Factors Affecting Investment Decisions of Students on Nepal Stock Exchange: Evidence from Constituent Colleges of Pokhara University

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Abstract

Background: The stock market demands raising funds for businesses and individual investors, especially with respect to flexibility and transaction efficiency. Understanding investor behavior and factors influencing investment decisions matters when current information facilitates stock market transactions. Finding knowledge gaps in investments and investigating the driving forces behind students' decisions can enhance financial literacy and guide the development of regulations.

Objectives: The study examines the behavioral and psychological factors, demographic and personal attributes, market and economic traits, and financial and quantitative variables influencing students' investment decisions in Nepal, with a specific focus on Nepal Stock Exchange.

Methods: The research has used both descriptive and causal research methods to explore factors influencing students' investment decisions in the Nepal Stock Exchange. Data was collected through a structured questionnaire from a sample of 248 students enrolled at Pokhara University constituent colleges, using convenience and purposive sampling techniques. Descriptive and inferential statistical methods were used to analyze the data, providing insights into current investment behaviors and the underlying causes of decision-making.

Results: The results have shown that financial and quantitative variables have the strongest influence on students' investment decisions. Demographic and personal attributes and market and economic variables also have a significant effect. In contrast, behavioral and psychological factors were not found to have a significant impact on investment decisions.

Conclusion: Demographic factors, financial literacy, and market knowledge significantly influence investment decisions among university students. It further suggests that particular financial education, workshops, and improved market information can enhance their skills.

Keywords: Investments, Nepal stock exchange, Pokhara University, students' behavior, share market.

Introduction

The stock market plays a critical role in mobilizing funds for companies and individual investors due to its ease of transactions and flexibility (Wagle, 2021). In the context of stock market, it is particularly important to understand investor behavior and the factors that influence investment decisions. The psychological and behavioral factors that influence stock market investments focus on how decision-making is greatly influenced by factors like financial, investment-related, and necessary goals (Karki et al., 2024). Finance theories like Modern Portfolio Theory; have generally assumed that investors behave rationally, using risk-return analysis and strategies to project future returns (Rana, 2019). However, a number of factors, such as investment time, financial knowledge, market awareness, expected returns, and individual preferences, affect investment choices (Sapkota & Chalise, 2023).

Since its establishment in 1994, the Nepal Stock Exchange (NEPSE) has undergone massive changes, both positive and negative, due to the country's unstable political and economic climate (Bhandari, 2025). It has seen its fair share of crashes and bull runs due to the Maoist insurgency, the 2006 peace accord, the 2008 global financial crisis, and various political changes. NEPSE however saw a positive shift in the COVID-19 pandemic as it caused an unprecedented increase in NEPSE by over 3200 points. More recently, NEPSE has experienced another increase due to the high volume of retail investors from improved digital trading, increased trading Mero Share accounts, and DEMAT accounts, and improved trading technology. The NEPSE has experienced fluctuations, including a significant drop from 3,200 to 1,800 between January 2020 and June 2023, when a large number of investors entered the market with insufficient knowledge of investment factors, raising questions about their financial literacy and knowledge of market dynamics (Panta, 2020). Stock markets play a major role in economic growth in developing nations, where investment decisions are influenced by psychological and other factors such as firm image, financial needs, and confidence (Pandey et al., 2020). Investment decisions in Nepal are highly influenced by variables like interest rates, dividends, and dividend growth rates (Panta, 2020).

Understanding how students understand the transactions on the NEPSE is crucial to improving financial literacy and identifying problems related to student participation in the stock market. Since students will be the future generation of investors, researching their perspectives can help to forecast market trends and develop regulations that promote involvement. Students' investing decisions are influenced by their attitudes about money, risk tolerance, and financial literacy (Shafiei et al., 2023). If students are more financially literate, they are more likely to engage in investing activities. Given the growing influence of technology and social media on financial decisions, this study supports in understanding current investment practices. By identifying the gaps in investment-related knowledge and the variables influencing students' perceptions towards the investment options, this study aimed to improve financial literacy.

This study has examined the behavioral and psychological factors, demographic and personal attributes, market and economic variables, and financial and quantitative variables that affect students' investment decisions in Nepal, specifically regarding NEPSE. This research enhances the academic discussion and provides practical strategies for financial educators, regulators, and policymakers by examining the positive and negative factors influencing students' investment behavior.

