



**Electronic Financial Capabilities Influence on Investment Decision of People:
Data-Driven from Nepal**

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Abstract

This Article analyze the influence on investment decision of people made by modern electronic financial literacy within socio-economic areas of Nepal. 358 respondents were surveyed for this research work. Comparative research design was applied in shaping investment decision by electronic literacy. For statistical task, appropriate sampling was used to collect wide range of viewpoint. The response of respondent collected by providing simple questionnaire through multiple networks. Participants privacy and identity was insured throughout the study. M.S. Excel and SPSS27 was used to analyze data. Analysis was done to receive full quantitative information about the relationship among variables. For that, reliability testing, regression, correlation and detailed statistical tools were introduced. From result, a clear influence on investment decision by electronic financial capabilities was disclosed. Link among electronic financial capabilities, proficiency, goal management and choice of investment were strongly shown by regression analysis (R square 0.589). The value $p < 0.05$ revealed significant impact of factors like financial literacy, proficiency and financial target setting on investment decision of individuals. The impact of cybersecurity awareness on decision making was negligible. In Nepal's growing stock market, individual need to enhance their investment decision and financial skills. For the better use of digital tools, financial institutions are encouraged to play crucial role. As a result, citizens are enabling to practicing electronic financial capabilities into practice and financially skilled society is created. The abstract of the study 'Electronic Financial Capabilities Influence on Investment Decision of People in Nepal' prioritize the key results, solid conclusions and useful recommendations.

Keywords: *Electronic financial Capabilities, financial education, financial target, investment Decision*

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Introduction

New advanced technologies significantly required financial skills and competencies that covers wider knowledge of digital portals, online banking and investment portfolios. This development signs a transfer from traditional financial literacy to modernize electronic financial literacy. So that intricacies of the innovative financial sectors are easily tackled.

Growing significance of integrated digital capability into financial education were emphasized by research conducted from Lusardi and Mitchell (2007) and Atkinson and Messy (2012). Their study focuses the drawbacks of conventional methods and tools to the need of modern ways. This assimilates traditional literacy to properly managed digital financial resources and services.

This research study ties to minimize research gap by showing effect of electronic financial capabilities on people's choice of selection investment plan, particularly in Nepal. Classical financial education foundation was not able to clarifying the change occurs of this present scenario. So financial education techniques are must need to adjust with advanced technology and new virtual investment selection area.

Presently Nepal is increasing its financial literacy skill in digital field. But this progress is quite insufficient to cover influence of targeted educational interventions and knowing socio-economic and geographic variables. Present study lack about the impact of policies made by government on various financial tools applied by population.

The primary objective of the article is to analyze influence on individuals' priority about share market created by electronical financial capabilities. The study also determines other related factors like investment decisions, plans and impact of social medias along with friends and relatives.

Literature Review

Electrical financial capabilities cover traditional financial education with digital capacity. Digital payment methods, investment areas and digital financial tools are must understand to apply and utilized properly (Atkinson & Messy, 2012). The concept of risk bearing capacity, investment purpose, and financial knowledge are vital for choice of investment area (Barber & Odean, 2001), cultural influences also relevant in Nepal.

Davis and Venkatesh developed Technology Acceptance Model (TAM). This model creates guideline for understanding respondent's nature toward electrical financial methods with use and trust.

• Electrical Financial Capabilities:

Electrical Financial capabilities focus users' belief and pleasure with financial tools that

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highly influence their investment plan (Davis, 1989; Venkatesh et al., 2003). Knowledge and skills of financial tools and techniques are basic criteria for efficient electronic transactions, Liao and Cheung (2002)

Hypothesis H1: Electrical Financial Capabilities positively affects users' investment choice.

• **Financial education:**

Financial education required for both conventional and modern sector, Lusardi and Mitchell (2011)

Hypothesis H2: Users investment choice is positively influenced by financial education.

• **Financial Target:**

Various investment scheme play the part for target setting, Shefrin and Thaler (1988) and Hsee and Abelson (1991)

Hypothesis H3: Proper financial target positively influences selection of investment scheme.

• **Cybersecurity Awareness:**

Cybersecurity awareness reduces online risk in financial decision sector, Dhamija et al. (2006) and Vance et al. (2012)

Hypothesis H4: Individual investment behavior highly influenced by Cybersecurity awareness.

Studies such as those by Barber and Odean (2000) indicate that investment behavior is also influenced by cognitive biases, underscoring the need for comprehensive digital financial education to counteract such tendencies.

