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Determinants of Financial Management Behaviour among University Students in Kathmandu Valley

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Abstract

This study attempts to examine the determinants of financial management behaviour among university students in the Kathmandu Valley. The purpose of this study is to examine the influence of financial attitude, financial knowledge, locus of control and mental accounting on financial management behaviour. The explanatory research design was employed in the study to investigate the causal link between financial management behaviour and its determinants. Data, gathered from 205 respondents through a structured questionnaire, utilised convenience sampling. Quantitative analysis involved both descriptive and inferential statistics, employing the PLS-SEM method. Financial knowledge, locus of control and mental accounting had a significant impact on financial management behaviour. However, financial attitude did not have a significant impact on financial management behaviour of university students in Kathmandu valley. For greater assurance of financial management behaviour, the finding could help more targeted and effective financial literacy programs for university students. Nevertheless, the outcome of the study might assist academicians, policymakers, and financial institutions in assisting them to tailor their programs for university students in Kathmandu Valley.

Keywords: financial-attitude, financial-knowledge, financial-management-behaviour, university students

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INTRODUCTION AND STUDY OBJECTIVES

Financial management skills are an integral part of human life. It holds a crucial role in navigating the complexities of modern life from getting better education, quality of life, fulfilling all the necessities to build a brighter future. Being financially literate equips them with knowledge about the potential risks and rewards associated with diverse investment opportunities, enabling them to make informed and quality decisions regarding their finances (Banthia & Dey, 2022).

Financial management behaviours among univer`sity students are influenced by various factors such as socioeconomic backgrounds, parental guidance, educational systems, and cultural norms all serve essential functions in shaping financial attitudes and behaviours (Shim et al., 2010). Essentially,

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financial literacy serves as a bridge allowing individuals to navigate the complexities of the financial landscape by providing them with the necessary insights to assess the pros and cons of different investment options.

According to Pantha (2023), basic and advanced financial knowledge have significant impact on financial planning. The scholar also indicated financial knowledge, along with financial attitude, are the most influential factors explaining changes in personal financial planning in Nepal. Furthermore, Khanal et al. (2022), concluded that business graduates in Nepal tend to have a strong financial attitude, with most respondents demonstrating financial awareness. However, financial knowledge and demographic factors do not significantly affect personal financial planning (Oli, 2020). This indicates that business graduates were found to have a low level of financial knowledge.

Some studies have explored financial behaviour determinants in broader populations but a focused investigation into the distinct set of factors impacting financial management behaviour among university students is limited. In the context of India, Banthia and Dey (2022) have investigated the relationship between financial knowledge, financial literacy, financial attitude and financial management. In Nepalese context a study by Oli (2020) found that the effect of financial literacy on personal financial planning. Similarly, Lamichhane (2023) examined the impact of financial literacy on personal financial management in Nepal where financial knowledge, financial awareness, financial attitude, financial confidence and financial socialisation were the variables used and concluded that financial awareness is the most influential variable to financial management planning.

In a country like Nepal where most of the families are dependent on the income of one family member due to fact, students often face financial stress which could be managed by proper financial planning (Thapa & Nepal, 2015). In the same way, Pantha (2023) indicated that this period becomes a pivotal time for developing financial habits that will shape their future financial well-being. But the poor implication and various factors that influence their financial management behaviour have been playing a significant role on how they plan their finances. Despite the acknowledgment of the importance of financial literacy, there remains a gap in comprehending the specific factors that influence financial management behaviour among university students. Through this analysis, the study has provided insights into the key determinants of effective financial management practices within the university student. Hence this study aims to examine the factors that influence the financial management behaviour of university students of the Kathmandu valley.

LITERATURE REVIEW

Financial management behaviour involves how people handle their financial assets, which includes savings and debt management. It encompasses budgeting, spending decisions, investments, and borrowing habits that is essential for assessing the financial well-being and stability of individuals and families (Noerhidajati et al., 2020). In the context of developing countries, the level of education and availability of finance is not easy which

makes their financial management behaviour completely different. The extent of financial literacy in developing countries is not high as compared to developed nations that have an impact on their financial management behaviour (Gunawan et al., 2023).

Efforts to improve financial literacy and education are ongoing, but there's still a significant portion of the population lacking access to financial knowledge (Park & Mercado, 2015). Another study in Europe by Mutlu and Ozer (2022) found that financial literacy and locus of control have significant positive effects on financial management behaviour. The finding also proves that the relationship between financial literacy and financial management can be changed by the impact of locus of control.

In the context of Nepal, lack of financial inclusion often leads to a heavy reliance on informal financial mechanisms such as savings groups and community-based savings and credit cooperatives. Facilitates more effective planning and handling of significant life events like education, buying a home, or retirement (Thapa & Nepal, 2015). Moreover, boosting one's understanding and proficiency in financial matters contributes to improved decision-making in money-related aspects.