Review of Literature

Theoretical Review

The foundation of this study lies in behavioral finance, which combines insights from psychology, sociology, and economics to explain aspects that traditional financial theories overlook. Baker and Nofsinger (2010)

argue that the actions of investors are not fully explained by the classic economic models, which are based on rational decision-making.

Muradoglu and Harvey (2012) report that emotional, cognitive and social biases play large roles in market actions and in asset pricing, and that in fact we see in practice that investors do not live up to what rational expectations would play out. It is also established by Hilton (2001) and Sadi et al. (2011) that unreasonable behavior shapes investment decisions, which we see in things like market timing, asset choice, and portfolio design. Moreover, Parveen et al. (2020) note that such behavior can also do in to investment performance and that is what is of academic interest today. In contrast, the Efficient Market Hypothesis as laid out by Diaconaşu et al. (2022) and Timmermann Granger (2004) says that markets are info efficient and that all relevant info is in asset prices so that investors cannot outperform the market. However, Hilton (2001) reports that what is true is that this is so only when all players have equal info access which is a rare case in the real world in particular in emerging markets.

Hossain and Siddiqua (2024) present that traditional EMH models do not take into account factors like info irregularity, emotion in decision making and cognitive biases, which in turn distort market efficiency. This theme emphasizes how, based on these foundational theories, we have recently seen models such as the Theory of Planned Behavior, which is applied by Phan and Zhou (2014) and Salimian and Iman (2016). These models incorporate psychological constructs of state of mind, subjective standard, and perceived behavioral control that are important in investment planning, which greatly expands our understanding of investment decision making.

Invest in mind in present day theories of Heuristics (Hirshleifer, 2015) and Prospect (Kahneman & Tversky, 1979) and Mental Accounting (Thaler, 1999) put forth key ideas on how psychosocial biases play out in the field of finance. Heuristics which are in effect mental shortcuts we use to make choices do also at the same time introduce biases like herd behavior (Andersson et al., 2014) and overconfidence, while at the same time Prospect Theory puts into play that which causes investors to be risk-averse concerning profits and at the same time risk-seeking about losses. Also, we see in the case of Overreaction (De & Thaler, 1985) that emotional response to market info causes mispricing and in Regret Theory (Plous, 1993) we see how the fear of regret plays a role in decision making which in turn causes a delay in the sale of losing stocks. As a whole these theories bring out the very complex interplay of emotion, experience and cognitive bias in what we see in investment decisions, which in turn often play out in suboptimal ways.

Empirical Review

Self-image, firm image issues (for example, a desire to become wealthy quickly, brand affinity), as well as advisor recommendations (for example, from family and friends), personal financial issues (for example, return maximization and access to funds), and market information (for example, dividend news and stock trends), are all at the heart of investment behavior in Nepal (Karki, 2024; Shrestha, 2025). Across the globe, it is reported that certain aspects of investor behavior, which are psychological and attitudinal in nature, are well known. Salimian and Iman (2016), using structural equation modeling, found that perceived behavioral control, attitudes, and subjective norms significantly influenced investment plans among Iranian investors. Similarly, Phan and Zhou (2014) used the theory of planned behavior to show that attitudes, subjective norms, and perceived behavioral control significantly affected Vietnamese investors' intentions. Gilan and Abbasi (2015) identified a broad range of behavioral influences, including investor psychology, company performance, historical price trends, and the role of financial experts and customers. Kadariya (2012) focused on Nepal and emphasized the roles of capital structure, political/media influence, trend analysis, belief in luck, and financial education in investment decision-making.

Studies have also highlighted cognitive biases and heuristics in shaping financial behavior. Cao, Nguyen, and Tran (2021) found that among Vietnamese investors, heuristic and prospect factors had significant effects on decisions, with the prospect factor being the strongest. Bakar and Yi (2016), in a Malaysian context, mentioned that overconfidence, availability bias, and conservatism significantly influenced investment decisions, whereas herding had no such measurable effect. Awais et al. (2016) in Pakistan found that financial literacy and investment experience enhanced risk tolerance and informed decision-making. Farooq et al. (2015) discovered that firm-level governance and financial tools positively influenced investment decisions, while risk aversion had a negative impact. In Turkey, Islamoğlu et al. (2015) emphasized that income, peer influence, financial stability, and past investment experience were key determinants.

