Public Understanding and Perception about Basic Economics and Finance: A Study on Financial Literacy and Decision-Making [1]

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Abstract

This study assesses the level of familiarity with economic terms, the interest in their practical application, and perceptions of economic education methods among individuals in Nepal. The required data were collected from 406 respondents across Nepal through structured questionnaires and qualitative feedback. This study used regression and structural equation modeling (SEM) to examine the nexus between familiarity, interest, and practical understanding of economics/finance. The results show moderate familiarity with basic economic concepts; however, significant gaps prevail, especially among lower-income and less-educated groups. Furthermore, public opinion regarding interest in using economic terms is high (81%), but confidence in understanding complex topics is low. The outcome also demonstrated that the management of personal finance and engagement in economic discussions showed stronger agreement as compared to the national development issues. Familiarity with basic topics positively impacts attitudes toward economic learning. Similarly, personal economic literacy strongly influences societal awareness. The findings of this study concluded that basic education about economics/finance is needed, particularly among marginalized communities, with simplified resources and teaching methods, to bridge knowledge gaps. Increasing

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practical knowledge about economics/finance can help individuals make informed decisions and contribute to societal progress.

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Introduction

Basic economic/financial literacy has been increasingly recognized as crucial knowledge, not only for academic inquiry but also for informed decision-making in daily life. In this context, Becker (1997) emphasized that the necessity of basic knowledge of economic concepts, which empowers people to manage personal finances effectively and efficiently, while advanced knowledge of economics/finance stimulates individuals to participate actively on critical issues such as taxation, public expenditure, and trade policies. The relevance of economic understanding is particularly urgent in the context of Nepal. The diverse characteristics of Nepalese economy, for instance, a heavy reliance on remittances (25% of GDP) (Chalise, 2024) and an informal employment (70% of the labor force) (Chen, 2023) signify the relevancy of understanding of basic knowledge of economic/finance knowledge for the common man.

This study assesses the importance of economic literacy, particularly within low-income groups and informally employed communities in the Nepalese context. The main objective of this study is to assess the importance of the basic knowledge of economic concepts, which can improve individuals' rational decision-making. The specific objectives are (i) to analyze the current status of familiarity with basic economic terms such as inflation, GDP, inflation rate and budget and uses of these terms in conversation in diverse population in Nepal; (ii) to analyze the practical understanding of economics/finance to manage personal finance and decision-making; (iii) to analyze the current scenario of national and international economic development; and (iv) to explore the practical strategies for improving economic/financial literacy for the ordinary person.

To achieve objectives, this study follows a quantitative research approach. This study collects primary data from questionnaire methods. The questionnaire is divided into four parts: demographic characteristics of respondents, their awareness level, practical understanding, and perception. The collected data are analyzed using descriptive statistics, logit regression analysis, factor analysis, and structural equation modelling

(SEM). Earlier empirical studies by Lusardi and Mitchell (2014) highlight the role of financial knowledge in fostering economic empowerment, as well as studies by Fernandes et al. (2014), which stress the effectiveness of simplified language and contextual learning tools. In the Nepalese context, Ratha et al. (2015), Chalise (2024), and Chen (2023) provided key literature on remittances, employment, and financial access. However, earlier studies did not provide sufficient literature on how basic knowledge of economic concepts can help to improve rational decision making, especially for marginalized groups. Hence, this study fills the research void and provides additional literature in this context.

The outline of this study is as follows: Section two presents the theoretical and empirical review about economic/financial literacy and its societal relevance. Section three presents' methods used in the study with empirical models. Section four presents results and analysis, which are particularly related to economic understanding and identify practical dissemination methods. Section five presents the discussion, and the final section concludes with policy implications.

Theoretical review

This study reviewed two main theories—Financial Literacy Theory (FLT) and Social Learning Theory (SLT)—that describe why the basic knowledge of economics/finance is needed to improve financial skills, including personal financial management, budgeting, and investing (Bernheim et al., 2001; Lusardi & Mitchell, 2014). This FTL states that financial literacy can improve individuals' capacity to make better decisions. Additionally, FTL states that a low level of financial literacy leads to suboptimal choices; for instance, individuals can take excessive debt, make inadequate savings, and fall into the risk of financial scams (Huston, 2010). Similarly, Harknett and Kuperberg (2011) and Smock et al. (2005) argued that financial literacy improves an individual's economic condition and brings economic stability, which reduces the delay in marriage and improves household formation and improve economic freedom (Horpedahl et al., 2018).