Research Framework

Financial management behaviour and its factor is a multidisciplinary concept and is mostly influenced by theories from several disciplines such as economics, psychology, finance, sociology, and technology. Likewise, for a better understanding and analysing behaviour linked to this study, concepts from several theories such as theory of planned behaviour (Shih et al., 2022), financial socialisation theory (Goyal et al., 2023), social cognitive theory (Hinvest et al., 2021) were reviewed. Among these theories, theory of planned behaviour is most suitable for this study because it effectively explains how attitudes, subjective norms, and perceived behaviour control influence financial management behaviour, which has been supported by empirical studies demonstrating its predictive power in financial decision-making contexts (Shih et al., 2022). Hence based on the theory of planned behaviour and previous research the following research framework has been developed for the study.

Specifications of Variables

Financial Management Behaviour : Financial management behaviour encompasses a wide range of actions and decisions related to handling personal finances. In research on financial management behaviour, a

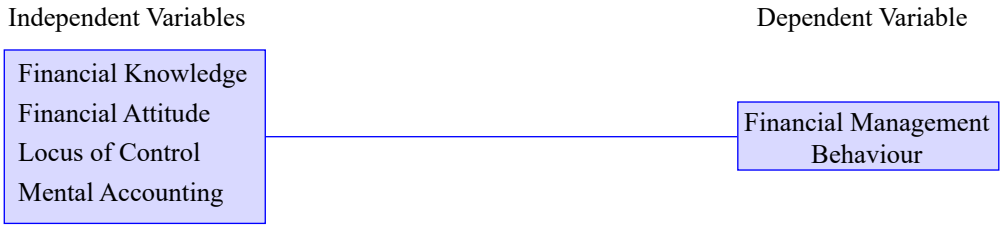

Figure 1. *Theoretical Framework*
Note. Adapted from Mien et al. (2015); Firli and Hidayati (2021)

key factor often studied among adults is their ability to manage personal finances effectively. This plays a significant role in determining financial satisfaction or financial hardship (Dowling et al., 2009). Financial management behaviour includes practical tasks like budgeting, saving, investing, and managing debt, as well as psychological aspects such as attitudes toward money and risk tolerance (Prihartono & Asandimitra, 2018). Effective financial management behaviour leads to better financial outcomes, reduced stress and an improved overall quality of life. De Meza et al. (2008) defines as a science that study and explain the behaviour of individuals in managing personal finances through the perspective of habit and psychology which refers to an individual's ability to plan, budget, manage, control, acquire, and save daily financial resources that are owned According to Kusumastuti et al. (2024); Ramadhan and Asandimitra (2019) financial management behaviour can be influenced by financial attitude, financial knowledge, mental accounting, financial problems, financial socialisations financial skills and so many factors. However, in this study, the researcher has chosen the following variables only.

Financial Knowledge: Financial knowledge is the concept which is necessary to understand and make informed decisions about managing money, planning and achieving financial goals. It empowers individuals to manage the intricacies of the financial world with confidence (Mahapatra & Mishra, 2020). Additionally, Firli and Hidayati (2021) defined financial knowledge as an idea that encompasses the financial ideas that people have known to manage their personal finances. With good financial knowledge, they understand financial concepts and processes and apply this knowledge to address financial challenges. Growing focus on financial education among various entities like educators, community groups, businesses, government agencies, and policymakers have heightened attention to financial education. This is a response to the rising complexity of financial products and the greater individual responsibility for ensuring their own financial management (Remund, 2010). However, the effect of financial knowledge and financial literacy on financial management behaviour was not significant, there's a lack of association or connection between financial literacy and how people manage their finances (Yap et al., 2018). Several studies such as Ahillah (2019); and Kautsar et al.(2020) concluded that financial management behaviour is influenced by financial knowledge. Thus, based on it, the study develops the following hypothesis:

H_1: There is a significant impact of financial knowledge on the financial management behaviour.

Financial Attitude: Financial attitude represents psychological inclinations or tendencies that individuals might have when they assess or evaluate suggested financial management practices. Pankow (2021) defined financial attitude defined as an individual's mindset, perspective, and judgement. As people start their financial planning from their early university years, they have different financial management behaviour. Similarly, Markovich and Devaney (1997) stated financial attitudes represent psychological inclinations or tendencies that

individuals might have when they assess or evaluate suggested financial management practices. Pankow (2021) defined financial attitude as a state of mind, opinion, and judgement of a person about finances. As people start their financial planning from their early university years, they have different financial management behaviour. Research by Jamal et al. (2016) found that financial attitude has a significant positive influence on financial management behaviour. Likewise, another study by Asih and Khafid (2020) concluded that the financial attitude has a positive relationship on financial management behaviour. Thus, based on these studies it is proposed that:

H_2: There is a significant impact of financial attitude on the financial management behaviour.