Other studies have taken unique approaches to explore market behavior. Sharif et al. (2015), focusing on the Bahrain Stock Exchange, identified firm-level variables such as ROE, DPS, P/E ratio, and market capitalization as significant influences on share prices. Rahman and Gan (2020), studying Generation Y, found that self-monitoring positively affected decisions, while overconfidence and anxiety negatively impacted them. Machmuddah et al. (2020) analyzed market reactions to COVID-19 and found significant changes in trading behavior. Sipangkar and Wijaya (2020) focused on P2P lending in Indonesia, highlighting trust, reputation, and security as key factors. Blankespoor et al. (2020) noted that high disclosure processing costs can cause investors to ignore valuable information. Gandhmal and Kumar (2019) reviewed predictive models such as ANN and SVM in stock forecasting. Behavioral biases and financial literacy greatly affect personal investment choices in Nepal's stock market, and this has been documented in recent empirical research within the field. Adhikari et al. (2025) indicated that among NEPSE investors, overconfidence bias is the most influential when it comes to behavioral impacts on investment decision making. On the other hand, financial knowledge, personal savings behavioral patterns, and applicable risk tolerance positively affect investment decisions (Sharma, 2025). Similar findings within the same timeframe include the impacts of herding and overconfidence on the positive side of the investment decision-making process versus loss aversion and risk perception on the negative side (Pant & Pant, 2025). Cognitive biases influence financial literacy largely, reinforcing the notion that psychological factors prominently influence investment behavior in Nepal (Dahal & Uprety, 2025). Finally, Devkota et al. (2021) and Dhungana (2013) emphasized the challenges in Nepal's capital market, citing limited financial instruments, financial illiteracy, and poor portfolio management as major barriers. Collectively, these studies underscore the significance of behavioral, demographic, and financial variables in shaping investment decisions and point to the need for local research, particularly among students in Nepal's evolving investment landscape.

Research Gap

Previous research in Nepal has looked into behavioral biases and financial literacy with respect to general investors (Adhikari et al., 2025; Dahal & Uprety, 2025; Pant & Pant, 2025; Devkota et al., 2021). However, most studies focus on current market participants and overlook university students as potential investors. In addition, research on NEPSE, integrating behavioral, demographic, market, financial variables into a single model, is almost and research on NEPSE is almost non-existent. Thus, how these factors impact investment decision-making in Nepal's growing capital market is still largely unanswered, particularly regarding students.

Conceptual Framework

Drawing from the existing literature, this study proposes the following conceptual framework to investigate the influence of various market-related factors on the investment decisions of students within the context of NEPSE.

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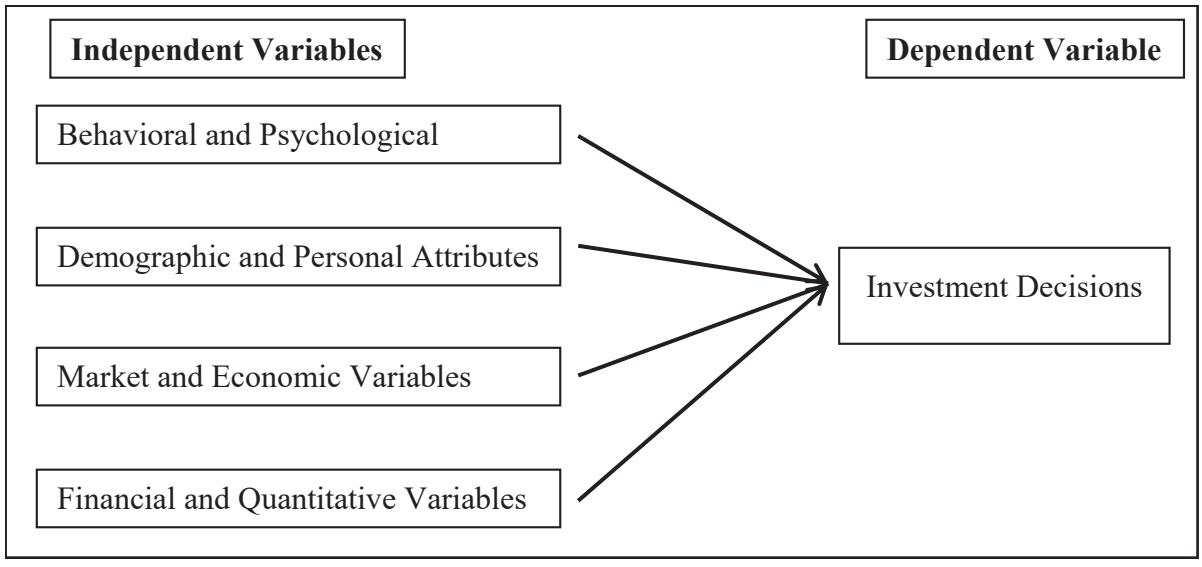
Figure 1

