard life-cycle model, which maintains that individuals view money as totally fungible and that a smart person lays out their lifetime consumption rationally. The Behavioral Life-Cycle Hypothesis was developed by Shefrin and Thaler (1988) and postulates that people behave as though there is a constant internal conflict between a "doer" who is more concerned with the here and now and a "planner" who considers the long term. The BLC hypothesis goes on to state that an individual's ability to resist urges and the expenses involved in exercising self-control are what ultimately shape their financial behavior throughout the course of their lives. Depending on how individuals categorize money and how their mental accounts work, saving for the future might cost people more or less. The argument goes on to say that the capacity to control impulses is what determines a person's capacity to save money. Moreover, Stromback et al. (2017) mentioned that although the BLC concept has shown effective in understanding saving behavior, there is now.

#### **2.1.2 Management of Personal Finances**

Personal finance refers to any financial choices and activities that a person may make. This includes setting aside money for savings, investments, mortgages, insurance, and any other financial decisions. Personal finance components include things like savings accounts, credit cards, consumer loans, investments, insurance, retirement planning, and income tax management. Personal financial management is the act of allocating resources for investing, borrowing, and spending in a way that will optimize returns and better one's financial situation. To enable a business unit to reach its targeted objectives, a strong financial plan should specify the strategies for spending, borrowing, and investing in addition to the financial targets (Madura, 2007).

### **Financial Planning**

Financial planning is the most crucial component of personal money management. It should include assessing one's financial situation and establishing both short- and long-term objectives. The application of financial concepts to a person's or family's financial decisions is known as personal finance. It discusses how people or families make money, budget, save, and spend it over time while considering different financial risks and life events that may occur in the future. Although people now have a lot more money than they did a few generations ago, financial experts concur that understanding on how to handle that money hasn't kept up at all. For every one of us, taking responsibility for organizing, budgeting, and executing our financial plans is crucial. It must be able to seize control of our finances. In addition to creating our family budget, this will help us save money, prepare for retirement, and make investments for a better future. This is also significant since everyone wants to live a stress-free, debt-free life without having to work until they are elderly in order to support themselves and their children. Everyone should be aware of this and understand how important it is to manage and organize their finances (Mazzucato, 2010).

Marzieh et al. (2013) revealed that financial wellbeing and financial literacy are favorably correlated with schooling. Formal education level is a controllable element that has a big impact on income. Higher educated people typically have higher incomes later in life. A broadly diversified asset portfolio is more likely to be held by less knowledgeable investors. Financial expertise has also been demonstrated to positively promote financial contentment.

The exposure to and comprehension of the risks related to the intricacy of retirement, insurance, and investment planning are enhanced by financial literacy. Thus, it is anticipated that those with greater education levels would also be more financially conscious. Family financial sophistication and socio demographic traits were highly correlated with financial literacy. In particular, a girl with less than a high school education whose parents were not affluent was about percentage points less likely to know about risk diversification than a guy with a college degree whose parents owned stocks and retirement funds (Boon, Yee & Ting, 2011).

In other words, personal financial management refers to the systematic approach of managing earnings and allocating costs by means of an elaborate financial schedule. A methodical approach to using income is to learn how to track the money that comes in and adjust how it is used to meet expenses (Vitt et al., 2000). Managing the personal finances well is essential to make our money work for us. Planning is necessary for this. Planning is the process of creating a suitable plan of action and adhering to it in order to accomplish the desired goals or aims. Financial planning is a dynamic process that evolves as we advance in our careers and through different phases of life. It is a plan that must be evaluated as circumstances change, such as when we get married, purchase a home, and start a kid. We will need to actively assess our financial plans when our financial situation and life goals change to see whether we can still meet our financial objectives within the allotted time frame.

Why is personal financial management and planning so crucial for every person in the world? Effective personal money management makes life better for everyone. Our lives will be better off in the long run or now if we are more successful financially. Understanding the necessity of making plans to handle future financial obligations, such as retirement and unforeseen circumstances requiring substantial financial outlays, is a key component of financial planning. This indicates that a person who possesses financial competence recognizes the importance of determining their short- and long-term financial demands and knows how to best allocate their hard-earned money throughout their whole life. Investment strategies, retirement planning, and saving are examples of financial planning activities. This indicator records the amount of assets that are readily available as well as the purposeful or habitual storing away of assets. Individuals save in a variety of ways, including cash and bank accounts as well as other goods like gold, land, or cattle that might appreciate in value over time. To meet their various liquidity demands, the majority of people maintain a varied portfolio of assets: While committed savings programs or livestock retain wealth for longer term objectives, cash in a bank or mobile account is there for crises that arise (Chen & Volpe, 2007).

### **Debt Management Practices**

Debt management is the second area of personal financial management. It is quite desirable to have good debt management practices for stable household finances.

Although personal debt carries some risk, it can help make a household financially prosperous when used wisely. Personal debt, when misused, frequently serves as the primary cause of distress, financial hardship, or even bankruptcy, especially in situations when cash flow is an issue (Peng et al., 2007).

### **2.1.3 The Importance of Personal Financial Management**

Financial management gives us the freedom to live a comfortable existence in our personal lives, confident in the knowledge that we will always have enough money to make ourselves happy. Every aspect of both personal and professional life reflects the significance of financial planning and management. Everyone needs to understand financial management, regardless of their financial situation, and make the necessary adjustments to improve their quality of life.

The benefit of personal financial management is that it can raise one's standard of living, which promotes health and significantly lowers financial stress. In addition, it empowers the person to make wiser financial decisions that lower poverty, lower debt, and raise savings and investments (Volpe et al., 2006). In conclusion, it is critical that everyone understands the value of and advantages associated with personal financial management, which promotes a stress-free, financially secure existence. When we were younger, many of us were not taught the value of personal financial management. We were not taught how to manage our finances, save, invest, or distribute our money. Merely acknowledging the significance of personal financial management is insufficient; we also need to take action to arrange, plan, and oversee our own funds. Many of us are in debt, unsure of how we got here, and unsure of how to begin the process of getting out of it (Robb & Sharpe, 2009).

## **2.2 Empirical Review**

Prihartono and Asandimitra (2018) analyzed factors influencing financial management behaviour. This study sought to investigate the relationship between economics faculty students' income, higher education learning, financial attitude, financial literacy, financial knowledge, and locus of control regarding financial management behavior. There are 264 respondents in the population, chosen using judgmental sampling. Students from the Economics Faculty who have taken at least two semesters during the lecture comprise the features of the respondents. The

researcher employed multiple regression analysis as the analysis method. The findings revealed the impact of income on financial management practices. The conduct of financial management was unaffected by higher education. The conduct of financial management was unaffected by financial understanding. The impact of financial knowledge on money management practices. Financial management practices are influenced by financial attitudes. Behavior related to financial management was unaffected by locus of control.

Herawati et al. (2018) examined the factors that influence financial behavior among accounting students in Bali. The main objective of the study was to analyze the factors impacting the financial behavior of accounting students in Bali. A quantitative technique was used in this study to measure participants' financial literacy and distribute questionnaires. A multi-phase random sampling process was utilized to choose a sample of 518 participants. For the data analysis, multiple regression analysis was used. The results of the research showed that financial behavior was positively and significantly impacted by financial literacy, financial self-efficacy, and social economic standing. The largest contribution was made by social and economic position. The results demonstrated that this study's independent factors had an impact on participants' financial behavior. As such, they can serve as a point of reference for the development of additional factors pertaining to the financial behavior of students.

Abriani, Ahmad and Purwohedi (2020) evaluated personal finance determinants factors: case study on management master students of Universitas Negeri Jakarta. This study's primary goal was to examine the variables that affect individuals' financial behavior. methods for gathering data that combine observations and surveys. Multiple regression analysis and a univariate one-way ANOVA test using SPSS 22 are the data analysis methods employed. The findings indicated that financial behavior was significantly improved by financial knowledge. Similarly, locus of control had no effect on personal financial behavior, while financial attitudes had a direct and significant beneficial effect on it. Moreover, personal financial behavior was significantly influenced by income. Therefore, based on the four income groups, it may be stated that there was a considerable variation in the respondents' personal financial conduct.