The SLT stated that individuals acquire knowledge through observation, imitation, and social interaction (Bandura & Walters, 1977). It states that formal education is not the sole means of acquiring economic knowledge about money, risk, investment, and others, as this knowledge is also gained from family, media, peers, and cultural narratives. Primarily, the media provides information about entrepreneurship and

the economic crisis, protecting individuals from "get-rich-quick" schemes (D'Alessio, 2012). Furthermore, Somin (2016) stated that individuals' political beliefs can differ in their views on economic issues, such as taxes and government spending. For instance, Ukpere (2010) criticized that capitalism cannot reduce poverty and income inequality. Koster et al. (2012) found that populist political parties offer more financial support to local people compared to immigrants. In a nutshell, this theory posits that the average person cannot comprehend complex econometric models; however, they can acquire knowledge by enhancing societal beliefs through increased financial literacy.

Empirical review

Earlier empirical studies have revealed a financial literacy gap within low-income, low-educated, marginalized, and female groups in both the developing and developed worlds. Additionally, this gap also prevails within age groups and ethnicities. For instance, Lusardi and Mitchell (2007) found that financial illiteracy adversely affects retirement plans. They found that many households were unfamiliar with basic economic concepts even in the developed world, which indicated that consumers/investors make suboptimal saving and investment decisions and can bring adverse consequences to the future income of households by "saving, retirement planning, mortgage, and other decisions" (p.35). Similarly, OECD (2020) found that financial literacy is very low globally, and this increases financial stress to individuals and results in low "financial resilience across certain groups" (p.63).

The contemporary literature depicted that financial literacy enables households to make informed decisions. For example, Oppong et al. (2023) concluded that financial literacy favorably influences the investment and personal financial management decisions. Mireku et al. (2023) found that financial literacy has a favorable impact on financial behavior in Ghana. Additionally, this study found that parents' educational status and discussion of economic matters at home improve students' financial behavior, as such discussions with senior family members stimulate positive habits.

The current literature depicted that financial illiteracy weakens financial inclusion and can undermine the strategy of policymakers for the economic empowerment of underprivileged groups (Chaurasiya & Sugandha, 2024; Afolabi, 2020; Lal, 2021). Some more recent empirical studies explored the need for financial literacy in other fields besides economics/finance. For instance, Gianakos et al. (2023) concluded that most of the medical students had a below-average understanding of finance.The existing

literature primarily focuses on the role of financial literature in understanding digital finance and its impact on women's empowerment. For instance, Showkat et al. (2024) found that using DFS improves the women's ability to make financial decisions. Providing financial literacy to women can increase the use of DFS, leading to improved saving, debt management, and investment behavior, and ultimately reducing income disparity.

Similarly, some recent empirical evidence depicted that financial literacy enhances entrepreneurial activity. For instance, in the Indonesian context, Rapina et al. (2023) confirmed that an increase in financial literacy leads to superior financial decisions along with a propensity to start an independent business. Hasan et al. (2024) also found that financial literacy has a favorable impact on MSMEs' success through entrepreneurial creativity. Similarly, Kurniasari et al. (2025) found that financial literacy improves SMEs' performance through FinTech adoption and funding access.Similarly, recent scholarly discourse showed that financial literacy improves the risk tolerance capacity of entrepreneurs. For instance, utilizing PLS-SEM, Indrawati et al. (2025) found that financial literacy directly or indirectly affects financing decisions. It further showed that financial literacy enables the use of more financing options, which reduces risk and enhances business sustainability.

The abovementioned empirical studies showed the importance of financial literacy in making better financing decisions; however, the existing literature is found in the context of the developing and developed world. To the best of our knowledge, none of the studies were found in the context of Nepal. Hence, this study fills the void and supplies empirical findings about the current financial literacy condition of Nepal.

Research methodology

The study adopts quantitative research and qualitative design to systematically analyze the economic literacy and awareness of respondents. We conducted discussions with individuals from seven provinces of Nepal, gathering and analyzing qualitative data. Data has been collected through a structured questionnaire administered to participants. The questionnaire is designed to capture both demographic information and responses related to economic literacy, awareness, and practical understanding. A Likert-scale survey has been used to evaluate respondents' perceptions of how economic knowledge impacts daily decision-making, personal finance management, national development understanding, and engagement in economic discussions.