Schematic Diagram of Factor Influencing Investment Decision of Students on NEPSE



Source: Based on a literature review conducted by the researchers.

Methods

This study investigated the factors influencing students' decisions to invest in the Nepalese stock market, NEPSE, using both descriptive and causal research methods. Descriptive research was employed to examine students' investment behavior using questionnaire data (online and offline), while causal research was conducted to analyze the influence of psychological and market factors on their investment decisions.

It focused on a population of 2,744 students enrolled at the constituent campuses of Pokhara University, including the School of Business, School of Engineering, School of Development and Social Engineering, and the School of Health and Allied Sciences.

The variables in study were grouped in five categories. The five categories are behavioral and psychological aspects, demographic and personal characteristics, market and economic variables, financial and quantitative variables, and investment satisfaction or outcome. Variables are measured in 5-point Likert scales with demographic questions measured in categories. The questions were based on previous works and divided in such manner for content validity to be intact: behavioral and psychological aspects were from Barberis and Thaler (2003), demographic attributes were from Odean (1998), market and economic variables were from Mankiw (2016), financial and quantitative aspects were from Fama and French (1993), and investment satisfaction were from Le Luong and Thi Thu Ha (2011). Internal consistency of the questionnaire was measured using Cronbach's alpha and an alpha of 0.7098 was attained. Cronbach's alpha of 0.7098 is considered as acceptable. Further adaptation of measurement scale from previous literature provided some content validity, while factor analysis (if the researcher performed factor analysis) might provide construct validity. The presented questionnaire had reliable and valid measurement of factors affecting students' investment decision-making behavior.

The sample of 248 respondents was chosen using convenience sampling, which especially targeted students who were already involved in the purchase and sale of stocks for convenient access. Purposive sampling was also used to ensure that a variety of demographic characteristics was represented in order to increase the results' relevance. With the help of the scholar, an online (Google Forms) and an offline structured questionnaire were used to collect data. After that, the data was analyzed using both inferential statistical

techniques and descriptive statistics, like mean and standard deviation, to determine the relationships between the important variables influencing students' investment decisions.

Results and Discussion

Descriptive Statistics of Demographic Profile

Table 1 shows that the gender distribution of the respondents showed that 45.56% (n = 113) were male and 54.44% (n = 135) were female. This indicates a slight majority of female respondents in the sample.

Regarding age, the majority of respondents (64.92%, n = 161) were aged above 20 years, while 35.08% (n = 87) were 20 years old or younger. This suggests that a significant proportion of the students were older than 20, which reflects a more mature student population with more investment experience.

Table 1

Demographic Information of the Respondents

Details	Frequency(n=248)	Percentage (%)
Gender		
Male	113	45.56
Female	135	54.44
Age		
20 and Below	87	35.08
Above 20	161	64.92
College		
SOB	88	35.48
SHAS	52	20.97
SOE	55	22.18
SDSE	53	21.37
Experience on market		
Less than one year	161	64.92
One to five years	78	31.45
More than five years	9	3.63
Market Involvement		
Primary Market (IPO, FPO)	166	66.94
Secondary Market	17	6.85
Both	65	26.21
Influences for Market Involvement		
Family members (e.g., parents, siblings)	135	54.44
Friends/Peers	70	28.23
Financial advisors or professionals	8	3.23
Academic mentors or professionals	3	1.21
Social media or online communities	23	9.27
Other	9	3.63

The respondents were drawn from four constituent colleges within Pokhara University. Of the total sample, 35.48% (n = 88) were from the School of Business (SOB), 20.97% (n = 52) were from the School of Humanities and Social Sciences (SHAS), 22.18% (n = 55) were from the School of Engineering (SOE), and 21.37% (n = 53) were from the School of Development and Social Engineering (SDSE). These findings indicate that the largest group of respondents was from the SOB, which is likely attributed to the relevance of the study's focus on investment decisions for business students.