Htet and Wongsunopparat (2021) analyzed the factors that effect and influence on the personal financial management of the young adult. The primary goal of the study was to assess the interrelationships between all the factors and the effects that financial product knowledge, family, peer, and financial literacy will have on a young adult's personal financial management. Because the measurement model in the structural equation modeling (SEM) was utilized for the (CFA) Confirmatory Factor Analysis utilizing Amos, followed by the definition and estimate of the models, the (CFA) Confirmatory Factor Analysis was employed in the current study. The current study found that a young adult's personal financial management was unaffected by their level of financial literacy. This finding ran counter to the earlier study's findings, which indicated that there was a substantial relationship between financial literacy and personal financial management. Young adults' understanding of financial products has been impacted by financial literacy. One noteworthy finding from this study is the substantial impact that financial literacy has on one's understanding of financial products.

Adriani (2021) investigated factors affecting financial behaviors: Studies in students who do venture creation. The purpose of this study was to ascertain how financial behavior is influenced by financial knowledge, attitude, locus of control, risk tolerance, motivation, and mental accounting. At Universitas Ciputra Surabaya, there were 168 students majoring in international business management. Students who were enrolled in the sixth semester or higher at the time of the purposive sample technique sampling were the characteristics of the respondents. Partial Least Square (PLS) analysis was performed on the acquired data. The findings indicated that there was no relationship between financial conduct and the variables of financial knowledge, locus of control, and motivation. Financial behavior was influenced by risk tolerance, mental accounting, and financial attitude.

Halim and Setyawan (2021) examined determinant factors of financial management behavior among people in Jakarta during COVID-19 pandemic. The aim of this study was to examine how financial literacy, financial attitudes, and financial knowledge affected people's financial management practices in Jakarta during the COVID-19 pandemic. People's purchasing power will decline as a result of the government's harsh restrictions on numerous business activities during the pandemic. This study

employs structural equation modeling (SEM) with smart partial least squares (PLS) to investigate the alternative hypothesis. 185 people completed an online Google Form questionnaire designed for purposive non-probability selection in order to gather the research sample. The study's findings indicated that financial management behavior was significantly influenced by financial literacy, financial attitudes, and financial knowledge in particular.

Komarudin et al. (2021) analyzed the factors affecting financial behavior. The purpose of this study was to determine the financial behavior of Kuningan Regency students. A descriptive and verification methodology was used in this investigation. The population of the study is the students of the University of Kuningan's Faculty of Economics, and the sample technique used is purposeful sampling. This study used multiple regression analysis to look at the data. The results showed that self-control had a positive and substantial impact on financial conduct, financial knowledge had a positive impact on financial behavior, and both financial knowledge and self-control had a simultaneous and significant impact on financial behavior.

Setianingsih, Dewi and Chanda (2022) investigated the effect of financial knowledge, financial planning, internal locus of control, and financial self-efficacy on financial management behavior: a case study of SMES grocery stores. This study looked at how financial management practices at SMEs grocery stores in Langsa City were influenced by financial knowledge, financial planning, internal locus of control, and financial self-efficacy. 159 SMEs grocery shops made up the study's population, while 114 SMEs grocery stores made up the sample. Purposive sampling was the method used for the sample process. Multiple linear regression analysis is the data analysis technique that is employed. The locus of control and financial knowledge internal hypothesis testing variables significantly impacted the financial management behavior. On the other hand, financial management behavior was not significantly impacted by the factors of financial planning or financial self-efficacy.

Syaliha et al. (2022) investigated the effect of financial literacy, life style, financial attitude and locus of control to financial management behavior. This study was carried out to investigate the potential influences of financial literacy, lifestyle, financial attitude, and locus of control on financial management behavior among

Yapis University, Papua accounting students. All enrolled and enrolled accounting students at Yapis University Papua made up the study's population. Purposive sampling was used to collect samples, with a sample size of 50 respondents. A questionnaire was utilized to collect the data for this investigation. Multiple linear regression analysis was used for data analysis. The results of the study showed that there was a significant and positive correlation between the locus of control and financial literacy of accounting students at Yapis University in Papua and their financial management behavior. However, there was no appreciable improvement in the financial attitudes or lifestyle of Yapis University Papua accounting students when it came to their financial management methods.

Ruslim, Wijaya and Turangan (2022) investigated the affecting factor of personal financial management behavior. The main objective of the study was to investigate the possible impacts of financial knowledge, attitude, and locus of control on workers' financial management practices in West Jakarta. A descriptive research approach was used in this study, and questionnaires based on the predetermined criteria were distributed to 57 respondents in order to gather data. The PLS Algorithm is used by Smart-PLS to process data. This study found that financial mentality has a considerable favorable influence on money management behavior. Financial management techniques were greatly enhanced by financial literacy at the same time. Moreover, locus of control adversely affected the manner in which financial management was carried out.

Prawitasari et al. (2022) analyzed how to measure personal financial management behavior during the Covid-19 pandemic. The main objective of the study was to look at how financial attitudes, lifestyle, social environment, and financial literacy affected the individual financial management practices of UDINUS students. Purposive sampling was used in this study, with 170 participants. The SPSS Version 23 analytic tool is used to evaluate data for multiple linear regression, hypothesis testing, classical assumption testing, and instrument testing. The study's findings showed that among UDINUS students, financial management behavior and financial literacy had a favorable and substantial relationship. The second finding showed that among UDINUS students, financial views and financial management behavior were positively and significantly correlated. The third finding showed that UDINUS

students' money management conduct was not positively impacted by their lifestyle. The final finding showed that UDINUS students' financial management practices were positively and significantly impacted by their social surroundings.

Khanal, Thapa and Nepal (2022) analyzed determinants of personal financial planning: A survey among business graduates in Nepal. The purpose of this study was to examine the factors that influence Nepalese business graduates' financial planning. It looked at how financial planning was affected by financial attitude, financial awareness, and financial knowledge while controlling for marital status, gender, monthly income, and family structure. 227 business grads participated in an email-based poll using a comprehensive questionnaire. For the causal analysis, hierarchical multiple regression was employed. The results showed that while financial knowledge had no discernible effect on personal financial planning, financial attitude and awareness did. Surprisingly yet, it was discovered that none of the control factors had any discernible effect on personal financial planning. Therefore, a business graduate's mindset and level of awareness regarding the financial aspects of their life play a significant role in determining their personal financial planning in Nepal.

Goyal et al. (2022) analyzed the psychological antecedents of personal financial management behavior: a meta-analysis. The primary goal of the research was to assess the relationship between financial attitude, financial self-efficacy, materialism, self-discipline, internal locus of control, and external locus of control—the six psychological factors—and personal financial management behavior (PFMB). The meta analysis approach was applied to a stack of thirty-two research publications that examined the links between different psychological characteristics and PFMB. This study showed that, with the exception of the strong positive link with self-control, there was no significant relationship between PFMB and the other explanatory variables. On the other hand, PFMB in adults was found to be strongly correlated with materialism (negatively) and self-control (positively) in a subgroup analysis. PFMB and internal locus of control (LOC) had a strong and favorable correlation in the younger population. It's interesting to note that in industrialized nations, self-control seemed to be strongly and favorably connected with PFMB.

Phuong et al. (2023) examined determinants of personal financial management behaviour: empirical evidence from Vietnam. This study looked at how people's personal financial management behavior (PFMB) in Vietnam was influenced by their demographics, financial attitudes, consumer experiences as children, and general financial awareness. The researchers utilized AMOS software version 20.0 and SPSS software to evaluate the regression using mechanical analysis. The data analysis, gathered from 308 individuals, revealed that every independent variable had a statistically significant favorable impact on each person's personal financial management behavior. Furthermore, practically all of the demographic factors—aside from gender—had an impact on the dependent variables. Based on this, the current study will assist academics in creating more thorough frameworks in the same field and offer particular advice on how people, families, and educational institutions may manage their personal finances more effectively.