A convenience sampling method has been employed to recruit participants from diverse backgrounds across seven provinces and various local governance structures (metropolitan, sub-metropolitan, municipality, and rural municipality). This ensured a broad representation of urban and rural populations, as well as varying socioeconomic groups. The representative sample size of the target population, based on the Cochran (1940) formula, calculated at a 95% confidence level and a margin of error of 5%, was estimated to be 406. The sample size was adequate and comparable to that commonly used by other studies within a comparable field and, as such, sufficient for conducting statistical analysis and generalization. Concerning reliability, a pilot study was done, and all Cronbach alpha values achieved exceeded the threshold of acceptability of 0.70. Its validity was checked through content validity by having it reviewed by an expert, and through construct validity by doing a factor analysis.To analyze the data, a combination of descriptive statistics, inferential statistics, and logit modeling techniques has been utilized.

$$Y_i^* = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \in_i$$

where,Y_i^*: Latent variable representing the underlying propensity of respondent *i* to agree with a statement; X_{1i}: Familiarity with economic terms; β_0: Intercept term; β_1,β_2: Coefficients representing the effect of familiarity and interest on the latent variable; ϵ_i: Error term, assumed to follow a standard normal distribution (Probit) or logistic distribution (Logit).The observed response *Yi*is categorized into one of five levels based on thresholds.

Familiarity and intention to apply economic concepts used as the two independent variables of this study. All these variables are used as major predictors for all the analysis models that determine their effects on economic dimensions of literacy and perception.

To examine the relationship between observed indicators and latent variables, we used Structural Equation Modeling (SEM). Our strategy was based on the two-step procedure proposed by Anderson and Gerbing (1988). First, we performed a confirmatory factor analysis, followed by a test of paths between latent variables (Kline, 2015). The general SEM equation is as follows:

$$x = \Lambda \eta + \delta$$

An Expectation indicates observed indicators (e.g., items on a Likert scale), endogenous latent variables are represented by exogenous latent variables are represented

by, is the matrix of factor loadings, and are matrices of path coefficients, and are error terms (Bollen, 1990). In the case of categorical outcomes, we used ordered logit/probit models, as specified by Greene (2012) and Wooldridge (2010), relating to the latent variable is modeled as follows:

$$x = B \quad + \Gamma\xi + \zeta$$

Based on observed responses, classified into ordered levels through threshold parameters. Where :η: Endogenous latent constructs (e.g., Societal Awareness); ξ: Exogenous latent constructs (e.g., Personal Economic Literacy); B: Coefficient matrix capturing relationships among endogenous constructs; Γ: Coefficient matrix capturing effects of exogenous constructs on endogenous constructs; ζ: Structural error term(Bollen, 1990).

Results and Discussion

Quantitative results and analysis

Prior to discussing our major findings on economic literacy, we set some context regarding our sample and its representativeness and diversity of participants. Our research was conducted on a sample of 406 participants drawn from all provinces of Nepal. The maximum number of participants belonged to the age group of 31-40 years (33%). Almost half of them (48.5%) had only secondary education or below, and 41% had a monthly income of NPR 10,000 or below, meaning that most of them are financially constrained. There was a relatively equal number of participants from each province, ranging between 56 and 60 participants per province.

Similarly, the results revealed that ethnic groups such as *Brahmin and Chhetri* hold a significant portion, which may reflect cultural influences on economic views and practices. When looking at the province-wise participation, the numbers were quite balanced across the seven provinces. Provinces one and four had the highest participation, with 60 respondents each, while Provinces three and seven had the lowest, with 56 respondents each. The data shows a significant number of respondents with secondary education, which may correlate with their economic perspectives and opportunities. Occupationally, a high number of students indicates a younger demographic, while the presence of unemployed individuals highlights economic challenges. Finally, the income level data showed that the largest group of respondents earned below NPR 10,000, suggesting a significant portion of the population may be facing financial constraints, which can impact their economic opinions and behaviors.

Table 1

Basic economic concepts and interest in using economic terminology awareness

1. Familiarity with basic economic terms (e.g., inflation, GDP, interest rates, budget)	Very Familiar	Somewhat Familiar	Not Familiar	Total
	69	293	44	406
2. Have you interested to use economic term in your conversation?	Yes	No		
	327	79		406

Questions	SD (1)	D (2)	N (3)	A (4)	SA (5)	Total
1. Understanding basic economic concepts improves daily decision-making (Enhancement)	13	34	184	138	37	406
2. Confidence in managing personal finances effectively (Empowerment)	21	42	107	192	44	406
3. Economic learning provides easy to understand country's development (Clarity)	23	47	174	133	29	406
4. Economic learning is to understand national and international development comparison (Perspective)	17	38	190	121	40	406
5. Economic learning is to engage in discussionsabout economic policies, national progress, and global economic trends (Engagement)	9	27	187	162	21	406

Note: SD (1) = Strongly Disagree, D (2) = Disagree,N (3) = Neutral, A (4) = Agree, SA (5) = Strongly Agree
Source: Field Survey, 2024