Locus of Control: Locus of control refers to a person's belief about whether they have control over the events in their life or if those events are influenced by external factors. Habibah et al. (2019) stated that people with an internal locus of control believe that their actions and decisions significantly influence outcomes. They take responsibility for their successes and failures. In contrast, those with an external locus of control attribute events to external factors like luck or fate. Locus of control has been utilised within personal finance for approximately the last twenty years (Prawitz & Cohart, 2016). Likewise, locus of control refers to the degree to which individuals believe they have control over the events and outcomes in their lives. It has been utilised within personal finance for approximately the last twenty years (Prawitz & Cohart, 2016). There is much research done to examine the relationship between locus of control and financial management behaviour. Research by Kholilah and Iramani (2013) found that there is a positive relationship between locus of control and financial management behaviour. Another study done by Dasman et al. (2021) shows that locus of control significantly influences the financial management behaviour among university students. In contrast research by Asih and Khafid (2020) found locus of control does not have an impact on financial management behaviour. Many studies such as (Bhuyan & Bhattacharjee, 2021; Bin Rosli, 2019) found that locus of control has significant influence on financial management behaviour. With the references of this, the hypothesis is formulated as:

H_3: There is a significant impact of locus of control on the financial management behaviour.

Mental Accounting: Mental accounting refers to the way individuals categorise and treat money differently based on personal, subjective criteria, often leading to irrational decision-making in spending and investing money (Hinvest et al., 2021). It also involves the mental categorization of funds by individuals. Moreover, Mahapatra and Mishra (2020) defines it as a process where someone allocates or designates specific sources of money to expenses. People must spend money on different things to meet the expenses that are necessary for them and save some for the future. Which is due to the influence of their mental accounting, which influences their financial management behaviour. Nuha et al. (2024) found that mental accounting has a positive influence on financial management behaviour of millennium women of Indonesia. In the same

way, Radianto and Pramudita (2024) found that their financial behaviour is influenced by mental accounting. In contrast, research by Zhang and Sussman, (2018) found that mental accounting does not have an impact on financial management. Several research from various scholars such as (Adriani, 2021; Tavakoli et al., 2022) found that the positive influence of mental accounting on financial management behaviour. Hence, based on this, the hypothesis is developed as below:

H_4: There is a significant impact of mental accounting on the financial management behaviour.

RESEARCH METHODS

This section presents the research methods used in this study.

Respondents and Procedure

This study utilised quantitative methods to analyse structural relationships, following a positivist philosophy within a deductive framework. A causal research design was adopted to analyse the effect of independent variables on the dependent variable. Data were collected from university students in Kathmandu valley who face various financial issues such as saving, investing, and making financial decisions (Kharel et al., 2024). The respondents, who study management, sciences, arts in different levels such as post graduate, graduate, and undergraduate participated through a combination of physical and online surveys in the ratio of 30% and 70% respectively. The structured questionnaire was distributed via the Kobo toolbox, with a link sent to the students. For the physical survey, questionnaires were distributed at various colleges, universities to ensure sufficient representation of all students of Kathmandu valley. A pilot study with 30 respondents tested the questionnaire's internal consistency, revealing no multicollinearity issues. All questions were mandatory, resulting in no missing data. A total of 320 questionnaires were distributed online and in print, with 205 responses collected, yielding a response rate of 64.06%. Since the population size was unknown, the study applied the concept of Hair et al. (2017) to determine the sample size, which states that more than 200 sample sizes are enough to utilise Structural Equation Modelling (SEM) to enhance generalizability and explanatory power.

Measurement Scale

The structured questionnaire, derived from established empirical literature, is detailed in table 1. The relationships among the variables were established based on prior conceptual and empirical studies, guiding the development of the conceptual framework depicted in figure 1. The questionnaire comprises five demographic questions and 26 observed items across five constructs, rated on a five-point Likert scale from strongly disagree (1) to strongly agree (5). For this research items have been taken from several studies which were listed below:

Analysis Tools

To analyse the proposed relationship and the impact of their direct interrelationship PLS-SEM was used. Structural Equation Modelling (SEM), a versatile and robust multivariate statistical analysis technique, is the most appropriate method for investigating the prediction of dependent variables,