Dewi et al. (2023) investigated the influence of finance knowledge, financial literacy, individual emotional intelligence, and psychological bias factors on personal financial management. The main objective of the study was to ascertain how personal financial management is affected by financial literacy, psychological bias factors, emotional intelligence, and financial knowledge. This research focuses on the Z generation in Buleleng Regency, Bali. This study makes use of the partial t-test, the analysis of the coefficient of determination test, the classical assumption test, and a number of other regression analysis techniques. This is a quantitative study. The study's conclusions showed how psychological bias factors, individual emotional intelligence, financial literacy, and financial knowledge impact the z generation's personal financial management in Buleleng Regency, with an adjusted R-Square value of 0.508, or 50.8 percent. The hypothesis is validated by comparing the t-table and t-count in each regression model.

Mardiana and Widodoatmodjo (2023) examined factors affecting financial management behavior among Universitas Tarumanagara's students. The primary aim of the research was to assess how Universitas Tarumanagara students' financial management behavior was influenced by their income, financial attitude, and financial knowledge. The study's population consisted of 150 active students at Universitas Tarumanagara who were chosen by purposive sampling, a non-probability sampling technique.

Online questionnaires delivered in the form of Google forms were used to collect data. PLS-SEM was used to process the acquired data using Smart-PLS software. The findings indicated that financial attitude and knowledge had a favorable and significant impact on individual financial management behaviors. On the other hand, Income had positively but marginally influenced financial management behavior.

Ansar et al. (2023) investigated determinants of personal financial management practices among Malaysian youth. The study's primary goal was to investigate the variables affecting young Malaysians' personal financial management practices, with future orientation playing a moderating influence. The theory of planned behavior served as the foundation for this study's prediction and understanding of the variables influencing Malaysian youths' personal financial management practices. The study included Malaysian individuals between the ages of 15 and 40. A total of 119 valid surveys were gathered and subjected to partial least squares (PLS) analysis with structural equation modeling (SEM). The results of the data analysis showed that financial literacy and attitude had a considerable favorable impact on young Malaysians' money management habits. Furthermore, the findings show that future orientation acts as a moderator, enhancing the relationships between young people's personal financial management practices, financial literacy, and financial attitude.

Gunawan et al. (2023) analyzed factors affecting financial management behavior of Paylater users in Indonesia: examining the moderating role of locus of control. The main objective of the study was to investigate the effects of locus of control on the relationships between financial socialization, financial knowledge, financial experience, and financial management behavior among Paylater users in Medan, North Sumatra, Indonesia. The study's participants are Medan, North Sumatra, Indonesia, Paylater consumers. The sample approaches employed were snowball sampling and purposeful sampling. A total of 221 individuals participated in the data gathering phase of this study. The Google Forms link was shared on social media chat features and messaging apps (including WhatsApp, Line, and Telegram) to distribute the questionnaires. The study uses PLS 4.00 software to help with the SEM-PLS data analysis technique. The research results showed that financial socialization, knowledge, and experience influence financial management behavior ( $p < 0.05$ ). Moreover, locus of control moderates the effects of financial socialization, financial

knowledge, and financial experience on financial management behavior ( $p < 0.05$ ). By educating Paylater users about financial management, the research consequences are anticipated to enhance their financial management behavior.

**Table 1**

*Summary of Empirical Review*

S.N.	Authors	Topic	Objectives	Methodology	Major Findings
1	Prihartono and Asandimistra (2018)	Analysis of factors influencing financial management behaviour.	This study sought to investigate the relationship between different factors and financial management behavior	The researcher employed multiple regression analysis as the analysis method	The findings revealed the impact of income on financial management practices. The conduct of financial management was unaffected by higher education. The conduct of financial management was unaffected by financial understanding. The impact of financial knowledge on money management practices. Financial management practices are influenced by financial attitudes. Behavior related to financial management was unaffected by locus of control.
2	Herawati et al. (2018)	Factors that influence financial behavior among accounting students in Bali.	The main objective of the study was to analyze the factors impacting the financial behavior of accounting students in Bali	For the data analysis, multiple regression analysis was used	The results of the research showed that financial behavior was positively and significantly impacted by financial literacy, financial self-efficacy, and social economic standing. The largest contribution was made by social and economic position. The results demonstrated that this study's independent factors had an impact on participants' financial behavior.
3	Abriani, Ahmad and Purwohedidi (2020)	Personal finance determinants factors: case study on	This study's primary goal was to examine the variables that affect individuals'	Multiple regression analysis and a univariate one-way ANOVA test	The findings indicated that financial behavior was significantly improved by financial knowledge. Similarly, locus of control had no effect on personal

		managemen t master students of Universitas Negeri Jakarta.	financial behavior	using SPSS 22 are the data analysis methods employed	financial behavior, while financial attitudes had a direct and significant beneficial effect on it. Moreover, personal financial behavior was significantly influenced by income.
4	Htet and Wongsun opparat (2021)	Study of factors that effect and influence on the personal financial managemen t of the young adult.	The primary goal of the study was to assess the interrelationshi ps between all the factors and the effects that financial product knowledge, family, peer, and financial literacy will have on a young adult's personal financial management	Structural equation modeling (SEM), Amos, followed by the definition and estimate of the models, the (CFA) Confirmatory Factor Analysis was employed in the current study	The current study found that a young adult's personal financial management was unaffected by their level of financial literacy. This finding ran counter to the earlier study's findings, which indicated that there was a substantial relationship between financial literacy and personal financial management. Young adults' understanding of financial products has been impacted by financial literacy.
5	Adriani (2021)	Factors affecting financial behaviors: Studies in students who do venture creation.	The purpose of this study was to ascertain how financial behavior is influenced by financial knowledge, attitude, locus of control, risk tolerance, motivation, and mental accounting	Partial Least Square (PLS) analysis was performed on the acquired data	The findings indicated that there was no relationship between financial conduct and the variables of financial knowledge, locus of control, and motivation. Financial behavior was influenced by risk tolerance, mental accounting, and financial attitude.
6	Halim and Setyawan (2021)	Determinan t factors of financial managemen t behavior among people in Jakarta during	The aim of this study was to examine how financial literacy, financial attitudes, and financial knowledge	This study employs structural equation modeling (SEM) with smart partial least squares (PLS) to	The study's findings indicated that financial management behavior was significantly influenced by financial literacy, financial attitudes, and financial knowledge in particular.

		COVID-19 pandemic.	affected people's financial management practices in Jakarta.	investigate the alternative hypothesis.	
7	Komarudin et al. (2021)	Analysis of factors affecting financial behavior.	The purpose of this study was to determine the financial behavior of Kuningan Regency students.	This study used multiple regression analysis to look at the data	The results showed that self-control had a positive and substantial impact on financial conduct, financial knowledge had a positive impact on financial behavior, and both financial knowledge and self-control had a simultaneous and significant impact on financial behavior.
8	Setianingsih, Dewi and Chanda (2022)	The effect of financial knowledge, financial planning, internal locus of control, and financial self-efficacy on financial management behavior: A case study of SMES grocery stores.	This study looked at how financial management practices at SMEs grocery stores in Langsa City were influenced by financial knowledge, financial planning, internal locus of control, and financial self-efficacy	Multiple linear regression analysis is the data analysis technique that is employed	The locus of control and financial knowledge internal hypothesis testing variables significantly impacted the financial management behavior. On the other hand, financial management behavior was not significantly impacted by the factors of financial planning or financial self-efficacy.
9	Syaliha et al. (2022)	The effect of financial literacy, life style, financial attitude and locus of control to financial management behavior.	This study was carried out to investigate the potential influences of financial literacy, lifestyle, financial attitude, and locus of control on	Multiple linear regression analysis was used for data analysis	The results of the study showed that there was a significant and positive correlation between the locus of control and financial literacy of accounting students at Yapis University in Papua and their financial management behavior. However, there was no appreciable improvement in the

