Smart Wallets, Stress-Free Lives: Determinants of Financial Wellness in Kathmandu

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Abstract

As the financial world becomes more sophisticated, personal financial well-being (FWB) is a measure of strength and stability. This study examines how FWB affects Kathmandu, Nepal, a South Asian metropolis that is urbanizing and blending modern and ancient banking practices. The study examines how financial knowledge, behavior, attitude, stress, and satisfaction affect FWB. Quantitative research using structured questionnaires was employed to collect primary data from a wide spectrum of Kathmandu residents. We examined variable relationships using structural equation modeling (SEM). Results demonstrate that financial knowledge, attitude, stress, and contentment strongly affect FWB. Financial activity doesn't directly affect much. This contradicts the idea that good financial practices are enough to promote health. The results demonstrate the importance of a complete financial education program that increases understanding, promotes positivity, and addresses emotional and mental aspects of financial life. This study contributed to the scholarly discussion regarding FWB in developing urban areas and provides policymakers, instructors, and financial service providers in Nepal and elsewhere with relevant information. As the financial world gets more complicated, personal financial well-being (FWB) is a key indicator of stability and resilience. This study examines how FWB affects Kathmandu, Nepal, a South Asian metropolis that is urbanizing and blending modern and ancient banking practices. The study examines how financial knowledge, behavior, attitude, stress, and satisfaction affect FWB. Quantitative research using structured questionnaires was employed to collect primary data from a wide spectrum of Kathmandu residents. We examined variable relationships using structural equation modeling (SEM). Results demonstrate that financial knowledge, attitude, stress, and contentment strongly affect FWB. Financial activity doesn't directly affect much. This contradicts the idea that good financial practices are enough to promote health. The results demonstrate the importance of a complete financial education program that increases understanding, promotes positivity, and addresses emotional and mental aspects of financial life. This research contributes to the scholarly discussion on FWB in developing cities and informs policymakers, instructors, and financial service providers in Nepal and beyond.

***Keywords*:** Financial Well-Being, Financial Knowledge, Financial Behavior, Financial Attitude, Financial Stress, And Financial Satisfaction

Introduction

Amid a growingly intricate financial landscape, personal financial well-being (FWB) has gained prominence as a vital measure of individual stability, life contentment, and resilience in the face of economic uncertainties. FWB broadly refers to a condition where individuals are capable of fulfilling their current financial needs, feel secure about their financial future, and can make enjoyable financial choices (Brüggen et al., 2017). As developing nations experience rapid urbanization, identifying the factors influencing financial well-being becomes increasingly important for both academic inquiry and practical intervention. Kathmandu, Nepal's capital, stands as a fitting case for such investigation, situated between long-standing cultural norms and modern financial shifts, characterized by increased financial inclusion, informal economic engagement, and shifting consumer dynamics.

Recent research has explored the multifaceted nature of FWB determinants, integrating dimensions from economics, psychology, behavior, and demographics (Fan & Henager, 2022; Ponchio et al., 2019). Brüggen et al. (2017) argue that financial well-being is not solely dictated by one's income or asset accumulation, but significantly shaped by individual perceptions of financial control, stability, and satisfaction. Their framework emphasizes the combined effect of internal competencies—such as financial confidence and self-discipline—and external factors, including income consistency and trust in institutions. Given Kathmandu's rising living expenses, prevalence of informal employment, and inconsistent access to formal financial systems, it serves as a valuable setting to analyze how such factors interact to shape financial well-being.

Scholars often classify the drivers of FWB into structural and behavioral domains. Fan and Henager (2022) introduced a framework that outlines key structural elements—such as financial capabilities, access to economic resources, and broader macroeconomic conditions including employment and policy support—as crucial influencers. They assert that while having financial knowledge and skills is necessary, these are only impactful when individuals operate in supportive environments. In Kathmandu, where many workers earn irregular incomes, face minimal social safety nets, and often support extended families, these constraints can weaken financial resilience, even among those with basic financial literacy.

