FINANCIAL LITERACY AND YOUTH INVESTMENT DECISIONS IN A DEVELOPING ECONOMY: EVIDENCE FROM POKHARA, NEPAL

Dipak Bahadur Bhandari[1], Deepa GC[2]

Academician, Pokhara University, Former Registrar, Pokhara University[1]

PhD Research Scholar, Pokhara University[2]

Abstract

In the developing countries like Nepal, financial literacy has become an important factor shaping how people make financial decisions. For young people, understanding basic financial concepts and being able to apply them in real- life situations is increasingly necessary as financial opportunities continue to expand. The study examines how different aspects of financial literacy (financial awareness, attitude, behavior and risk perception) affect the investment decisions of youth in Pokhara. The study adopts a quantitative cross-sectional research design, using data collected from 300 youths aged 18 to 40 years using a structured questionnaire. To ensure the reliability of the data, Cronbach's alpha was used, and the results showed acceptable levels of consistency. The data were analyzed using descriptive statistics, correlation, and multiple regression techniques to better understand the relationships between the variables. The results show that financial literacy plays an important role in shaping investment decisions. However, not all components have the same level of influence. While financial attitude shows a positive connection, it doesn't appear as a strong predictor in the regression result. In contrast, financial behavior and risk perception seem to have a more direct and meaningful impact on how young people make investment choices. The result suggests that financial knowledge is not only enough but equally important for individuals to develop good financial habits and a clear understanding of risk. Overall, the study provides important insights for policy maker, financial institution and educator who are working to improve financial literacy and better investment practices among youth in Nepal.

Keyword: *Financial Literacy, Investment Decisions, Youths, Financial Inclusion, Risk Perception*

Introduction

In recent years, financial literacy has become a critical pillar of financial inclusion, sustainable economic development, and individual financial well-being worldwide (Lusardi & Mitchell, 2014; OECD, 2018). Financial systems today are far more complex due to globalization, digitalization, and financial innovation, individuals are required to make informed decisions regarding savings, credit, insurance, and investments with a level of understanding that was not required in the past (Atkinson & Messy, 2012). Empirical evidence consistently shows that individuals with higher levels of financial literacy are more likely to participate in stock markets, diversifying their portfolios, and engage in long-term financial planning (van Rooij, Lusardi, & Alessie, 2011). On the other hand, inadequate financial literacy often leads to poor decisions, such as taking on unnecessary debt or failing to prepare for financial risks (Klapper, Lusardi, & van Oudheusden, 2015). At the same time, traditional financial theory assumes that individuals always make rational financial decisions has been widely questioned, the investor behaves rationally and aims to maximize expected utility (Markowitz, 1952). However, real-world behavior often tells a different story than the assumed theory. Behavioral finance highlights that decisions are frequently influenced by psychological factors rather than logic (Kahneman & Tversky, 1979; Barberis & Thaler, 2003). Investors may become overconfident, follow what others do, or react more strongly to losses than gains (Barber & Odean, 2001; Shefrin, 2000). Prospect theory further explains how individuals tend to evaluate gains and losses asymmetrically, often deviating from rational expectations (Tversky & Kahneman, 1992). In this context, financial literacy is not just about knowing financial terms or concepts. It plays a practical role, it helps individual think more clearly, question impulsive decisions, and better understand risk (Robb & Woodyard, 2011; Xiao & O'Neill, 2016). Young people are particularly significant in financial literacy research because early financial decisions shape long-term economic stability (Shim et al., 2010). Despite today's youth easy access to digital trading platforms and online financial information, this does not automatically men they are making informed decisions. In fact, several studies point out that many young investors still lack strong financial knowledge and struggle with evaluating risk (OECD, 2023). The growing influence of social media and trend-based investing has only made the situation more complex, sometimes encouraging short- term and speculative behavior (BIS, 2024). The issue becomes even more critical in developing economies. Financial sectors in these countries are expanding rapidly, offering more access to banking services, insurance, and investment opportunities (Beck, Demirgüç-Kunt, & Levine, 2007). However, access alone does not guarantee understanding. In many cases, individual participate in financial markets without fully grasping how they work, which can lead to poor outcomes (Demirgüç-Kunt et al., 2018; World Bank, 2023). Research suggests that while financial knowledge support better participation, attitudes and behavior are equally important in shaping the real financial decisions (Cole, Sampson, & Zia, 2011; Grohmann, Klühs, & Menkhoff, 2018).

