Digital Financial Literacy and Its Impact on Financial Behavior among Nepalese Youth

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Abstract

Digital financial literacy empowers Nepalese youth by enhancing and improving digital knowledge, experience, awareness, and skills, ultimately improving their overall financial behavior. The main purpose of this study was to assess the impact of digital financial literacy dimensions on the financial behavior of the Nepalese youth. The study applied a correlational research design. A non-probablity sampling was used to select a total of 403 Nepalese youth. Data were collected by using a five-point Likert-scale survey questionnaire. The cross-sectional data were analyzed using IBM SPSS 20 and Smart-PLS 4.0. This study employed different statistical methods for data assessment, including reliability analysis, descriptive statistics, correlation analysis, and structural equation modeling (SEM). SEM path analysis was applied to test the hypotheses. The study found that digital knowledge, experience, awareness, and skill significantly impact the financial behavior of the Nepalese youth. Thus, the findings indicated that Nepalese youth who possess greater digital knowledge, exhibit positive financial behavior and have strong digital awareness are more inclined to make well-informed and advantageous financial decisions. However, the findings also indicate that digital awareness and digital skill do not influence the financial behavior of the Nepalese youth. This study could potentially contribute to academic discourse on behavioral finance and digital financial literacy, offering empirical evidence tailored to the Nepalese context. Future research can broaden their scope by examining additional variables such as personality traits, emotional intelligence, behavioral biases, and their relationships among the Nepalese youth.

Keywords: Digital Financial Literacy, Digital Knowledge, Digital Awareness, Digital Experience, Digital Skill, Financial Behavior, Nepalese Youth

Introduction

The digital economy's fast changes have made financial literacy a basic skill for handling finances worldwide (Koskelainen et al., 2023). Digital financial literacy builds on basic money management skills to let people use mobile banking apps e-wallets and internet investment tools effectively (Shehadeh et al., 2025). Research shows that people who understand digital technology handle their money better and choose digital payment options that improve their financial state (Seldal & Nyhus, 2022)Sweden and Singapore lead by adding digital financial education to their national programs to help young people make better financial choices (Klapper & Lusardi, 2020).

Snellinger (2018) explored that the Nepalese Youth Policy is intended to empower the youth between the ages of 16 and 40 through ensuring that the youth are actively involved in the national development. It is concentrated on education, employment, health, leadership, and entrepreneurship. The policy promotes inclusive opportunities, particularly among marginalized youth, and skills development, civic engagement, and innovation. It aims at establishing youth friendly environment by inter-sectoral coordination and sustainable programs. On the whole, the policy envisages the youth as the main drivers of change towards equitable, prosperous and inclusive national development.

Young people in Nepal adopt digital technology at a faster pace every day. Digital payment platforms eSewa and Khalti see strong growth because they let users' access financial services online like never before. According to Furnell et al. (2008) lack of digital financial knowledge creates major obstacles because people don't understand cyber security threats or financial tools plus digital user practices. In a 2022 report by the Nepal Rastra Bank it indicates that although there is growth in digital transactions there is still a lot of people who are not aware of safe digital financial practices (Global College International et al., 2024). In our study, we aim at identifying the impacts of digital financial literacy on financial behaviors of young Nepalese who have a good command of technology and who are active in the economy.

The Studies in financial behavior show how personal money management affects both personal finance and overall economic growth (She et al., 2022)financial attitude and locus of control. People base their saving, spending, investing, borrowing, and budgeting decision on their personal values as well as their socio-economic status and natural inclinations to avoid loss and believe too strongly in their abilities (Di Maggio & Lo Verde, 2023). The knowledge of these aspects allows us to build effective strategies that improve financial choices and mindsets.

Alexandra et al. (2023) explored that global research shows digital financial literacy supports better access to finance along with better choices and stronger defense against financial crimes. Digital financial education programs in India and Indonesia show that teaching people about online money matters helps more people join the economy and

protect them from financial risks (Maji & Laha, 2023). Research about how digital financial literacy affects financial behavior remains poorly studied across Nepal.

