ASSESSMENT OF FINANCIAL LITERACY AMONG WOMEN IN MACHHAPUCHHRE RURAL MUNICIPALITY OF KASKI DISTRICT

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Abstract

This study assesses the level of financial literacy among women in Machhapuchhre Rural Municipality (MRM), Kaski District. It aims to understand their financial knowledge, attitudes, behaviors, and the socio-demographic factors influencing these components. A descriptive and explanatory design was employed. Structured questionnaires were administered to 236 women selected purposively from all nine wards of MRM. The study analyzed data using descriptive statistics, cross-tabulation, correlation, and regression through SPSS. The study revealed a moderate understanding of savings and financial institutions of women. However, their practical application of financial knowledge was limited. Education was found to influence financial knowledge positively, while age negatively influenced financial attitude. A significant barrier to financial literacy was a lack of awareness, exposure, and trust in financial institutions. Financial literacy among women in MRM is shaped by socio-demographic and psychological factors. The study challenges the assumption that higher education guarantees better financial literacy, highlighting the need for targeted practical financial education and awareness programs. As recommendation, the study proposes targeted financial education workshops, increased use of digital tools, and strategic partnerships with cooperatives and women' groups.

Keywords : Financial literacy, rural women, financial inclusion, saving behavior, digital finance, empowerment.

1. Introduction

Financial literacy is the ability to make sound financial decisions, deal with money and financial concerns without pain, plan for the future, and respond intelligently to life events that affect daily financial decisions, such as economic events (Damayanti, Murtaqi, & Harry, 2018). Financial literacy combines knowledge, education, ability, competence, and responsibility. The emphasis is on either knowledge or the capacity to use knowledge, as well as people's self-confidence in their own financial decisions (Zait & Bertea, 2014). According to Chaulagain (2015), financial literacy can improve individuals' knowledge, awareness, and confidence, allowing them to choose more suitable financial services in a competitive market.

Financial literacy plays an important role in empowering and educating people, especially women. In many households, women are often in charge of making day-to-day financial decisions, so having the skills and knowledge to budget, save, and invest properly is essential. A fundamental ability that is becoming more and more important for consumers navigating an increasingly complicated financial environment is financial literacy (Atkinson & Messy, 2012). Financial literacy not only assists women in managing home money, but it also promotes prudent financial behavior, which ultimately benefits the family's general well-being and economic stability.

Many women manage everyday spending in their houses, so knowing how to allocate resources wisely is critical. However, the disparity in access to financial literacy between men and women has lasted for a long time, and it is frequently linked to the gender gap in literacy rates. Women frequently report being less knowledgeable about finances than men, thereby many people believe that financial education is important for closing the gender wealth gap (Standford Center On Longevity, 2020). Women are also more likely than males to say they don't know the answer to specific questions, demonstrating male overconfidence and female awareness of knowledge gaps (Lusardi, 2019). Furthermore, Andrews & Nazeri (2024) states that worldwide, 35% of men are financially literate, compared to 30% for women.

In Nepal, gender disparities persist in both education and financial knowledge. According to Nepal Rastra Bank

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(2022), males outscore females in financial literacy by 7.5 percentage points. The National Census (2021) shows a gender gap in literacy: 83.6% for males versus 69.4% for females. This gender difference indicates continued challenges in ensuring equal access to education for Nepal's women and girls, which are impacted by cultural norms, economic inequities, and geographical barriers (Chand & Bhatt, 2024). Thus, this study assesses the financial literacy of women in Machhapuchhre Rural Municipality and identifies the socio-demographic factors influencing it.

2. Literature Review

2.1 Theory of planned behaviour

The Theory of Planned Behaviour (TPB) is a key psychological framework in financial literacy research, asserting that intention is the strongest predictor of behaviour. According to the TPB (Ajzen, 1991), an individual's inclination towards financially literate actions like budgeting and saving is driven by three main factors: attitude (personal evaluation of the behaviour), subjective norms (perceived social pressure), and perceived behavioural control (belief in one's ability to perform the behaviour) (Rehman & Mia, 2024; Steele, 2024). This study employs an expanded version of the TPB, incorporating financial knowledge as an additional predictor of women's attitudes, perceived control, subjective norms, and ultimately, their financial behaviour. The proposed model suggests that (1) financial knowledge influences these three TPB components and financial behaviour itself; (2) positive attitudes towards money and loans, a sense of control, and positive subjective norms drive the intention to save and budget; and (3) both behavioural intention and perceived behavioural control lead to actual financial practices. The TPB is widely applied to understand the links between attitudes, beliefs, intentions, and behaviours across various domains (Garg & Singh, 2018).