Table 1
Variables and their Measurement

Construct	No of absorbed items and adapted from	Cronbach Alpha	Sample
Financial Attitude	4 Items from Mien and Thao (2015)	0.926	"I always stay informed about financial planning"
Locus of Control	4 Items from Mien and Thao (2015)	0.781	"There is really no way I can solve some of my problems"
Financial Management Behaviour	5 Items from Mien and Thao (2015)	0.806	"Comparison shopped when purchasing a product or service"
Financial Knowledge	4 Items from Banthia and Dey (2022)	0.874	"I know that the value of money changes with time"
Mental Accounting	4 Items from Habibah et al. (2019)	0.855	"If I spend more on one thing, I will spend less on other things"

Table 2
Profile of the Respondents

Variable	Category	Frequency	Percentage
Gender	Female	84	40.98
	Male	121	59.02
Age	18-24	92	44.88
	25-30	94	45.85
	31-35	13	6.34
	36 and above	6	2.93
Education Level	Bachelor	132	63.9
	Masters	73	35.61
Faculty	Management	130	50.24
	Science	57	27.8
	Other	23	11.22
	Education	12	5.85
	Arts	10	4.88
Employed	Yes	85	41.46
	No	120	58.54

Note. Researchers' calculation from Survey data (2024)

which clearly defines error and integrates both multiple regression analysis and factor analysis (Sarstedt et al., 2022). Furthermore, PLS-SEM enables the retention of a greater number of variables per factor. In the model connection between construct and observed variables affects the categorised as reflective. After analysis of the data is presented using

tables and figures. Inferential analysis is conducted by using SEM to analyse factors influencing the financial management behaviour. Following Leguina (2015) two approaches, the proposed theoretical model was assessed using two approaches: assessing measurement model and structural model.

DATA ANALYSIS AND DISCUSSION

This section covers the analysis of data and discussions.

The table presents the socio-demographic profile of 205 respondents where the majority

Table 3
Evaluation of the Outer Measurement Model

Construct	Observed Item and Coding	Factor Loading	Average variance extracted (AVE)	Composite reliability (CR)	Cronbach's alpha
Financial Attitude	FA_2	0.832	0.668	0.908	0.901
	FA_3	0.804			
	FA_4	0.796			
	FA_5	0.799			
	FA_6	0.832			
	FA_7	0.839			
Financial Knowledge	FK_1	0.837	0.695	0.906	0.889
	FK_2	0.902			
	FK_3	0.711			
	FK_4	0.874			
	FK_5	0.83			
Locus of Control	LOC_1	0.727	0.60	0.792	0.782
	LOC_2	0.78			
	LOC_3	0.762			
	LOC_4	0.827			
Mental Accounting	MA_1	0.777	0.567	0.751	0.744
	MA_2	0.716			
	MA_3	0.816			
	MA_4	0.773			
Financial Management Behaviour	FMB_1	0.777	0.58	0.858	0.855
	FMB_2	0.76			
	FMB_3	0.794			
	FMB_4	0.705			
	FMB_5	0.768			
	FMB_6	0.763			

Note. Researchers' calculation from Survey data (2024)

of the respondents are male (59.02%), as opposed to the remaining 40.98% of respondents who are female. Similarly, the age group of 25-30 years had the highest percentage (45.85%) of respondents, followed by the age group of 18-24 years (44.88%). It indicates a higher participation rate among young adult males in this study. Likewise, considering the educational background of the respondents, nearly two third half of respondents (63.9%) had bachelor level education. And the remaining (35.61%) had masters. As shown in table 2, majority of respondent (50.24%) had a management degree, 27.8% had science degree, 5.85% had Education degree, 4.88% had Arts degree and remaining 11.22% had other degree such as Law, Humanities etc. this implies that most students prefer management stream which additionally equip them with the knowledge of finance and accounting. Additionally, more than half of respondents (58.54%) do not have an occupation and the remaining (41.46%) are employed. Overall, this shows that most of the respondents are young male having management degrees and are not financially independent. These lay the groundwork for a comprehensive understanding of the financial behaviour of university students in Kathmandu Valley, offering insights that can inform support mechanisms for this essential economic segment.

Summary Statistics

The study determined the data set's univariate and multivariate normality. Based on the current mean values, the respondents' average responses to the 26 items across six variables range from 3.439 to 4.000. In the same way, standard deviation ranges between 0.431 to 0.714 which represents that there is uniformity in the data. Likewise, the skewness and kurtosis results (ranging from -0.913 to 0.897 and 0.615 to 2.709, respectively). Which shows that there is no missing observation (Kline 2006). Thus, all the observed items were found to be normally distributed, allowing the study to move on to the measurement and structural model analysis stage.