The study has been explored how Nepalese youth respond to digital financial literacy through their financial activities. Through global research and local implementation, this research showed policymakers, teachers, and bankers' effective ways to boost digital financial literacy in Nepal. The results of present research help to create customized educational materials and teach effective money management while serving Nepal's economic development plans. The research has shown that young people need digital financial education to become responsible financial citizens in today's digital economy.

Digital financial services have been quickly changed to how conducts business especially among young people of Nepal. Digital financial platform use remains unequal because people across Nepal show different levels of knowledge about digital finance. When peoples have lack a clear understanding of digital money tools they make bad choices about money including poor ways to save, spend and invest. Digital finance lacks widespread use because of this disparity which limits its potential to empower people economically. Thus, this research is important to enhance and change the financial behavior of the Nepalese youth generation through digital financial literacy.

Therefore, the disparity can be seen through the absence of systematic digital financial education programs, lack of research context, and policy alignment in Nepal, as opposed to the situation in the world where digital financial literacy is already institutionalized and universally researched. To eliminate this gap, Nepal needs to create customized digital financial education, incorporate it into youth and financial policy, and perform empirical research, which links digital financial literacy to behavioral and economic outcomes.

The overall aim of the research is to examine digital financial literacy and how it affects the financial behavior of the Nepalese youth generation. In order to accomplish this goal, the research targets a number of objectives. First, it aims to determine the effect of digital knowledge on financial behavior. Second, it is going to explore how digital experience impacts financial behavior. Third, the paper aims to examine the influence of digital awareness on financial behavior. Lastly, it discusses how digital skills influence financial behavior. All these goals offer a holistic approach to the conceptualization of the various aspects of digital financial literacy and its effects on the financial behavior of the youth in Nepal.

Based on the mentioned objectives, the research questions have been developed to direct the process of inquiry in this study. The former question investigates the influence of digital knowledge on financial behavior. The second examines the impact of digital experience on financial behavior. The third question tries to comprehend the influence of digital awareness on the financial behavior,

and the fourth question explores the influence of digital skills on the financial behavior. The following research questions are aimed at delivering a systematic and objective study of the correlation between digital financial literacy and the financial behavior of Nepalese youth.

The study is meaningful because it sheds light on how digital financial literacy affects the financial behavior of the Nepalese young that is fast embracing digital technologies. Whereas such services as eSewa and Khalti provide more opportunities to use financial services, a lack of understanding of safe practices and cyber-security makes it difficult. The study offers policymakers, educators, and financial institutions an insight into the ways of digital financial literacy affecting saving, spending, and investment behaviors. The findings are relevant to the broader youth empowerment and economic development agenda of Nepal by enhancing financial literacy skills by teaching how to manage money, developing financial inclusion, and training youth on how to become accountable financial citizens in the digital economy.

Literature Review

Digital financial literacy refers to the capability of managing money with the help of digital tools (Lyons & Kass-Hanna, 2021). It consists of four important components: digital knowledge, digital experiences, digital awareness, and digital skills. Digital knowledge refers to the knowledge of online financial services such as mobile banking, digital wallets and online payments (Sheila Pinasti et al., 2022). Digital experiences are increasing as individuals use such tools frequently and gain confidence and the capability of managing digital transactions (Koskelainen et al., 2023) . Digital awareness is the process of being aware of online risks such as scams and frauds to ensure that users are safe as they handle their finances (Amos Abidemi Ogunola et al., 2024) Digital skills include the right and safe usage of these tools, including online payments, money transfer, and personal information security (Zervas et al., 2024). All these factors combined can assist people in better managing their financial behavior and keeping them safe in the digital age.

Frimpong et al. (2022) explored that digital knowledge describes the comprehension and ability to explore and use digital technology, tools, and resources to make financial decisions. It includes the capacity to access, analyze, generate, and share financial information utilizing digital platforms and devices. Digital knowledge significantly influenced to the financial behavior of youth generation by enhancing financial literacy and decision-making (Mancone et al., 2024). With access to online resources, individuals can learn regarding budgeting, investing, and debt management (Jumady et al., 2024). They can lead to smart financial decision maker. Fintech apps such as budgeting tools, digital wallets, and AI-based advisors will help users monitor their expenditures, manage savings, and prevent fraud (Ashta & Herrmann, 2021) Nevertheless, false information may cause dangerous investment (Agarwal et al., 2024). The informed digital users can use automation,

crypto-currencies, and online banking to grow financially, and the uninformed can lose. Therefore, enhancing digital financial literacy is the major way to ensure responsible financial behavior in the growing digital economy.