In terms of market experience, the majority of respondents (64.92%, n = 161) reported having less than one year of experience in the market. A smaller proportion (31.45%, n = 78) had between one and five years of experience, and only 3.63% (n = 9) had more than five years of experience. This indicates that most respondents were relatively new to the market, suggesting they were in the early stages of learning about and engaging in investment activities.

Regarding market involvement, the majority of respondents (66.94%, n = 166) were involved in the primary market, particularly in Initial Public Offerings (IPOs) and Follow-on Public Offerings (FPOs). A smaller proportion (26.21%, n = 65) participated in both the primary and secondary markets, while only 6.85% (n = 17) were involved fully in the secondary market. This pattern suggests that most respondents were more familiar with primary market activities, likely due to the accessibility and simplicity of investing in IPOs and FPOs. Similarly, the primary influence on students' investment decisions comes from family members, with 54.44% of respondents (n = 135) citing parents or siblings as their main source of guidance. Friends and peers are the second most common influence, stated by 28.23% (n = 70) of respondents. In contrast, formal sources like financial advisors (3.23%, n = 8) and academic mentors (1.21%, n = 3) had minimal impact. Social media and online communities were cited by 9.27% (n = 23) of respondents, highlighting a growing but still secondary role in shaping decisions.

Perception towards Factors of Investment Decision

Table 2 presents a complete analysis of respondents' perceptions across four broad categories that influence investment decisions: behavioral and psychological factors, demographic and personal attributes, market and economic variables, and financial and quantitative factors. The responses were measured on a 5-point Likert scale, and the interpretation was derived based on the mean score of each statement. The findings indicate that respondents show moderate tendencies in terms of behavioral and psychological influences on their investment decisions (M = 3.20, SD = 1.05). For example, the mean score for relying on past experiences, even if unsuccessful, was 3.13 (SD = 1.09), indicating a moderate influence. Respondents also reported moderate reliance on perception (M = 2.83, SD = 1.15) and a tendency to make thoughtless decisions after facing losses (M = 3.15, SD = 1.07). Interestingly, the highest level of agreement in this category was associated with following market trends and actions of other investors (M = 3.53, SD = 1.01), indicating a high influence of herd behavior.

Table 2

Perception towards Factors of Investment Decision

	Statements	Mean (n=248)	Std. Deviation
Behavioral and Psychological Factors	I tend to invest based on my past experiences, even when they have not been successful.	3.13	1.09
	I rely on my intuition rather than conducting detailed analysis when making investment decisions.	2.83	1.15
	When I face losses in the market, I often make impulsive decisions to recover my investments.	3.15	1.07
	I feel anxious about market volatility, which sometimes influences my investment choices.	3.34	0.95
	I often follow market trends and the actions of other investors when making decisions.	3.53	1.01

Demographic and Personal Attributes	I tend to be overly confident in my investment decisions, even when I don't have complete information.	2.57	1.1
	I believe that my ability to make investment decisions is better than most other investors.	3.14	1.01
	I often underestimate the risks involved in my investment decisions because I am confident in my ability to predict market outcomes.	3.24	1.1
	When making investment decisions, I tend to ignore or downplay information that contradicts my beliefs or assumptions.	2.94	1.09
	I am more likely to invest in a stock if I believe I have a superior understanding of the market compared to others.	3.52	1.08
Market and Economic Variables	My age and life stage significantly influence my investment choices.	3.45	1.07
	I prefer to invest in companies or sectors that align with my personal values and beliefs.	3.54	1.01
	I feel more confident in making investment decisions due to my educational background.	3.58	1.06
	The number of years I've been investing affects my comfort and approach to the stock market.	3.36	1.03
	My income level plays a major role in how much I invest and the risks I take.	3.78	1.07
Financial and Quantitative Variables	I assess financial reports and the overall performance of companies before investing.	3.57	1.03
	The expected rate of return is a key factor in my investment decisions.	3.69	0.96
	I consider a company's level of debt when deciding whether to invest in its stock.	3.43	1.02
	I often evaluate key financial ratios (such as P/E ratio) to guide my investment choices.	3.56	0.87
	I prefer stocks that show consistent financial growth and stable performance.	3.69	1.04