Measurement Model

A comprehensive evaluation of SFL, CR, and Internal Consistency Reliability assessed by Cronbach's Alpha, as well as assessments for Convergent and DV, was conducted to scrutinise the model's reliability and validity. In order to achieve robust results, the SFL of all respondents was computed, and the factor loading scores of all observed items exceeded the threshold criteria of 0.7 (McAlpin et al., 2022). It suggests that the factors demonstrated acceptable reliability. Similarly, internal consistency was assessed using Cronbach's Alpha and CR, with the results postulating Cronbach's Alpha values in the range of 0.85 to 0.95 and CR values spreading from 0.744 to 0.901, as shown on table 3, confirming the scale's high level of internal consistency (i.e., exceeding the threshold value of > 0.70). AVE of data also falls on the acceptable region (more than 0.5.). So, the data set fulfils all the criteria (i.e., AVE>0.05, CR>0.07 and CR>AVE) of convergent validity which shows that there is correlation between the observed constructs.

The Fornell-Larcker criterion was evaluated by comparing each factor's AVE with the square of its correlation with other factors. The criterion is based on calculation of AVE which states that the square root of AVE for every construct must exceed the inter-construct correlation within the structural model. As presented in table 3, the square root of the AVE for each construct, which appears along the diagonal axis, has greater

values than the correlations with other latent constructs, satisfying the condition. The Fornell and Larcker criterion was evaluated and found to be satisfied. This finding implies that the factors used to analyse the relationship between Financial Awareness, Financial Knowledge, Locus of Control, Mental Accounting and Financial Management are not influenced by outside variables.

A commonly accepted threshold for demonstrating discriminant validity is an HTMT value less than 0.85 (Fornell & Larcker, 1981; Henseler et al., 2015). The findings shown in table 5 reveal that all of the calculated HTMT ratios are less than the accepted threshold value of 0.85. This finding substantially supports and verifies the study's discriminant validity. This implies that the respondents understood that the seven constructs employed to determine the relationship between financial attitude, financial knowledge, locus of control, mental accounting and financial management behaviour were distinct.

One item of Financial Attitude (FA_1) was dropped due to factor loading issues as its factor loading was less than 0.7.

Cross loadings were employed to further validate discriminant validity. Cross-loading indicates that the indicator is not specifically related with one construct but rather shares variance with numerous components (Kline, 2015). Table 6 illustrates that all items exhibit greater factor loadings

Table 4
Fornell and Larcker Criterion

	FA_	FK_	FMB_	LOC_	MA_
FA_	0.817				
FK_	0.244	0.833			
FMB_	0.181	0.597	0.762		
LOC_	0.267	0.395	0.470	0.775	
MA_	0.285	0.459	0.622	0.355	0.753

Note. Researchers' calculation from Survey data (2024)

Table 5
Discriminant Validity (HTMT)

	FA_	FK_	FMB_	LOC_	MA_
FA_					
FK_	0.269				
FMB_	0.201	0.671			
LOC_	0.296	0.461	0.554		
MA_	0.346	0.562	0.773	0.435	

Note. Researchers' calculation from survey data (2024)

Table 6
Cross Loading Test

	FA_	FK_	FMB_	LOC_	MA_
FA_2	0.832	0.187	0.135	0.189	0.285
FA_3	0.804	0.206	0.127	0.141	0.175
FA_4	0.796	0.125	0.133	0.283	0.23
FA_5	0.799	0.248	0.183	0.341	0.225
FA_6	0.832	0.223	0.153	0.168	0.276
FA_7	0.839	0.187	0.141	0.152	0.201
FK_1	0.263	0.837	0.466	0.363	0.357
FK_2	0.238	0.902	0.58	0.333	0.446
FK_3	0.184	0.711	0.369	0.296	0.339
FK_4	0.174	0.874	0.55	0.325	0.378
FK_5	0.162	0.830	0.487	0.336	0.387
FMB_1	0.124	0.419	0.777	0.291	0.541
FMB_2	0.176	0.46	0.760	0.393	0.384
FMB_3	0.176	0.477	0.794	0.407	0.473
FMB_4	0.026	0.36	0.705	0.326	0.423
FMB_5	0.22	0.552	0.768	0.385	0.52
FMB_6	0.082	0.439	0.763	0.344	0.488
LOC_1	0.229	0.322	0.415	0.727	0.391
LOC_2	0.134	0.247	0.275	0.780	0.148
LOC_3	0.186	0.253	0.303	0.762	0.198
LOC_4	0.249	0.366	0.418	0.827	0.298
MA_1	0.118	0.299	0.452	0.19	0.700
MA_2	0.242	0.336	0.406	0.275	0.716
MA_3	0.223	0.334	0.494	0.243	0.816
MA_4	0.272	0.409	0.512	0.353	0.773

Note. Researchers' calculation from survey data (2024)

Table 7
VIF Score

Construct	VIF
FA	1.136
FK	1.385
LOC	1.272
MA	1.365

Note. Researchers' calculation from survey data (2024)

on the underlying parent constructs to which they belong than on any other construct. Furthermore, there is no cross-loading issue because the item's cross-loading values with other constructions are less than 0.7 (Arasinah et al., 2021). All the criteria have been fulfilled by the data so there is no issue of discriminant validity.