In contrast, other studies have emphasized the role of personal attributes and behaviors. Ponchio et al. (2019), investigating perceived financial well-being in Brazil, identified factors such as financial attitudes, impulse control, materialistic tendencies, and money management practices as significant predictors of financial satisfaction. Their results suggest that subjective elements like money beliefs and future orientation can be as influential as one's income or education level. These insights resonate in Kathmandu's context, where informal financial practices—like rotating savings groups and remittance planning—often compensate for limited access to formal education or banking infrastructure.

A recent review by Shi, Ali, and Leong (2024) offers a broader scholarly perspective, examining the interconnectedness of financial literacy, capability, and behavior through bibliometric analysis. Their study reinforces the idea that while financial knowledge forms a critical foundation, it is actual financial behaviors—such as budgeting, saving regularly, and borrowing responsibly—that play a central role in shaping financial outcomes. This is particularly evident in Kathmandu, where individuals with minimal formal schooling frequently exhibit effective financial habits grounded in cultural practices and lived experience.

This study seeks to explore how financial knowledge, financial behavior, financial attitude, financial stress and financial satisfaction influence personal financial well- being in Kathmandu. The research is intended to answer the following issues:

- What is the status of personal financial well-being of individual investor in Kathmandu, Nepal?
- Is there any relationship between financial knowledge, financial behavior, financial attitude, financial stress, financial satisfaction and financial well-being?
- Do financial knowledge, financial behavior, financial attitude, financial stress, and financial satisfaction have any impact on financial well-being?

Literature Review and Hypothesis Formulation

In Fan and Henager's (2022) conceptual framework, financial knowledge is a structural component affecting financial well-being. They argue that money-savvy people are more likely to stick to a budget, save money, and manage their debt well, improving their financial condition. Financial knowledge plays an important role in ensuring personal financial well-being in Kathmandu. They believe that understanding about money may not instantly improve financial outcomes, but it is essential for making good financial decisions and acting responsibly. The study hypothesized:

H1: The person's financial knowledge greatly impacts personal financial well-being.

Research has highlighted that financial literacy enhances individuals' financial decision-making capabilities and is positively linked to effective retirement planning and wealth growth (Lusardi & Mitchell, 2014). Shim et al. (2009) demonstrated a strong relationship between financial knowledge and perceived well-being, with this link being influenced by financial attitudes and behaviors. In a meta-analysis, Fernandes, Lynch, and Netemeyer (2014) found that although the impact of financial education programs may be modest, actual financial knowledge remains a significant predictor of both financial behaviors and outcomes. Thus, it can be hypothesized as follow:

H2: There is a significant impact of financial behavior of the person associated on Personal financial wellbeing.

Engaging in constructive financial practices, such as consistent saving and prudent credit management, has been found to be positively correlated with greater perceived financial well-being (Xiao & Porto, 2017). Brüggen et al. (2017) proposed an integrative model positioning financial behavior as a central factor influencing financial well-being, primarily by enhancing individuals' sense of control and confidence in managing their financial situations. Thus, it can be hypothesized as follow:

H3: There is a significant influence of financial attitude of the person associated on Personal financial wellbeing.

Parrotta and Johnson (1998) found that financial attitudes are closely linked to financial management behaviors, which subsequently affect individuals' financial satisfaction. Similarly, Shim et al. (2009) identified financial attitude as a strong predictor of both financial behavior and overall financial well-being among young adults. Individuals who held responsible views toward money tended to exhibit greater financial confidence and reported higher levels of life satisfaction. Thus, it can be hypothesized as follow:
H4: There is a significant influence of financial stress of the person associated on Personal financial wellbeing.

Individuals facing high levels of financial stress—particularly stemming from debt—tend to experience notably lower levels of well-being and are more prone to mental health challenges (Drentea & Lavrakas, 2000). Financial stress diminishes individuals' confidence in managing future financial demands, thereby reducing their overall perceived well-being. Netemeyer et al. (2018), through the use of a validated financial well-being scale, identified financial stress as a significant negative predictor of both subjective and objective financial well-being. Persistent financial strain, especially debt-related, has been linked to prolonged psychological distress and a diminished sense of life satisfaction. Thus, it can be hypothesized as follow:

H5: There is a significant influence of financial satisfaction of the person associated on Personal financial wellbeing.

