
Behavioral Biases and Investment Decision-Making Patterns: Evidence of Young Investors from Chitwan District

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Abstract

This study is based on the theoretical framework of behavioral finance, prospect theory, and social learning theory. It evaluates the combined effect of financial literacy, investor education, and information on investment decisions among young investors from Chitwan district. The descriptive and causal research design has been used. The data has been collected from 384 investors and analyzed using descriptive, correlation and regression analyses. The study has identified social influence, decision-related factors, and financial literacy as the most significant determinants for investment decisions among young investors. Moreover, it reveals that young investors use a combination of personal knowledge, peer group influence, and access to information to make investment decisions. This study has provided substantial theoretical support for the behavioral finance theory and social learning theory. Finally, this study has provided substantial practical implications for developing rational and sustainable investment behaviors among young investors in emerging markets.

Keywords: Behavioral Finance; Prospect Theory; Social Learning Theory; Investment Decisions; Financial Literacy

JEL Codes: G41; G11; O16

Introduction

In the recent past, the global financial market has seen the increased participation of the youth population, mainly attributed to the availability of online trading platforms, the democratization of financial information, and the overall usage of social media platforms. Research has proven that the development and evolution of technologies and mobile trading platforms have had a major impact on the investment behaviors of the youth population, mainly attributed to the extensive usage of online resources in the process of making investment decisions (Kavitha & Bhuvaneswari, 2019). Nevertheless, the investment decisions made by the youth population in the Nepalese capital market have been a complex issue, mainly attributed to the interrelation between the youth's knowledge, psychological biases, and exposure to financial information. The literature on behavioral finance has proven that the investment decisions made by the youth population in the capital market of Nepal have diverged from rational decision-making processes, mainly attributed to cognitive biases such

as overconfidence, herding, and familiarity (Barberis, 2018; Statman, 2019). Previous studies have established that the level of financial knowledge of the investors is a factor that greatly affects the structure of investment decisions, risk-return trade-offs, as well as the emergence of behavioral biases (Balagobei & Prashanthan, 2021). However, the youth population of Nepal, mostly influenced by the availability of technology, has extensively relied on the use of the internet as a resource in the decision-making process of investment. Gupta & Upadhyay (2022) argued that the unverified sources of information from the internet may greatly contribute to the emergence of behavioral biases among the youth population of Nepal. Besides, the capital market of Nepal is considered a developing market mostly influenced by market volatility.

Despite the increased youth participation in the Nepalese stock market, there is a noteworthy lack of empirical research on youth investors. In Nepal, most existing literature is available on general investors or the general population of Nepal (Lama et al., 2025). This suggests a noteworthy gap in the study of youth investors in Nepal and how their investment behaviors and decisions are shaped by a variety of factors. For example, in the new commercial center of Chitwan, there is a need to study how youth investors cope with the interplay between traditional knowledge of finance and modern digital influences. Therefore, the main purpose of this study is to explore the behavioral biases and patterns of investment decisions among youth investors in the Chitwan district. In addition, it aims to explore the impact of financial knowledge, demographic factors, investing experience, and sources of information on the pattern of investment decisions among youth investors, along with the identification of the behavioral biases that impact the pattern of investment decisions among youth investors. This study is guided by the necessity to comprehend the investment behavior of young investors in Nepal. For example, in the emerging market of Chitwan, the young investors rely mostly on the information they obtain from the market as opposed to any kind of analysis of their finances. The conceptual framework of the study is thus rooted in the interaction of behavioral biases with investment decision-making.

Literature Review

Conceptual Review

Behavioral biases, on the other hand, refer to a number of systematic cognitive distortions that shape the perception of the information, the assessment of the risks, and the final decision to invest in the market. The youth segment is characterized by the presence of behavioral biases. This is because the youth do not have enough experience in the market, and their emotional state is vulnerable. In addition, the youth have a higher propensity to look for market information via the internet. The major behavioral biases, which shape the decisions of the emerging market investors, include overconfidence, herding, anchoring, availability heuristic, and loss aversion. The youth, who exhibit overconfidence, tend to overestimate their market knowledge and the ability to predict market trends. This often leads to excessive risk-taking and high trading activities. The youth segment is characterized by the herding effect. This is because the youth tend to follow the market decisions made by the youth segment and the majority, especially in the absence of adequate market information. In the Nepalese market, which is dominated by digital activities, social media, and the opinions of market influencers, the concept of herding is quite evident. In the conceptual model, the behavior of the youth segment of the Nepalese market can be considered a complex interaction of individual factors, environmental factors, and behavioral biases. The factor of financial knowledge is considered