Mobile banking and digital payments are rapidly growing in Nepalese financial markets. But in rural area where networks are not properly worked, great challenges of digital literacy and limited access of digital tools exist (Tamrakar, 2018; Rai & Bista, 2017). Research by Subedi et al. (2021) focused on crucial role of electric financial capabilities for taking investment decision. But they unexplained about the influence of specific literacy programs and strategy.

Conceptual Framework

The theoretical understanding of Figure 1 clears the relationship between dependent and independent variables. Investing choice of people in stock market is clearly depends on financial education, digital financial capabilities, financial target and cybersecurity awareness.

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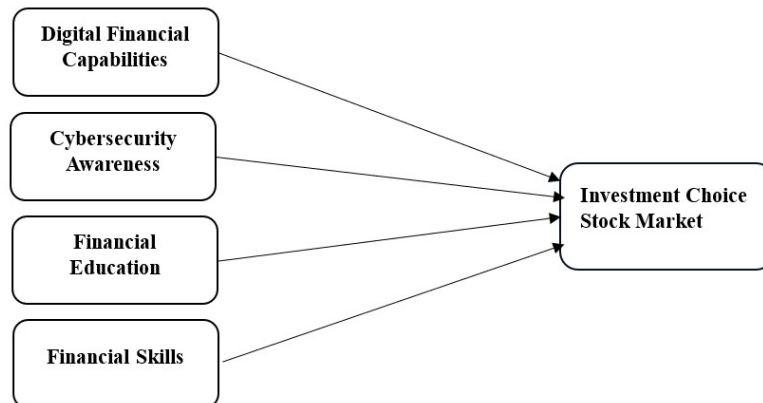


Figure 1

Theoretical Framework

The framework support that selection of best investment alternative by individuals greatly influenced by their knowledge in digital financial capabilities and education. These capabilities support Nepalese people in financial stock market for risk management, goal selection, plan formulation and taking decision.

Methods

The model used in study determine how electronic financial capabilities makes impact on investment choice of common investors. Sample of 358 respondents were taken as primary source from Nepal. Sampling ensures accuracy of collected data in terms of statics representing different thoughts of people of Nepal. The chance of bias risk in target management minimizes as significance level occurs 5% along with response percentage 90.

Questionnaire were distributed among respondents using messenger, WhatsApp, email, Google Docs, Instagram and other social media networks for gathering Data. These data collection tools were useful to cover wide range of valuable sources and helpful for detailed study of peoples investing decisions. High priority is given to keep privacy of participants to motivate them.

Data analysis is done using descriptive statistical tools. For performance accuracy checking M.S. excel were takes in place. Quantitative analysis of variables is done by Correlations, regressions and Hypothesis. The overall goal of using these techniques is to find out individual investment behavior in Nepal. Findings of these used statistical methods supported through graphic designs.

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Regression model used in research, defines Individual choice in Stock market (ICS) as the dependent variable, where as Digital Financial Capabilities (DFC), Financial Education (FE), Financial Target (FT), and Cyber Security Awareness (CSA) are treated as independent variables. The model is expressed as:

$$ICS = \beta_0 + \beta_1 * DFC + \beta_2 * FE + \beta_3 * FT + \beta_4 * CSA + \varepsilon$$

Here, β_0 denotes the intercept—supporting the predicted ICH when all predictors are zero—while β_1 to β_4 are the coefficients showing the impact of each independent variable. The letter ε denotes error factor responsible for changes not supported by the structure.

Reliability and Validity

Cronbach's alpha test is best method used to check the reliability and validity of the questionnaire. Self-assessment test and regular inspection for data quality is thoroughly maintained. As a result, inconsistencies in response from respondents is handled smoothly.

Table 1

Reliability Check

Cronbach's Alpha	Standardized Items for check	elements
.867	0.874	5

Table 2

Statistics Units

Variables	Cronbach's Alpha	No. of units
Electronical Financial Capabilities	0.841	5
Financial Education	0.849	5
Financial Target	0.833	5
Cybersecurity Awareness	0.849	5
Individual's Investment Choice	0.826	5

Source: SPSS Output

The study illustrates strong internal regularity across main variables—Electrical Financial capabilities, Financial Education, Financial Target, Cybersecurity, and Investing choices explained by Alpha values exceeds 0.70. This value clarifies inter units high relation and complete reliable result of the survey.

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Results

Demographic Profile of Respondents

Gender wise survey shows 67% male (240) and 33% female (118) participants from 358 sample size. Maximum 156 no ranges between the age of 20–30, while nine only were below 20year age. 52.14% participants are Bachelor's degree holders and lowest no 13 of MPhil and PhD holder were surveyed. Self-employed respondents were 43.57% and unemployed were only 8.38% were found along with 173 married and 185 unmarried.