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			financial management behavior among Yapis University		financial attitudes or lifestyle of Yapis University Papua accounting students.
10	Ruslim, Wijaya and Turangan (2022)	The affecting factor of personal financial management behavior.	The main objective of the study was to investigate the possible impacts of financial knowledge, attitude, and locus of control on workers' financial management practices in West Jakarta	The PLS Algorithm is used by Smart-PLS to process data	This study found that financial mentality has a considerable favorable influence on money management behavior. Financial management techniques were greatly enhanced by financial literacy at the same time. Moreover, locus of control adversely affected the manner in which financial management was carried out.
11	Prawitasa ri et al. (2022)	How to measure personal financial management behavior during the Covid-19 pandemic.	The main objective of the study was to look at how financial attitudes, lifestyle, social environment, and financial literacy affected the individual financial management practices of UDINUS students	The SPSS Version 23 analytic tool is used to evaluate data for multiple linear regression, hypothesis testing, classical assumption testing, and instrument testing	The study's findings showed that among UDINUS students, financial management behavior and financial literacy had a favorable and substantial relationship. The second finding showed that among UDINUS students, financial views and financial management behavior were positively and significantly correlated. The third finding showed that UDINUS students' money management conduct was not positively impacted by their lifestyle.
12	Khanal, Thapa and Nepal (2022)	Determinants of personal financial planning: A survey among business graduates in Nepal.	The purpose of this study was to examine the factors that influence Nepalese business graduates' financial planning	For the causal analysis, hierarchical multiple regression was employed	The results showed that while financial knowledge had no discernible effect on personal financial planning, financial attitude and awareness did. Surprisingly yet, it was discovered that none of the control factors had any discernible effect on personal financial planning.

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13	Goyal et al. (2022)	The psychological antecedents of personal financial management behavior: A meta-analysis.	The primary goal of the research was to assess the relationship between psychological factors—and personal financial management behavior	Data was analyzed using the meta analysis technique	This study showed that, with the exception of the strong positive link with self-control, there was no significant relationship between PFMB and the other explanatory variables. On the other hand, PFMB in adults was found to be strongly correlated with materialism (negatively) and self-control (positively) in a subgroup analysis. PFMB and internal locus of control (LOC) had a strong and favorable correlation in the younger population.
14	Phuong et al. (2023)	Determinants of personal financial management behaviour: Empirical evidence from Vietnam.	This study looked at how people's personal financial management behavior was influenced by their demographics, financial attitudes, consumer experiences as children, and general financial awareness	The researchers utilized AMOS software version 20.0 and SPSS software to evaluate the regression using mechanical analysis	This study found that every independent variable had a statistically significant favorable impact on each person's personal financial management behavior. Furthermore, practically all of the demographic factors—aside from gender—had an impact on the dependent variables
15	Dewi et al. (2023)	The influence of finance knowledge, financial literacy, individual emotional intelligence, and psychological bias factors on personal financial	The main objective of the study was to ascertain how personal financial management is affected by financial literacy, psychological bias factors, emotional intelligence, and financial	This study makes use of the partial t-test, the analysis of the coefficient of determination test, the classical assumption test, and a number of other regression	The study's conclusions showed how psychological bias factors, individual emotional intelligence, financial literacy, and financial knowledge impact the z generation's personal financial management in Buleleng Regency, with an adjusted R-Square value of 0.508, or 50.8 percent. The hypothesis is validated by comparing the t-table and t-count in each regression model.

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16	Mardiana and Widodo (2023)	<p>management. Factors affecting financial management behavior among Universitas Tarumanagara's students.</p>	<p>knowledge The primary aim of the research was to assess how Universitas Tarumanagara students' financial management behavior was influenced by their income, financial attitude, and financial knowledge</p>	<p>analysis techniques PLS-SEM was used to process the acquired data using Smart-PLS software</p>	<p>The findings indicated that financial attitude and knowledge had a favorable and significant impact on individual financial management behaviors. On the other hand, Income had positively but marginally influenced financial management behavior.</p>
17	Ansar et al. (2023)	<p>Determinants of personal financial management practices among Malaysian youth</p>	<p>The study's primary goal was to investigate the variables affecting young Malaysians' personal financial management practices</p>	<p>A total of 119 valid surveys were gathered and subjected to partial least squares (PLS) analysis with structural equation modeling (SEM)</p>	<p>This study showed that financial literacy and attitude had a considerable favorable impact on young Malaysians' money management habits. Furthermore, future orientation acts as a moderator, enhancing the relationships between young people's personal financial management practices, financial literacy, and financial attitude.</p>
18	Gunawan et al. (2023)	<p>Factors affecting financial management behavior of Paylater users in Indonesia: Examining the moderating role of locus of control.</p>	<p>The main objective of the study was to investigate the effects of locus of control on the relationships between financial socialization, financial knowledge, financial experience, and financial management behavior.</p>	<p>The study uses PLS 4.00 software to help with the SEM-PLS data analysis technique</p>	<p>The research results showed that financial socialization, knowledge, and experience influence financial management behavior. Moreover, locus of control moderates the effects of financial socialization, financial knowledge, and financial experience on financial management behavior. By educating Paylater users about financial management, the research consequences are anticipated to enhance their financial management behavior.</p>

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### **2.3 Research Gap**

The term "research gap" refers to the disparity between current research and previous studies. While there have been some studies conducted in other developing countries, they have mostly been descriptive and none have focused specifically on Nepal. Existing research typically involves a small number of respondents, but this study aims to address that limitation by including 400 participants. Previous literature has often explored only a few aspects of financial management behavior, with only a few studies examining it more comprehensively. Additionally, earlier research has not simultaneously investigated the interplay between independent variables such as financial attitude, financial knowledge, and locus of control, nor have they explored these variables in relation to factors influencing personal financial management behavior. Moreover, some previous studies have come up with conflicting findings. For instance, Halim and Setyawan (2021) and Ruslim, Wijaya and Turangan (2022) found that financial knowledge had significant positive impact on financial management behavior among youths whereas Adriani (2021) and Khanal, Thapa and Nepal (2022) had no effect on financial management behavior. Ruslim, Wijaya and Turangan (2022); Syaliha et al. (2022) on their part, noted a weak influence of financial attitude while Prihartono and Asandimitra (2018); Adriani (2021) and Phuong et al. (2023) indicated a significant effect of financial attitude on financial management behaviour. Further, Abriani, Ahmad and Purwohedi (2020) observed locus of control had significant positive effect on financial management behavior whereas Adriani (2021) had no effect on financial management behavior. Given these conflicting results, it remains unclear which factors and to what extent they impact personal financial management behavior. This study aims to address and fill that gap.

## **CHAPTER – III**

### **RESEARCH METHODOLOGY**

The methodical process of solving an issue by systematic information recording, analysis, interpretation, and reporting of the many aspects of the phenomenon being studied is known as research methodology. This paper's study methodology outlines the procedures and methods used at each stage of the investigation. The population and sample, sampling design, data sources and nature, data collecting tool, study framework, variable definitions, and analytic technique are the five components of research design.

#### **3.1 Research Design**

The study has utilized both descriptive and causal-comparative research designs. The descriptive research design is employed to outline the components of personal financial management behavior among youths. On the other hand, the causal-comparative design is used to explore the relationships between the dependent variable (personal financial management) and independent variables (financial knowledge, financial attitude, and locus of control). Additionally, causal research design is applied to investigate how various factors influence personal financial management behavior among youth in the Kathmandu Valley.

#### **3.2 Population and Sample, and Sampling Design**

The target population for this survey includes all the youth in the Kathmandu Valley. Of the 500 questionnaires distributed, 400 valid responses were received, making the sample size 400. This study aims to identify the factors influencing personal financial management behavior among the youth in the Kathmandu Valley. A non-probability sampling approach, specifically, convenience sampling methods, was utilized for this research.

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

When it comes to the source of the data, primary sources are mostly used to provide relevant and informative data. The study's analytical phase likewise made a conscious decision to use the primary data source. This data was gathered through the

completion of questionnaires by 400 young respondents in the Kathmandu Valley. Furthermore, relevant online reading materials, books in journals, articles, magazines, and newspapers that addressed the variables impacting the personal financial management behavior of young people in the Kathmandu Valley were used as secondary sources of information.

### **3.4 Method of Analysis**

The easily understood frequency tables that show the proportion and frequency of each category were utilized in this investigation. Regression and correlation analyses were used in addition to descriptive analysis to verify the hypothesis.

