

# Investors' Awareness and Investment Factors Affecting Stock Market in Nepal

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## Abstract

*This study investigates the knowledge levels and behavioral factors that influence investor participation and decisions in Nepal's stock market. Investing involves committing current resources for future financial gains, balancing risk and return to achieve wealth accumulation and financial security. Unlike saving, investing carries higher risks and requires informed decision-making supported by research and analysis. In Nepal, many investors lack comprehensive understanding of market operations, trading processes, and risk management, aggravated by limited access to timely and accurate information. Socioeconomic and cultural factors further shape investor behavior and awareness. The research assesses investor awareness levels, significant factors shaping investment decisions, and challenges encountered by investors. Key influencers include financial knowledge and evaluation, information dissemination, education and training programs, social learning, and regulatory frameworks. Behavioral finance theories emphasize the role of psychological biases and social influences, while portfolio theory highlights risk diversification strategies. Findings indicate moderate investor awareness with a strong link between financial knowledge and informed investing. However, gaps remain in technical analysis knowledge and the reach of educational initiatives. Enhancing financial literacy, ensuring transparent information flow, and strengthening regulations are essential to empower investors and promote sustainable growth in Nepal's capital market.*

**Key words:** Investment, Financial Literacy, Behavioral Finance, Investment Decision Making, Nepalese Stock Market

## Introduction

Investing is the act of allocating present resources with the expectation of generating future income or assets. The key objectives of investing are to accumulate wealth, increase capital, and ensure long-term financial security. This process often involves channeling funds into financial instruments such as stocks, bonds, real estate, or business ventures with the goal of earning returns that exceed the original investment. Investment activities are central to both

personal and institutional financial planning, as they help strengthen present financial capacity while also ensuring future well-being. Unlike mere saving, investing not only increases reserves but also creates additional income opportunities. However, because it generally carries more risk, investment decisions require careful planning. Those with longer time horizons are usually more capable of taking on greater risks, given the potential for higher returns. Successful investing often depends on thorough research, patience, and consistent monitoring to adjust to changing market conditions (Damodaran, 2012).

An investor refers to an individual or institution that commits financial resources with the intention of generating future benefits or income. These resources are typically directed toward acquiring assets or property. The main objective of most investors is to balance risk minimization with return maximization, which differentiates them from speculators, who usually pursue high-risk, high-return opportunities (Koutoupis & Davidopoulos, 2023). Investors can take various forms: for example, venture capitalists who support startups with growth potential, individuals who provide funding to businesses in exchange for ownership stakes, or stock market participants who seek dividends as returns (Reilly & Brown, 2011). Investors—whether individuals, entities, or enterprises—may also allocate resources internationally to access growth opportunities. In making such decisions, they commonly rely on strategies such as fundamental analysis, technical analysis, and personal judgment (Koutoupis & Davidopoulos, 2023).

### **Statement of Problem**

The awareness of investors in Nepal's stock market is influenced by multiple interrelated factors. Many investors lack a comprehensive understanding of stock market operations, including trading procedures, investment strategies, and risk management techniques. Limited access to accurate and timely market information further restricts their ability to make informed investment decisions. Addressing these issues is critical for developing a knowledgeable and active investor base, which is essential for the sustainable growth and expansion of the Nepalese stock market. In this context, the study seeks to answer the following research questions:

- a. What is the prevailing level of investor awareness regarding stock market investments?
- b. Which underlying factors significantly influence investors' decision-making in the stock market?
- c. What specific challenges do investors encounter in the process of participating in stock market activities?

## Objective of the Research

The main objective of this study was to comprehensively examine the factors shaping investors' awareness, perceptions, and practices concerning their participation in Nepal's stock market. Others objectives are:

- a. To evaluate the extent of investors' awareness and understanding of stock market investments.
- b. To examine the key determinants that shape and influence investment decision-making in the stock market.
- c. To explore and analyze the major challenges faced by individuals when engaging in stock market investment activities.