In Nepal, the financial sector has changed quite significantly over the past decade. There has been noticeable growth in banking services, microfinance institutions, insurance coverage, and stock market activity (Nepal Rastra Bank, 2023). Alongside this, financial literacy has gained attention as a policy priority. However, when it comes to young investors, there is still limited empirical evidence on how well they understand financial concepts and how this affects their investment decisions (Adhikari, 2018; Karki & Bista, 2019). Practically, many young investors seem to rely highly on informal advice, peer influence, or short- term market trends rather than structured financial analysis. This raises an important concern that having access to financial markets does not necessarily mean that individuals are equipped to make sound investment decisions. Although international research provides strong evidence that explores the relationship between financial literacy and investment behavior, studies in Nepal remain limited, especially those that take a border view of financial literacy. Most existing work focuses mainly on financial knowledge, often ignoring other important aspects such as financial awareness, attitude, behavior, and risk perception. Looking at these factors separately gives only a partial picture. What is needed is a more integrated approach which captures how these dimensions work together. This study attempts to address that gap by examining how different aspects of financial literacy and investment decisions among youths aged 18-35 in Pokhara, Nepal. Using a quantitative cross-sectional approach, the research aims to provide a clearer and more context- specific understanding of youth investment behavior, while also offering practical insights for policymakers and financial institutions.

Statement of the Problem

Despite the growing importance of financial literacy in today's economy, there is still a gap in understanding how it influences investment decisions, particularly among young people in developing countries. While past studies clearly show that low financial literacy is linked with poor financial outcomes such as weak portfolio diversification, over- borrowing, and higher exposure to financial shocks (Lusardi & Mitchell, 2014; Klapper, Lusardi, & van Oudheusden, 2015)., the situation becomes more complex when we look specially at youth behavior. Over the year, financial markets have expanded rapidly, and access to financial services has improved. However, the ability of individuals, particularly among the youth, seems to be effectively navigated by these markets that have not increased at the same pace (OECD, 2023). Many youths are entering investment activities without fully understanding the associated risks or long-term implications. This creates a gap between participating and informed decision-making, which is an issue that cannot be ignored. At the same time, traditional finance theory assumes that individuals behave rationally when making investment decisions. This is often not the case. Behavioral finance has shown that decisions are frequently influenced by psychological biases such as overconfidence, herd behavior, and loss aversion (Kahneman & Tversky, 1979; Barber & Odean, 2001). Without sufficient financial literacy, young investors may rely heavily on peer opinions, social trends, or informal sources of information rather than careful financial analysis (Shefrin, 2000). This makes them more vulnerable to making impulsive or poorly informed investment choices. This issue is even more relevant in developing economies, where financial systems are still evolving. Although access to banking, insurance, and investment platforms has improved, investor education and regulatory awareness often lag (Beck, Demirgüç-Kunt, & Levine, 2007). In the context of Nepal, the financial sector has experienced significant changes in recent years. There has been growth in banking institutions, expansion of microfinance services, increased insurance coverage, and rising activity in the Nepal Stock Exchange (Nepal Rastra Bank, 2023). Youth participation in the capital market has also increased, partly due to the availability of digital trading platforms. However, it is still unclear whether these young investors possess the level of financial literacy required to make informed and responsible investment decisions. Existing studies in Nepal have mainly focused on general financial behavior or specific biases, but they do not provide a comprehensive understanding of how different aspects of financial literacy influence investment decisions (Adhikari, 2018; Karki & Bista, 2019). Another concern is that young investors are increasingly exposed to digital platforms, market volatility, and trend-driven investment behavior. Without proper financial understanding, this exposure can lead to speculative decisions rather than well-planned investments. This raises an important question: are current financial literacy levels among youths sufficient to support sound investment decision-making? Therefore, there is a clear need for a more detailed and context- specific study that looks at financial literacy from a multidimensional perspective. It is important to examine how financial knowledge, awareness, attitude, behavior, and risk perception together influence investment decisions among youths in Nepal. Against this background, the present study focuses on addressing the lack of comprehensive empirical evidence on how multidimensional financial literacy shapes investment decision- making among youths in Pokhara, Nepal. By doing so, it aims to provide practical insights that can support better financial education strategies and more informed participation in financial markets