Table 1 shows that, despite only 72% of respondents being somewhat familiar with basic economic concepts, 81% of these people have an interest in speaking about these concepts. Interestingly, this discrepancy aligns with larger trends documented by Lusardi and Mitchell (2014), who showed that while people are eager to be knowledgeable about financial concepts, this is often more than actual ability and is especially pronounced for non-college educated and low-income populations worldwide. Specifically, considering education and employment trends within Nepal (being dominated by informal sector employment, as documented by Chen (2023), such tendencies indicate that a clear demand exists for economic education that is straightforward and accessible on a vernacular, mass scale. Moreover, the averages for Empowerment and Engagement, as compared to Clarity and Perspective, affirm that economic literacy is most successfully communicated through applications of economic

and financial concepts as they pertain more directly and more personally, as observed by Fernandes et al., (2014).

Table 2
Ordered probit/logit model of practical understanding

Statement	Explanatory variable	Coefficient (β)	P value	Marginal Effect (Probability Increase)
Enhancement	Familiarity (Very Familiar)	0.85	<0.01	+12% Probability of"Agree" or "Strongly Disagree"
	Interest (Yes)	0.6	<0.01	+9% Probability of "Agree" or "Strongly Disagree"
Empowerment	Familiarity (Very Familiar)	1.2	<0.01	+18% Probability of "Agree" or "Strongly Disagree"
	Interest (Yes)	0.75	<0.01	+11% Probability of "Agree" or "Strongly Disagree"
Clarity	Familiarity (Very Familiar)	0.4	0.03	+6% Probability of "Agree" or "Strongly Disagree"
	Interest (Yes)	0.3	0.05	+4% Probability of "Agree" or "Strongly Disagree"
Perspective	Familiarity (Very Familiar)	0.45	0.02	+7% Probability of "Agree" or "Strongly Disagree"
	Interest (Yes)	0.35	0.04	+5% Probability of "Agree" or "Strongly Disagree"
Engagement	Familiarity (Very Familiar)	0.5	0.01	+8% Probability of "Agree" or "Strongly Disagree"
	Interest (Yes)	0.4	0.02	+6% Probability of "Agree" or "Strongly Disagree"

Table 2 marginal effects verify that familiarity plays a relatively more important role than interest on all outcome measures, especially Empowerment (+18% chance of agreement). This is consistent with Bernheim et al. (2001), who showed that exposure, especially at a younger age, can significantly boost economic beliefs and practices. Most importantly, however, is that these relatively small effects on Clarity of +6% and

Perspective of +7% confirm that familiarity may be insufficient on its own as a tool for filling potential gaps of complex economic systems operating on a national or worldwide scale, and that educational development is required at many levels, such as basic economic literacy combined with narratives (inflation's impact on local markets).

Table 3
Multinomial logit model of practical understanding

Statement	Category	Familiarity (Very Familiar)	Interest (Yes)	Probability (%)
Enhancement	Strongly Agree (5)	1.2	0.8	15% → 28%
	Agree (4)	0.9	0.6	35% → 48%
	Neutral (3)	-0.5	-0.3	45% → 30%
Empowerment	Strongly Agree (5)	1.5	1	10% → 25%
	Agree (4)	1.2	0.8	45% → 60%
	Neutral (3)	-0.7	-0.5	30% → 15%
Clarity	Strongly Agree (5)	0.5	0.3	7% → 12%
	Agree (4)	0.4	0.2	33% → 38%
	Neutral (3)	-0.2	-0.1	50% → 45%

Table 3 presents a multinomial logit model analysis, showing how familiarity and interest influence the probabilities of selecting specific Likert categories. For enhancement and empowerment, being very familiar or interested significantly increases the likelihood of choosing higher agreement categories ("Strongly Agree" and "Agree") while reducing neutral responses. For example, in empowerment, the probability of "Strongly Agree" rises from 10% to 25% with familiarity, and "Agree" increases from 45% to 60%. Conversely, for Clarity, the effects are weaker, with smaller shifts in probabilities (e.g., "Strongly Agree" increases only from 7% to 12%). This result indicates that familiarity and interest have a stronger impact on attitudes toward empowerment and enhancement compared to clarity, where changes are more modest. Overall, the findings highlight that increased familiarity and interest drive stronger agreement, particularly for dimensions like empowerment.

In addition, these results confirm Bernheim et al.'s (2001) findings that early familiarity with financial idea foundations helps sustain beliefs about financial competence—now evident by a move from neutrality to conviction on Clarity. Lack of sensitivity on Clarity is consistent with Fernandes et al. (2014), who point out that

sophisticated matter presentations need supportive learning, or people, despite their deep interest, would remain indifferent.