to be a crucial factor in mitigating the concept of irrational behavior in the Nepalese market. This is because the higher the level of financial knowledge, the higher the capacity to make rational decisions despite the presence of behavioral biases. The factor of financial knowledge is considered to be a crucial factor in mitigating the concept of irrational behavior in the Nepalese market. This is because the higher the level of financial knowledge, the higher the capacity to make rational decisions despite the presence of behavioral biases. On the other hand, lower levels of financial knowledge and higher levels of speculations through digital media result in excessive emotional trading.

Theoretical Review

This study is based on the Behavioral Finance Theory, which states that classical financial theories, like the Efficient Market Theory (Fama, 1970), have been formed on the basis of rationality, whereas in real life, people do not behave in a rational manner. Investors do not behave rationally; they are affected by various factors, like cognitive factors, emotions, social pressures, etc. (Shiller, 2015). Prospect Theory is also a part of behavioral finance theory, which refers to the manner in which individuals perceive the value of possible gains or losses. Prospect Theory was first proposed by Kahneman & Tversky (1979). This theory is important in the context of the investment behaviors of young investors because it refers to the behaviors of individuals, like loss aversion, regret aversion, etc., which are important behaviors of young investors because they have a higher tendency to be affected by these behaviors in the context of market volatilities. The second theory that is relevant to the study is the Social Learning Theory, which is defined by the manner in which individuals learn behaviors by observing others, either social groups or individuals (Bandura, 1977). The social learning theory is relevant to the study in the context of the stock exchange market because individuals tend to be more influenced by social learning behaviors, such as imitation, especially when they do not have enough experience and are not sure of their capabilities (Shiller, 2015). Young investors tend to be more influenced by social learning behaviors because they tend to be more influenced by observing others, either social groups or individuals (Bandura, 1977). The recent development in the digital environment in Nepal has made the social learning theory more relevant to the study in the context of the behaviors of young investors because the recent development has made the behaviors of young investors in the context of the stock exchange market more social, especially the behaviors of young investors in the Chitwan district in Nepal.

Empirical Review

Studies of investment behaviors based on empirical evidence show the interaction of financial literacy, demographic factors, investment risk tolerance, and behavioral factors in influencing individual investment decisions. Basic research (Grable & Joo, 2010; Barber & Odean, 2013; Lusardi & Mitchell, 2014; Barberis et al., 2015) shows that investment risk tolerance is a multidimensional construct, influenced by various demographic, psychological, and economic factors, while behavioral factors including overconfidence, herding, disposition effect, loss aversion, anchoring, and mental accounting are consistent in leading investment decisions away from rational models of investment decisions. While these are global findings, Van Rooij et al. (2011) found basic and advanced levels of financial literacy to be significant factors in influencing stock market participation worldwide. Demographic factors, including

income (Khan et al., 2017), investment experience (Neupane, 2021), education (Balagobei & Prashanthan, 2021), and financial knowledge (Khan et al., 2017), are found to be positive factors in rational investment decisions, while age and gender have mixed effects on investment decisions. Technological access (Koirala & Joshi, 2019) and information availability (Gupta & Upadhyay, 2022; Kavitha & Bhuvaneshwari, 2019) are also seen as influencing investment decisions, while misinformation or information overload is a threat to rational investment decisions.