In terms of demographic and personal factors, the overall perception was moderate (M = 3.08, SD = 1.08). While overconfidence in the absence of complete information received a low mean score (M = 2.57, SD = 1.10), other statements reflected a more balanced level of self-assurance. Similarly, the belief in one's superior understanding of the market compared to others received a high score (M = 3.52, SD = 1.08), suggesting some respondents display overconfidence bias. Additionally, there was moderate agreement with underestimating risk (M = 3.24, SD = 1.10) and ignoring contradictory information (M = 2.94, SD = 1.09), indicating a tendency to be selectively focused in decision-making.

Respondents showed a high level of agreement (M = 3.54, SD = 1.05) towards market and economic variables influencing their investment behavior. The most influential factor was income level (M = 3.78, SD = 1.07), highlighting the importance of financial capacity in investment decisions. Educational background (M = 3.58, SD = 1.06) and personal values (M = 3.54, SD = 1.01) also received high scores, indicating that personal and socio-economic characteristics strongly shape investment strategies. A moderate level of agreement was observed for the impact of investment experience (M = 3.36, SD = 1.03), suggesting that while experience is important; other personal factors may be more influential.

The influence of financial and quantitative factors was perceived to be the strongest among all categories,

with a high overall mean score (M = 3.59, SD = 0.98). Respondents highly agreed that expected rate of return (M = 3.69, SD = 0.96) and preference for consistent financial growth (M = 3.69, SD = 1.04) significantly influence their investment decisions. They also placed strong importance on evaluating financial reports (M = 3.57, SD = 1.03), debt levels (M = 3.43, SD = 1.02), and financial ratios like P/E ratios (M = 3.56, SD = 0.87). These results reflect a rational and data-driven approach to investing, highlighting the importance of measurable financial indicators.

Perception towards Investment Decisions

Table 3 presents the analysis of respondents' perceptions towards their recent investment decisions.

Table 3

Analysis of Perception towards Investment Decisions

Statements	Mean	Std. Deviation
The return rate of my recent stock investment meets my expectation.	3.35	1.00
My rate of return is equal to or higher than the average return rate of the market.	3.36	0.97
I feel satisfied with my investment decisions in the last year (including selling, buying, choosing stocks, and deciding the stock volumes).	3.49	1.00
Total(n=248)	3.50	1.00

The results indicate moderate levels of satisfaction with returns on their investments. Respondents reported a moderate level of agreement that the return rate of their recent stock investments met their expectations (M = 3.35, SD = 1.00), and that their rate of return was equal to or higher than the average market return (M = 3.36, SD = 0.97). These results suggest that, overall, respondents feel somewhat satisfied with their investment outcomes, though not unreasonably so.

However, respondents expressed a high level of satisfaction with their investment decisions made in the past year, including decisions related to buying, selling, and stock volumes (M = 3.49, SD = 1.00). The overall average score for perceptions about investment decisions was high (M = 3.50, SD = 1.00), indicating that respondents feel relatively satisfied with their investment choices and actions over the past year, even if the return rate did not always meet their expectations.

Analysis of Perceptions towards Investment Factors

Table 4 presents the analysis of respondents' perceptions towards various factors influencing their investment decisions.