Research Objectives

The general objective of the study is to examine the impact of financial literacy on investment decisions among youths in Pokhara. To achieve this objective, the following specific objectives have been determined:

1. To explore how financial knowledge affects the investment decisions of youth.
2. To examine whether financial attitude plays a role in shaping investment preferences among young individuals.
3. To analyze how everyday financial behavior influences the way youths make investment decisions.
4. To assess the role of risk perception in guiding investment choices among youths.

Significance of Study

As financial markets continue to evolve with the rapid growth of digital banking, online trading platforms, and a wide range of investment products, the ability to make sound financial decisions has become increasingly important. In this context, financial literacy plays a central role in shaping how individuals understand and respond to financial opportunities and risks. It is not limited to knowledge alone but also includes attitudes, behavior, awareness, and the ability to perceive and manage risk. In developing countries like Nepal, this issue becomes even more relevant. Although access to financial services has improved in recent years, there is still limited research that clearly explains how financial literacy influences investment decisions, particularly among young people. At the same time, young people are entering financial markets at a faster rate, often without adequate preparation or structured financial understanding. This makes it important to examine not just whether they participate in investment activities, but how and why they make those decisions. This study aims to address that gap by exploring how different dimensions of financial literacy affect the investment decisions of youths in Pokhara. By doing so, it provides insights that go beyond basic financial knowledge and look at the broader behavioral and psychological aspects involved in decision-making. The findings of this research can be useful for several groups. For policymakers and regulatory authorities, the results can support the design of more targeted and effective financial literacy programs, especially those focused on young people. Financial institutions may also benefit by gaining a better understanding of the needs, behavior, and decision patterns of young investors, which can help them develop more accessible and relevant financial products. In addition, educational institutions can use these insights to strengthen financial education within their curricula, ensuring that students develop practical financial skills early on. More broadly, by providing empirical evidence from the Nepalese context, this study contributes to ongoing efforts to promote financial inclusion and encourage more informed and responsible investment behavior among youths.

Research Hypotheses

Based on the objectives of the study, the following hypotheses are developed:

H_1: Financial knowledge is positively related to the investment decisions of youths in Pokhara.

H_2: Financial attitude has a significant influence on the investment preferences of youths.

H_3: Financial behavior is positively associated with the investment decisions of youths.

H_4: Risk perception significantly affects the investment decisions of youths.