The research revealed that three factors, including financial literacy and market information, and socio-economic factors influence investment decisions in the developing economy of Nepal. Different researchers have conducted research at various locations, revealing that better market systems and authentic market information contribute to higher investment (Joshi, 2018; Gurung, 2024; Wagle, 2024; Poudel, 2024; Sapkota & Bhandari, 2022, 2023). Market participants are seen to buy or sell assets based on their personal biases, including seven specific psychological errors, which influence their decision-making process. The investment patterns of the investors are seen to be affected by these biases, leading them to choose specific stocks based on the potential financial losses they could face. Research conducted among youth investors, including student investors (Gupta & Upadhyay, 2022; Poudel et al., 2025; Libi et al., 2025), revealed that better financial literacy helps them take better investment decisions, but they are still seen to be influenced by social media or social pressures. The findings of this study show that investment decision-making in Nepal and other countries occurs through a combination of economic factors and information elements/behavioral aspects and psychological components. Financial literacy and information enable investors to make rational investment decisions on the basis of actual information; however, behavioral and psychological factors result in irrational investment decision-making for novice and young and less educated investors.

Behavioral finance research has been conducted in Nepal and emerging countries; however, most of this research focuses on general investor groups rather than focusing on investment behaviors of young people, which are present in a particular district. Existing literature on investor psychology has been conducted in major cities like Kathmandu and Pokhara; however, there is a need to conduct more research in Chitwan district because this district has become a developing business hub with an increase in young people engaging in stock trading (Lama et al., 2025; Joshi & Rawat, 2025). This district lacks scientific research on young people's decision-making processes and their responses to digital stock trading.

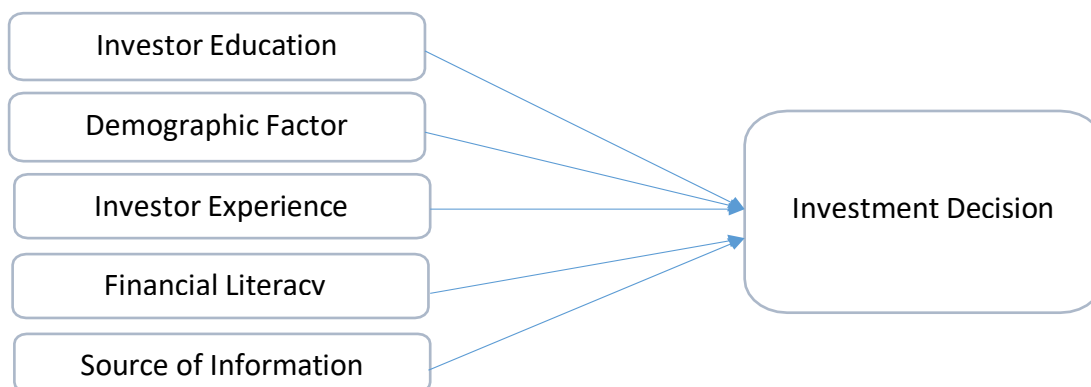
The previous research covered two types of behavioral biases: overconfidence and herding, and limited financial literacy and their impact on human behavior. The examination of psychological factors and structural and information factors should provide a comprehensive analytical model that should include information on the educational background and demographic characteristics of individuals, along with their investment knowledge and information sources (Shiller, 2015; Barberis, 2018). Most of the research studies apply advanced econometric models to carry out their research; however, a few studies apply descriptive methods to investigate the technology usage patterns and views of young investors in a particular community setting. Earlier research on investors has shown them to be a single entity that does not comprehend the different cognitive and social and informational patterns that define the investment behavior of the youth compared to the elderly. The research aims to

establish how the behavior of the youth is influenced by the interaction between behavioral biases, financial literacy, and information sources in the district. The research aims to develop an integrated model that will specifically focus on the investment behavior of the youth in the Chitwan district.

Research Framework and Definition of Variables

Independent Variables

Dependent Variable



(Source: Mahat et. al., 2024)

Dependent Variables

Investment decision

The investment decision is defined as the rationality and efficiency of the decision-making process of an investor, which is influenced by information availability, decision analysis, and behavioral aspects. Previous literature shows that the quality of the decision-making process is positively influenced when investors use credible information sources, systematic evaluation techniques, and avoid intuitive or behavioral decision-making approaches (Kumar & Goyal, 2016). Financial literacy also plays an important role in supporting the decision-making process by improving the ability of an individual to evaluate risks and avoid behavioral biases such as overconfidence and herding effects (Lusardi & Mitchell, 2014). Literature on behavioral finance also shows the increased influence of digital media on the decision-making process of investors, which may increase the risk of speculation, noise trading, and misinformation at the same time (Barberis, 2018). Access to advisory services, financial education campaigns, as well as market information accuracy is shown to promote rational investment decisions while minimizing the risk of cognitive heuristics (Bikas & Jurevičienė, 2021). As such, investment decisions can be viewed as a significant outcome variable that reflects the capacity of young investors to process information effectively while making rational investment decisions.