Table 4
Factor analysis/PCA of practical understanding

Factor	Statement	Loading
Personal Economic Literacy	Enhancement	0.85
	Empowerment	0.8
Societal and Global Awareness	Clarity	0.75
	Perspective	0.7
	Engagement	0.65

Table 4 summarizes the results of a factor analysis/PCA, identifying two key latent constructs underlying the data. The first construct, personal economic literacy, is strongly associated with statements like enhancement (loading = 0.85) and empowerment (loading = 0.8), reflecting an individual's personal understanding and application of economic concepts for self-improvement and empowerment. The second construct, Societal and Global Awareness, includes statements like Clarity (loading = 0.75), Perspective (loading = 0.7), and Engagement (loading = 0.65), showing how economic understanding relates to society and the world, including communication, different viewpoints, and being actively involved. The high loadings (>0.65) confirm strong relationships between the statements and their respective factors, indicating a clear distinction between personal-level impacts and societal/global awareness. Evidence suggests that economic literacy operates on two levels: enhancing individual capabilities and fostering a wider understanding of economic contexts.

Table 5
Structural equation modeling (SEM) of practical understanding

Path	Standardized Coefficient	P-Value
Personal Economic Literacy → Societal Awareness	0.6	<0.01
Familiarity → Personal Economic Literacy	0.75	<0.01
Interest → Personal Economic Literacy	0.65	<0.01
Familiarity → Societal Awareness	0.45	<0.01
Interest → Societal Awareness	0.4	<0.01

Table 5 presents result from a structural equation modeling (SEM) analysis, testing relationships between latent constructions. The findings show that personal economic literacy significantly influences societal awareness (standardized coefficient = 0.6, $p < 0.01$), indicating a strong positive relationship. Both familiarity and interest strongly predict personal economic literacy (coefficients = 0.75 and 0.65, respectively, $p < 0.01$), highlighting their importance in shaping individual economic understanding. Furthermore, familiarity and interest directly influence societal awareness, although their impact is lesser (coefficients = 0.45 and 0.4, $p < 0.01$). Overall, the results emphasize the critical role of familiarity and interest in driving both personal economic literacy and broader societal awareness, with personal literacy acting as a key mediator.

Factor analysis (Table 4) and SEM findings (Table 5) distinction firmly between personal economic literacy (enlightenment, empowerment) and Societal & Global Awareness (clarity, perspective, engagement). Significantly, however, participants' responses indicated significantly stronger support for personal elements (68% vs. 40% for example on empowerment and clarity, strongly agree/strongly agree, respectively). Also as expected, this reflects FLT's micro-foundational focus, where citizens' utility (e.g., "Saving, Budgeting") matters much more than large-picture economic theory (Fernandes et al., 2014). Most importantly, however, Societal Awareness is strongly predicated on Personal Literacy ($\beta = 0.6$, $p < 0.01$). Thus, though Nepalese citizens remain unconducive towards development indicators, economic Literacy could have an organic, stepping-stone effect on overall economic discourse—to wit, OECD's (2020) emphasis on "stepping-stone" economics education, though this is only speculative at this point and is a direction fitting future research exploration based on these findings.

Table 6

Regression analysis with dummy variables of practical understanding

Statement	Explanatory Variables	Coefficient(β)	P-Value	Adjusted R square
Enhancement	Familiarity (Very Familiar)	0.8	<0.01	0.35
	Interest (Yes)	0.5	<0.01	
Empowerment	Familiarity (Very Familiar)	1	<0.01	0.45
	Interest (Yes)	0.6	<0.01	
Clarity	Familiarity (Very	0.3	0.04	0.2

	Familiar)		
	Interest (Yes)	0.2	0.05

Table 6 summarizes a regression analysis examining the relationship between average Likert scores and explanatory variables using dummy variables. For Enhancement and Empowerment, being Very Familiar and showing Interest (Yes), both have strong positive impacts ($p < 0.01$), with Empowerment showing a greater effect ($\beta = 1$ for Familiarity, $\beta = 0.6$ for Interest) than Enhancement ($\beta = 0.8$ for Familiarity and $\beta = 0.5$ for Interest). The adjusted R-squared values are also higher for Empowerment (0.45) and Enhancement (0.35), indicating these variables explain a larger proportion of the variance. For clarity, the effects are weaker and marginally significant ($\beta = 0.3$ for familiarity, $p = 0.04$; $\beta = 0.2$ for interest, $p = 0.05$), with a lower adjusted R-squared (0.2). Overall, familiarity and interest significantly influence responses, particularly for empowerment and enhancement, while their impact on clarity is weaker.

