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Research Article

Impact of Financial Literacy on Financial Wellbeing Among Generation Z in Pokhara

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ABSTRACT

In an era of increasing financial complexity and digital transformation, financial literacy has become essential for ensuring individual financial stability and well-being. Generation Z, being the most tech-savvy yet financially inexperienced cohort, faces unique challenges in navigating modern financial systems. In emerging urban centers like Pokhara, Nepal, where youth participation in financial activities is rising, understanding how financial literacy shapes financial well-being is increasingly important. This study explores the impact of six core dimensions of financial literacy namely financial knowledge, experience, skills, behavior, awareness, and attitude on the financial well-being of Generation Z in Nepal. A structured questionnaire was used to gather primary data from young individuals actively engaged in financial decision-making. The research employed descriptive statistics, correlation, and regression analyses to examine the relationships between variables. The results reveal that financial awareness is the most influential factor driving financial well-being, followed by financial experience and financial attitude. Financial behavior and knowledge also contribute positively, albeit to a lesser extent, while financial skills do not show a significant effect. These findings suggest that a deeper understanding of financial tools, combined with real-life financial exposure and a positive money mindset, plays a more critical role in enhancing

financial well-being than technical skill alone. The study provides useful insights for educators, financial institutions, and policymakers aiming to strengthen financial capability among youth in emerging market contexts.

Keywords: Financial awareness, financial experience, financial literacy, financial well-being, Generation Z.

INTRODUCTION

In an era of economic volatility and complex financial products, financial literacy has emerged as a critical competency for individual and societal stability. The G20 nations recognize it as a fundamental skill that empowers individuals to navigate savings, investments, and indebtedness effectively, directly contributing to economic resilience and sustainable development (Nogueira et al., 2025). Globally, financially literate individuals exhibit superior financial behaviors, including increased savings, prudent debt management, and strategic retirement planning, which collectively enhance long-term financial well-being (Lone & Bhat, 2022; Katnic et al., 2024). Lusardi and Mitchell (2014) empirically established that financial literacy correlates with higher wealth accumulation and reduced financial fragility, underscoring its role as a buffer against economic shocks. Nevertheless, alarming literacy gaps persist, particularly in emerging economies where access to financial education remains unequal. Nevertheless, alarming literacy gaps persist, particularly in emerging economies where access to financial education remains unequal (Katnic et al., 2024).

The nexus between financial literacy and financial well-being is defined as perceived control over finances, resilience to shocks, and freedom to achieve life goals is critically amplified in developing economies. Recent empirical work by Kumar et al. (2023) confirms that financially literate households exhibit significantly stronger economic resilience, evidenced by responsible credit utilization and higher savings rates in India's National Capital Region, even after controlling for income volatility. However, this relationship is mediated by structural barriers including limited formal financial access, gender-based exclusion in service design, and overdependence on informal sectors. For example, in Vietnam, digital payment gaps and bureaucratic identification requirements prevent 68% of rural populations from utilizing basic banking services, forcing reliance on high-risk informal lenders (Pham & Le, 2023). These vulnerabilities are acutely visible in tourism-dependent economies, where remittance fluctuations and seasonal employment create cyclical financial instability Kumar et al. (2023).

Generation Z (roughly those born from 1997 to 2012) face unique financial challenges. As the first true digital natives, many Gen Zers grew up with smartphones and social media, yet also witnessed major crises like the global financial crash and the COVID-19 recession. Emerging evidence suggests that this cohort often reports financial stress and limited preparedness for emergencies. For example, Bayu Putra et al. (2024) studied Indonesian Gen Z college students and found that their chronic "living paycheck to paycheck" habits hinder emergency savings. Importantly, that study showed financial literacy significantly improved Gen Z students' financial well-being, with financial behavior mediating the effect. Similar research in other contexts highlights the need for better financial education for Gen Z. An Indian study by Shankar et al. (2022) found that Gen Z students' financial behavior (e.g. budgeting) was positively linked to well-being, even if basic literacy per se showed less direct effect. Taken together, international literature indicates that improving the financial knowledge, attitudes and behaviors of young adults can strengthen their financial stability and confidence.