Financial satisfaction has been identified as a key predictor of financial well-being, often exerting a stronger influence than objective indicators like income or debt levels (Joo & Grable, 2004). It reflects an individual's subjective assessment of their financial condition and plays a critical role in shaping perceived financial health. According to Xiao, Tang, and Shim (2009), financial satisfaction acts as a vital link between financial behaviors and overall well-being, by strengthening individuals' sense of financial control and adequacy. This subjective satisfaction serves as an important mediating factor in the relationship between financial practices and broader well-being outcomes. Thus, it can be hypothesized as follow:

Theoretical Review

The relationship between financial behavior and its underlying determinants can be comprehensively understood through the lens of several foundational theories in behavioral economics and psychology. These theories provide a framework for exploring the cognitive, psychological, and behavioral mechanisms that shape how individuals—particularly in Kathmandu manage their finances.

Theory of Planned Behavior (TPB)

Nepal being a rapid developing economy is ever expanding its financial market horizon. This has resulted in abundance of financial products and services due to which people are faced with the need to make right financial choices to achieve financial stability. In this regard financial literacy has emerged as the top priority for developing nations like Nepal. This chapter aims to provide a detailed review of literature relating to the three dimensions of financial literacy; financial knowledge, financial behavior, financial attitude, financial stress and financial satisfaction for financial well-being.

The impact of financial literacy on financial well-being is also given special emphasis. A broad review of literature on the effect of various socio demographic as well psychological factors that influence financial literacy is also presented. Studies focusing on retirement, debt management and portfolio management are discussed. The role of over confidence in financial literacy is highlighted. The assessment of level of financial literacy in countries around the world is compared to gain a global perspective.

Conceptual Framework

In this study, “individual well-being” refers to the personal, familial, and social conditions that enable adolescents to function well in multiple contexts. The tool on various scales measures the levels on psychological, life satisfaction, self-esteem, social connectedness, and friendship level, decision making and venturing new areas. Detailed and specific items of each domain are carefully added to ensure quality measurement. The various scales are constructed based on the earlier scales with modification and appropriation to the culture and of Nepalese context. The research is based on Joo’s (2008) and Joo and Grable's (2004) financial satisfaction framework they have proposed five dimensions of financial well-being: (a) financial knowledge, (b) financial behaviors (c) financial attitude (d) financial stress, and (e) financial satisfaction. Meanwhile, the interrelationships among these determinants are also proposed based on the conceptualizations by the theoretical frameworks and related literature. The detailed hypotheses developed based on the conceptual framework are listed below.

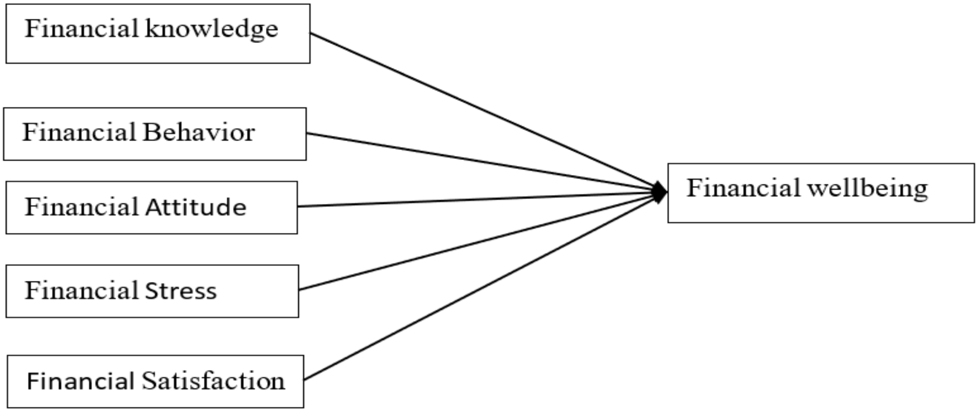

Figure 1: Conceptual framework of financial well-being

Source: (Fan and Heneger, 2022)

Financial Knowledge

Financial knowledge refers to an individual's comprehension of financial principles, tools, and the decision-making process, serving as a critical foundation for effective financial behavior. Fletschner and Mesbah (2011) highlighted gender-based differences in financial literacy, with men generally demonstrating greater financial proficiency. In contrast, Swamy (2014) argued that women's active participation in financial decision-making significantly boosts household income, suggesting that empowerment and involvement can offset initial deficits in financial knowledge. These insights imply that, although financial knowledge is vital, its impact on financial behavior is shaped by broader sociocultural dynamics.