Table 6 confirms the two-tiered nature of economic literacy in Nepal—that is, strong microeconomic, or self-concept, engagement, but weak ties to macroeconomic storytelling. Such complementarity has important implications for pedagogy and suggests that more research is needed into the application of tools of Social Learning Theory, such as Stories, and other local methods of linking personal development and wider economic citizenship (Bandura & Walters, 1977; D'Alessio, 2012).

Table 7

Cluster analysis of practical understanding

Cluster	Characteristic	Size (%)
Highly Engaged	High agreement across all statements; Very Familiar with economic terms; Interested	30%
Moderately Engaged	Moderate agreement; Somewhat Familiar with economic terms; Mixed interest	50%
Less Engaged	Low agreement; Not Familiar; Not interested	20%

Table 7 presents the results of a cluster analysis that groups respondents based on their response patterns. Three distinct clusters emerge: Highly Engaged, comprising 30% of respondents, shows high agreement across all statements, is very familiar with economic terms, and expresses strong interest. The Moderately Engaged cluster, representing 50% of respondents, exhibits moderate agreement, partial familiarity, and mixed interest, indicating a more neutral stance. Finally, the Less Engaged cluster (20%)

reports low agreement, lacks familiarity with economic terms, and shows no interest. This segmentation highlights varying levels of engagement with economic concepts, emphasizing that a majority are moderately engaged, while a significant minority remains disengaged.

Table 7 clusters indicate that 20% of all respondents can be considered Less Engaged, suggesting that they generally have low incomes, low education, and limited familiarity with economic vocabulary, and as such, they have the greatest vulnerability for financial exclusion, as indicated by OECD (2020). If interventions are not made, they seem destined never to be engaged or participate in their personal economic lives or economic discourses as citizens.

Table 8

Perceived accessibility of different methods for learning economics

Questions	NA (1)	LA (2)	N (3)	A (4)	VA (5)	Total
1. Schools and colleges should include practical economics in the curriculum (Integration)	19	31	119	181	56	406
2. Personal conversation makes economics easy to understand (Simplification)	80	134	79	90	23	406
3. Digital tools (websites) are effective for understanding economics (Efficiency)	123	83	107	77	16	406

Note: NA (1) = Not Accessible, LA (2) = Less Accessible, N (3) = Neutral, A (4) = Accessible, VA (5) = Very Accessible

Table 8 highlights respondents' perceptions of accessibility regarding economic learning methods. For integration (including practical economics in school curricula), most respondents find it accessible (181 + 56) compared to those who consider it less accessible or neutral, indicating strong support for this approach. In contrast, simplification (personal conversations making economics easier) shows mixed perceptions, with a significant portion finding it less accessible (80 + 134) and fewer agreeing on its effectiveness (90 + 23). Similarly, for efficiency (using digital tools like websites), a large segment finds it less accessible (123 + 83), with only a small group rating it as very accessible (16). Overall, respondents favor integrating economics into curricula but are less convinced about the accessibility of personal conversations and digital tools for understanding the subject.

Table 9

Logit model of perceptions

Statement	Explanatory variable	Coefficient (β)	P value	Marginal Effect (Probability Increase)
Integration	Familiarity (Very Familiar)	0.9	<0.01	+13% probability of Accessible & very Accessible
	Interest (Yes)	0.7	<0.01	+10% probability of & Accessible & Very Accessible
Simplification	Familiarity (Very Familiar)	0.5	0.02	+7% probability of Accessible & Very Accessible
	Interest (Yes)	0.4	0.03	+5% probability of Accessible & Very Accessible
Efficiency	Familiarity (Very Familiar)	-0.3	0.04	-4% probability of Accessible & Very Accessible
	Interest (Yes)	-0.2	0.05	-3% probability of Accessible & Very Accessible

Table 9 shows an analysis using an ordered probit/ logit model, which reveals how knowing economic terms and being interested in using them affect views on accessibility in three areas: integration, simplification, and efficiency. For integration, both knowing the terms ($\beta = 0.9$) and being interested in them ($\beta = 0.7$) greatly raise the chances of seeing it as accessible or very accessible by 13% and 10%, respectively ($p < 0.01$). For integration, both familiarity ($\beta = 0.9$) and interest ($\beta = 0.7$) significantly increase the probability of finding it accessible or very accessible (+13% and +10%, respectively, $p < 0.01$). Similarly, for simplification, familiarity and interest have smaller but significant positive effects (+7% and +5%, $p < 0.05$). In contrast, for efficiency, both familiarity ($\beta = -0.3$) and interest ($\beta = -0.2$) reduce the likelihood of perceiving digital tools as accessible (-4% and -3%, $p < 0.05$). Overall, familiarity and interest enhance accessibility perceptions for integration and simplification but negatively impact views on the efficiency of digital tools.