In the context of this study, financial literacy serves as a multidimensional construct encompassing financial awareness, experience, skill, knowledge, behavior, and attitude each playing a vital role in shaping individual financial outcomes. Financial awareness reflects an individual's conscious understanding of their financial landscape, aiding in better planning and decision-making (Pijoh et al., 2020). Financial **e**xperience contributes practical insights gained through real-life financial interactions, influencing confidence and strategy in monetary affairs (Kamakia et al., 2017). Financial skill represents the ability to apply core competencies like budgeting, saving, and investing in a disciplined and strategic manner (Prakash et al., 2022), while financial behavior refers to observable actions such as spending, saving, and debt management, which directly impact one's financial outcomes (Lone & Bhat, 2022). Financial knowledge forms the foundational understanding necessary to navigate complex financial environments and make informed decisions (Tahir et al., 2021). Lastly**,** financial attitude embodies the individual's mindset and emotional orientation toward money, which influences their financial habits and long-term decisions (Das & Mahapatra, 2023). Collectively, these dimensions contribute to financial well-being, a holistic measure of financial stability, satisfaction, and security, enabling individuals to meet current needs, plan for the future, and live with financial confidence (Kumar et al., 2023)

In Nepal, scholars have begun to explore these themes with local youth. Thapa and Nepal (2015) reported that Nepali college students generally possess only basic financial knowledge and heavily rely on parental guidance, though they typically hold positive attitudes toward

saving. Likewise, Kharel et al. (2024) found among Nepalese MBA students that parental influence was the strongest factor shaping financial decisions; students showed generally favorable financial attitudes, but revealed notable gaps in knowledge (especially regarding investment risk). A recent Nepalese study by Dhungana and Shrestha (2025) therefore surveyed Kathmandu-area Gen Z and found that improved financial literacy mediated the positive effects of family financial socialization on young people's financial well-being.

Given this backdrop, the present study focuses on Gen Z in Pokhara, Nepal. Pokhara is a growing urban center where young adults are increasingly managing their own finances. The goal of our research is to examine how various dimensions of financial literacy including knowledge, awareness, experience, skills, attitudes and behaviors which affect financial well-being among Pokhara's Generation Z. By addressing this question, we aim to fill a gap in the literature on Nepali youth finance and inform policy: understanding this impact can guide efforts by educators and policymakers to improve financial education and ultimately enhance Gen Z's financial security in Nepal.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theory of Planned Behavior

The Theory of Planned Behavior (TPB) is a leading model of human action which states that a person's behavioral intentions and therefore behavior are driven by three key factors: their *attitude* toward the behavior, the *subjective norms* (perceived social pressure), and their *perceived behavioral control* over the action (Ajzen, 2020). Empirical studies confirm TPB's structure in financial contexts. For example, Hapsari (2021) applied TPB to mutual fund investment decisions and found that investors' attitudes were the strongest predictor of their intention to invest. Similarly, research on personal finance shows that factors like financial knowledge and confidence (reflecting attitudes and perceived control) positively influence saving or investment intentions (Shih *et al.*, 2022; Hapsari, 2021)

Financial Capability Framework

The Financial Capability Framework, developed by Sherraden and colleagues, defines financial capability as the combination of financial ability and financial opportunity**.** (Sherraden *et al.,* 2017) summarizes this succinctly: financial capability "combines the ability to act with the opportunity to act in ways that contribute to financial functioning". Recent literature strongly supports this dual-factor view. For instance, Sun *et al.* (2022) used national survey data to

empirically validate the framework: they show that financial education and socialization increase both financial literacy and financial access, which in turn lead to healthier financial behaviors. Empirical support comes from Nepal Rastra Bank studies, where financial education programs boosted capability by integrating knowledge with skill-based practice, validating FCF's staged approach (Chaulagain, 2021). For this study, FCF provides scaffolding to analyze how Pokhara's youth convert literacy into well-being.

Financial Literacy

Financial Literacy, as defined by the OECD (2011), encompasses a combination of awareness, knowledge, skills, attitude, and behavior essential for making informed financial decisions and achieving financial wellbeing. It is imperative to empower young individuals with the necessary knowledge and resources to navigate and manage their finances, as personal financial literacy profoundly impacts the economic stability of our communities and contributes to the overall advancement of the state's economy (Rasool & Ullah, 2020).