Financial Behavior

Financial behavior includes both everyday financial actions—such as timely bill payments and regular savings—and long-term strategic decisions like retirement planning and asset investment. It represents the practical application of an individual's financial knowledge, attitudes, and motivations. According to Xiao

(2008), financial behavior encompasses all actions related to managing money, including spending, cash handling, credit use, saving, and investing. Research consistently shows that financial behavior is shaped by both financial literacy and attitudes, forming an interconnected framework for understanding financial decision-making. Shim et al. (2009) proposed a conceptual model illustrating that financial knowledge and attitudes influence behavior, which subsequently impacts financial well-being.

Financial Attitude

Financial attitude refers to a psychological tendency expressed by evaluating financial matters with some degree of favor or disfavor. It reflects one's predisposition toward personal finance, influencing motivation and decision-making (Parrotta & Johnson, 1998). Aydin and Sycuk (2019) defined financial attitude as individual preferences or orientations regarding financial decisions, including saving, spending, and budgeting. A positive financial attitude is consistently associated with responsible financial behavior and long-term planning. As such, financial attitude functions as a critical affective component within the behavioral finance framework.

Financial Stress

Financial stress is typically viewed as a subjective experience, shaped by both objective financial conditions and personal perceptions. Peirce et al. (1996) defined financial stress as the stress resulting from difficulty in meeting financial obligations and managing everyday expenses, noting that even individuals with relatively stable incomes can experience high financial stress due to poor financial management or insecurity. Financial stress has been linked to adverse mental health outcomes such as depression, anxiety, and sleep disturbances. Sweet et al. (2013) conducted a nationally representative study in the U.S. and found that higher levels of household financial debt were associated with worse mental and physical health outcomes.

Financial Satisfaction

Financial satisfaction is commonly understood as an individual's cognitive and emotional evaluation of their financial situation—reflecting whether they perceive their financial resources as adequate to meet their needs, fulfill obligations, and reach personal goals. Joo and Grable (2004) describe financial satisfaction as a crucial aspect of financial wellness, shaped by factors such as financial behavior, income sufficiency, financial knowledge, and perceived control over finances. Even individuals with identical income levels can experience significantly different degrees of financial satisfaction, influenced by spending patterns, financial expectations, and their sense of control. Xiao, Tang, and Shim (2009) further highlighted that financial satisfaction is more strongly associated with financial behaviors and psychological well-being than with objective financial measures like income or assets.

Research Plan and Design

A research design is the blueprint for conducting a study systematically and effectively. It includes the strategies, procedures, and tools that guide the collection and analysis of data. The research design plays a critical role in ensuring that the data collected are capable of addressing the research objectives and hypotheses with precision.

This study adopts a causal-comparative research design, which is appropriate for examining cause-effect relationships without manipulating the independent variables. The primary objective is to assess the influence of psychological and behavioral factors—such as financial knowledge, financial behavior, financial attitude, financial stress and financial satisfaction. This design allows the researcher to observe naturally occurring variations among the variables of interest using primary data.

Results

Table 1. Respondents' demographic profile

Items		Frequency	Percent
Gender	Male	204	53.1
	Female	180	46.9
Age	20- 30 years	209	54.4
	30-50 years	143	37.2
	Above 50 years	32	8.3
Education	SEE	111	28.9
	Bachelors	162	42.2
	Masters	106	27.6
	Others	5	1.3
Marital status	Single	220	57.3
	Married	164	42.7
	Divorce		
Occupation	Government	346	90.1
	Non- government	16	4.2
	Private business	5	1.3
	Others	17	4.4
Monthly income	Below 25,000	38	9.9
	25,000- 50,000	141	36.7
	Above 50,000	205	53