Independent Variables

Investor education

It is observed that education is an important factor in influencing investment behavior, especially among younger and inexperienced investors, as they may not have formal financial knowledge. A study revealed that education plays an important role in helping investors better understand financial information and make informed investment decisions, which helps them avoid investing on the basis of rumors, emotions, and speculation (Lusardi & Mitchell, 2014).

An empirical study also revealed that education helps investors become more analytical and understand market mechanisms and financial products, which helps them differentiate between correct and incorrect financial information available on social media and other channels (Klapper et al., 2015). With the availability of digital trading platforms, there is an increased need for investors to undergo structured education programs such as workshops and financial literacy programs, especially in emerging markets. In addition, there is evidence that more education among investors reduces behavioral biases such as herding, anchoring, and overconfidence, which leads to more rational and consistent investment behaviors (Bikas & Jurevičienė, 2021). Therefore, the contemporary literature on investment behaviors highlights education among investors as an essential factor for decision-making and investment behaviors among young investors.

Demographic factors

Demographic variables such as age, gender, income, education, and occupation have been commonly accepted as important influencers of investment behavior and decision-making processes. Previous research has shown how these demographic variables affect the risk-taking capacity of investors, their investment knowledge base, and their susceptibility to behavioral biases, thereby impacting their information processing abilities and the selection of investment products (Kansal & Singh, 2021). Young investors tend to have higher risk-taking capacity compared to their older counterparts, whereas investors with higher income and education tend to have better analytical abilities and rational investment decision-making processes (Sadiq & Ishaq, 2014). Other demographic variables such as gender differences have also been observed to be significant influencers of investment behavior, with research suggesting that males tend to be overconfident investors compared to females, who tend to be conservative investors (Bannier & Neubert, 2016). Recent research from emerging economies suggests how demographic variables tend to combine with investors' financial knowledge base and their usage of digital platforms to impact their investment behavior (Aren & Zengin, 2016).

Investor experience

Investor experience has been identified as a critical factor in the determination of investment behaviors, given its ability to boost the cognitive skills of individuals to better interpret market-related information, mitigate risks, and minimize cognitive and emotional biases. Research findings have confirmed that experienced investors exhibit better cognitive skills and a higher aptitude for market trend evaluation, thus promoting rational and consistent investment decisions compared to their less-experienced counterparts (Kansal & Singh, 2021). Moreover, the value of experience lies in its ability to boost the learning skills and tolerance to market risks, thus minimizing the chances for cognitive and emotional biases, such as herding, overconfidence, and anchoring, commonly associated with less-experienced investors (Kumar & Goyal, 2016). Recent findings have suggested that the higher the experience, the better the ability for investors to differentiate credible market-related information from speculative noise, especially in the context of the digital market, where the prevalence of misinformation is critical (Bikas & Jurevičienė, 2021). In addition, experience helps to build strategic patterns for decision-making, diversification strategies, and the ability to handle market volatility. Therefore, the role played by investor experience is critical in the development of informed investment behaviors and is an important independent variable for investigation in the field of behavioral finance.

Financial literacy

Financial literacy has been recognized as a major driver of investment decisions, especially among young and nascent investors, whose limited formal education background may not include adequate training in finance. It has been defined as the ability to grasp financial concepts, weigh the pros and cons of different investment options, and measure the trade-offs between risk and return, thus promoting rational and informed investment decisions (Lusardi & Mitchell, 2014). Research has shown that higher levels of financial literacy lead to lower propensity for cognitive biases like overconfidence, herding, and loss aversion, as informed investors would be better positioned to interpret market data and make less emotional and impulsive decisions (Kumar & Goyal, 2016). Recent studies have shown that financial literacy helps to build market resilience, facilitates the diversification of investment portfolios, and improves the ability to differentiate between credible and misleading content, an increasingly important skill set in the context of digital trading (Bikas & Jurevičienė, 2021). With the rise of young investors using online trading platforms, the need for financial literacy emerges as a vital tool in preventing speculative investment behaviors. Therefore, financial literacy acts as a fundamental factor that affects the quality of decisions and influences investment behaviors in the modern financial market.