Financial Awareness

Financial Awareness supports the view that individuals' understanding and consciousness of their own financial situation and financial concepts significantly impact their behavior and financial outcomes. Tahir et al. (2021) argue that such awareness goes beyond knowledge to include behavioral awareness and environmental mindfulness, enabling individuals to navigate their financial lives more effectively. This includes recognizing spending habits, cultivating disciplined financial behaviors, and being attuned to contextual influences such as cultural norms and socioeconomic status.

Financial Experience

Financial Experience posits that an individual's past financial interactions whether through saving, borrowing, budgeting, or investing that directly shape their current financial behaviors. According to Pijoh et al. (2020), such experiences build financial resilience and a practical understanding of money management that enhances decision-making. By leveraging past experiences to inform current financial decision-making, individuals can improve their financial competence and work towards achieving greater financial stability and success (Kumar et al., 2023).

Financial Skills

Financial Skill focuses on the practical competencies needed for sound financial behavior. Das and Mahapatra (2023) suggest that beyond financial knowledge, skills such as budgeting, saving, investing, and debt management are essential for individuals to make effective financial choices and adapt to changing circumstances. Additionally, individuals with advanced financial skills exhibit proficiency in evaluating financial opportunities, understanding risk-reward trade-offs, and adapting their financial strategies to changing circumstances (Prakash et al., 2022).

Financial Behavior

Financial Behavior explains how emotions, social norms, cognitive biases, and personal habits influence financial decision-making. Ismail and Zaki (2019) highlight how real-life financial behavior often deviates from rational economic models due to behavioral and emotional factors such as fear, overconfidence, and impulsivity. Financial Behavior underscores the importance of considering psychological and social factors in designing policies and interventions aimed at promoting financial well-being and improving decision-making outcomes (Lone & Bhat, 2022).

Financial Knowledge

Financial Knowledge argues that individuals' understanding of core financial principles influences their ability to assess risks and make effective decisions. As Chu et al. (2017) note, financial knowledge is dynamic and can be improved through education and exposure, ultimately supporting more responsible financial behaviors. It recognizes that financial literacy is not a static trait but rather a dynamic skill that can be acquired and developed through education, experience, and exposure to financial information.

Financial Attitude

Financial Attitude suggests that individuals' beliefs and perceptions about money deeply impact their financial behavior. Kamakia et al. (2017) explain that attitudes toward saving, spending, debt, and investment are shaped by cultural, emotional, and personal factors, which in turn influence the way individuals manage their finances. By addressing underlying attitudes and beliefs about money, stakeholders can empower individuals to make more informed, responsible, and sustainable financial decisions aligned with their values and goals (Sharma & Rohan, 2021).

Financial Wellbeing

Financial well-being represents a multidimensional state where individuals perceive control over their financial situation, experience security against unexpected shocks, and maintain freedom to make life choices aligned with personal values. Crucially, it reflects subjective evaluation rather than objective wealth metrics, incorporating emotional satisfaction with one's financial circumstances and reduced anxiety about economic uncertainties (Netemeyer et al., 2018).

Hypothesis Development

Financial Awareness and Financial Well-being

Financial awareness plays a crucial role in enhancing financial well-being, as it reflects an individual's understanding of their financial situation and the implications of their financial decisions. Tang (2024) defines financial awareness as understanding why sound financial habits matter, and finds it "is crucial to financial well-being". Her analysis using Google Trends data shows that people in states with higher financial awareness have better outcomes: higher balances in college savings plans (529s), fewer credit card delinquencies, and more retirement savings. Llados-Masllorens and Ruiz-Dotras (2022) documented that awareness of financial products increased emergency fund adequacy by 34% in vulnerable communities

H1: Financial awareness positively influences financial well-being.

Financial Skills and Financial Well-being

Financial skills directly enhance financial control and stability. Xiao and Porto (2021) find that among vulnerable consumers, financial skill is the second most important factor (after behavior) driving financial well-being. In a national survey analysis, Phelps et al. (2025) report that financial skill has the "strongest relationship with financial well-being" (and with positive financial behaviors) compared to knowledge or attitudes. On the other hand, Xiao and Porto (2023) note that for certain low-income or younger groups, skill (and knowledge) may not significantly affect well-being there, behavior is the key driver

H2: Financial skill has a direct relationship with financial well-being.