Source: Author Work

The demographic profile of the respondents includes various factors such as Gender, Age, education qualification and monthly income etc. The demographic profile of the respondents has been very essential in understanding the personal characteristics of the respondents. Of the total 384 respondents, 53.1% were male and 46.9% were female, showing a relatively balanced gender distribution. The age distribution revealed that the majority (54.4%) were between 20 and 30 years old, 37.2%fell within the 30-50 age group, and only 8%were above 51 years, indicating that most participants were young professionals in their early to mid-career stages. Regarding marital status, 57.3% were single and 42.7 % were married. In terms of academic qualification, the largest group held a bachelor's degree (42.2%), followed by 27.6% with a master's degree, 1.3% with others, and (28.9%) with a school level of education (SEE). These demographic distributions suggest that the study sample comprised well-educated and predominantly young professionals across, Kathmandu providing a reliable basis for assessing perceptions and behaviors relevant to the study. Similarly, occupation includes government with the most (90.1%), along with the least number of entrepreneurs (1.3%), followed by non-government i.e. (4.2%), and others including only (4.4%). Lastly, monthly income covers highest 53% of the respondents with the second highest 36.7% of the respondents having income between (25000-50,000), accompanied by (9.9%) of the respondents having income below 25,000.

Table 2. *Reliability Analysis*

Variable	Cronbach's Alpha	No. of items
Financial knowledge	0.868	5
Financial behavior	0.897	5
Financial attitude	0.742	5
Financial stress	0.899	5
Financial satisfaction	0.914	5
Personal financial well-being	0.932	5

Source(s): *Authors' own work*

Table 2 explains the results of the reliability analysis for the constructs used in the study are presented in Table 2. The financial satisfaction scale demonstrated excellent reliability, with a Cronbach's alpha of 0.914 across six items. This suggests that the items on the scale consistently measure financial well-being. Financial stress on the second, however, exhibited strong reliability with an alpha of 0.899 across six items, while financial behavior yielded a value of 0.897 based on five items, indicating good internal consistency for both constructs. Financial knowledge, composed of five items, produced a Cronbach's alpha of 0.868, demonstrating acceptable reliability. Financial attitude, which consisted of five items, returned an alpha of 0.742. Although this is lower than the other constructs, it still meets the minimum threshold for exploratory research, suggesting that the scale is sufficiently reliable for preliminary analysis.

Table 3 shows correlation coefficient between financial knowledge and personal financial well-being was found to be 0.365 which is positively correlated. Its p value was recorded to be 0.000 which is less than 0.01. Therefore, it can be concluded that there is a positive and significant relationship between financial knowledge and personal financial well-being (r = 0.365, p = 0.000 < 0.01). The correlation coefficient between financial behavior and personal financial well-being was found to be 0.435 which is positively correlated. Its p value was recorded to be 0.000 which is less than 0.01. Therefore, it can be concluded that there is a positive and significant relationship between financial knowledge and personal financial well-being (r = 0.435, p = 0.000 < 0.01). The correlation coefficient between financial attitude and personal financial well-being was found to be 0.396 which is positively correlated. Therefore, it can be concluded that there is a positive and significant relationship between financial knowledge and personal financial well-being (r = 0.396, p = 0.000 < 0.01). The correlation coefficient between financial stress and personal financial well-being was found to be 0.358 which is positively correlated. It can be concluded that there is a positive and significant relationship between financial knowledge and personal financial well-being (r = 0.365, p = 0.000 < 0.01).

Table 3. *Correlation Coefficient between Independent Variables and PFWB*

Constructs	Mean	SD	FK	FB	FA	FST	FSF	PFW
FK	3.78	0.66	1					
FB	4.13	0.58	.410**	1				
FA	4.14	0.6	.361**	.494**	1			
FST	4.04	0.6	.218**	.399**	.482**	1		
FSF	3.91	0.5	.192**	.454**	.402**	.492**	1	
PFW	4.1	0.65	.365**	.358**	.435**	.396**	.388**	1

Note(s): ***. Correlation is significant at the 0.01 level (2-tailed), FK= Financial Knowledge, FB= Financial Behavior, FA= Financial attitude, FST = Financial stress, FSF=Financial satisfaction and PFW= Personal financial well-being*
Source(s): *Authors' own work*

The correlation coefficient between financial satisfaction and personal financial well-being was found to be 0.388 which is positively correlated. It can be concluded that there is a positive and significant relationship between financial knowledge and personal financial well-being (r = 0.388, p = 0.000 < 0.01). In summary, all construct means exceeded the scale midpoint, indicating an overall positive financial orientation among the study's participants.