Literature Review

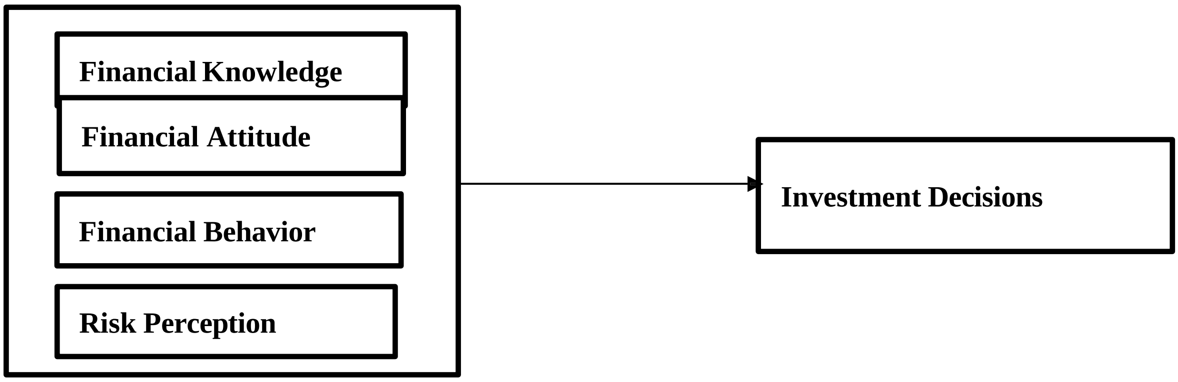
Financial literacy has been recognized as an important factor influencing individual financial well-being and participation in financial markets. It is commonly understood as the ability to grasp basic financial concepts such as inflation, interest rates, and risk diversification and to apply this understanding in real-life financial decisions (Lusardi and Mitchell (2014). However, over time, this definition has been expanded. Atkinson and Messy (2012), for example, argue that financial literacy should not be limited to knowledge alone but should also include financial attitudes and behaviors, as these ultimately shape how individuals act in financial situations. Huge empirical research suggests that individuals with higher levels of financial literacy are more likely to participate in stock markets, plan for retirement, and adopt diversified investment strategies (van Rooij, Lusardi, & Alessie, 2011). In contrast, those with limited financial understanding often avoid formal financial markets or make decisions that may not be optimal in the long run. This highlights the practical importance of financial literacy beyond theoretical knowledge. At the same time, traditional financial theories such as the one proposed by (Markowitz, 1952). Assumes that investors behave rationally and aim to maximize expect returns. However, investment decisions are not always purely logical. Behavioral finance offers a different perspective by emphasizing the role of psychological factors and cognitive biases in decision-making (Kahneman & Tversky, 1979; Barberis & Thaler, 2003). Investors may sometime become overconfident, follow the market trends without proper analysis, or avoid losses more strongly than they seek gains (Barber & Odean, 2001; Shefrin, 2000). Prospect theory further explains that individuals evaluate gains and losses differently, which often leads to decisions that differ from rational expectations (Tversky & Kahneman, 1992). In this context, financial literacy can be seen as a factor that helps individuals manage these biases. Rather than eliminating them completely, it provides a framework for more informed and balanced decision- making (Robb & Woodyard, 2011). Recent studies have started to view financial literacy as a multidimensional concept. Instead of focusing only on knowledge, researchers now consider additional components such as financial awareness, financial attitude, financial behavior, and risk perception. Financial knowledge relates to understanding financial concepts, while financial awareness refers to familiarity with available financial product and services. Financial attitude reflects an individual's mindset towards saving and investing, and financial behavior captures actual finical practices in everyday life (OECD, 2018; Xiao & O'Neill, 2016).

Risk perception particularly plays a crucial role in investment decision-making. It influences how individuals interpret uncertainty and evaluate potential outcomes in financial markets (Weber, Blais, & Betz, 2002). Studies suggests that individual who have better understanding of risk are more likely to make informed investment decision and balanced portfolios (Grohmann, Klühs, & Menkhoff, 2018; Lusardi, 2019). These findings indicate that financial literacy is not a single skill but a combination of knowledge, awareness, attitudes, and behavioral tendencies. Youth financial behavior has received increasing attention in recent years. Early financial experience often has long-term effects on saving patterns, investment habits, and overall financial stability (Shim et al., 2010). However, despite greater access to financial information and digital platforms, many young adults still demonstrate gaps in financial knowledge and decision-making skills (OECD, 2023). The rise of online trading and social media-based financial advice has made investing more accessible, but it has also increased the risk of misinformation and speculative behavior. As a result, young investors may focus more on short- term gains rather than long- term financial planning (Klapper, Lusardi, & Panos, 2013). In developing economies, financial literacy plays a critical role. While access to financial services has expanded significantly, financial capability often remains limited (Demirgüç-Kunt et al., 2018). Research in such contexts shows that financial knowledge encourages participation in financial markets, but attitudes and behavioral factors are equally important in determining actual outcomes (Cole, Sampson, & Zia, 2011). This suggests that a multidimensional approach is necessary to fully understand investment behavior in developing contexts. In Nepal, the financial sector has seen notable growth in recent years, including increased banking penetration, expansion of microfinance institutions, and rising activity in Nepal Stock Exchange (Nepal Rastra Bank, 2023). Despite these developments, financial literacy levels remain uneven, particularly among younger populations. Existing studies indicate that many investors rely on informal sources of information and peer influence when making investment decisions (Adhikari, 2018; Karki & Bista, 2019). Although international research provides strong evidence on the relationship between financial literacy and investment behavior, studies in Nepal are still limited in scope. Most research tends to focus on individual aspects such as financial knowledge or specific behavioral biases, rather than examining financial literacy as a comprehensive concept. As a result, there is still a lack of clear understanding of how different dimensions of financial literacy work together to influence investment decisions among youths. Given this gap, there is a need for research that takes a more integrates approach. This study contributes y examining financial literacy as a multidimensional construct, incorporating financial knowledge, awareness, attitude behavior, and risk perception and analyzing how these factors collectively influence investment decision-making among youths in Pokhara, Nepal.