## Theoretical Framework

Several theoretical perspectives explain the determinants of investor awareness and investment behavior. **Behavioral finance** emphasizes the impact of psychological factors on financial decision-making, arguing that investors are not perfectly rational but are influenced by emotions, cognitive biases, and social learning (Pool & Sewell, 2007). These biases may result in systematic errors that affect investment choices, potentially leading to costly consequences such as stock market volatility or crashes. By understanding behavioral tendencies, investors can better recognize mistakes, comprehend their origins, and make more informed decisions.

**Portfolio theory** and the **risk-return framework** further highlight the importance of evaluating trade-offs between risk and expected return, as well as the need for diversification to reduce exposure to financial risk. Investors with higher awareness are more likely to construct diversified portfolios and consider both fundamental and technical analyses when making investment decisions. In Nepal, most investors currently rely on fundamental analysis while often neglecting technical analysis due to lack of knowledge, highlighting a gap in investor education (Sapkota, 2023).

**Market efficiency and regulatory frameworks** are also key to shaping investor awareness. Transparent information dissemination, timely reporting by listed companies, and effective rules enforced by regulatory authorities like SEBON enhance investor confidence and promote active market participation (Karna, Sahani, & Sharma, 2024). Similarly, human capital theory suggests that education, training programs, and workshops strengthen investor knowledge and skills, enabling more informed and rational investment decisions.

Overall, the integration of behavioral finance with traditional investment theories provides a comprehensive framework for understanding investor awareness and decision-making in the Nepalese stock market. While the capital market offers opportunities for wealth creation and

long-term finance, its effectiveness depends on investor knowledge, psychological preparedness, access to reliable information, and continuous educational initiatives to bridge existing gaps.

### **Empirical review**

A study by Thapa M. et al., 2025 titled "Financial Knowledge and Wealth Position of Investors in Nepalese Capital Market" aims to explore the impact of financial literacy on investors' wealth accumulation in Nepal's stock market. It investigated how factors such as personal savings, risk tolerance, investment options, financial knowledge and skills, financial behavior, and financial attitude influence wealth position. Using a sample of 384 investors from Kathmandu Valley, the research employed a structured questionnaire and applied descriptive statistics, correlation, and multiple regression analyses. The findings reveal that financial knowledge and skills, risk tolerance, investment options, and financial behavior significantly and positively predict wealth position, with financial knowledge and skills being the strongest predictor. Conversely, personal savings and financial attitude showed no significant direct effect on wealth (Thapa, Shrestha, Sejuwal, Bhujel, & Shah, 2025).

Karna S.K, et al., (2024) conducted a study titled “*Analysis of Stock Market Trends for Market Capitalization and Securities Management: An Approach to the Nepalese Stock Market*” to examine the role of liberalized economic policies and government reforms in shaping Nepal’s securities market. The research aimed to assess how policy initiatives such as revising the Securities Exchange Act, standardizing and modernizing stock exchanges, and reinforcing regulatory mechanisms influence investor confidence, market transparency, and long-term financial growth. Although no external funding was explicitly reported, the study provides significant insights into the effectiveness of Nepal’s 10th Five-Year Plan in promoting market participation and building an investor-friendly capital market. The findings indicate that these reforms are instrumental in strengthening the market’s credibility and positioning it as a vital source of sustainable financing for economic development (Karna, Sahani, & Sharma, 2024).

Sapkota (2023) conducted a study titled “*Factors Influencing Investor’s Awareness in Nepalese Stock Market*” to examine the level of awareness among stock investors and identify the factors that shape their investment decisions. The study highlighted that while the capital market in Nepal provides significant investment opportunities for both individuals and institutions, its mere existence does not guarantee economic growth; investor awareness and financial literacy are essential for the market’s healthy development. Using a descriptive research design, Sapkota collected primary data from 104 investors

through structured questionnaires. The findings revealed a statistically significant relationship between investor awareness and factors such as fundamental and technical analysis, education and training programs, social learning, evaluation of investment alternatives, regulatory rules, and information dissemination. Pearson correlation analysis further indicates a positive association between investor awareness and these influencing factors (Sapkota, 2023).