Financial Experience and Financial Well-being.

Financial experience (the hands-on use of financial products or repeated exposure to money management) can improve one's confidence and outcomes in financial life. Research suggests a direct link between having such experience and better financial outcomes. For example,

Mallick and Debasish (2021) report that financial experience has a significant direct effect on financial well-being. (Rahman et al., 2021) identified prior financial experiences such as debt management or emergency savings as significant predictors of well-being among Malaysian young adults, as experiential learning reinforces resilience during economic shocks. However, Hernandez-Perez and Cruz Rambaud (2025) reported no direct relationship between financial experience and well-being in Spain, where macroeconomic volatility (e.g., post-2008 unemployment) overshadowed individual experiential advantages.

H3: Financial experience has a significant positive impact on financial well-being

Financial Behavior and Financial Well-being.

Financial behavior consistently emerges as the strongest predictor of financial well-being across diverse populations. Studies on Malaysia's B40 low-income group revealed that responsible budgeting and debt management accounted for 61% of well-being variance, surpassing literacy and stress effects (Rahman et al., 2021). Similarly, working students in the Philippines showed improved financial security when behavior was coupled with financial knowledge, demonstrating that actions like systematic saving mediate 38% of well-being outcomes (Rufino et al., 2024). This aligns with cross-national OECD data indicating that behavior drives well-being more robustly than knowledge or attitudes (Phelps & Metzler, 2025).

H4: Financial behavior has a direct positive relationship with financial well-being.

Financial Knowledge and Financial Well-being.

Financial knowledge (understanding budgeting, interest, investing basics, etc.) supports sound decisions and can enhance well-being. Studies show that individuals with greater financial knowledge are better prepared and often enjoy higher well-being. Lusardi and Streeter (2023), for example, find that those with higher financial literacy (correct answers on knowledge questions and more financial education) were more likely to save for retirement, handle debt well, and report higher financial well-beingSimilarly, Mallick and Debasish (2021) demonstrate that financial knowledge directly affects well-being. Conversely, research on Mexican business owners found no direct association; instead, knowledge influenced well-being only when translated into behavior (e.g., strategic budgeting) (Orozco-Orozco et al., 2024).

H5: Financial knowledge directly influences financial well-being

Financial Attitude and Financial Well-being.

Financial attitude reveals paradoxical relationships with well-being. In general, a proactive, future-oriented attitude is linked to better outcomes. Philippas and Avdoulas (2019) argue that financial education builds a positive money attitude, which in turn leads to greater financial well-being. Research indicates that individuals who prioritize saving and careful financial planning tend to make more responsible financial decisions and report higher financial satisfaction, whereas those with a short-term or liberal attitude toward money are more likely to incur debt and experience reduced financial security (Kaur et al., 2023).

H6: Financial attitude has a direct relationship with financial well-being.

DATA AND METHODS

This study adopts a quantitative research design supported by a descriptive and correlational approach. The quantitative framework was selected as it enables statistical examination of relationships among measurable variables related to financial literacy and financial well-being among Generation Z. A cross-sectional survey approach was employed to gather insights at a single point in time.

Unlike previous studies that focused on a specific geographic location such as Pokhara Metropolitan City, this research targets Generation Z individuals, broadly defined as those born between 1997 and 2012. Pokhara Metropolitan City was selected as the study area because it is one of Nepal's fastest-growing urban centers, characterized by increasing financial inclusion, digital adoption, and youth engagement in financial decision-making. Since the Gen Z population is not confined to a specific geographic boundary, this study adopts a multistage non-probability sampling method to gather informed responses related to financial knowledge, behavior, and well-being. Due to the undefined and widely dispersed nature of the Gen Z demographic, data collection was conducted via online survey dissemination using social media platforms, academic networks, and youth organizations. A multistage non-probability sampling procedure was employed to select participants. In the first stage, Pokhara Metropolitan City was purposively chosen to represent an urban youth population. In the second stage, participants were approached through educational institutions, youth networks, and social media groups that cater to students and young professionals. In the third stage, eligible respondents were identified as those who self-identified as members of Generation Z and were actively engaged in personal financial activities such as saving, budgeting, or using digital payment platforms. Krejcie and Morgan's (1970) sample-size table recommends n = 384