Source of information

In this context, the source of information has a critical influence on investment decisions, especially in a digital environment where the accessibility of financial information has expanded rapidly. As recent research has stressed, the nature of sources of information, including financial news portals, social media, brokerage reports, market analysts, peers, online investment forums, etc., has a critical influence on the quality of investment decisions (Kumar & Goyal, 2016). Findings have confirmed that young investors are increasingly relying on informal sources of information, including social media platforms, online communities, etc., which are quick but not verified sources of information, thereby leading to emotionally based or heuristic decisions (Bikas & Jurevičienė, 2021). Contrariwise, the accessibility of reliable sources of information, including professional advice, regulatory information, verified financial reports, etc., improves rational investment decisions by reducing the influence of rumors, as well as herding or overreaction behaviors (Aren & Zengin, 2016). In addition, contemporary research suggests that the development and expansion of online trading sites have strengthened the role and power of information intermediaries, and thus, the value of credibility and timeliness has been heightened for young investors in unstable markets. Therefore, the source of information is a critical factor that determines the perception of investors about the market.

Methodology

The research used descriptive and causal research design based on the primary source for the study. The descriptive research design was used to identify and describe the variables involved in the study, and the study used the causal research method to identify the manner in which the variables combined and correlated in a directional manner. The study involved young investors who traded stocks in the stock market in the Chitwan district. The study population included traders who traded on the Nepal Stock Exchange (NEPSE) via brokerage companies and the internet. The researchers established that the infinite population for the study consisted of 384 participants, based on the Cochran formula for determining the sample size adequate.

The researchers used the purposive sampling method to select participants from four brokerage companies in the Chitwan district, including Sani Securities company Ltd, Trishul Securities and Investment Limited, Oxford Securities Pvt. Ltd., and Dynamic Money Managers Securities. The research employed the use of structured questionnaires as the primary data collection tool. The structured questionnaires were distributed through various means such as visits to the field as well as through social media platforms such as email (Gmail). Microsoft Excel was used to manage the data as well as to create a clean data set as the researchers created the graphical representations of the data prior to the application of statistical tools using SPSS. Various statistical tools were employed to effectively summarize the information gathered effectively. The study employed the use of a five-point scale to measure the degree to which the respondents agreed with the research objective statements. The scale ranged from 1 to 5, with 1 being strongly disagree and 5 being strongly agree. All the 384 respondents answered the questionnaire items. Regression analysis involves using independent variables to examine how they affect a dependent variable. It predicts the dependent variable's value based on given values

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \epsilon$$

$$ID = a + \beta_1 * IE + \beta_2 * DF + \beta_3 * IE + \beta_4 * FL + \beta_5 * SI + \epsilon$$

Where,

ID = Investment Decision IE = Investor Education DF = Demographic Factor FL = Financial Literacy IE = Investor Experience SI = Source of Information a = Constant ϵ = Error

Results and Discussion

Table 1

Demographic Profile

Demographic Variables		Count
Age	Below 20	44
	20–24	110
	25–29	125
	30 and Above	105
Total		384
Gender	Female	189
	Male	195
Total		384
Education Qualification	Higher Secondary	85
	Bachelor's Degree	110
	Master's Degree	155
	Other	34
Total		384
Monthly Income Level	Below NPR 10,000	40
	NPR 10,001 – 20,000	70
	NPR 20,001 – 30,000	115
	NPR 30,001 – 40,000	110
	Above NPR 40,000	49
Total		384

(Source: Field Survey 2025)

Table 1 illustrates the demographic profile of the respondents, which shows that most respondents were young adults, with the majority being between the ages of 25 and 29, followed by those between the ages of 20 and 24, and then those who were 30 and above, whereas very few were below the age of 20, implying that the youngest investors were less represented. In addition, the table shows that the majority were evenly distributed between males and females, with 195 males and 189 females, implying that more females were taking part in the investment activities. The majority of the respondents were well educated, as most were holders of a master's or a bachelor's degree, whereas very few were categorized as "other," implying that they were well educated and therefore had sufficient knowledge regarding the products. In terms of income, the majority were earning between NPR 20,001 and 40,000, which falls in the middle-income level and therefore implies that it has the potential to impact the investment capacity. In contrast, very few were categorized as earning very low or high income.