Karmacharya (2023) highlighted that investor awareness plays a crucial role in facilitating informed investment decisions and promoting the development of capital markets, particularly in developing countries like Nepal. A thorough understanding of the factors affecting investments is essential for investors to actively contribute to the sustainable growth of the capital market. To enhance investor knowledge, Karmacharya suggested that regulatory bodies such as SEBON implement a variety of educational strategies, including marketing campaigns, seminars, publications, and television programs, aimed at increasing public understanding of both the risks and potential returns associated with capital market investments (Karmacharya, 2023).

### **Methodology**

The research methodology of this study detailed the procedures and techniques applied to investigate investor awareness in Nepal's stock market. A quantitative approach was employed, using descriptive methods complemented by technical and logical reasoning. A total of **186 participants** were purposively selected, stratified by gender, age, occupation, and educational background. Data was collected through **structured questionnaires** distributed via social media platforms, which included both demographic information and items designed to measure investor awareness.

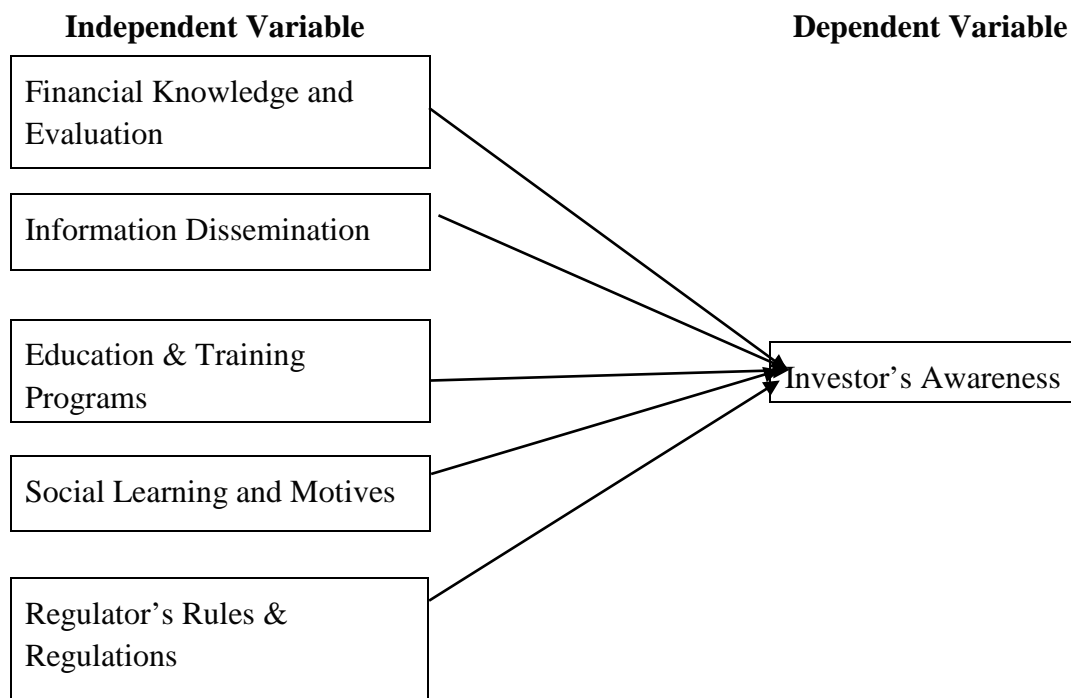
The study followed a descriptive research design with the objective of exploring and profiling respondents, describing their behaviors, and addressing the research questions. The research plan involved establishing a theoretical framework, conducting a literature review, defining the target population, developing the questionnaire, and analyzing the data. The collected data was subjected to **correlation analysis, regression analysis, and ANOVA**, along with other statistical techniques, to examine relationships between variables and test the study's hypotheses. The results were systematically interpreted and compiled into the final report.

### **Research Framework**

It provides a systematic structure for addressing research difficulties, as well as a detailed plan for carrying out the study. The framework for Investors' Awareness and Investment Factors affecting Stock Market in Nepal is well-defined and methodical.