for a population of 1,000,000 or more. In fact, Memon et al. (2020) note that 384 has become a "magic number" often cited in social-science research for large populations. This matches our use of 384 for broad validity and reliability. A total of 384 respondents were successfully surveyed, providing the data foundation for this research analysis. A self-administered online questionnaire was used for data collection. The questionnaire link was distributed via Google Forms and shared across various digital platforms to reach the target audience. The anonymity and confidentiality of the participants were assured, and informed consent was obtained prior to data collection.

For the measurement of the model, this study adopted scales from previously published and validated studies to ensure reliability and construct validity. The collected data were analyzed using descriptive statistics, correlation, and multiple regression analyses. Before conducting the regression analysis, several key assumptions including normality, linearity, homoscedasticity, and multicollinearity were tested to ensure the validity of the model. Normality was assessed through skewness, kurtosis, and the Shapiro Wilk test, while linearity and homoscedasticity were evaluated using scatterplots. Additionally, Variance Inflation Factor (VIF) values were examined to detect any issues of multicollinearity. The results indicated no serious violations of these assumptions, confirming the robustness and reliability of the regression model. The model comprises six exogenous variables, and one endogenous variable. All items were measured using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree). The first exogenous variable, Financial Knowledge (FK), was assessed using 5 items adapted from Lusardi and Mitchell (2011, 2014) and Klapper et al. (2013). These items measured respondents' understanding of core financial concepts such as interest rates, inflation, and risk diversification. A sample item is: "I am familiar with basic financial concepts like budgeting, saving, interest, and inflation." The Cronbach's alpha for FK was 0.82. The second exogenous variable, Financial Awareness (FAW), was measured using 5 items from Nga et al. (2010). These items assessed general awareness about financial tools, products, and personal finance topics. A sample item is: "I am aware of the financial services available to me." The Cronbach's alpha for FAW was 0.78. The third exogenous variable, Financial Experience (FE), was assessed using 5 items adapted from Hogarth and Hilgert (2002), focusing on past involvement in financial decision-making and use of financial products. A sample item is: "I have experience using credit cards, savings accounts, or loans." The Cronbach's alpha for FE was 0.74. The fourth exogenous variable, Financial Behavior (FB), was measured using 5 items adapted from Khawar and Sarwar (2021). These items examined budgeting,

saving, and responsible money management behaviors. A sample item is: "I usually keep track of my monthly spending." The Cronbach's alpha for FB was 0.86. The fifth exogenous variable, Financial Skills (FS), was measured using 5 items from Cramer et al. (2004). These items assessed practical abilities such as keeping financial records and interpreting financial information. A sample item is: "I can create and follow a personal budget." The Cronbach's alpha for FS was 0.75. The sixth exogenous variable, Financial Attitude (FAT), was assessed using 5 items developed by combining and adapting relevant items from the above studies. These items captured long-term financial planning, self-control, and confidence toward money management. A sample item is: "I believe in saving regularly for future needs." The Cronbach's alpha for FAT was 0.77. The endogenous variable, Financial Well-Being (FWB), was measured using 5 items adapted from Hira and Mugenda (1999, 2000). These items reflected subjective financial satisfaction, perceived financial control, and the ability to meet financial obligations. A sample item is: "I feel in control of my personal finances." The Cronbach's alpha for FWB was 0.81.

RESULTS AND DISCUSSION

This section presents the results derived from the data analysis. The analysis incorporated both descriptive and inferential statistical methods, including correlation coefficients and regression analysis. These techniques were employed to address the research questions and to evaluate the study's hypotheses.