Table 4 displays the outcomes of the multiple linear regression analysis, assessing the individual influence of the independent variables—Financial Knowledge (FK), Financial Behavior (FB), Financial Attitude (FA), Financial Stress (FST), and Financial Satisfaction (FSF)—on the dependent variable, Personal Financial Wellbeing (PFW). Financial Knowledge (FK) exerts a statistically significant positive effect on PFW, with an unstandardized coefficient (B) of 0.029, which means that 1 unit change in financial knowledge leads to bring 0.209 unit change in investment decision among students of Kathmandu. Its p value was recorded to be 0.000 which is less than 0.01. Therefore, it can be concluded that financial knowledge has significant impact on investment decision ($\beta = 0.209$, $t = 4.450$, $p = 0.000 < 0.01$). Thus, Hypothesis (H1) is accepted.

Financial Behavior (FB) exerts a statistically significant positive effect on PFW, with an unstandardized coefficient (B) of 0.033, which means that 1 unit change in financial knowledge leads to bring 0.033 unit change in investment decision among students of Kathmandu. Its p value was recorded to be 0.000 which is less than 0.01. Therefore, it can be concluded that financial knowledge has significant impact on investment decision ($\beta = 0.033$, $t = 0.546$, $p = 0.000 < 0.01$). Thus, Hypothesis (H2) is accepted.

Table 4: *Multiple regression analysis*

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.687	0.273		2.515	0.012		
FK	0.209	0.047	0.214	4.45	0	0.797	1.254
FB	0.033	0.061	0.03	0.546	0.585	0.617	1.62
FA	0.216	0.059	0.197	3.649	0	0.628	1.592
FST	0.169	0.058	0.155	2.927	0.004	0.655	1.528
FSF	0.233	0.069	0.178	3.395	0.001	0.67	1.492

Source(s): *Authors' own work*

Financial Attitude (FA) exerts a statistically significant positive effect on PFW, with an unstandardized coefficient (B) of 0.216, which means that 1 unit change in financial knowledge leads to bring 0.216 unit change in investment decision among students of Kathmandu. Its p value was recorded to be 0.000 which is less than 0.01. Therefore, it can be concluded that financial knowledge has significant impact on investment decision ($\beta = 0.216$, $t = 3.649$, $p = 0.000 < 0.01$). Thus, Hypothesis (H3) is accepted. Financial Stress (FST) exerts a statistically significant positive effect on PFW, with an unstandardized coefficient (B) of 0.169, which means that 1 unit change in financial knowledge leads to bring 0.169 unit change in investment decision among students of Kathmandu. Its p value was recorded to be 0.000 which is less than 0.01. Therefore, it can be concluded that financial knowledge has significant impact on investment decision ($\beta = 0.169$, $t = 2.927$, $p = 0.000 < 0.01$). Thus, Hypothesis (H4) is accepted.

Financial Satisfaction (FSF) exerts a statistically significant positive effect on PFW, with an unstandardized coefficient (B) of 0.233, which means that 1 unit change in financial knowledge leads to bring 0.233 unit change in investment decision among students of Kathmandu. Its p value was recorded to be 0.000 which is less than 0.01. Therefore, it can be concluded that financial knowledge has significant impact on investment decision ($\beta = 0.233$, $t = 3.395$, $p = 0.000 < 0.01$). Thus, Hypothesis (H5) is accepted.