Structural Model Analysis

For executing an SEM with PLS-SEM, it is suggested to test the collinearity issue. VIF is used in the study to test for collinearity. It displays the extent to which observed indicators are closely associated with one another, perhaps making it impossible to distinguish their unique contributions to the latent construct they measure. VIF must be less than 3.33. Table 7 shows that the VIF lies ranges from 1.136 to 1.385, indicating that there is no indication of multicollinearity among the indicators used to assess financial attitude, financial knowledge, locus of control, mental accounting and financial management behaviour.

The Standardised Root Means Square Residual (SRMR) values below 0.08 acceptable for a good fit (Hair et al., 2017). A lower SRMR value indicates a better fit. Both models have similar SRMR values, suggesting that they have a similar fit to the data. Similarly, a lower d_ULS indicates a better fit. Indicating a closer fit to the observed data. A lower chi-square value typically indicates a better fit, but it is important to note that chi-square is sensitive to sample size and can be influenced by large sample sizes. Additional fit indices and considerations are crucial in assessing the overall model fit accurately. NFI values range from 0 to 1, with higher values indicating better fit. Both models have similar NFI values. NFI (Normal Fit Index) value falls below 0.9, indicating that the model may not be a good fit for the data.

Path Analysis

Figure 2 depicts a path diagram depicting the preparation of five constructs, with factor loading values, encompassing a total of 25 items. In figure, the path coefficient signifies the strength and direction of the relationship between two variables. A path coefficient of 0.344 suggests a moderate positive relationship between financial knowledge and financial management behaviour. This implied that as financial increases, there is increase in financial management behaviour. Similarly, a path coefficient of -0.077 indicates a weak negative relationship

Table 8
Model Fit

	Saturated Model	Estimated Model
SRMR	0.067	0.067
d_ULS	1.453	1.453
d_G	0.41	0.41
Chi-square	478.777	478.777
NFI	0.823	0.823

Note. Researchers' calculation from survey data (2024)

between financial attitude and financial management behaviour. This suggested that a small increase in financial attitude is associated with a slight decrease in financial management behaviour. This means that the impact of financial attitude on financial management behaviour appears to be less compared to other factors. Likewise, a path coefficient of 0.209 signifies a weak positive relationship between locus of control and financial management behaviour. Furthermore, a path coefficient of 0.412 indicates a moderate positive relationship between mental accounting and financial management behaviour. It implies a significant increase in mental accounting is associated with a pronounced increase in financial management behaviour.

Hypothesis testing comprises examining the relationships between constructs to determine whether the proposed model fits the observed data and whether the hypothesised relationships are statistically validated. Smart PLS tested the structural model using the bootstrapping technique with 10,000 data resampling, considering beta values, sample mean, p-values, LLCI, and ULCI, as shown in table 9. The study examined four hypotheses at a level of significance of 0.05, and a p-value less than 0.05 supports the hypothesis, if the p-value