Table 10

Multinomial logit model of perceptions

Statement	Category	Familiarity (Very Familiar)	Interest (Yes)	Probability (%)
Integration	Very Accessible (5)	1.1	0.8	10% → 22%
	Accessible (4)	0.9	0.6	45% → 58%
	Neutral (3)	-0.6	-0.4	30% → 18%
Simplification	Very Accessible (5)	0.6	0.4	5% → 10%
	Accessible (4)	0.5	0.3	22% → 30%

	Neutral (3)	-0.3	-0.2	20% → 15%
Efficiency	Very Accessible (5)	-0.4	-0.3	4% → 2%
	Accessible (4)	-0.3	-0.2	19% → 15%
	Neutral (3)	0.2	0.1	26% → 30%

Table 10 shows an analysis using a multinomial logit model, which predicts how being familiar with and interested in something affects the chances of choosing certain Likert categories for three statements: integration, simplification, and efficiency. For integration, being very familiar or interested significantly increases the likelihood of selecting higher accessibility categories ("Very Accessible" rises from 10% to 22%, "Accessible" from 45% to 58%) while reducing neutral responses (30%→18%). Similarly, for simplification, familiarity and interest increase accessibility perceptions but to a lesser extent ("very accessible" rises from 5% to 10%, "accessible" from 22% to 30%). Conversely, for efficiency, both familiarity and interest decrease the probability of higher accessibility ratings ("very accessible" drops from 4% to 2%, "accessible" from 19% to 15%) while increasing neutral responses (26% →30%). Overall, familiarity and interest enhance accessibility perceptions for integration and simplification but reduce them for efficiency.

Table 11
Factor analysis/PCA of perceptions

Factor	Statement	Loading
Curriculum Integration	Integration	0.85
	Simplification	0.75
Digital Tools Perception	Efficiency	0.8

Table 11 summarizes a factor analysis/PCA that identifies latent constructions underlying the data. Two key factors emerge: Two key factors emerge: Curriculum integration, which is closely linked to ideas like integration (loading = 0.85) and simplification (loading = 0.75), show how familiar and easier ways of learning economics are important in education. The second factor, Digital Tools Perception, is dominated by Efficiency (loading = 0.8), capturing attitudes toward the accessibility and effectiveness of digital tools for learning economics. This distinction highlights that perceptions of traditional curriculum-based approaches are distinct from those regarding digital tools, emphasizing different dimensions of economic learning.

Table 12

Structural equation modeling (SEM) of perceptions

Path	Standardized Coefficient	P- Value
Curriculum integration → Digital tools perception	-0.4	<0.01
Familiarity → Curriculum integration	0.7	<0.01
Interest → Curriculum integration	0.6	<0.01
Familiarity → Digital tools perception	-0.3	0.02
Interest → Digital tools perception	-0.25	0.03

Table 12 shows the results of the Structural Equation Modeling (SEM) analysis, which tests the connections between hidden factors. It indicates that curriculum integration has a negative effect on Digital Tools Perception (standardized coefficient = -0.4, $p < 0.01$), meaning that a preference for traditional learning methods may lower how effective people think digital tools are. Both familiarity and interest positively predict curriculum integration (coefficients = 0.7 and 0.6, $p < 0.01$), highlighting their importance in shaping positive attitudes toward curriculum-based approaches. Conversely, familiarity and interest negatively affect digital tools' perception (coefficients = -0.3 and -0.25, $p < 0.05$), indicating that higher familiarity and interest are associated with lower perceptions of digital tools' accessibility. Overall, the findings underscore a divide between traditional and digital learning methods.

Table 13

Regression analysis with dummy variables of perceptions

Statement	Explanatory Variables	Coefficient(β)	P-Value	Adjusted R square
Integration	Familiarity (Very Familiar)	0.85	<0.01	0.4
	Interest (Yes)	0.65	<0.01	
Simplification	Familiarity (Very Familiar)	0.5	0.02	0.3
	Interest (Yes)	0.45	0.03	
Efficiency	Familiarity (Very Familiar)	-0.35	0.04	0.2
	Interest (Yes)	-0.25	0.05	

Table 13 presents a regression analysis examining how familiarity and interest influence average Likert scores for three statements: integration, simplification, and efficiency. For integration, both familiarity ($\beta = 0.85$) and interest ($\beta = 0.65$) have strong, significant positive effects ($p < 0.01$), explaining 40% of the variance (Adjusted $R^2 = 0.4$). Similarly, for simplification, familiarity and interest positively impact scores ($\beta =$

0.5 and β = 0.45, $p < 0.05$), with 30% of the variance explained. In contrast, for efficiency, both familiarity (β = -0.35) and interest (β = -0.25) show significant negative effects ($p < 0.05$), explaining 20% of the variance. Overall, familiarity and interest enhance perceptions of integration and simplification but reduce perceptions of digital tools' efficiency.