Correlation Analysis

Table 2
Correlation Analysis

		ID	IE	DF	IE	FL	SI
ID	Pearson Correlation	1	.666**	.708**	.695**	.697**	.700**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
IE	Pearson Correlation		1	.696**	.664**	.644**	.624**
	Sig. (2-tailed)			.000	.000	.000	.000
DF	Pearson Correlation			1	.706**	.707**	.685**
	Sig. (2-tailed)				.000	.000	.000
IE	Pearson Correlation				1	.721**	.689**
	Sig. (2-tailed)					.000	.000
FL	Pearson Correlation					1	.711**
	Sig. (2-tailed)						.000
SI	Pearson Correlation						1
	Sig. (2-tailed)						

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

(Source: SPSS Output)

Table 2 indicates that there is a significant positive correlation between Investment Decision (ID) and all major influencing variables. Investor Education was found to have a significant correlation with ID, as $r = 0.666$, $p = 0.000$. This implies that investors having more access to information regarding investments can improve their ability to make informed decisions. Moreover, Demographic Factors had the strongest correlation with ID, as $r = 0.708$, $p = 0.000$. This implies that market conditions, economic indicators, and individual evaluations play a significant role in influencing investor decisions.

Similarly, Investor Experience was found to have a significant correlation with ID, as $r = 0.695$, $p = 0.000$. This implies that investors having more experience in the market can make more informed decisions. Moreover, Financial Literacy was found to have a significant

correlation with ID, as $r = 0.697$, $p = 0.000$. This implies that investors having more financial knowledge can exhibit more rational behavior towards investing. Finally, Source of Information was found to have a significant correlation with ID, as $r = 0.700$, $p = 0.000$. This implies that investors having more information from their peers can exhibit more rational behavior towards investing.

Regression Analysis

Table 3 displays the model summary to assess the regression model to identify the determinants of stock market investment decisions among youth investors in Chitwan district. The model fits well with a high R value of 0.802, showing a high positive correlation between the dependent variable investment decision and a series of independent variables: investor education level, demographic characteristics of investors, investor experience level, financial literacy level, and information sources. The R^2 value of 0.643 indicates that these independent variables explain 64.3% of investment decision-making among young stock market investors. This reflects a strong explanatory power for behavioral and information-related predictors. In addition, a high F-statistic value of 136.329 indicates that these independent variables are statistically significant at a 1% level of significance, with a probability value of 0.000. This reflects a strong significance level showing that independent variables significantly impact investment decisions, thereby validating the regression model and its appropriateness.

Table 3
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.354	.110		3.205	.001
	IE	.186	.052	.167	3.599	.000
	DF	.173	.044	.204	3.954	.000
	IE	.161	.049	.168	3.283	.001
	FL	.148	.046	.165	3.199	.001
	SI	.224	.049	.222	4.547	.000
R=0.802		R ² =0.643	F=136.329	Sig=0.000		

Dependent Variable: ID

Predictors: (Constant), SI, IE, IE, FL, DF

(Source: SPSS Output)

In addition to this, Table 3 also displays the coefficient results of multiple regression analysis to identify determinants of investment decision (ID) among young stock exchange investors. The constant term ($B = 0.354$, $t = 3.205$, $p = 0.001$) shows a significant positive level of investment decision-making, keeping all independent variables constant. Among the independent variables, the effect of Social Influence (SI) on investment decisions is the highest, as it has the highest standardized beta value ($\beta = 0.222$), a t value of 4.547, and a significance

level of $p = 0.000$. Thus, the effect of social influence on investment decisions is critical, keeping all independent variables constant. Similarly, the effect of Demographic Factors (DF) on investment decisions is significant ($B = 0.173$, $\beta = 0.204$, $t = 3.954$, $p = 0.000$), indicating the positive effect of improvement in market awareness, evaluation of investment, and the overall economic situation. The Investor Experience (IE) variable reveals a moderate statistically significant positive influence on investment decisions ($\beta = 0.161$, $t = 3.283$, $p = 0.001$). This result supports the idea that having more investment-related information is useful for investment decision-making. Furthermore, Financial Literacy (FL) is a significant predictor variable ($B = 0.148$, $\beta = 0.165$, $t = 3.199$, $p = 0.001$), which supports the idea that financially literate investors can make more informed and rational investment decisions.