#### **3.4.1 Descriptive Analysis**

The respondents' demographic variables and personal financial management behavior were described using descriptive statistics. The variables were characterized using calculated mean, standard deviation, frequencies, and percentages.

#### **Mean**

The arithmetic mean of a range of values or quantities is the mean, which is calculated by dividing the total number of values by the number of values. It alludes to the average that is looked at or used to ascertain the central trend of the data. One commonly used and simple to understand central tendency metric is the arithmetic mean. To calculate it, divide the total by the number point after adding together all of the population's data points. In this study, the average of the respondents' responses to the several variables in the Likert scale question is calculated using the mean. The mean value of the responses to the Likert scale question is calculated for each sample.

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

Where,

$\sum X$  = Value of responses of each independent or dependent variable

n = No. of statements

### Standard Deviation

The extent to which a collection of data values fluctuate or are scattered may be described using the standard deviation, which measures dispersion. It may be written as the variance times the square root of the positive value. Since the standard deviation utilizes the same units of measurement as the data, one of its properties is that it varies from variance in a significant way. If the data points diverge farther from the mean, there is a greater deviation within the data set. Therefore, when the data expands, the standard deviation rises. The Likert scale responses are used to calculate the standard deviation for each sample in this study.

$$\text{Standard Deviation (S.D.)} = \sqrt{\frac{\Sigma(X - \bar{X})^2}{n}}$$

Where,

X = Value of responses of each dependent or independent variable

$\bar{X}$  = Mean value of responses of each dependent or independent variable

n = No. of responses

### 3.4.2 Correlation Analysis

The correlation coefficient illustrates the relationship between two independent variables. It is a method for determining the relationship between these two variables. When there is a substantial correlation between the two variables, or when changes in the value of the independent variable also have an impact on the value of the dependent variable, a correlation coefficient is present. Correlation is assessed for Likert scale responses in order to ascertain the degree of association between independent and dependent variables.

$$\text{Correlation Coefficient (r)} = \frac{n\Sigma XY - \Sigma X \Sigma Y}{\sqrt{n\Sigma X^2 - (\Sigma X)^2} \sqrt{n\Sigma Y^2 - (\Sigma Y)^2}}$$

Where,

X = Value of independent variable

Y = Value of dependent variable

n = Number of responses

### 3.4.3 Regression Analysis

A statistical technique for determining the strength of the link between one or more independent variables and one or more dependent variables is regression analysis. It includes a broad range of methods for evaluating and simulating several variables to determine how they relate to one another. Regression analysis is used in this study to determine the direction of the connection between the independent and dependent variables for each sample based on responses on a Likert scale. The following equation represents the theoretical model of the relationship:

$$\text{FMB} = \beta_0 + \beta_1\text{FK} + \beta_2\text{FA} + \beta_3\text{LOC} + \varepsilon$$

Where,

FMB= Financial Management Behavior

FK = Financial Knowledge

FA = Financial Attitude

LOC = Locus of Control

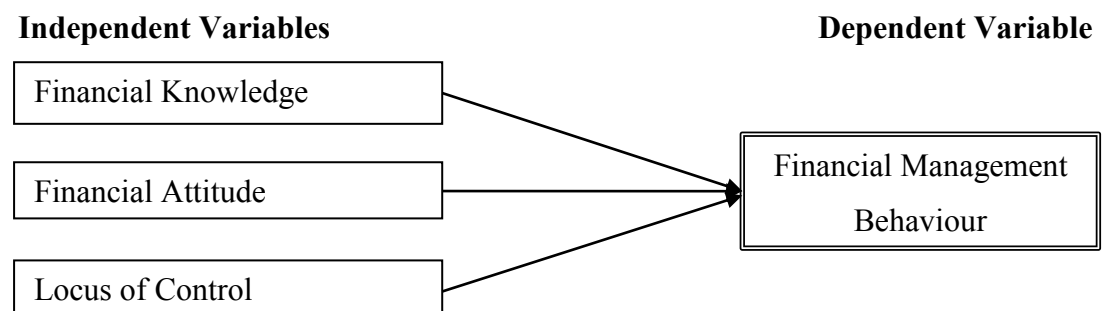
$\beta_0$  = The intercept (constant)

$\beta_1, \beta_2, \beta_3$  = Coefficient of variables

$\varepsilon$  = Error term.

### 3.5 Research Framework and Definition of the Variables

The research focuses on analyzing and interpreting the dependent variable (personal financial management behavior) in relation to the independent variables (financial knowledge, financial attitude, and locus of control).



Source: Adriani (2021); Halim and Setyawan (2021) Ruslim, Wijaya and Turangan (2022); Phuong et al. (2023)

*Figure 1* Research Framework of the Study

## **Dependent Variable**

### **Financial Management Behaviour**

Personal financial management behavior encompasses the actions, habits, and decisions individuals use to manage their financial resources effectively. According to Phuong et al. (2023), simply knowing basic financial concepts is insufficient unless it is demonstrated through financial behavior. Financial behavior involves a person's capacity to handle various aspects of daily financial management, including planning, budgeting, monitoring, controlling, researching, and saving funds.

## **Independent Variables**

### **Financial Knowledge**

Financial knowledge refers to the understanding of financial concepts essential for managing everyday life. It encompasses what individuals know about personal financial matters, as assessed by their familiarity with various finance-related concepts (Herdjiono and Damanik, 2016). This includes general knowledge about personal finance, savings, loans, insurance, and investments. Ruslim, Wijaya, and Turangan (2022) found that financial knowledge positively impacts financial management behavior. Similarly, Halim and Setyawan (2021) reported that financial knowledge significantly influences financial management behavior.

### **Financial Attitude**

Financial attitude can be defined as an individual's state of mind, opinion, and evaluation of their personal finances that are applied to their attitude. Attitude is defined as a person's state of mind, opinion, and judgment about the world they live in (Amanah et al., 2016). A financial attitude is a condition of judgment, opinion, and thought regarding finances. A positive financial attitude can alter perceptions of financial decisions and products based on an individual's moral, cultural, and personal beliefs. According to Ruslim, Wijaya, and Turangan (2022), financial management behavior was significantly positively impacted by financial attitude. According to Halim and Setyawan (2021), financial attitudes have a big impact on how people handle their money.

**Locus of Control**

Theorist of social learning Rotter (1966) introduced the idea of locus of control for the first time. A person's viewpoint on an event, regardless of his ability to affect it, is known as his locus of control. According to Rotter, locus of control may be divided into two categories: internal and external. Internal locus of control refers to a person's propensity to believe that their own aptitudes, abilities, and exertions dictate the result. On the other hand, having an external locus of control indicates that one believes fate, destiny, luck, or other people influence one's course in life. According to the findings of Ruslim, Wijaya, and Turangan (2022), locus of control significantly negatively impacted financial management practices. Adriani (2021) found that there was no impact of locus of control on financial behavior.

## CHAPTER – IV

### RESULTS AND DISCUSSION

The primary aim of this study is to examine the factors influencing the financial management behaviors of Nepalese youth, as detailed in previous chapters. This chapter is organized into three sections: the first section covers the demographic profile, descriptive statistics, and correlation analyses of the study's variables; the second section addresses the fulfillment of assumptions for the linear regression model; and the third section presents the results of the regression analysis. Additionally, for further statistical evaluation, the ratio between the dependent and independent variables is calculated using data analysis algorithms designed for ratio scales. The data analysis is performed using SPSS version 26.

#### 4.1 Results

##### 4.1.1 Respondents Demographic Profile

This section focuses on the demographic analysis and interpretation of the primary data collected through surveys. It includes an analysis of the respondents' gender profiles. All respondents are from the Kathmandu Valley.

**Table 2**

*Gender Specification*

Options	No. of Respondents	Response (percent)
Male	224	56
Female	176	44
Total	400	100

Source: Opinion Survey, 2024

Table 2 illustrates the gender distribution of the respondents. The study gathered and analyzed data from 400 participants, all from the Kathmandu Valley. Of these respondents, 56.00 percent were male, indicating that males constitute the majority. In contrast, 44.00 percent of the respondents were female. Despite the higher number of male participants, both male and female respondents provided insights into various factors affecting personal financial management behavior.