From the analysis age and educational qualification made highly influence on investment behavior. Also, gender, marital status and occupation make valuable role in selection of investing alternatives.

Table 3

Respondents profile

Demography	Detail	No. of participants	%
Sex	Man	240	67
	women	118	33
Age	Below 20	9	2.51%
	20 to 30	156	43.57%
	30 to 40	96	26.81%
	40 to 50	65	18.16%
	More than 50	32	8.94%
Marital Status	Single	185	51.67%
	Married	173	48.33%
Academic Qualification	SEE/SLC	28	7.82%
	Intermediate	77	21.50%
	Bachelor	188	52.14%
	Marter's	52	14.52%
	MPhil/PhD	13	3.63%
Occupation	Employed	107	29.89%
	Self-Employed	156	43.57%
	Students/Not Working	65	18.16%
	Unemployed	30	8.38%

Source: Field Survey, 2024

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4.3 Correlation Analysis

Data obtained from correlation analysis i.e. ($r = 0.695$) and ($r = 0.641$) shows high degree of positive relationship among dependent and independent variables. The analysis reveals that people's investing choice is positively affected by digital financial capabilities and Financial Target. This indicates that for better investment decision, individuals require higher levels of digital financial knowledge and effective goal management capacity. On the other side, financial Education (FE) ($r = 0.567$) and Cyber Security Awareness (CSA) ($r = 0.550$) also make useful statistics but moderate correlations with Individual Investment decision. From the findings, it seems that all four independent variables are highly related with investment behavior. The result concluded showing high degree of relationship between EFC and FT variables

Table 4
Correlations

		EFC	FE	FT	CSA	ICH
EFC	Pearson Correlation	1	.523**	.617**	.472**	.695**
	2-tailed test		.000	.000	.000	.000
	No.	358	358	358	358	358
FE	Pearson Correlation	.523**	1	.530**	.558**	.567**
	Sig. (2-tailed)	.000		.000	.000	.000
	No.	358	358	358	358	358
FT	Pearson Correlation	.617**	.530**	1	.663**	.641**
	Sig. (2-tailed)	.000	.000		.000	.000
	No.	358	358	358	358	358
CSA	Pearson Correlation	.472**	.558**	.663**	1	.550**
	2-tailed test	.000	.000	.000		.000
	No.	358	358	358	358	358
ICH	Pearson Correlation	0.695**	0.567**	0.641**	0.550**	1
	2-tailed test	000	000	000	000	
	No.	358	358	358	358	358

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

Source: Field Survey, 2024

Regression Analysis

The regression model reports for 58.9% of the deviation in people's investment choice

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($R^2 = 0.589$), showing moderate to strong anticipatory proficiency. The regression model is suggested as both explanatory and efficiently better by the adjusted R^2 value (0.578). The standard error (0.48822) confirms the model's accuracy, and the Durbin-Watson statistic (1.903) indicates that prediction errors are independent, confirming a key assumption of regression analysis.

Table 5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.767 ^a	.589	.578	.48822	1.903

a. Predictors: (Constant), Cyber Security and Awareness, electrical financial capabilities, financial education, financial target

b. Dependent Variable: Individual's Investing Choice

A significant portion of Individual's Investment Behavior variability, with a substantial sum of squares (52.212) is explained by regression model. The residual sum of squares (36.469) shows undefined variability, resulting a better to fit. Explained and unexplained both variables are covered the total sum of squares (88.680). The model has 357 degrees of freedom, with an average square value of 13.053, resulting each predictor contribution towards explaining Individual's Investment Behavior.

The F-statistic (54.762) defines the influence of predictors on individual investing choice, with a greater F-statistic resulting a crucial joint effect, pointing the regression model's performance in explaining report variable variation.

Table 6

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.212	4	13.053	54.762	.000 ^b
	Residual	36.469	353	.238		
	Total	88.680	357			

a. Dependent Variable: Individual's Investing choice

b. Predictors: (Constant), Cyber Security and Awareness, Electrical Financial

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capabilities, Financial Education, Financial Target

The constant term (.310), representing the estimated value of an individual's investment choice when all predictors are zero, does not significantly contribute to predicting investing choice. Moving to the predictors, Electrical financial capabilities significantly increase investment choice, with a one-unit increase indicating a substantial 0.379 increase in investment choice, supported by a highly significant p-value ($p < 0.05$). Similarly, Financial education positively impacts investing choice, with a one-unit increase indicating a .156-unit increase in individual investment choice, indicating favorable investment decision. This effect is statistically significant ($P = 0.013$). Effective Financial Target significantly increases Individual's Investing choice by .260 units, indicating a positive relationship between target and more positive investment choice. Conversely, Cybersecurity Awareness have a positive but non-significant association with individual investing choice with a one-unit increase corresponding to a .096-unit estimated increase, but not statistically conclusive ($p = 0.119$).