Table 4

Analysis of Perception towards Investment Decisions

Statements	Mean	Std. Deviation	Interpretation
Behavioral and Psychological Factors	3.20	0.59	Moderate
Demographic and Personal Attributes	3.08	0.64	Moderate
Market and Economic Variables	3.54	0.69	High
Financial and Quantitative Variables	3.59	0.68	High
Total(n=248)	3.35	0.65	Moderate

The results show that behavioral and psychological factors (M = 3.20, SD = 0.59) and demographic and personal attributes (M = 3.08, SD = 0.64) had a moderate influence on investment decisions. These findings

suggest that while respondents acknowledge the role of personal traits and psychological influences on their decisions, these factors do not rule their investment strategies. In contrast, market and economic variables (M = 3.54, SD = 0.69) and financial and quantitative variables (M = 3.59, SD = 0.68) were rated high, indicating that respondents place greater importance on market conditions and financial data when making investment decisions. The overall average score across all factors was moderate (M = 3.35, SD = 0.65), reflecting a balanced approach to decision-making, with more weight given to financial and economic factors than to psychological and demographic influences.

Relationship between Behavioral Factors and Investment Decision

Table 5 presents the correlation matrix showing the relationships between various factors behavioral and psychological factors (BPF), demographic and personal attributes (DPA), market and economic variables (MEV), and financial and quantitative variables (FQV) and investment decisions (ID).

Table 5

Relationship between Factors and Investment Decision

	ID	BPF	DPA	MEV	FQV
ID	1				
BPF	0.270**	1			
DPA	0.285**	0.455**	1		
MEV	0.421**	0.278**	0.184**	1	
FQV	0.424**	0.256**	0.128*	0.631**	1

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

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

(Where, ID= Investment Decision, BPF=Behavioral and Psychological Factors, DPA= Demographic and Personal Attributes, MEV= Market and Economic Variables, FQV= Financial and Quantitative Variables)

The results indicate several significant positive correlations. Specifically, investment decision (ID) is positively correlated with BPF ($r = 0.270$, $p < 0.01$), DPA ($r = 0.285$, $p < 0.01$), MEV ($r = 0.421$, $p < 0.01$), and FQV ($r = 0.424$, $p < 0.01$), suggesting that higher values of these factors are associated with a greater likelihood of making an investment decision.

Additionally, the table shows significant correlations among the independent variables. BPF and DPA are moderately correlated ($r = 0.455$, $p < 0.01$), while MEV and FQV show the highest correlation ($r = 0.631$, $p < 0.01$). These correlations indicate that various factors related to individual behavior, demographics, market conditions, and financial knowledge are interrelated. Notably, DPA and MEV also show significant correlations ($r = 0.184$, $p < 0.05$), further emphasizing the complex relationships between these factors and investment decisions.

Influence of Factors on Investment Decision

Table 6 presents the results of a multiple regression analysis examining the influence of various factors, Behavioral and Psychological Factors (BPF), Demographic and Personal Attributes (DPA), Market and Economic Variables (MEV), and Financial and Quantitative Variables (FQV) on investment decisions. The dependent variable in the analysis is Investment Decision.

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Table 6

Influence of Factors on Investment Decision

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.605	0.315		1.922	0.056		
BPF	0.082	0.083	0.063	0.983	0.327	0.744	1.344
DPA	0.223	0.075	0.186	2.996	0.003	0.788	1.269
MEV	0.233	0.080	0.211	2.928	0.004	0.584	1.711
FQV	0.283	0.081	0.251	3.519	0.001	0.594	1.682

R^2= 0.262, F (4,243) =21.844, p<0.001)

Dependent Variable Investment Decision

(Where, BPF =Behavioral and Psychological Factors, DPA = Demographic and Personal Attributes, MEV = Market and Economic Variables, FQV = Financial and Quantitative Variables)

The R^2 value is 0.262, indicating that approximately 26.2% of the variation in investment decisions is explained by the four independent variables. The F value of 21.844 with a significance level of $p < 0.001$ suggests that the overall regression model is statistically significant. The collinearity statistics show that all variables have tolerance values above 0.5 and VIF values below 2, indicating that multicollinearity is not a concern in the regression model.