**Figure 1**

*Research Framework*



*Source: Sapkota, (2020)*

- a. **Dependent Variable:** The study's dependent variable focuses on investor awareness in the Nepalese stock market, denoting the level of investor literacy or knowledge regarding the investment environment. This decision is influenced by various independent variables.
- b. **Independent Variables:** The study's independent variables encompass financial knowledge and evaluation, Information dissemination, Education & training programs, social learning & motives and Regulator's rules and regulations. These factors are inherently independent and not subject to influence by other variables.

### **Limitations**

While the study provides valuable insights into the factors influencing investor awareness in Nepal's stock market, several limitations should be acknowledged.

- The research was constrained by a limited coverage area.
- Language and cultural differences posed challenges during data collection and interpretation.
- The study included only participants with formal education, excluding illiterate individuals, which may limit the generalizability of the results.
- Finally, there is a potential for bias or subjectivity, either in participants' responses or in the researcher's interpretation.

## Results

### 1 Demographic Information of the respondents

**Table 1**

*Demographic information of the respondents*

<b>Variables</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Gender	Male	103	55.4
	Female	83	44.6
Age	Below 20	28	15.1
	20-30	92	49.5
	30-40	38	20.4
	40-50	20	10.8
	Above 50	8	4.3
Education	SLC & below	2	0.5
	Intermediate	28	15.1
	Bachelor	93	50.0
	Masters & above	63	33.9
Marital Status	Married	70	37.6
	Unmarried	116	62.4
Occupation	Banking & Finance	23	12.4
	Privates Business	11	5.9
	Government	23	12.4
	Private Employee	40	21.5
	Student	48	25.8
	Others	41	22.0
Monthly Income	Below Rs.20,000	88	47.3
	Rs. 20,000 -30,000	32	17.2`

	Rs. 30,000 - 40,000	20	10.8
	Above Rs.50,000	26	14.0
Annual Investment	< Rs, 20,000	40	21.5
	Rs.20,000 – Rs. 50,000	47	25.3
	Rs.50,000 -1,00,000	43	23.1
	Rs.1,00,00 - 5,00,000	34	18.3
	> Rs. 5,00,000	22	11.8
Investment Preference	Hydropower	65	34.9
	Banking	32	17.2
	Industry	45	24.2
	Others	44	23.7

Note: Field Survey 2025 (SPSS 22)

The table 1 represents the demographic profile of the 186 respondents reveals diverse characteristics in terms of gender, age, education, marital status, occupation, income, investment amount, and preferences. Males constituted the majority (55.4%), and most respondents fell within the 20–30 age group (49.5%). Regarding education, half of the participants held a bachelor's degree, followed by 33.9% with a master's degree or higher. Most respondents were unmarried (62.4%). Occupation-wise, students represented the largest group (25.8%), while private business had the fewest participants (5.9%). Monthly income analysis showed that nearly half earned below Rs. 20,000, and annual investment data indicated that the majority invested between Rs. 20,000 and Rs. 50,000. In terms of investment preference, hydropower attracted the highest interest (34.9%), followed by industry (24.2%), while banking accounted for 17.2%. This distribution reflects a young, educated, and moderately invested investor base with diverse sectoral interests.

## 2 Reliability Test

Reliability refers to the consistency and accuracy of a measurement over time. In this study, the internal consistency of the research questionnaire was tested using Cronbach's Alpha. The table below summarizes the Cronbach's Alpha values for the six variables examined.