**Table 3***Age Description of Respondents*

Options	No. of Respondents	Response (percent)
18-23	50	12.50
24-29	138	34.50
30-35 years	212	53.00
Total	400	100

Source: Opinion Survey, 2024

Table 3 provides an age breakdown of the respondents. It shows that 53.00 percent of the participants are in the 30–35 age range in the Kathmandu Valley, making this the largest age group. The 18–23 age group represents the smallest percentage of respondents concerning personal financial management behavior. Additionally, 34.50 percent of the respondents fall into the 24–29 age range, while 12.50 percent are in the 18–23 age range. This indicates that individuals in their early thirties tend to manage their financial behavior more effectively compared to other age groups.

**Table 4***Annual Income*

Options	No. of Respondents	Response (percent)
Up to 300000	68	17
Rs.301,000- Rs.500,000	236	59
Rs.501,000 and above	96	24
Total	400	100

Source: Opinion Survey, 2024

Table 4 details the annual income levels of the respondents. It shows that 59.00 percent of participants have yearly incomes ranging from Rs. 301,000 to Rs. 500,000. Additionally, 24.00 percent of respondents earn Rs. 501,000 or more, while the remaining 17.00 percent have incomes up to Rs. 300,000.

**Table 5***Respondent Status*

Options	No. of Respondents	Response (percent)
Employed	294	73.50
Student	106	26.50
Total	400	100

Source: Opinion Survey, 2024

Table 5 provides details about the respondents' employment status. It reveals that 43.50 percent of the participants are self-employed, while 26.50 percent are students who are also involved in business or organizational activities.

#### 4.1.2 Reliability Test (Cronbach's Alpha)

Reliability refers to the consistency of a survey, test, observation, or other measurement tool. Accurate measurement is crucial for research, as measurement errors arise from random factors that cause variations between different events or situations. The key factor in determining measurement reliability is repeatability. Reliability indicates the extent to which a test consistently measures what it is intended to measure.

Reliability is based on the idea that meaningful findings should be repeatable rather than occurring only once. Other researchers should be able to replicate the experiment under the same conditions and achieve the same results. This process validates the findings and confirms their acceptance by the broader scientific community. If the statistically significant results cannot be replicated, the study and experiment fail to meet all testability criteria. The analysis of validity and reliability aims to assess the dependability of the data. The questionnaire is finalized before participants are invited to take part. For the reliability test, Cronbach's Alpha was calculated for this questionnaire, and the results are presented in Table 6.

**Table 6**

*Cronbach's Alpha Coefficients*

Variables	No. of Items	Cronbach's Alpha
Financial Knowledge (FK)	4	0.743
Financial Attitude (FA)	4	0.722
Locus of Control (LOC)	4	0.719
Financial Management Behavior (FMB)	4	0.731

*Note.* Appendix-I

Table 6 shows the Cronbach's alpha coefficients for the dependent variable, financial management behavior, and the independent variables, including financial knowledge, financial attitude, and locus of control. According to Sekaran (2000), a Cronbach's

Alpha coefficient below 0.6 is considered "poor," between 0.6 and 0.8 is deemed "acceptable," and above 0.8 is classified as "good." Since the Cronbach's Alpha values for all variables in this study exceed 0.7, they are classified as acceptable. Therefore, the research instruments are considered reliable.

To investigate the factors influencing financial management behavior, a questionnaire was administered in this study to a sample of 400 youths. After distributing the questionnaires, the responses were compiled. The questionnaire included questions about personal details such as age, gender, occupation, and employment status. Additionally, it assessed the importance of financial knowledge, financial attitude, and locus of control as components of financial management behavior using a five-point Likert scale. Basic descriptive statistics—such as mean, median, standard deviation, percentage, and count—were used to analyze how various factors affect financial management behavior and related issues.

#### **4.1.3 Descriptive Statistics Analysis**

Descriptive statistics summarize and quantify the characteristics of the collected data. Their purpose is to provide an overview of the sample rather than to infer characteristics about the entire population represented by the sample. Descriptive analysis involves computing measures such as maximum and minimum values, as well as statistical metrics like mean and standard deviation. This section presents the descriptive analysis of the data collected through the questionnaire in the research phase. The data are analyzed using mean and standard deviation methods. A higher mean value suggests a stronger agreement among respondents that the variable significantly impacts personal financial management behavior among youths.

#### **Financial Knowledge**

This section employs descriptive analysis to explore the impact of financial knowledge on personal financial management behavior among youths. Financial knowledge in this study is assessed through four statements, with responses measured on a five-point Likert scale, where 1 indicates strong disagreement and 5 indicates strong agreement. The mean and standard deviation of the responses are calculated to understand the respondents' views. The standard deviation shows the variability from the average mean, while the mean value represents the overall sentiment of the

respondents. The following information illustrates how financial knowledge influences personal financial management behavior.

**Table 7**

*Financial Knowledge*

Scale Items of Financial Knowledge	Mean	Std. Dev.
FK1 It is safer to put money in to one business rather than putting multiple business multiple business(diversification)	3.8200	1.03454
FK2 I know the effect of interest rates on my decision to save and invest	3.9350	1.01900
FK3 I buy insurance coverage of any kind	3.8275	1.00012
FK4 High inflation indicates increases in cost of living	3.8675	1.02839

*Note.* Appendix-II

Table 7 provides descriptive statistics for four scale items related to financial knowledge. The scale item with the highest mean score, 3.9350, is FK2, “I know the effect of interest rates on my decision to save and invest.” The lowest mean score, 3.8200, is for FK1, “It is safer to put money into one business rather than putting it into multiple businesses (diversification).” This indicates that youths are generally aware of how interest rates influence their saving and investment decisions, and recognize the impact of high inflation on living expenses. Regarding standard deviation, FK1 has the highest value at 1.03454, reflecting the greatest variability in respondents' answers, while FK3 has the lowest value at 1.00012, indicating the least variability in responses.

**Financial Attitude**

This section employs descriptive analysis to evaluate the impact of financial attitude on personal financial management behavior. Financial attitude in this study is assessed through four items, with responses measured on a five-point Likert scale, where 1 represents strong disagreement and 5 represents strong agreement. The mean and standard deviation of the responses are calculated to understand the respondents' perspectives. The standard deviation shows the degree of variation from the average mean, while the mean value reflects the overall sentiment of the respondents. The following information demonstrates how financial attitude influences personal financial management behavior among youths.

**Table 8***Financial Attitude*

Scale Items of Financial Attitude	Mean	Std. Dev.
FA1 It is important for me to develop a regular pattern of saving.	3.7675	1.11874
FA2 Keeping records of financial matters are beneficial.	3.8500	1.05370
FA3 Financial planning for retirement is necessary for one's security during old age.	3.8450	1.09498
FA4 I have clear financial goals that help me determine priorities in spending.	3.8575	1.00982

*Note.* Appendix-II

Table 8 provides descriptive statistics for four different scale items related to financial attitude. Among these, FA4, "I have clear financial goals that help me determine priorities in spending," achieved the highest mean score of 3.8575. In contrast, FA1, "It is important for me to develop a regular pattern of saving," recorded the lowest mean score of 3.7675. This indicates that youths generally have clear financial goals that assist in prioritizing their spending and find maintaining financial records beneficial. Regarding standard deviation, FA1 has the highest value at 1.11874, reflecting the greatest variability in respondents' answers, while FA4 has the lowest value at 1.00982, indicating the least variability.

### **Locus of Control**

This section employs descriptive analysis to illustrate how locus of control influences personal financial management behavior among youths. Locus of control is assessed through four distinct statements, with responses measured on a five-point Likert scale, where 1 represents strong disagreement and 5 represents strong agreement. The mean and standard deviation of the responses are calculated to understand respondents' perspectives. The standard deviation shows the extent of variation from the average mean, while the mean value reflects the overall sentiment of the respondents.