Demographic Characteristics

This section included the general information of the respondent, including the information of their education, organization etc

Table 1

Selected Demographic Characteristics of Respondents

Demographic Variables	Category	Frequency	Percentage
Age	between 18-21	81	21.09
	between 22- 25	199	51.82
	above 26-29	104	27.08
Gender	Male	211	54.95
	Female	173	45.05
Education	Below High School	42	10.94

	High School	121	31.51
	Bachelor Degree	138	35.94
	Master Degree or higher	83	21.61
Employment Status	Student	93	24.21
	Employed	141	36.72
	Self Employed	85	22.14
	Unemployed	65	16.93
Monthly Income Level	Below NPR 20,000	125	32.55
	NPR 20,000 to 50,000	138	35.94
	NPR 50,000 to 100,000	88	22.92
	Above NPR 100,000	33	8.59
Total		384	100

Table 1 presents the demographic profile of the 384 respondents. The majority (51.82%) were aged between 22–25 years, followed by 27.08% in the 26–29 age group, and 21.09% between 18–21 years. In terms of gender, 54.95% were male and 45.05% female. Regarding educational attainment, the largest proportion held a bachelor's degree (35.94%), followed by high school graduates (31.51%), postgraduates (21.61%), and those below high school level (10.94%). Employment-wise, 36.72% were employed, 24.21% students, 22.14% self-employed, and 16.93% unemployed. In terms of monthly income, 35.94% reported earning between NPR 20,000 to 50,000, while 32.55% earned below NPR 20,000, 22.92% earned between NPR 50,000 to 100,000, and 8.59% reported income above NPR 100,000.

Status of Financial Literacy and Financial Wellbeing

Table 2

Status of Financial Literacy and Financial Wellbeing

Financial Literacy and Financial Wellbeing	Mean	SD	Rank
Financial Knowledge	3.98	0.96	1
Financial Experience	3.61	1.08	5
Financial Skills	3.60	1.06	7
Financial Behavior	3.87	0.98	3
Financial Awareness	3.85	1.03	4
Financial Attitude	3.96	0.93	2
Financial Wellbeing	3.60	1.12	7

Based on the given data in Table 2, Financial Knowledge holds the highest mean score (M = 3.98, SD = 0.96), indicating that respondents feel relatively confident in their

understanding of financial concepts. This is closely followed by Financial Attitude (M = 3.96, SD = 0.93) and Financial Behavior (M = 3.87, SD = 0.98), suggesting that positive financial outlooks and habits are fairly well developed among Generation Z participants. Financial Awareness (M = 3.85) and Financial Experience (M = 3.61) fall in the mid-range, implying moderate exposure and attentiveness to financial matters. On the lower end, Financial Skills and Financial Wellbeing both share the same mean score (M = 3.60), indicating areas where improvement may be needed. Overall, while cognitive aspects like knowledge and attitude rank higher, practical application reflected in skills and overall well-being show room for growth.

Relationship between Financial Literacy and Financial Wellbeing

Table 3

Relationship between Financial Literacy and Financial Wellbeing

Variables	Financial Wellbeing	Financial Knowledge	Financial Experience	Financial Skills	Financial Behavior	Financial Awareness	Financial Attitude
Financial Wellbeing	1.00						
Financial Knowledge	0.45**	1.00					
Financial Experience	0.55**	0.69**	1.00				
Financial Skills	0.55**	0.61**	0.67**	1.00			
Financial Behavior	0.57**	0.66**	0.63**	0.70**	1.00		
Financial Awareness	0.58**	0.45**	0.54**	0.55**	0.59**	1.00	
Financial Attitude	0.55**	0.61**	0.56**	0.64**	0.72**	0.54**	1.00

**. Correlation is significant at the 0.01 level

*. Correlation is significant at the 0.05 level

Table 3 presents the bivariate correlations between financial well-being and various components of financial literacy among Generation Z respondents.The correlation analysis reveals a moderate to strong positive relationship between each component of financial literacy and financial wellbeing. Among all the variables, financial awareness exhibited the strongest correlation with financial wellbeing (r = 0.58), suggesting that individuals who are more aware

of financial matters tend to report higher levels of wellbeing. This is closely followed by financial behavior (r = 0.57), financial experience (r = 0.55), financial skills (r = 0.55), and financial attitude (r = 0.55), all of which also demonstrate a moderate positive association with financial wellbeing. Financial knowledge showed a slightly lower, but still meaningful, correlation (r = 0.45). These results indicate that enhancing various aspects of financial literacy may contribute positively to improving individuals' financial wellbeing.