Discussion

This study's findings are consistent with the emphasis put by Mahat et al. (2024) that the acquisition of adequate knowledge on financial literacy, stock market education, and market information plays a crucial role in the enhancement of the effectiveness of the decisions made by young investors. This shows that youth investors in Chitwan, similar to those in the past, have the tendency to make more analytical decisions rather than depending on speculation and market rumors. The findings of this study also show that the argument put forward by Lusardi and Mitchell (2014) that the acquisition of adequate knowledge on financial literacy positively affects the behavior of investors by reducing the degree of irrationality. The ability of financially literate investors to diversify investments and plan for the long term shows the significance of the role played by financial education in the development of a stable investment strategy. In addition, the study findings align with those of Khan et al. (2017), which revealed the significant influence of demographic factors such as education level, income levels, and investment experience on investment decisions. This similarity indicates that the presence of socio-economic variations among young investors in Chitwan also affects risk tolerance and decision-making styles. The study findings also align with Wagle (2024), which emphasized the role of quality information and financial literacy in helping investors make rational decisions when investing in the stock market in Chitwan. This similarity indicates that quality information and an educated population are essential in helping investors avoid behavioral biases, which influence investment decisions. However, the study findings differ from those of Barberis et al. (2015), which revealed that behavioral biases are the primary factors influencing investment decisions. However, this study indicates that information and educational factors are more significant for young investors in Chitwan compared to psychological biases. This indicates a possible change in information processing for young and technology-savvy investor types and may imply that improving information and investor education could be more effective compared to tackling psychological biases. In a similar vein, this study challenges Sapkota and Bhandari (2022)'s findings that behavioral biases are the most significant factors influencing investment decisions; rather, this study indicates that financial literacy and information are more significant factors.

Lastly, the above results do not match the findings of Pant & Pant (2025), which indicated that the most important investment decisions are affected by emotional and cognitive biases. Conversely, the above study indicated that the level of these biases decreases with the level of education and experience of investors, implying that the level of biases decreases in the investment decisions of the youth investors. Thus, the above study supports the fact that the

level of investment education, financial literacy, and information sources becomes a vital determinant of the rational investment decisions of the youth investors in the Chitwan district.

Conclusion

The study concludes that improving the level of financial literacy, investor education, and the reliability of the information provided is crucial for the development of rational financial behaviors among the youth in the Chitwan district. It is noteworthy to state that the study findings offer robust theoretical support for the study, especially for the behavioral finance theory and the social learning theory. The significance of the source of information, financial literacy, experience, and education is consistent with the behavioral finance theory, which argues that cognitive shortfalls and heuristics govern the behaviors of investors, although the effect may be lessened by the level of knowledge and the structure of the provided information. The study did not test the propositions of the prospect theory on the significance of the 'loss-related' emotional reactions; although the moderating effect of financial literacy and investor experience supports the theory indirectly by suggesting that the effect of bias-driven decisions is lessened, thus providing some support for the theory. The study findings support the relevance and significance of the contemporary behavioral theories.

Implications

Overall, the results obtained through this study indicate that it is crucial to develop the level of financial literacy, practical experience as an investor, and the ability to evaluate information for the youth investors in Chitwan, so that they may make rational decisions regarding the capital market. Financial institutions and brokerage firms may play a pivotal role in this regard by providing proper financial education to the youth investors, which may help them develop trust in the capital market. In the same vein, it is suggested that the government and regulatory authorities may play a crucial role in this regard by developing the level of financial literacy, credibility, and transparency of the information available to the youth investors. For the academicians and researchers, the study suggests the significance of including the concepts of behavioral finance, the impact of demographic factors, and the dynamic nature of the information available through the internet in the academic curriculum. In the same vein, the study suggests the significance of using advanced analytical tools to conduct research on the topic.

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