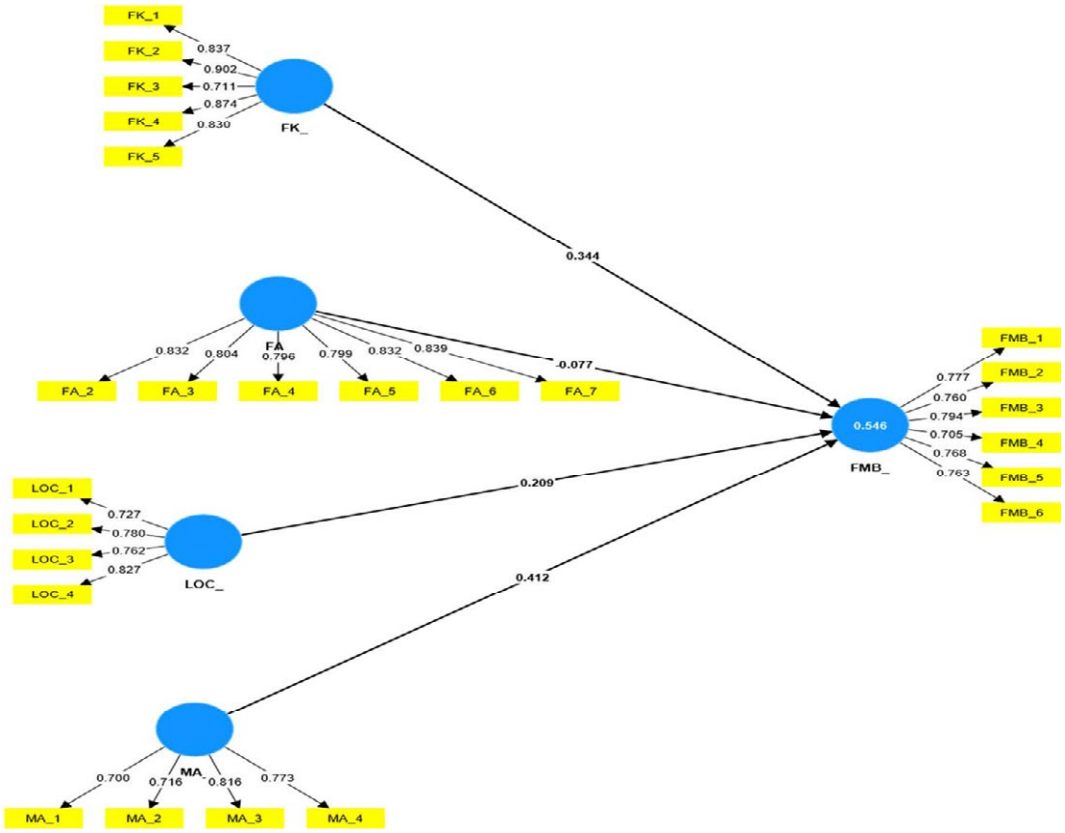

Figure 2. *Path Analysis*
Note. Researchers' calculation from Survey data (2024)

Table 9
Hypothesis Testing

Structure Path	Beta Coefficient	Sample Mean (M)	CI (95%) LLCI 2.50%	CI (95%) ULCI 97.50%	P values	Conclusion
FA_ -> FMB_	-0.077	-0.069	-0.158	0.022	0.097	Not Supported
FK_ -> FMB_	0.344	0.341	0.212	0.466	0.000	Supported
LOC_ -> FMB_	0.209	0.212	0.101	0.325	0.000	Supported
MA_ -> FMB_	0.412	0.411	0.297	0.524	0.000	Supported

Note. Researchers' calculation from Survey data (2024)

is more than 0.05 hypothesis is in rejection (Biau et al., 2010). Furthermore, the CI test determines whether zero is in the interval; if it is not, the hypothesis is accepted regardless of the statistical significance of the p-value (Hair et al., 2017). Table 9 demonstrates that the four hypotheses (H_2, H_3, and H_4) align with the hypothesised direction as the finding showed statistical significance ($P < 0.05$) and the confidence interval range is non-zero. On the other hand, the one hypothesis (H1) is not in the hypothesised direction since the p-value is greater than 0.05, and the confidence interval includes zero.

Discussion

This study provides insight into the dynamic relationship between financial knowledge, financial attitude, locus of control, mental accounting and the financial management behaviour among university students in Kathmandu Valley. In accordance with the previous studies (Chuah et al., 2020; Phuong et al., 2015; Prihartono & Asandimitra, 2018) the respondents' socio-demographic background indicates a specific demographic group that is distinguished by education level, area of education in this study most of the respondent does not have jobs and currently pursuing bachelor's degree.

The influence of financial knowledge, financial attitude, locus of control and mental accounting on financial management behaviour is the most important finding from this study. They do not provide priority to university students as they are the age group who are becoming mature and developing financial responsibility. Additionally, the various types of determinants of financial management behaviour financial knowledge, financial attitude, locus of control and mental accounting which aid in the investigation. It helps to investigate how these group who have certain level of financial knowledge are not being able to make financial decisions that helps them to achieve their financial goal. It ultimately contributes to their financial decision.

For instance, the study investigated the impact of financial knowledge, financial attitude, locus of control and mental accounting on the financial management behaviour. The findings demonstrated that the respondent's mental accounting served a vital role in financial management behaviour. It is consistent with findings of earlier studies by Adriani (2021) which also highlighted how mental accounting impacts financial management behaviour. On the contrary, the

study did not find a significant relationship between financial attitude and financial management behaviour. Jamal et al. (2016) also obtained a similar result, where financial attitude did not have a significant relationship with financial management behaviour. However, the study's results contradicted the results concluded by (Chuah et al., 2020) where financial attitude significantly influenced financial management behaviour.