2.2 International Context

Globally, research confirms the gender gap in financial literacy. According to Lusardi (2019), women are more likely than men to admit they do not know the answer to financial questions, indicating lower confidence and awareness. The World Economic Forum (Andrews & Nazeri, 2024) states that only 30% of women worldwide are considered financially literate compared to 35% of men. Atkinson and Messy (2012) also find that women lag behind men in financial knowledge and application across OECD countries.

2.3 South Asian Context

In South Asia, cultural norms, limited educational opportunities, and socio-economic barriers further restrict women's access to financial knowledge. For instance, a study conducted in India by Banthia and Dey (2021) demonstrated that while women may possess basic financial knowledge, it is rarely translated into behavior due to social constraints and lack of perceived control. Financial literacy interventions were found more effective when integrated with community structures such as women's cooperatives.

2.4 Nepalese Context

In Nepal, financial literacy among women remains disproportionately low due to longstanding gender disparities in education and access to financial resources. According to the Nepal Rastra Bank (2022), males outperform females in financial literacy by 7.5 percentage points. Chand and Bhatt (2024) highlight that rural women face geographic, economic, and cultural barriers that hinder their financial capability. Despite these challenges, women often manage household finances, making targeted financial education especially critical.

This study contributes to the existing literature by applying TPB and integrating both empirical and theoretical perspectives to assess the financial literacy of rural women in Nepal. Unlike previous studies, it focuses on both the determinants and behavioral outcomes of financial literacy within a defined rural municipality.

2.5 Research Hypothesis

The present research explores the relationship between socio-demographic characteristics (age and education level) and financial literacy components (financial knowledge, financial attitude, behavioural intention, and financial behaviour). The hypotheses for this research are as follows:

H1: Age significantly influences financial literacy components.

H2: Education level significantly influences financial literacy components.

2.6 Research Framework

Financial literacy is often divided into three components: financial knowledge, financial attitude, and financial behaviour (Atkinson & Messy, 2012). Financial knowledge relates to an individual's understanding of financial concepts such as budgeting, saving, and investing (Lusardi & Mitchell, 2011). A higher level of financial understanding is frequently correlated with sound financial decisions. Financial attitude represents a person's perspective on financial planning, saving, and risk-taking (Ajzen, 1991). Positive financial attitudes can encourage proactive financial behaviour. Financial behaviour refers to actual financial acts such as regular savings, investing, and debt management (Huston, 2010). According to study of Banthia & Dey (2021), both knowledge and attitude have an impact on financial

behaviour. According to TPB, behavioural intention is determined by attitudes towards behaviour, subjective standards, and perceived behavioural control. According to the financial model of Xiao (2008), financial knowledge and attitudes form behavioural intentions, which drive financial behavior.

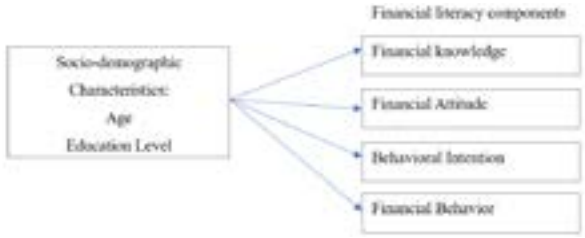

Figure1. *Conceptual Framework*

3. Methodology

This study employed a descriptive and an explanatory research design to assess financial literacy among women in Machhapuchhre Rural Municipality. Primary data was collected through surveys and face-to-face interviews utilizing a structured questionnaire, which was translated into Nepali language to ensure accessibility. The questionnaire comprised two sections: one focusing on demographic information (age, occupation, marital status, education level, and employment status) while the other was on fundamental and variable-related information. The latter section included 14 questions assessed using a 5-point Likert scale, measuring four components of financial literacy: financial knowledge (3 items), financial attitude (4 items), behavioural intention (3 items), and financial behaviour (4 items).

A non-random sampling approach, combining convenience and purposive sampling, was utilized to select participants from the nine wards of the municipality. This strategy ensured a diverse and relevant sample of women who were both available and met specific study criteria. A total of 245 questionnaires were distributed over a two-week period (December 17-30, 2024), with 243 returned. After a rigorous data cleaning process, 236 valid responses were deemed suitable for analysis.

The collected data were cleaned, verified, and entered into Microsoft Excel before being imported into SPSS (Version 27). Descriptive statistics (frequency, percentage, mean, standard deviation) were used to summarize demographic data and key financial literacy indicators. Inferential statistics, including correlation analysis, were employed to test hypotheses and examine relationships between financial literacy components and socio-demographic factors. SPSS was the primary tool for statistical analysis, while Excel was used for initial data entry and the creation of visual aids. The analysis involved calculating composite mean scores for each of the four financial literacy components, which were measured using the 5-point Likert scale. The study's framework was informed by the Theory of Planned Behaviour (Ajzen, 1991), exploring the relationships between financial knowledge, attitudes, behavioural intentions, and actual financial behaviour.