**Table 9***Locus of Control*

Scale Items of Locus of Control	Mean	Std. Deviation
LOC1 There is really no way I can solve some of my financial problems	3.8025	1.03012
LOC2 I can change the important things in my life by myself	3.8575	1.02216
LOC3 I can do anything I set my mind on	3.7825	1.14388
LOC4 I have little control over the things that happen to me	3.7975	1.09978

*Note.* Appendix-II

Table 9 displays descriptive statistics for four distinct locus of control items related to personal financial management behavior. The item LOC2, “I can change the important things in my life by myself,” received the highest mean score of 3.8575. Conversely, the lowest mean score of 3.7825 was recorded for LOC3, “I can do anything I set my mind on.” This suggests that youths feel they can influence significant aspects of their lives independently, although they may perceive limitations in addressing certain financial challenges. Regarding standard deviation, LOC3 has the highest value at 1.14388, indicating the greatest variability in responses, while LOC2 has the lowest value at 1.02216, reflecting the least variability.

### **Personal Financial Management Behaviour**

This section uses descriptive analysis to illustrate the state of personal financial management behavior, focusing on investment decisions. The analysis includes four statements related to investment choices, with responses measured on a five-point Likert scale, where 1 denotes strong disagreement and 5 denotes strong agreement. The mean and standard deviation are calculated to capture respondents' opinions. The standard deviation indicates the variability from the average mean, while the mean value reflects the overall sentiment of the respondents.

**Table 10***Personal Financial Management Behaviour*

Scale Items of Personal Financial Management Behaviour	Mean	Std. Deviation
FMB1 I keep records of income and expenditure	3.7075	1.12700
FMB2 I keep a close personal watch on my financial affairs.	3.8200	1.00255
FMB3 I maintain an emergency savings fund	3.8575	.99985
FMB4 Before I buy something, I carefully consider whether I can afford it.	3.7900	1.12430

*Note.* Appendix-II

Table 10 presents the individual scale components of personal financial management behavior. Among the four scale items, FMB3, “I maintain an emergency savings fund,” received the highest mean value of 3.8575. In contrast, FMB1, “I keep records of income and expenditure,” had the lowest mean score at 3.7075. The findings suggest that youths are more likely to maintain an emergency savings fund and closely monitor their financial affairs. Regarding standard deviation, FMB4 has the highest value at 1.12430, indicating the greatest variability in respondents' responses, while FMB3 has the lowest value at 0.99985, reflecting the least variability.

#### 4.1.4 Summary of Descriptive Analysis

The mean value and standard deviation of each dimension are used to evaluate factors affecting personal financial management behavior of Nepalese youths. According to Creswell (2012), the decision rule (cut-off point) for interpreting mean values is as follows: a mean value of less than 1.5 indicates very low, 1.5-2.5 indicates low, 2.5-3.5 indicates moderate, 3.5-4.5 indicates high, and 4.5 or higher indicates very high. Based on this assessment, the researcher reports the participants' mean scores for each category of variable descriptions.

**Table 11***Summary of Descriptive Analysis*

Study Variables	Mean	Std. Deviation	Evaluation of Mean Score
Financial Knowledge (FK)	3.8625	.76673	High
Financial Attitude (FA)	3.8300	.79047	High
Locus of Control (LOC)	3.8100	.79225	High
Financial Management Behavior (FMB)	3.7937	.79233	High

*Note.* Appendix-II

The study results, presented in Table 11, indicate that the dependent variable, financial management behavior, has a mean score of 3.7937, reflecting a high level. All independent variables also fall within the range of 3.8100 to 3.8625, suggesting that each factor influencing financial management behavior is at a high level. Among these factors, financial knowledge has the highest mean score of 3.8625, followed by financial attitude and locus of control. The highest mean score of 3.8625 highlights that financial knowledge is the primary focus of this investigation. This high score suggests that financial knowledge is a key factor in the study. It is evident that most youths perceive their financial management behavior as high, and they recognize the significant impact of financial knowledge on their financial management practices. The overall mean score for personal financial management behavior (FMB) is 3.7937, while financial knowledge (FK), financial attitude (FA), and locus of control (LOC) received mean scores of 3.8625, 3.8300, and 3.8100, respectively.

#### 4.1.5 Correlation Analysis

The influence of various factors on financial management behavior is examined through correlation analysis. This analysis explores the relationship between personal financial management behavior (the dependent variable) and its influencing factors (the independent variables). The correlation coefficients, calculated using SPSS software, reveal the strength and direction of these relationships. The primary aim of the correlation analysis is to understand how different factors are generally associated with personal financial management behavior of Nepalese youths.

**Table 12**

*Pearson Correlation Coefficients of Study Variables*

Variables	FK	FA	LOC	FMB
Financial Knowledge (FK)	1			
Financial Attitude (FA)	.500** (0.000)	1		
Locus of Control (LOC)	.482** (0.000)	.586** (0.000)	1	
Financial Management Behavior (FMB)	.614** (0.000)	.694** (0.000)	.714** (0.000)	1

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

*Note.* Appendix-III

Table 12 presents the results of the correlation test for both the dependent and independent variables, as shown in the correlation coefficient matrix. The analysis reveals that financial knowledge (FK) has a significant positive relationship with financial management behavior, evidenced by a correlation coefficient of 0.614 and a significance value of 0.000. Similarly, the correlation coefficient between financial attitude (FA) and financial management behavior is 0.694, with a significance value of 0.000, indicating a significant positive relationship. Furthermore, locus of control (LOC) also shows a significant positive association with financial management behavior, with a correlation value of 0.714 and a significance value of 0.000. All findings are significant at the  $P < 0.05$  level.

#### 4.1.6 Multiple Regression Analysis

A variety of modeling and analysis tools are employed to examine the relationship between the independent variables financial knowledge, financial attitude, and locus of control and the dependent variable, financial management behavior.

**Table 13**

*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820 <sup>a</sup>	.672	.669	.45570

a. Predictors: (Constant), LOC, FK, FA

*Note.* Appendix-IV

The R-squared value is 0.672, meaning that 67.20 percent of the variation in the dependent variable (financial management behavior) is explained by the independent variables (financial knowledge, financial attitude, and locus of control). The R statistic of 0.820 indicates a strong relationship between the study variables, suggesting that financial management behavior is significantly influenced by these independent variables. Additionally, the standard error of estimate is closely tied to the regression analysis, reflecting the precision of the model's predictions.

**Table 14***Analysis of Variance (ANOVA)*

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	168.251	3	56.084	270.073	.000 <sup>b</sup>
	Residual	82.234	396	.208		
	Total	250.484	399			

a. Dependent Variable: FMB

b. Predictors: (Constant), LOC, FK, FA

*Note.* Appendix-IV

The findings reveal that investment decisions have a major impact on financial management behavior. The results show a significant relationship between the independent variables (financial knowledge, financial attitude, and locus of control) and the dependent variable (financial management behavior). This is evidenced by the F-value of 270.073 ( $p = 0.000 < 0.05$ ), indicating a statistically significant effect of the independent variables on financial management behavior.

**Table 15***Coefficient of Independent Variables on Financial Management Behaviour*

Variables	Coefficients	t-statistics	Sig. or p-value
(Constant)	-.019	-.138	.890
Financial Knowledge (FK)	.265	7.427	.000
Financial Attitude (FA)	.336	8.994	.000
Locus of Control (LOC)	.394	10.682	.000

a. Dependent Variable: FMB

*Note.* Appendix-IV

Table 15 displays the regression coefficients for financial knowledge, financial attitude, and locus of control, along with the intercept value for the dependent variable, financial management behavior. The regression coefficient ( $\beta$ ) for financial knowledge is 0.265, indicating that for each unit increase in financial knowledge, financial management behavior increases by 0.265 units. The p-value for financial knowledge is 0.000, signifying statistical significance at the 5% level. Thus, financial knowledge has a significant positive impact on financial management behavior. The regression coefficient ( $\beta$ ) for financial attitude is 0.336, indicating that for each unit increase in financial attitude, financial management behavior increases by 0.336 units. This relationship is statistically significant at the 5% level, with a p-value of 0.000, highlighting a significant positive effect of financial attitude on financial management

behavior. Additionally, the regression coefficient ( $\beta$ ) for locus of control is 0.394, which means that for each unit increase in locus of control, financial management behavior increases by 0.394 units. The p-value for locus of control is also 0.000, demonstrating statistical significance at the 5% level. This suggests that locus of control has a significantly positive effect on financial management behavior.