Impact of Financial Literacy on Financial Wellbeing

Table 4

Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.217	.211		1.028	.304		
Financial Knowledge	.070	.068	.060	1.730	.030	.423	2.364
Financial Experience	.223	.062	.213	3.596	.000	.406	2.464
Financial Skills	.097	.063	.091	1.529	.127	.398	2.513
Financial Behavior	.147	.075	.128	1.955	.041	.329	3.040
Financial Awareness	.296	.053	.276	5.545	.000	.575	1.739
Financial Attitude	.202	.072	.165	2.819	.005	.414	2.415

R2 = .465, F = 54.529, P-value = .000

Table 4 displays the regression analysis of six independent variables, namely financial knowledge, financial experience, financial skills, financial behavior, financial awareness, and financial attitude, and their influence on financial well-being. The results indicate that 46.5% of the variance ($R^2 = 0.465$) in financial well-being is explained by these six independent variables, while the remaining 53.5% is attributed to other factors not included in the model. The overall regression model is statistically significant, with $F = 54.529$, $p < 0.001$. The regression equation demonstrates how each independent variable relates to financial well-being. The constant term (B = 0.217) represents the baseline level of financial well-being when all independent variables are zero. Among the predictors, financial awareness ($\beta = 0.296$) is the most influential factor, indicating that a one-unit increase in financial awareness leads to a 0.276-unit increase in financial well-being, holding other variables constant. Financial experience ($\beta = 0.223$) also has a significant positive effect, suggesting that increased financial experience substantially improves financial well-being. Similarly, financial attitude ($\beta = 0.202$) and financial behavior ($\beta = 0.147$) contribute significantly to financial well-being. Financial knowledge ($\beta = 0.060$), although smaller in effect, remains statistically significant, reflecting

its modest but important role in enhancing financial well-being. However, financial skills (β = 0.097) shows a positive but statistically insignificant effect (p = 0.127), indicating that it does not have a meaningful impact on financial well-being in this model. The model does not exhibit multicollinearity issues, as the Variance Inflation Factor (VIF) values are well below the critical threshold of 5, ranging from 1.739 to 3.040.

The results of this study provide empirical support for the relationship between financial literacy dimensions and financial well-being among Gen Z in Pokhara. Notably, financial awareness emerged as the most influential predictor of financial well-being, confirming H1. This aligns with Tang (2024), who emphasized that understanding the relevance of sound financial habits is crucial to overall financial outcomes, such as improved retirement savings and reduced credit delinquencies. Similarly, Llados-Masllorens and Ruiz-Dotras (2022) demonstrated that product awareness significantly improves financial readiness, particularly the adequacy of emergency funds. These findings underscore that awareness—being informed about financial tools, services, and the financial environment—plays a critical role in shaping young individuals' financial security. Our study thus extends previous research by validating the importance of financial awareness in the urban Nepalese Gen Z context.

Financial experience was also found to significantly impact financial well-being, supporting H3. This echoes the findings of Mallick and Debasish (2021), who reported that real-life financial engagement contributes to improved financial health. Likewise, Rahman et al. (2021) found that past experiences with debt and savings positively shaped resilience among Malaysian youth. In contrast, our results differ from Hernandez-Perez and Cruz Rambaud (2025), who found no direct relationship between experience and well-being in Spain due to broader economic volatility. The difference may be attributed to Pokhara's more stable microeconomic conditions, or possibly Gen Z's greater digital access and peer-driven learning, which help transform experience into beneficial outcomes.

The third strongest predictor was financial attitude, supporting H6. A positive financial mindset such as prioritizing saving, delaying gratification, and goal-based planning was shown to enhance financial well-being. This result is consistent with Philippas and Avdoulas (2019), who argued that positive money attitudes improve satisfaction and self-regulation, and Kaur et al. (2023), who demonstrated that future-oriented attitudes reduce the risk of debt and financial insecurity. Our findings suggest that even beyond formal education, individuals' intrinsic outlook on money matters considerably in shaping their well-being.