4. Results

Descriptive Statistics

Table 1 provides an overview of the demographic and employment characteristics of a population. In terms of age distribution, the majority (73.3%) are in the 18–45 age group, followed by 26.7% in the 46–60 age group, indicating a predominantly working-age population. Most individuals are married (82.6%), while a smaller proportion are unmarried (13.1%) or fall into other categories (4.2%). Regarding education, a significant portion (46.3%) has completed secondary education, with 22.5% holding graduate or higher qualifications. However, 11% remain illiterate, and 20.3% have only basic education. Employment patterns show that 44.5% of the population is employed, while 41.9% are self-employed, highlighting a strong entrepreneurial spirit. Unemployment stands at 9.7%, with a minor 3.9% falling into other employment statuses. The occupational distribution reveals that agriculture (26.1%) and education (25.7%) are the dominant sectors, followed by health (8.3%) and public administration (6.6%). A notable portion (66%) is categorized under "Other," indicating varied or unspecified occupations which include women who run businesses like grocery stores, beauty parlours and also those women who are unemployed are included in this category. The data underscores a literate and predominantly employed population, with agriculture and education as key economic activity.

Table 1 Demographic information of participants

Characteristics	Classification	Frequency	Percentage (%)
Age	18-45	173	73.3
	46-60	63	26.7
Marital Status	Married	195	82.6
	Unmarried	31	13.1
	Others	10	4.2

Education Level	Illiterate	26	11
	Basic Education	48	20.3
	Secondary Education	109	46.3
	Graduate and Above	53	22.5
Current Employment Status	Employed	107	44.5
	Unemployed	24	9.7
	Self-Employed	102	41.9
	Other	9	3.9
Occupation	Agriculture	55	23.3
	Education	60	25.4
	Health	21	8.9
	Financial Services	8	3.4
	Public Administration	15	6.4
	Tourism and Hospitality	10	4.2
	Industry and Construction	1	0.4
	Other	66	28

Correlation analysis

Pearson correlation analysis was conducted to assess the relationships between components of financial literacy: Financial Knowledge (FK), Financial Attitude (FA), Behavioural Intention (BI), and Financial Behaviour (FB). The results are presented in Table 2.

Table 2 Correlation Analysis

Variables	FK	FA	BI	FB
FK	1			
FA	0.083	1		
	(0.204)			
BI	0.176**	0.069	1	
	(0.007)	(0.291)		
FB	0.134*	0.28**	0.352**	1
	(0.040)	(<0.001)	(<0.001)	

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

** Correlation is significant at the 0.05(2-tailed)*

Table 2 shows the Pearson Correlation analysis which revealed several statistically significant relationships among the components of financial literacy i.e. Financial Knowledge (FK), Financial Attitude (FA), Behavioral Intention (BI) and Financial Behavior (FB). FK has a weak positive correlation with both FB ($r = 0.134$, $p = 0.040$) and BI ($r = 0.176$, $p = 0.007$). FA and FB have a moderate correlation ($r = 0.280$, $p < 0.001$). A moderately positive connection ($r = 0.352$, $p < 0.001$) is observed between FB and BI. These results imply that attitudes and knowledge about money have significant, but diverse, effects on financial behaviour and intention.

Regression Analysis

Relationship between Age and Financial Attitude

A linear regression was conducted to determine the influence of age on financial attitude. The model summary is presented below:

Table 3: Regression Model Summary (Age and Financial Attitude)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.153	0.023	0.019	0.43521

The R^2 value of 0.023 indicates that only 2.3% of the variance in financial attitude is explained by age, suggesting a weak but statistically significant relationship.

Table 4: Coefficients Table (Age and Financial Attitude)

Predictor	Unstandardized B	Std. Error	Beta	t	Sig.
(Constant)	3.112	0.237	—	13.13	<0.001
Age	-0.086	0.038	-0.153	-2.25	0.025

The regression coefficient for age was negative and statistically significant ($\beta = -0.153$, $p = 0.025$), indicating that as age increases, financial attitude tends to decrease.

Relationship between Education Level and Financial Knowledge

A separate regression was performed to examine the effect of education level on financial knowledge.

Table 5: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.169	0.029	0.025	0.87716

Table 6: Coefficients Table (Education Level and Financial Knowledge)

Predictor	Unstandardized B	Std. Error	Beta	t	Sig.
(Constant)	2.810	0.552	—	5.09	<0.001
Education Level	-0.211	0.083	-0.169	-2.56	0.011

The regression coefficient was negative and statistically significant (β = -0.169, p = 0.011), indicating that higher education level does not necessarily equate to better financial knowledge.