**Table 2**

*Cronbach's Alpha*

S. N	Variables	No of items	Cronbach's Alpha
1.	Investment Awareness	3	0.730
2.	Financial Knowledge & Evaluation	5	0.724
3.	Informational Dissemination	3	0.754



4.	Education & Training Program	4	0.701
5.	Social Learning & Motives	5	0.727
6.	Regulators’ Rules & Regulation	3	0.743

Note: Field Survey 2025 (SPSS 22)

Table 2 presents the reliability test results of the six variables using Cronbach’s Alpha. A Cronbach’s Alpha value above 0.7 is considered acceptable. In this study, the values for Investment Awareness, Financial Knowledge & Evaluation, Information Dissemination, Education & Training Program, Social Learning & Motives, and Regulators' Rules & Regulation are 0.730, 0.724, 0.754, 0.701, 0.727, and 0.743 respectively. Hence, all variables demonstrate satisfactory reliability and are deemed suitable for further analysis as their Cronbach’s Alpha values exceed the 0.70 threshold.

### 3. Correlation Analysis

Correlation analysis is a statistical technique used to examine the existence and strength of the relationship between two variables. In this study, the Pearson correlation coefficient (r) was calculated to assess both the direction and degree of the association between key influencing factors—namely Financial Knowledge and Evaluation, Information Dissemination, Education and Training Programs, Social Learning and Motives, and Regulatory Rules and Regulations—and Investment Awareness. The table below presents the correlation results among the study variables.

**Table 3**

*Correlation Analysis*

		IA	FKE	ID	ETP	SLM
	Pearson Correlation	1				
IA	Sig. (2-tailed)	0				
	Pearson Correlation	.628**	1			
FKE	Sig. (2-tailed)	0				
	Pearson Correlation	.377**	.434**	1		
ID	Sig. (2-tailed)	0	0			
	Pearson Correlation	.459**	.563**	.498**	1	
ETP	Sig. (2-tailed)	0	0	0		
	Pearson Correlation	.498**	.492**	.413**	.567**	1
SLM	Sig. (2-tailed)	0	0	0	0	
RRR	Pearson Correlation	.418**	.336**	.459**	.447**	.529**
	Sig. (2-tailed)	0	0	0	0	0

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

*Note:* Field Survey 2025 (SPSS 22)

The table 3 presents above is a correlation matrix, which displays the correlation coefficients between Investor Awareness and the independent variables namely, Financial Knowledge and Evaluation, Information Dissemination, Education and Training Programs, Social Learning and Motives, and Regulator’s Rules and Regulations. The correlation coefficient, represented by *r*, ranges from -1 to +1. Its sign indicates whether the relationship is positive or negative, while its absolute value reflects the strength of the association.

**Table 4**

*Interpretation of Pearson Correlation Coefficient*

Pearson Correlation coefficient ®	Correlation Type	Interpretation
Between 0 and 1	Positive Correlation	When one variable changes, the other variable changes in the same direction
0	No Correlation	There is no relationship between the variables
Between 0 and -1	Negative Correlation	When one variable changes, the other variable changes in the same direction

*(Retrieved from <https://www.scribbr.com/statistics/pearson-correlation-coefficient>)*

A correlation coefficient of 1 specifies that two variables are perfectly positively correlated; a correlation coefficient of -1 indicates that two variables are perfectly negatively correlated, and a correlation coefficient of zero shows that there is no linear relationship between the two variables. Table 4 reveals that the Pearson product moment correlation index obtained between following variables: Investment Awareness and Financial Knowledge and Evaluation ( $r=0.628, p < 0.05$ ), Investment Awareness and Information Dissemination ( $r=0.377, p < 0.05$ ), Investment Awareness and Education & Training Programs ( $r=0.459, p < 0.05$ ), Investment Awareness and Social Learning & Motives ( $r=0.498, p < 0.05$ ), and Investment Awareness and Regulator’s Rules & Regulations ( $r=0.418, p < 0.05$ ). So, this index of correlation implies that there is positive correlation between investor awareness and variables which means that individual’s investor awareness is positively influenced with increase in the investors’ Financial Knowledge and Evaluation, Information Dissemination, Education & Training Programs, Social Learning & Motives, and Regulator’s Rules & Regulations. Here, “*r*” is positive with the significance or  $p$ -value=0.00 which is less than

alpha =0.05 which shows that variables and investor awareness are significantly related to each other. The findings indicate a positive correlation between the dependent variable and the independent variables. Additionally, the results suggest that correlations among the different components are low. The highest correlation is observed between investor awareness and information dissemination, while the lowest correlation is found between investor awareness and regulator’s rules and regulations

**4. Regression Analysis**

Regression analysis is a statistical method used to examine the relationship between two or more variables, allowing predictions of changes in one variable based on variations in another. Within statistical modeling, it is used to estimate and explain the associations among variables. In contrast to correlation analysis, which merely indicates the existence of a relationship, regression analysis provides a more detailed understanding by revealing both its direction and strength.