Additionally, financial knowledge impacts the financial management behaviour of university students. These align with several previous studies, reinforcing the idea that financial knowledge does, in fact, play a crucial impact on financial management behaviour. Similarly, prior study Mien & Thao (2015), stated that financial knowledge has a significant impact on financial management behaviour. Another study by Ramadhan and Asandimitra (2019) showed a significant relationship between the financial knowledge and financial management behaviour of university students. Similarly, the study also found a significant relationship between mental accounting and financial management behaviour. A similar result was obtained in a previous study by Adriani (2021) revealed that there was a positive association between mental accounting and financial management behaviour in the context of students. They support the direct relationship between mental accounting and financial management behaviour.

Lastly, there is a positive impact of locus of control on financial management behaviour of university students. Domenico (2022) found a positive association between locus of control and the financial management behaviour of university students. A similar study by Syaliha et al. (2022) found that there is a significant impact of locus of control on the financial management behaviour of university students. The examination of beta coefficient values revealed that, among all variables considered, mental accounting exhibited the most substantial impact on financial management behaviour, followed by financial knowledge. This means that these factors are the most important considerations for the financial management behaviour of university students. Thus, stakeholders like policymakers, academicians and the non-governmental group should focus their efforts on these factors while addressing the financial management behaviour of university students.

CONCLUSION AND IMPLICATIONS

Conclusion: This study examines the factors that have influence on the financial management behaviour among university students in Kathmandu valley. The study employed theory of planned behaviour to explore the influence of factors such as financial knowledge, financial attitude, locus of control and mental accounting on financial management behaviour. That fills a significant gap in the current literature by focusing on the relationship between four variable and mental accounting, an area usually neglected in previous studies that primarily focus on determinants of financial behaviour. Empirical research is scarce on the relationship between determinants of financial management behaviour in the specific context of university students of Kathmandu Valley. This study makes a significant and valuable contribution to the existing body of knowledge, enhancing the understanding of financial management behaviour, particularly in developing

countries. The study employed SEM for data analysis, successfully accomplishing its objectives and showing key findings. It employed an explanatory research design with a diverse sample of 205 respondents using convenience sampling.

The study highlighted the relevance of financial management behaviour variables such as financial knowledge, financial attitude, locus of control, mental accounting providing valuable insights for policymakers, academicians, government and financial institutions. While the findings for most determinants were consistent with expectations, financial attitude was not of significance because university students' financial management decisions are influenced by other factors. This study sets a foundation for future research to delve deeper into these topics. In conclusion, the study emphasises the significance of financial management behaviour and its determinants that impact on financial management decisions among university students. Financial knowledge, locus of control and mental accounting all have an impact on financial management behaviour, on the other hand, financial attitude has no significant impact on financial management behaviour.

Implications: This study makes a significant theoretical contribution in the literature of financial management behaviour by addressing notable gaps from the Nepalese perspective. It designed a model incorporating factors of financial management behaviour. It was found that financial management behaviour is influenced by financial knowledge, mental accounting and locus of control. This theoretical framework is especially interesting in developing countries like Nepal because it offers a new viewpoint on how mental accounting affects financial management behaviour. Likewise, the study developed the comprehensive theoretical framework established as a foundation for future investigations. Despite the scarcity of existing research on factors influencing financial management behaviour among university students, this study has the potential to make a significant contribution to these concepts in the academic field and fill a significant empirical gap. Likewise, the research adds insight on the application of theory of planned behaviour to these aspects, providing a unique Nepalese perspective. Furthermore, it verifies the impact of various factors on financial management behaviour, expanding awareness of numerous components of financial knowledge, particularly in developing countries such as Nepal, where university students are facing financial difficulties.

Similarly, the findings of this study have direct implications for academicians, policymakers, government organisations, financial institutions, other financial service providers, and researchers. From this research which studied the financial decisions and knowledge of Nepal's university students can help to make youth financially aware and help them make better financial decisions. Similarly, it emphasises the potential to aid Nepalese authorities in developing financial awareness among university students through their academic program. Policymakers must focus on financial knowledge, financial attitude and awareness among university students because it is statistically significant. University students' financial decisions are more likely influenced by financial knowledge and mental accounting, resulting in better financial management behaviour.

Indeed, there is a substantial gap for future studies on financial management behaviour, particularly in Nepal. This study focused on identifying the relationship between financial knowledge, mental accounting, locus of control, financial attitude and financial management behaviour. However, the interrelationships between personal financial planning and other mediating variable were not investigated. Expanding the scope of studies to encompass the interrelationships among individual factors of financial behaviour. Furthermore, Nepal has limited research on factor influencing financial management behaviour there is requirement for more extensive research in this area of study. Furthermore, the current study on those respondents who were financially dependent. However, future research may be undertaken with those students who are financially independent, with this the result may come different. These studies can serve as helpful roadmaps for Nepalese academicians, policymakers, financial institutions, colleges, government and other agencies that aim to conduct the research on these topics, directing them toward efficient financial management behaviour and financial wellbeing of students.

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