Table 7: Results of Hypothesis Testing based on Regression Analysis

Hypothesis	Relationship	Significance (p-value)	Result
H1	Age → FA	0.025	Accepted
H2	Education Level → FK	0.011	Accepted

These findings suggest that a statistically significant negative relationship exists between age and financial attitude, meaning financial attitude tends to decline with age. Also, a statistically significant negative relationship exists between education level and financial knowledge, indicating that higher educational attainment does not necessarily enhance financial literacy.

5. Discussion

The findings of this study are well-aligned with the theoretical and empirical findings presented in the literature review, particularly the Theory of Planned Behavior (TPB) proposed by Ajzen (1991). TPB explains that behavioral intention shaped by attitudes, subjective norms, and perceived behavioral controls the strongest determinant of actual behavior. The results of this research validate this framework: financial attitude and behavioral intention exhibited stronger and more significant correlations with financial behavior compared to financial knowledge. This supports the claim made by Xiao (2008) that knowledge alone does not drive behavior unless supported by intention and confidence in one's ability to act.

Generally, existing literature has shown continual gender gaps in financial literacy. For instance, Lusardi (2019) and Atkinson and Messy (2012) found that women are less confident in making financial decisions and tend to under report their knowledge. This study supports such findings, as women in Machhapuchhre Rural Municipality demonstrated a moderate understanding of financial concepts but a limited ability to apply them in daily financial behavior. Similar trends have been observed in South Asia, where Banthia and Dey (2021) argued that societal norms often hinder the translation of knowledge into practice—an observation echoed in the present study's results.

Additionally, the regression analysis revealed a statistically significant but weak negative relationship between age and financial attitude, aligning with Strough et al. (2018), who suggested that older individuals struggle to adapt to evolving financial systems. A linear regression was conducted to examine the relationship between education level (treated as an ordinal predictor with four levels: illiterate, basic, secondary, graduate) and financial knowledge (a continuous variable). The analysis revealed a statistically significant negative relationship (β = -0.169, p = 0.011), with an R^2 of 0.029. This indicates that education level accounts for 2.9% of the variance in financial knowledge.

Although this finding may appear counter intuitive, it is supported by empirical literature. Huston (2010) emphasized that financial literacy is distinct from general education and must be taught explicitly. Similarly, Fernandes, Lynch, and Netemeyer (2014) argued that without direct instruction in financial topics, general education does not necessarily improve financial behaviour or decision-making. In the Nepalese context, the result aligns with Chaulagain (2015) and Nepal Rastra Bank (2022), who observed that despite rising literacy and formal education, financial knowledge among women—especially in rural areas—remains limited. This can be attributed to gaps in financial curriculum, limited access to financial institutions, and socio cultural norms that restrict women's involvement in financial decision-making. Chand and Bhatt (2024) found similar trends in Pancheshwor Rural Municipality, where educated women lacked real-world financial exposure due to gendered responsibilities and dependence on male family members.

The use of ordinal education level in linear regression is a methodological choice supported in exploratory social science research. When ordinal variables are reasonably spaced and logically progressive categories, they may be treated as continuous for the purposes of modeling (Robitzsch, 2020). This practice has been applied in several financial literacy studies, including those by Lusardi and Mitchell (2014) and Banthia and Dey (2021), who examined financial knowledge across education groups using similar methods.

6. Conclusion

This study assessed the financial literacy of women in Machhapuchhre Rural Municipality, focusing on the components of financial knowledge, attitude, behavioral intention, and financial behavior. The findings revealed a moderate level of financial knowledge among women, yet their ability to apply the knowledge in practice was limited. The results from correlation and regression analyses indicate that while financial knowledge is important, financial attitude and behavioral intention play a more significant role in shaping financial behavior confirming the predictive relationships proposed by the Theory of Planned Behavior.

A key finding of this research is the weak but statistically significant negative relationship between age and financial attitude, suggesting that older women may be less receptive to adopt positive financial practices. Contrary to widely held assumptions, education level showed a negative correlation with financial knowledge, implying that formal education alone does not guarantee practical financial literacy. These results are consistent with prior research indicating that traditional education systems may not equip individuals particularly women in rural settings with the skills required to navigate complex financial decisions.

Overall, the study highlights the limitations of relying solely on formal education to improve financial literacy. It emphasizes the importance of implementing community-based, context-specific financial literacy programs that consider age, experience, and local economic conditions. Strengthening practical knowledge, building positive attitudes, and fostering financial confidence through localized and inclusive interventions are critical to enhancing women's financial empowerment in rural Nepal.

6. Recommendations

To improve financial literacy, localized education programs should be implemented via cooperatives and women's groups. Mobile-based digital tools can extend financial knowledge. Incorporating financial education in schools and creating peer mentoring groups can promote long-term literacy. Partnerships with NGOs and continuous evaluation of interventions are essential for sustainable outcomes.

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