**Regression Model**

The model is specified as:  $\hat{Y} = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e_i$

Where,

$\hat{Y}$ =Dependent Variable (Investment Awareness)

$\alpha$  =Constant

X1= Financial Knowledge and Evaluation (FKE)

X2= Information Dissemination (ID)

X3= Education & Training Programs (ETP)

X4= Social Learning & Motives (SLM)

X5= Regulator’s Rules & Regulations (RRR)

$e_i$ = Error term

$\beta_1, \beta_2, \beta_3, \beta_4, \text{ and } \beta_5$  are the beta coefficient of the explanatory variables which measure the change in the mean value of  $\hat{Y}$ , per unit change in their respective independent variables.

**Table 5**

*Regression Model*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.679	0.461	0.446	1.969

*Predictors: (Constant), FKE, ID, ETP, SLM, RRR*

*Note: Field Survey 2025 (SPSS 22)*

Table 5 presents the regression model analysis based on the R-squared statistic. The R-value of 0.679 indicates a moderate to strong positive correlation, reflecting the strength and

direction of the linear relationship between the observed and predicted values. In regression, the R-squared value increases or remains stable when additional predictors are added. The reported R-squared shows that 46.1% of the variance in the dependent variable can be explained by the five investor awareness factors (independent variables), while the remaining 53.9% is attributed to other factors not included in the model. The adjusted R-squared, which corrects for non-significant predictors and provides a more accurate measure of model fit, was found to be 0.446. This means that 44.6% of the variation in the dependent variable is explained by the model after adjusting for potential overestimation.

**5. ANOVA Test**

**Table 6**

*ANOVA Test*

Model	Source	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	596.563	5	119.313	30.787	.000
	Residual	697.566	180	3.875		
	Total	1294.129	185			

a Dependent Variable: *IA*

b Predictors: (Constant), *FKE, ID, ETP, SLM, RRR*

Source: Field Survey 2025 (SPSS 22)

Table 6 presents the ANOVA test summary between dependent (investor awareness) and independent variables (financial knowledge & evaluation, information dissemination, education & training program, social learning and motives, and regulator’s rules & regulations) whose results were used to test the  $\beta$  overall model significance. F-value gives the power to judge whether the relationship is statistically significant or not. This finding shows an F statistic of 30.787 and p-value of 0.000. It reveals that the overall model was significant. Therefore, we can conduct that our regression model results in a significantly better prediction of investor awareness and that the regression model overall predicts investor awareness well or that the model is good fit for the data

**8.4 Coefficient**

**Table 7**

*Coefficient*

Predictors	B (Unstd. Coeff.)	Std. Error	Beta (Std. Coeff.)	t-value	Sig. (p-value)
(Constant)	0.836	0.985		0.849	0.397
FKE	0.375	0.055	0.476	6.836	0

ID	0.03	0.087	0.024	0.35	0
ETP	0.017	0.067	0.019	0.254	0
SLM	0.13	0.059	0.163	2.207	0.029
RRR	0.161	0.072	0.153	2.235	0.027

a Dependent Variables: IA

Note: Field Survey 2025 (SPSS 22)

Table 7 reveals a positive and significant relationship between all independent variables and investor awareness. Among them, financial knowledge and evaluation ( $\beta = 0.375$ ,  $p < 0.05$ ) shows the strongest influence, indicating that a one-unit increase in this factor leads to a 0.375-unit rise in investor awareness. Conversely, education and training programs ( $\beta = 0.017$ ,  $p < 0.05$ ) exert the weakest effect. The remaining factors—information dissemination, social learning and motives, and regulator’s rules and regulations—also contribute positively and significantly, though to a lesser extent.