Financial behavior, while statistically significant, showed a more modest effect, partially supporting H4. This contrasts with the findings of Rahman et al. (2021), Rufino et al. (2024), and Phelps and Metzler (2025), who identified financial behavior such as budgeting, saving, and managing debt as the most dominant driver of well-being across various global populations. In the Pokhara context, Gen Z may demonstrate good intentions in managing money but might still lack sufficient income or consistency to translate behaviors into tangible well-being. As many in this cohort are students or early-career professionals, the long-term benefits of financial behavior may not yet be fully realized.

Interestingly, financial knowledge, while significant, had the smallest effect size, offering only partial support for H5. This finding complements Orozco-Orozco et al. (2024), who observed that financial knowledge alone does not guarantee well-being unless it is applied behaviorally. Though Lusardi and Streeter (2023) and Mallick and Debasish (2021) previously confirmed a direct positive link between knowledge and well-being, our results suggest that in Pokhara, Gen Z may possess basic knowledge, but this alone is insufficient without complementary behaviors or contextual factors that reinforce application.

In contrast to prior studies, financial skills were found to be statistically insignificant in this study, leading to the rejection of H2. While Xiao and Porto (2021) and Phelps et al. (2025) regarded financial skills as one of the strongest predictors of financial well-being in vulnerable populations, our result aligns with Xiao and Porto (2023), who argued that skill alone may not impact well-being in low-income or young populations unless paired with actionable behavior. This indicates that Pokhara's youth might not yet be translating their financial skills into consistent real-world application, potentially due to limited financial independence or responsibility.

These findings resonate strongly with the Theory of Planned Behavior, which emphasizes that attitudes, perceived control (experience/skills), and subjective norms (awareness) jointly shape intention and action. In our context, awareness and attitude bolster intention, while experience helps convert intention to behavior and well-being. Likewise, the Financial Capability Framework predicts that both the ability to act (knowledge, skills, attitudes) and the opportunity to act (awareness, experience) are necessary for improved financial functioning. Our results confirm that these dual dimensions are critical: Gen Z in Pokhara needs both the cognitive understanding and the practical experience supported by positive attitudes to achieve genuine financial well-being.

CONCLUSION

This study examined how six dimensions of financial literacy namely financial knowledge, experience, skills, behavior, awareness, and attitude influence financial well-being among Generation Z in Pokhara. The findings reveal that financial awareness is the most powerful driver of financial well-being, followed closely by financial experience and financial attitude, highlighting the importance of both understanding one's financial environment and maintaining a positive, future-oriented money mindset. Financial behavior also exhibited a statistically significant, though comparatively moderate, influence. Interestingly, financial knowledge, while having the smallest effect, still showed a positive and significant relationship with financial well-being. In contrast, financial skills did not significantly contribute to well-being when considered alongside other factors. These results suggest that for Pokhara's Gen Z, improving financial well-being depends less on technical proficiency and more on being informed, experienced, and attitudinally motivated toward managing money. Practical exposure and awareness, reinforced by positive financial beliefs, appear more impactful than skills alone in achieving financial confidence and security

Several factors limit the generalizability of these results. The cross-sectional, self-report survey design prevents causal inferences and introduces the possibility of social desirability bias. The use of non-probability online sampling, although effective for reaching a dispersed Generation Z audience, may overrepresent digitally active or highly engaged respondents. While all scales achieved acceptable reliability (Cronbach's alpha values of 0.74 or higher), some adapted measures, especially for financial attitude that would benefit from further validation within a Nepalese context. Focusing solely on Generation Z in Pokhara restricts applicability to older age groups or youth in other regions. Finally, the marginal effect of financial behavior and the lack of significance for financial skills and financial knowledge indicate that additional variables, such as financial self-efficacy or socioeconomic status, may help explain these relationships more fully.

Future studies should adopt longitudinal or experimental research designs to establish causal links between literacy dimensions and financial well being. Including mediating variables such as financial self-efficacy and moderating factors like income level or parental financial socialization would deepen insight into how and for whom financial literacy matters most. Qualitative investigations could explore the lived financial decision-making experiences of Generation Z in Pokhara's evolving economy. Comparative research across different Nepalese cities, rural communities, or age cohorts would assess the robustness of

these findings beyond urban youth. Finally, educational interventions that combine awareness campaigns with hands-on financial workshops should be tested to identify the most effective strategies for turning financial knowledge and skills into concrete improvements in well being

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