## **4.2 Discussion**

The main objective of this study is to assess the factors influencing personal financial management behavior, with a focus on financial knowledge, financial attitude, and locus of control. The research investigates how these factors are associated with financial management behavior. Supporting evidence from prior research and literature confirms that financial knowledge, financial attitude, and locus of control significantly impact financial management behavior. The literature validates that these factors have a direct influence on financial management behavior. The correlation analysis shows financial knowledge has significant positive relationship with financial management behaviour which is consistent with the finding of Halim and Setyawan (2021). This is also consistent with the finding Setianingsih, Dewi and Chanda (2022); Dewi et al. (2023). Likewise, financial attitude has positive and statistically significant relationship with financial management behaviour. The result is consistent with Adriani (2021). The result is also consistent with Mardiana and Widodoatmodjo (2023); Phuong et al. (2023). In addition, locus of control has a significant positive relationship with financial management behaviour. This is consistent with the finding of Abriani, Ahmad and Purwohedi (2020). This is also consistent with the finding of Dewi and Chanda (2022); Syaliha et al. (2022) but opposite to the finding of Ruslim, Wijaya and Turangan (2022).

The multiple regression analysis found that financial knowledge has significant positive impact on financial management behavior among youths. This is consistent with the finding of Halim and Setyawan (2021). The result is also consistent with Komarudin et al. (2021); Ruslim, Wijaya and Turangan (2022); Setianingsih, Dewi and Chanda (2022); Dewi et al. (2023); Mardiana and Widodoatmodjo (2023); Phuong et al. (2023). However, it contradicts with the finding of Adriani (2021); Khanal, Thapa and Nepal (2022) concluded that financial knowledge had no effect on financial management behavior. Likewise, the financial attitude has significant

positive impact on financial management behaviour among youths. This finding is similar with the prior study of Adriani (2021) concluded that financial attitude had significant positive effect on financial management behavior. This result is also consistent with the finding of Prihartono and Asandimitra (2018); Halim and Setyawan (2021); Mardiana and Widoatmodjo (2023); Phuong et al. (2023). However, it contradicts with the finding of Ruslim, Wijaya and Turangan (2022); Syaliha et al. (2022); Prawitasari et al. (2022) concluded that financial attitude had no effect on financial management behaviour. Finally, locus of control has significant positive effect on financial management behavior. This is consistent with the finding of Abriani, Ahmad and Purwohedi (2020) concluded that locus of control has significant positive effect on financial management behavior. This is also consistent with the previous study of Komarudin et al. (2021); Setianingsih, Dewi and Chanda (2022); Syaliha et al. (2022). However, it contradicts with the finding of Adriani (2021) concluded that locus of control had no effect on financial management behavior. This is also inconsistent with the finding of Ruslim, Wijaya and Turangan (2022) found that negative effect of locus of control on financial management behavior.

## CHAPTER – V

### SUMMARY AND CONCLUSION

#### 5.1 Summary

Financial management behavior encompasses aspects such as how and where money is allocated, the cost-effectiveness of different sources, the timing of loan repayments, the practice of record-keeping for financial transactions, and other related activities. Factors such as gender, ethnicity, country of origin, parents' financial situation, parental support, work status, and, importantly, financial literacy, all influence financial behavior. Financial literacy, on the other hand, refers to possessing the knowledge and skills needed to manage financial resources wisely and effectively. Individuals who have received comprehensive financial literacy training tend to manage their money and make more informed financial decisions compared to those without such training. Management students, in particular, benefit from formal financial education, which provides them with advanced financial knowledge. As a result, they are expected to demonstrate a higher level of financial literacy, distinguishing them from others who may only have a basic understanding of financial concepts.

The primary objective of the study is to analyze the factors affecting personal financial management behavior of Nepalese youths. Additional specific objectives includes assessing the level of personal financial management behavior among youths in the Kathmandu Valley, measuring the relationship between personal financial management behavior and its influencing factors among youths in the Kathmandu Valley and examining the impact of financial knowledge, financial attitude, and locus of control on personal financial management behavior among youths in the Kathmandu Valley.

To describe the components of personal financial management behavior among youths, a descriptive research design is employed. Causal comparative research design is used to identify the relationships between the dependent variable (personal financial management behavior) and the independent variables (financial knowledge, financial attitude, and locus of control). Additionally, causal research design helps examine the impact of these factors on personal financial management behavior

among youths in the Kathmandu Valley. The study targets the entire population of youths in the Kathmandu Valley, with a sample size of 400. Non-probability sampling methods, including convenience and judgmental sampling, are utilized. Primary data is collected to gather insights into the factors affecting personal financial management behavior among youths. The study applies descriptive analysis, correlation analysis, and multiple regressions using SPSS version 26. In this analysis, personal financial management behavior is treated as the dependent variable, while financial knowledge, financial attitude, and locus of control serve as the independent variables.

The study reveals that youths believe financial knowledge greatly impacts their personal financial management behavior and that their overall management behavior is high. Correlation analysis demonstrates a significant positive association between financial knowledge and financial management behavior. Similarly, financial attitude also shows a significant positive relationship with financial management behavior. Additionally, financial skills are positively associated with financial management behavior. Regression analysis further confirms that financial knowledge has a significant positive effect on financial management behavior. Financial attitude and financial skills also have a significant positive impact on financial management behavior. Overall, financial knowledge, financial attitude, and locus of control all significantly influence financial management behavior among youths in the Kathmandu Valley.

## **5.2 Conclusion**

In conclusion, financial knowledge, financial attitude, and locus of control are identified as major factors influencing financial management behavior among youths in the Kathmandu Valley. Notably, the study finds that financial knowledge has the most substantial impact on financial management behavior compared to the other variables, as indicated by its high mean level. This emphasizes that financial knowledge is the primary focus of this investigation.

The correlation analysis concluded financial knowledge has significant positive relationship with financial management behavior. Likewise, financial attitude has significant positive relationship with financial management behavior. In addition,

locus of control has significant positive relationship with financial management behavior.

The regression analysis concluded that the effect of financial knowledge on financial management behavior is significant positive. Then, there is also significant positive effect of financial attitude on financial management behavior. Moreover, locus of control has significant positive effect on financial management behavior. Therefore, this study concluded that financial knowledge, financial attitude and locus of control are the key factors of personal financial management behaviour among youths in Kathmandu valley.

### **5.3 Implications**

The following implications are drawn from the summary and conclusion above:

- The finding revealed that financial knowledge, financial attitude and locus of control have the significant positive influence on personal financial management behaviour. These findings can be utilized by government agencies and financial counselors to develop laws and policies that support financial service providers in crafting effective financial management models. Additionally, this information can aid in educating the public about financial management, helping to enhance overall financial literacy and improve financial behaviors among youths.
- The research findings can assist parents in monitoring and supporting their children's financial management behaviors. Parents should recognize that factors such as locus of control, financial attitude, and financial literacy significantly influence how their children manage money. Encouraging children to save, invest, and handle their finances wisely is crucial.
- Additionally, individuals are responsible for enhancing their own financial behavior and related aspects. Young adults can benefit from participating in financial seminars, stress management workshops, motivational programs, and financial counseling sessions to improve their money management skills and address influencing factors.
- This study offers a clear conceptual understanding of personal financial management behavior, making it valuable for educational institutions,

students, youths, and future researchers. It serves as a useful resource for gaining insights into financial management practices.

- The primary aim of this research is to understand the factors influencing personal financial management. To enhance the generalizability of the findings, it is recommended that future research explore additional areas, including other fields and government agencies. Furthermore, future studies should investigate other potential factors affecting financial management behavior beyond those examined in this research, such as education level, financial experience, and personality traits.

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ABSTRACT This study has investigated the factor affecting financial management behavior of Nepalese youths. The study has used descriptive and casual comparative research design. The sampling technique for the study followed convenience sampling. Data have analyzed by using different statistical technique such as

[descriptive statistic](#), [correlation analysis](#) and [multiple regression](#). This study shows that