Conceptual Framework

The conceptual framework of this study explains how different aspects of financial literacy are expected to influence investment decisions among the youths. The study shows how youth investment decision-making (dependent variable) is expected to be influenced by financial knowledge, attitudes, behavior and risk perception (independent variables). The analysis and interpretation of independent variables and dependent variables form the base of the study.

Figure 1: *Conceptual Framework*



Independent Variable **Dependent Variable**

(Source: Adapted from Huston, 2010; Ajzen, 1991; Kahneman and Tversky, 1979)

The above conceptual framework is developed based on established theories related to financial literacy and investment behavior, particularly Huston (2010), Ajzen (1991), and Kahneman and Tversky (1979). Huston (2010) emphasized knowledge, attitude, and behavior, which play an important role in effective financial decision-making. Ajzen's Theory of Planned Behavior helps to explain how individual attitudes and perceptions influence decision-making processes, while Prospect Theory by Kahneman and Tversky (1979) highlights the role of risk perception in financial decisions under uncertainty. Based on these ideas, the study assumes that higher financial literacy across all its dimensions will lead to more informed and structured investment decisions among youths in Pokhara.

Research Methodology

This study adopts a quantitative research approach to examine how financial literacy influences investment decisions among youths in Pokhara, Nepal. A cross-sectional research design was used, as the study focuses on understanding the current financial behavior and decision-making patterns of respondents at a specific point in time. This approach is widely used in similar studies where the objective is to identify relations between measurable variables. The population of the study consists of youths aged to 18 to 40 years residing in Pokhara Metropolitan City. This age group was selected because young individuals are increasingly exposed to financial products such as banking services, insurance, mutual funds, and stock market investments. A total of 300 respondents were included in the study. Due to practical constraints such as accessibility and willingness to participate, a convenience sampling technique was applied. While this method may limit generalization, it is commonly used in behavioral and social science research where obtaining a fully random sample is challenging. The study is based on primary data collected through a structured questionnaire. The questionnaire was designed after reviewing relevant literature and included two main sections, demographic profile and statements related to financial literacy and investment decisions. All items were measured using five-point Likert scale, ranging from strongly disagree to strongly agree, allowing respondents to express their opinions and behaviors more effectively.

Financial literacy is treated as a multidimensional construct in the study, consisting of financial knowledge, attitude, behavior, and risk perception. Investment decision-making was measured based on respondents' involvement in investment activities, their preferences, and how they make financial choices under uncertainty. Before conducting the main survey, a pilot test was carried out to ensure the questionnaire was clear, relevant, and easy to understand. The reliability of the measurement scales was assessed using Cronbach's alpha, with values ranging from acceptable to high levels, indicating good internal consistency. For data analysis, the collected responses were coded and analyzed using statistical software. Descriptive statistics were used to summarize respondents' characteristics and overall financial literacy levels. Pearson correlation analysis was applied to examine the relationship between variables, while multiple regression analysis was used to identify the extent to which different dimensions of financial literacy influence investment decisions. Throughout the study, ethical considerations were carefully maintained. Participation was voluntary, respondents were informed about the purpose of the research, and confidentiality of their responses was ensured. The data collected was used solely for academic purposes.