This study aims to investigate the factors affecting investor awareness in stock market. It aimed on determining the high awareness in stock market. This study focused on the relationship between investor awareness and factors affecting investor awareness components such as: financial knowledge & evaluation, information dissemination, education & training program, social learning and motives, and regulator’s rules & regulations used as independent variables and investor awareness as dependent variables.

## 1. Findings

The major findings of the data analysis are as below:

- The demographic and investment profile of the respondents shows that 55.4% are male and 44.6% female. The majority (49.5%) are aged 20–30, followed by 30–40 (20.4%), below 20 (15.1%), 40–50 (10.8%), and above 50 (4.3%). In terms of education, 50% hold a Bachelor’s degree, 33.9% a Master’s or higher, 15.1% intermediate, and 0.5% SLC or below. Most respondents are unmarried (62.4%) and the remaining 37.6% are married. Occupationally, 25.8% are students, 21.5% employees, 22% in other sectors, 12.4% in Banking and Finance, 12.4% in Government, and 5.9% in Private Business. Regarding income, 47.3% earn below Rs 20,000, 17.2% earn Rs 20,000–30,000, 10.8% earn Rs 30,000–40,000, another 10.8% earn Rs 20,000–30,000, and 14% earn above Rs 50,000. For annual investment, 25.3% invest Rs 20,000–50,000, 23.1% invest Rs 50,000–100,000, 21.5% invest less than Rs 20,000, 18.3% invest Rs 100,000–500,000, and 11.8% invest over Rs 500,000. In terms of investment preference, 34.9% prefer hydropower, 24.2% industry, 23.7% other sectors, and 17.2% banking.

- The Cronbach's alpha coefficients for Investment Awareness, Financial Knowledge & Evaluation, Information Dissemination, Education & Training Program, Social Learning & Motives, and Regulators' Rules & Regulation are 0.730, 0.724, 0.754, 0.701, 0.727, and 0.743, respectively. Since all values exceed 0.70, the variables demonstrate acceptable reliability and internal consistency.
- The correlation analysis shows a positive relationship between all factors and investor awareness, with the strongest association observed between Financial Knowledge and Evaluation and Investor Awareness ( $r = 0.628$ ,  $p < 0.01$ ).
- The lowest correlation coefficient is found between Information Dissemination and Investor awareness where the  $r$ -value is 0.377 at a 1% significant level.
- The  $R^2$  value of 0.461 shows that Financial Knowledge & Evaluation, Information Dissemination, Education & Training Programs, Social Learning & Motives, and Regulators' Rules & Regulations collectively explain 46.1% of the variation in investment awareness, while the remaining 53.9% variables are not included in the model.
- The ANOVA result shows that the model is highly significant ( $F = 30.787$ ,  $p$ -value = 0.000), indicating a good linear fit.
- The regression coefficients show a positive relationship between the independent and dependent variables. The  $B$  values for Financial Knowledge & Evaluation, Information Dissemination, Education & Training Program, Social Learning & Motives, and Regulators' Rules & Regulations are 0.375, 0.03, 0.017, 0.13, and 0.161, respectively, showing their corresponding influence on investor awareness as 37.5%, 3%, 1.7%, 13%, and 16.1%.

## 2. Discussion

The findings of this study shed light on the many factors that shape investor awareness in Nepal's stock market. The demographic profile shows that most participants were young, male, and educated up to the bachelor's level or higher. Many of them were students and employees with modest income levels, which reflects a growing interest among young people in capital market activities. However, their decisions are often shaped by uneven levels of financial literacy and unequal access to reliable information, making them more vulnerable to risks.