Table 14

Cluster analysis of perceptions

Cluster	Characteristic	Size (%)
Highly Supportive	High agreement for integration and simplification; Low agreement for efficiency	35%
Moderately Supportive	Moderate agreement across all statements	45%
Less Supportive	Low agreement for integration and simplification; High agreement for efficiency	20%

Table 14 demonstrates the results of cluster analysis, where respondents are grouped into three categories. Findings showed that 35 percent of respondents favor integration and simplification; however, they cast doubt on efficiency and prefer traditional methods as compared to digital tools. Similarly, 45 percent of respondents exhibit moderate agreement across all statements, indicating a neutral or balanced stance. While 20 percent of respondents prefer digital tools, they stated that digital tools are not easy for learning economic concepts.

Perception statistics from Table8 to 14 indicate a concerning skepticism about digital technology, as only 4.7% of participants regarded online resources as “very accessible” and familiarity with economics decreased digital efficiency ratings (β=-0.3, Table 9). Despite worldwide beliefs about digital technology as a primary educative tool on finance (OECD, 2020), this is consistent with Nepal’s digital divide, as rural municipalities accounted for fully 48% of all participants. Moreover, only 83% believed that economics should be taught as integrated coursework, consistent with research indicating that formalized, simplified education is effective (Fernandes et al., 2014). Additionally, as expected, SLT, emphasizing transmission through culture, as epitomized by “folk tales and personal conversation,” has been successfully applied in informal economy settings (D’Alessio, 2012).

Qualitative feedback analysis

Qualitative feedback was obtained from 128 participants (31.5% of the total sample) through open-ended questions and was conducted through thematic analysis as recommended by Braun and Clarke (2006). Three themes emerged: Relevance to experience:

1. Participant, Bagmati:
2. It shows that economic education must be based on practical examples, as explained by Fernandes et al. (2014).
3. Preference for learning through narratives: One of the responses from Lumbini was, "Saving habits have been taught through stories, why not through classroom teaching." It is based on Social Learning Theory, as proposed by Bandura and Walters (1977).
4. Doubts about digital technology accessibility, even though mobile phones are quite common, as is evident from the following statement:
5. 'Websites use English and big words—how can a farmer in Karnali understand that?'

This supports the finding from Table 8 that digital technology is considered inaccessible, especially for low- and non-literate people, as was indicated by OECD (2020). Collectively, these narratives affirm that economic literacy education in Nepal should prioritize local language, local narratives, and local pedagogy, as a means of countering technocratic or online-centric methods of economic education.

Conclusion

This study aims to improve economic literacy across diverse populations while revealing persistent challenges that must be addressed moving forward. Key issues include deep-rooted disparities in economic understanding related to gender, ethnicity, education, income, and geography, which limit equitable access to knowledge and opportunities. This study concluded that about 17 percent of respondents are very familiar and about 72 percent are somewhat familiar with basic economic/financial concepts. Similarly, findings revealed that understanding basic financial knowledge improves respondents' confidence in financial decision-making. Furthermore, financial knowledge builds confidence in personal finance management. The respondents agree that economic learning helps to understand the state of the country's economic condition and helps to compare the state of development of one's own country with that of other countries. It also helps to understand economic policies, national progress, and global economic trends. Similarly, this study concluded that personal economic literacy

positively impacts societal awareness. Familiarity with economic/financial terms, as well as an interest in learning, directly influences societal awareness. This study concludes that most respondents support the inclusion of an economics/finance course in school education, as it provides at least basic knowledge about economics/finance. However, they are not convinced about the accessibility of personal conversations and digital tools for understanding the subject in Nepal. Finally, results from qualitative feedback analysis confirm that real-life storytelling methods can be more effective for understanding the basic concepts of economics/finance.

The study's outcome has several policy implications. First, the government and nongovernment organizations (NGOs) should run financial literacy programs that can improve budgeting, saving, investment, and other financing decision skills of individuals, especially by focusing on younger people, women, and marginalized groups. Second, the financial literacy needs of special groups differ; therefore, literacy programs should be run to meet the specific demands of each group. Third, the special focus should be provided to marginalized groups. Finally, it is noted that some households prefer traditional methods for taking financial knowledge, while some prefer modern digital platforms, therefore, different learning tools and techniques should be used to get the best outcome.

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