After analysis it shows that electrical Financial Capabilities, Financial education, and financial target highly enhance investment choice, whereas Cybersecurity awareness do not define significant relationships.

The regression analysis defined the relation among Individual's Investing choice and Electrical Financial capabilities, financial education, financial target, and Cybersecurity awareness, maintaining a multiple linear regression equation.

$$ICS = 0.310 + 0.379EFC + 0.156FE + 0.260F - 0.96CSA$$

Table 7

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	.310	.244		1.270	.206
Electric Financial Capability	.379	.062	.418	6.065	.000
Financial Education	.156	.062	.169	2.521	.013
Financial Target	.260	.094	.217	2.762	.006
Cybersecurity awareness	.096	.061	.115	1.569	.119

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a. Dependent Variable: Individual's choice in stock market

The degree of multicollinearity among predictor variables, including electrical financial capabilities, financial education, Financial Target and Cybersecurity Awareness are measured by the Variance Inflation Factor (VIF). The VIF values varies from 1.682 to 2.294, along financial target showing a greater VIF, reporting a stronger correlation with other predictors, The commonly accepted threshold of 5 remain above all other values. This predicts an average level of multicollinearity, applying some degree of correlation among the predictors.

Table 8

VIF Table

<i>Variables</i>	<i>VIF</i>
<i>Electrical Financial capabilities</i>	1.768
<i>Financial Education</i>	1.682
<i>Financial Target</i>	2.294
<i>Cybersecurity Awareness</i>	1.994

a. Dependent Variable: Individual's choice in stock market

Hypothesis Testing

Table 9

Summary of Hypothesis Test

S.N.	Alternate Hypothesis	P-Value	Decision
H1	High relationship between EFC and Individual's choice in stock market.	0.000	Accepted
H2	High relationship between FE and Individual's choice in stock market.	0.013	Accepted
H3	High relationship between Financial Target and Individual's choice in stock market.	0.006	Accepted
H4	There is significant relationship between Cybersecurity Awareness and Individual's choice in stock market.	0.119	Rejected

Source: Result of SPSS

The hypothesis tests reveal:

- Electrical Financial Capabilities has a highly significant effect on investment behavior ($p = 0.000$).

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- Financial Education and Financial Target also show significant positive effects.
- However, Cybersecurity Awareness does not significantly influence investment behavior ($p = 0.119$), leading to the rejection of the related hypothesis.

Discussion

The role of modernize electrical financial education and skills is greatly helped in choice of investment in Nepal. There is strong relation between online systems and choice of investment in stock market, Nepali et al. (2019). Electrical financial education and skills are highly required for investor to take alternative decision choice.

The result supports influence of financial education on socioeconomic factors, Shrestha and Bhattarai (2020). A great relationship is existed between financial education and individual choice in stock investment. The practical evidence proofs that financial education required for making investment decisions. The intension of result clearly defines integrated socioeconomic aspect in the area of financial investment decision making.

The study aims to focus on how financial target selection reflects relation with choice of investment in stock market. So, the study clearly resulted on its aim of defining targeting setting role on selection of investment alternative.

The result of this study did not show any remarkable contribution on investing decision in contrast to previous study conducted by Rai and Bista (2017). This variation support need of cybersecurity knowledge but vast and further examination on financial ground. The investment decisions may be more complicated to justifies.

The research contributed on investment plan and policies within Nepal. Study also gives emphasis on long-term investment approaches, like "buy and hold" strategy. Family, friends and relatives are regularly providing primary source of information. Information data from personal sources also play vital role. Financial information and education is essential for investing decision.

Conclusion

This research determines electrical Financial Capabilities, Financial Education, and Financial Target are main component of investment choice in stock market in Nepal. Each components make positive and statistical impact. Cyber Security Awareness, although related but not expose any crucial role in investment decision. Importance of Cybersecurity awareness may be content based or secondary.

From regression analysis, the high R Square value (0.589) clears that about 59% of the deviation in independent and dependent variables with remarkable predictive power.

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These findings of the study offer precious framework for shaping targeted financial literacy programs. This result boosted financial decision capacity and investment outcomes for Nepal's rapid growing share market.

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