The analysis shows that all the examined factors financial knowledge and evaluation, information dissemination, education and training programs, social learning and motives, and regulatory rules and regulations have a significant positive impact on investor awareness. Among them, financial knowledge and evaluation stood out as the strongest

influence, suggesting that those who are better at analyzing and assessing investments are also more capable of making informed decisions. This finding supports Sapkota's (2023) study, which highlighted the importance of both fundamental and technical analyses. On the other hand, education and training programs had the weakest influence, pointing to a gap between the existence of such programs and their actual effectiveness in reaching and empowering investors.

The regression results showed that these factors together explained 46.1% of the variation in investor awareness. This is meaningful, but it also means that more than half of what influences investor awareness remains unexplored. Other factors such as technological access, investor sentiment, economic stability, and media influence likely play an important role. The significant F-statistic confirmed that the model is robust, reinforcing the importance of the studied variables in shaping awareness.

These results are in line with earlier research. Karna et al. (2024) emphasized that reforms and stronger regulatory mechanisms are essential to build investor trust, while Karmacharya (2023) highlighted the need for more widespread awareness campaigns and educational initiatives. Similar to these studies, the present research shows that Nepalese investors often rely on fundamental analysis and their personal judgment but lack exposure to technical analysis and more advanced investment strategies.

From a theoretical standpoint, the findings also echo insights from behavioral finance, which shows that psychological biases like overconfidence and herd behavior—can distort investor decisions. Portfolio theory reinforces the idea that risk-return trade-offs and diversification matter, but these strategies are more likely to be adopted by investors who are financially literate. At the same time, regulatory frameworks and transparent information systems are shown to boost investor confidence and engagement. Human capital theory also supports the idea that education and training strengthen decision-making skills, though the weak influence of training programs in this study suggests that these efforts are not yet fully developed in Nepal.

## **Conclusion**

The "Investors' Awareness and Investment Factors Affecting in Stock Market in Nepal" study offers a thorough examination of the factors influencing investor attitudes, actions, and knowledge regarding stock market participation in Nepal. The study examines the effects of five major factors on investor awareness, which is essential for making well-informed financial decisions and supporting the long-term expansion of Nepal's capital market. These factors include financial knowledge and evaluation, information



dissemination, education and training programs, social learning and motives, and regulatory rules and regulations.

Data were gathered from 186 respondents with a variety of demographic profiles using a quantitative descriptive research approach. The respondents were primarily young (20–30 years old), male (55.4%), and had at least a bachelor's degree. With yearly investments primarily falling between Rs. 20,000 and Rs. 50,000, the majority of respondents indicated investment preferences for hydropower (34.9%), industry (24.2%), and banking (17.2%). All variables in the study had excellent internal consistency, according to the reliability analysis (Cronbach's Alpha > 0.7). All of the criteria under investigation have a positive and statistically significant impact on investor awareness, according to correlation and regression studies. The biggest effect among these was shown by financial knowledge and evaluation ( $\beta = 0.375$ ), suggesting that investors with stronger financial analytical abilities are typically more cognizant of stock market movements and investing choices. Information dissemination, social learning and motives, and regulatory rules and regulations also positively affect awareness, though to a lesser extent. Education and training programs, while significant, showed the weakest impact, suggesting gaps in the effectiveness or accessibility of formal investor education.

The significance of the variables under study is underscored by the regression model's capacity to explain 46.1% of the variance in investor awareness. However, it also suggests that other factors, such as media influence, investor attitude, economic stability, and technology accessibility, may also be important. In addition to portfolio theory's focus on risk-return trade-offs and diversification by financially literate investors, the study's findings are consistent with behavioral finance theories that highlight psychological aspects and biases in investment decisions. The significance of regulatory openness and the function of training and education in developing human capital are also emphasized by research.

In conclusion, investor awareness in Nepal is moderate but has to be raised, especially through improving financial literacy, making sure that information is disseminated in a timely and transparent manner, enforcing efficient laws, and enhancing educational and training initiatives. According to the report, frequent training sessions, seminars, and workshops should be held with an emphasis on technical analyses, investor rights and obligations, new financial products, and the advantages of stock market involvement. Such initiatives will empower investors, reduce vulnerability to risks, and support the capital market's sustainable development, contributing to long-term economic growth in Nepal.



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