Results and Analysis

This section presents the key findings of the study based on data collected from 300 youths in Pokhara. The analysis focuses on understanding their level of financial literacy, examining relationships between variables, and identifying which factors most strongly influence investment decisions. To begin with, the descriptive statistics provide a general picture of respondents' financial awareness and behavior. The results suggest that youths in Pokhara have a moderate level of financial literacy. Financial knowledge recorded an average score of 3.70, indicating that most respondents have a basic understanding of financial concepts, although there is still room for improvement. Similarly, financial attitude showed a slightly higher mean value of 3.83, suggesting that many respondents hold a positive outlook toward saving and investing. Financial behavior, with a mean of 3.67, reflects that while some youths practice responsible financial habits, consistency is not always maintained. Risk perception scored 3.62, indicating that respondents are somewhat aware of financial risks, but their ability to fully assess uncertainty may still be developing. Overall, the average score for investment decision-making (3.76) shows that youths are moderately engaged in making structured financial decisions rather than relying purely on speculation. To further explore these relationships, Pearson correlation analysis was conducted. The results show that all four dimensions of financial literacy are positively related to investment decision-making. Financial behavior has the strongest relationship ($r = 0.581$), followed by financial attitude ($r = 0.556$) and financial knowledge ($r = 0.538$). Risk perception also shows a meaningful positive relationship ($r = 0.462$). These findings suggest that as financial literacy improves, the quality of investment decisions tends to improve as well.

However, correlation alone does not explain the extent of influence. Therefore, a multiple regression analysis was carried out to identify the most important predictors of investment decisions. The overall model was statistically significant and explained about 47.2% of the variation in investment decision-making, which indicates a strong explanatory power in the context of behavioral studies. Among the variables, financial behavior emerged as the strongest predictor, suggesting that what individuals do with their money has more impact than what they simply know. Financial attitude and financial knowledge also showed significant positive effects, though their influence was slightly lower compared to behavior.

Risk perception contributed as well, but its effect was relatively moderate. These results highlight an important point: having financial knowledge alone is not enough. Unless it is supported by consistent financial behavior and a practical understanding of risk, it may not fully translate into better investment decisions. In summary, the analysis clearly shows that financial literacy plays a meaningful role in shaping how youths in Pokhara approach investment decisions. At the same time, the findings emphasize that behavioral aspects of financial literacy deserve more attention, especially when designing policies and financial education programs.

Discussion of Findings

The findings of this study provide useful insight into how different aspects of financial literacy shape investment decisions among youths in Pokhara. Overall, the results suggest that while young individuals possess a reasonable level of financial awareness, their ability to translate that knowledge into consistent and effective investment behavior is still evolving. The descriptive results indicate that respondents generally demonstrate a moderate level of financial literacy. Financial knowledge and financial attitude show relatively higher mean values, which suggests that many youths are aware of basic financial concepts and tend to have a positive outlook toward saving and investing. However, slightly lower scores in financial behavior and risk perception hint at a gap between understanding and actual practice. In other words, knowing what to do does not always mean that individuals follow through in real-life financial situations. The correlation analysis reinforces this observation by showing that all dimensions of financial literacy are positively related to investment decision-making. Among them, financial behavior stands out as the most strongly associated factor. This highlights an important reality: practical financial habits such as budgeting, saving regularly, or making informed investment choices play a more direct role in shaping outcomes than knowledge alone. The regression results provide further clarity by identifying financial behavior as the strongest predictor of investment decisions. This finding is particularly meaningful in the context of developing economies like Nepal, where access to financial information has improved, but disciplined financial practices are still developing. It suggests that improving financial behavior could have a more immediate impact on investment outcomes than simply increasing theoretical knowledge. Financial attitude also shows a significant influence, indicating how individuals think and feel about matters of money. Youths who have a positive and future-oriented mindset toward finances are more likely to engage in structured and thoughtful investment decisions. This aligns with the idea that attitudes often guide intentions, which in turn shape actual behavior. Although financial knowledge is important and shows a positive effect, its relatively lower impact compared to behavior suggests that knowledge alone is not sufficient. This supports the argument made in earlier studies that financial literacy should not be viewed only as an intellectual ability but also as a practical skill that must be applied consistently.