Among the predictors, DPA (B = 0.223, β = 0.186, t = 2.996, p = 0.003), MEV (B = 0.233, β = 0.211, t = 2.928, p = 0.004), and FQV (B = 0.283, β = 0.251, t = 3.519, p = 0.001) were found to significantly influence investment decisions. These variables have positive and significant relationships with investment decisions, meaning that as these factors increase, so does the possibility of making an investment decision. However, BPF (B = 0.082, β = 0.063, t = 0.983, p = 0.327) did not show a significant influence on investment decisions. The regression equation was derived from the table of coefficients, specifically the unstandardized coefficients (B values). The equation is as follows:

$$ID = 0.605 + 0.082 \times BPF + 0.223 \times DPA + 0.233 \times MEV + 0.283 \times FQV$$

Where,

BPF =Behavioral and Psychological Factors,

DPA = Demographic and Personal Attributes,

MEV = Market and Economic Variables,

FQV = Financial and Quantitative Variables

The regression analysis reveals that demographic and personal attributes, market and economic variables, and financial and quantitative variables significantly influence investment decisions. This explains that a one-unit increase in DPA results in a 0.223 unit increase in investment decisions, while MEV leads to a 0.233 unit increase, and FQV has the largest effect, with a 0.283-unit increase in investment decisions. However, Behavioral and Psychological Factors (BPF) do not significantly affect investment decisions. The model explains 26.2% of the variation in investment decisions, indicating that although these variables play a significant role, other unmeasured factors may also contribute to the decision-making process.

Results of Hypotheses Assumptions

Table 7 presents the results of the hypothesis testing for the factors influencing students' investment decisions.

Table 7

Results of Hypotheses Assumptions

Hypotheses	Statement	p-value	Decision
H1	There is a significant impact of Behavioral and Psychological factors on investment decisions.	0.327	Not-supported
H2	There is a significant impact of Demographic and Personal Attributes on investment decisions.	0.003	Supported
H3	There is a significant impact of Market and Economic Variables on investment decisions.	0.004	Supported
H4	There is a significant impact of Financial and Quantitative Variables on investment decisions.	0.001	Supported

In this study, five hypotheses were tested regarding the factors influencing students' investment decisions. H1, which explored the impact of Behavioral and Psychological Factors (BPF), was rejected due to a lack of statistical significance ($p = 0.327$). However, H2 (Demographic and Personal Attributes), H3 (Market and Economic Variables), H4 (Financial and Quantitative Variables). Overall, the findings indicate that while BPF does not significantly affect investment decisions, the other factors and their combined effect play a crucial role in shaping students' investment behaviors.

The findings clearly highlights the significant influence of market variables on investment decisions among university students, with psychological factors, such as herding behavior, having a reduced impact. This aligns with findings by Keswani and Kaur (2019) and Pokharel (2020), who found that market factors outweigh social influences. Similarly, Alqureen et al. (2019) and Kengatharan and Kengatharan (2014) noted that investors prioritize market data over psychological biases like herding. This is reflected in the regression analysis, which identifies market variables, such as price trends and market information, as key drivers of investment decisions. Heuristic biases like past experiences and trend analysis were also noted to influence decision-making, aligning with Tversky and Kahneman's (1974) findings that these biases simplify decisions but remain secondary to market factors. Demographic analysis revealed significant differences in investment decisions based on gender or age, rejecting Jain and Mandot (2012) view that demographic factors do not heavily impact investment behavior. As a result, market-driven factors dominate investment decisions, while psychological factors such as herding and risk perception play a lower role. This supports the Efficient Market Hypothesis (Fama, 1970) and aligns with Bikhchandani and Sharma's (1992) view that herding requires more than just social influence. Similarly, the study also suggests that university students have a higher tolerance for risk, consistent with Kahneman and Tversky's (1979) findings on prospect theory.

Conclusion and Recommendations

This study has measured the factors influencing the investment decisions of university students, particularly those from Pokhara University, with a focus on the NEPSE. It determines that while behavioral and psychological factors had a limited impact on investment decisions, demographic attributes, financial literacy, and market knowledge were more influential. Additionally, students' investment decisions varied significantly across different academic faculties, with those in fields related to economics and business showing higher financial literacy and greater engagement in investment activities. Overall, the study highlights the importance of demographic factors and financial knowledge in shaping students' investment behaviors, suggesting that enhancing financial education and access to investment resources can significantly improve investment participation and decision-making among youth. For investors with less investment knowledge, offering workshops on financial literacy and market behavior could bridge the knowledge gap. Policymakers should

ensure market-related information is accessible and transparent across disciplines. Fostering cross-faculty collaborations and offering targeted resources and workshops can create a holistic approach to investment decisions. Financial institutions and universities should collaborate to provide tailored resources and workshops.

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