Table 5: Hypothesis Testing

S.N.	Hypothesis	Remarks
H1	There is a significant influence of financial knowledge of the person associated on Personal financial wellbeing.	Accepted
H2	There is a significant influence of financial behavior of the person associated on Personal financial wellbeing.	Rejected
H3	There is a significant influence of financial attitude of the person associated on Personal financial wellbeing.	Accepted
H4	There is a significant influence of financial stress of the person associated on Personal financial well-being.	Accepted
H5	There is a significant influence of financial satisfaction of the person associated on Personal financial well-being.	Accepted

Discussion

Financial knowledge is one of the most widely studied predictors of financial well-being. It encompasses an individual's understanding of financial concepts such as inflation, interest rates, risk diversification, and financial instruments (Lusardi & Mitchell, 2014). Numerous studies - (Xiao and Porto (2017); Kaiser and Menkhoff (2017) and Prakash and Hawaldar (2024) have shown that higher levels of financial knowledge are positively associated with better financial outcomes and enhanced financial well-being. Xiao and Porto (2017) found that financial knowledge directly affects PFW through improved financial decision-making. Financial attitude reflects an individual's values and beliefs toward saving, spending, and money management. It shapes long-term financial goals and the discipline to achieve them. Research has demonstrated that a positive financial attitude is significantly associated with better financial well-being. The finding is similar to Potrich, Vieira, and Kirch (2016) which showed that financial attitude positively influences both financial behavior and financial well-being.

Financial stress refers to the psychological discomfort associated with financial strain, such as debt, insufficient income, or lack of savings. The result revealed that financial attitude has a significant influence on personal financial well-being. According to Netemeyer et al. (2018), financial stress is among the most robust negative predictors of financial well-being, affecting not only monetary outcomes but also psychological health. Financial stress undermines an individual's sense of security and control over their financial life, thereby deteriorating subjective financial well-being. Financial satisfaction refers to the subjective contentment an individual feel toward their financial condition. The result finds that financial satisfaction is not just an outcome but also a strong predictor of overall financial well-being. Joo and Grable (2004) identified financial satisfaction as a mediator between financial practices and well-being. They argued that when individuals perceive their financial situation positively, they report higher life and financial well-being regardless of objective financial indicators. Financial satisfaction reflects both cognitive evaluations and emotional reactions, making it a key dimension of holistic financial wellness.

The result revealed that financial behavior has no significant impact on personal financial well-being which is similar to the finding of Fan and Henager (2022) who used structural equation modeling and found that although financial behavior influences financial satisfaction and stress, it may not independently predict financial well-being when these mediators are included in the model. This could be due to the complex, indirect pathways through which behavior affects well-being—often mediated by emotional and cognitive constructs.

Conclusion

In Kathmandu's context, the study's findings show that financial knowledge, financial attitude, financial stress, and financial satisfaction significantly influence personal financial well-being. These results highlight the complex nature of financial well-being, where cognitive understanding (financial knowledge), psychological outlook (financial attitude), emotional condition (financial stress), and personal assessment (financial satisfaction) together shape an individual's overall sense of financial security and stability. The strong effects of these factors indicate that improving financial well-being involves more than just promoting financial behaviors—it requires enhancing people's financial knowledge, encouraging a positive and forward-looking mindset, alleviating financial anxiety, and increasing satisfaction with their financial situation.

Notably, the study also finds that financial behavior does not have a significant direct effect on personal financial well-being. This challenges the common belief that good financial habits alone are enough to improve well-being. It suggests that without sufficient knowledge, a positive attitude, and emotional contentment, behavioral efforts may not lead to greater financial wellness. Consequently, financial education and well-being initiatives in Kathmandu should take a comprehensive approach that not only targets behavioral changes but also emphasizes building financial literacy, emotional strength, and an optimistic financial perspective to effectively boost individuals' financial well-being.

Implications

The results of this study offer valuable insights for policymakers, financial educators, and development practitioners in Kathmandu. The strong association of financial knowledge, stress, attitude, and satisfaction with personal financial well-being highlights the necessity for focused strategies that strengthen individuals' cognitive understanding and emotional resilience in financial matters. Programs designed to elevate financial literacy and cultivate constructive financial attitudes may lead to increased satisfaction and reduced financial stress, ultimately supporting better financial well-being. Importantly, the absence of a significant link between financial behavior and financial well-being implies that behavioral modifications alone may be insufficient without the reinforcement of knowledge and emotional guidance. Consequently, holistic financial well-being initiatives should emphasize educational, emotional, and attitudinal components, rather than relying exclusively on behavioral change.

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