Risk perception, while significant, shows a comparatively moderate effect. This may indicate that many young people are aware of financial risks but may not fully understand how to evaluate or manage them effectively. In a market environment where information is often influenced by peers and social media, this can lead to cautious or sometimes inconsistent investment decisions. From a theoretical perspective, these findings are consistent with established frameworks. The strong role of financial behavior supports the broader concept of financial literacy as a combination of knowledge, attitude, and behavior. At the same time, the influence of financial attitude reflects the importance of psychological factors in decision-making, as explained by behavioral theories. The role of risk perception also aligns with the idea that individuals do not always behave rationally when faced with uncertainty. In the Nepalese context, where youth participation in financial markets is growing rapidly, these findings carry practical importance. They suggest that simply providing financial information may not be enough. Instead, greater emphasis should be placed on developing responsible financial habits and improving individuals' ability to assess and manage risk. In summary, the discussion highlights that financial literacy is most effective when it goes beyond knowledge and becomes part of everyday financial behavior. Strengthening this connection can play a key role in promoting more informed and sustainable investment decisions among youths.

Conclusion and Implications

This study set out to understand how financial literacy influences investment decisions among youths in Pokhara, Nepal. Looking at financial literacy as a combination of knowledge, attitude, behavior, and risk perception, the findings show that all these elements play a role in shaping how young individuals approach investment decisions. However, their influence is not equal. One of the key takeaways from this study is that financial behavior matters the most**.** While many youths seem to have a basic understanding of financial concepts and even a positive attitude toward managing money, it is their actual financial practices that make the biggest difference. This suggests that knowing about finance is helpful, but it is not enough unless that knowledge is consistently applied in real-life situations. Financial attitude and financial knowledge also contribute to better investment decisions, but their impact appears to be more supportive than decisive. In contrast, risk perception plays a meaningful yet comparatively smaller role, indicating that although youths are somewhat aware of financial risks, they may still lack the confidence or skill to fully evaluate uncertain situations. Taken together, these findings highlight an important point, financial literacy should not be treated as knowledge alone. It is a broader concept that includes how individuals think, act, and respond to financial situations. Strengthening all these aspects together is essential for improving investment decision-making. From a practical point of view, the study offers several useful implications. For policymakers and regulatory bodies, the results suggest that financial literacy programs should move beyond theoretical instruction and focus more on developing practical financial skills. Simply teaching concepts like interest rates or inflation may not be enough unless individuals are also guided on how to apply this knowledge in everyday financial decisions.

Financial institutions can also benefit from these insights by designing products and services that are easier to understand and better suited to young investors. Providing simple tools, clear information, and guidance can help bridge the gap between knowledge and action. For educational institutions, there is a strong case for integrating financial education into academic curricula in a more practical and engaging way. Encouraging students to develop good financial habits early in life can have long-term benefits for both individuals and the broader economy. At the same time, this study has some limitations. Since the data were collected from a single city using a convenience sampling method, the findings may not fully represent all youths across Nepal. In addition, the cross-sectional nature of the study captures behavior at one point in time and does not account for changes over time. Future research could expand the study to other regions, include a more diverse sample, or use longitudinal approaches to better understand how financial behavior evolves. In conclusion, improving financial literacy among youths is not just about increasing knowledge, it is about encouraging better financial behavior and more thoughtful decision-making. If supported through well-designed policies and education systems, this can contribute to more responsible investment practices and stronger participation in Nepal's financial markets.

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