Digital experiences are exchanges, engagements, and total encounters through digital platforms to implement financial services (Shaikh et al., 2020). They cover users' holistic experiences with digital technologies such as websites, Smartphone apps, and social media platforms. Digital experiences positively influences financial behavior (Sikarwar, 2019). Websites and programs that are easy to use aid in better money management. Financial decisions are made more quickly and intelligently thanks to features like online banking, budgeting tools, and real-time expenditure notifications (Moustati et al., 2024). Users are more willing to invest, save, and manage their spending when they have faith in the digital platform. Confidence in managing funds is increased by a clear layout and useful information. However, a bad digital experience might result in annoyance and bad financial decisions. All things considered, a seamless digital experience promotes better money management practices and more involvement with personal finances.

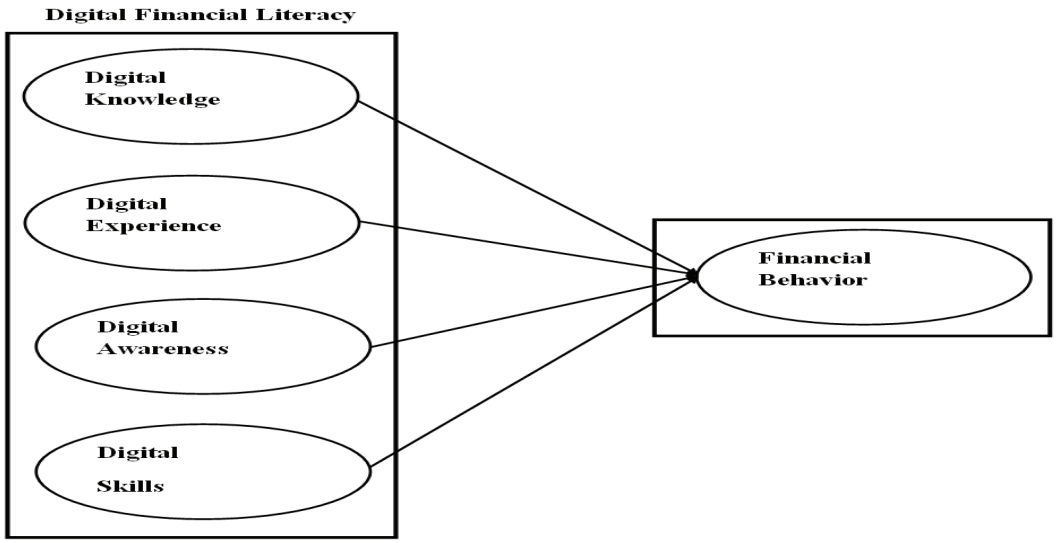
Digital awareness refers to the knowledge, sense, and familiarity of an individual with the financial digital world, its technology, risks, opportunities, and impact on many aspects of life (Galinec & Luić, 2020; Badrudin et al., 2025). It includes knowing about digital tools, resources, and platforms and being aware of the effects and challenges of financial digital technology. Digital awareness is the knowledge of operating digital technologies such as online banking, payment application, and financial websites (Serdarušić et al., 2024). It assists individuals in making wiser financial decisions. By understanding how to monitor your bank balance through the internet or an app to monitor expenditure, you can control money better. Digital awareness also helps to learn how to identify scams and how to safeguard your personal data (Bhardwaj et al., 2021). This minimizes the chances of loss of money to fraud. In brief, digital awareness makes you save more, spend smart and be safe online. With an increasing number of financial services being conducted online, digital literacy is emerging as a determinant to positive financial practices.

Digital skills are those abilities that one needs in order to utilize the financial digital technology, tools, and resources (Stofkova et al., 2022). They span a very wide range of skills that enable individuals to explore, engage, create, and solve problems in the digital world of finance (Sousa & Wilks, 2018). The digital expertise plays a significant role in the construction of financial behavior in the contemporary world. Individuals who possess high levels of digital competencies find it easy to access online banking, mobile-friendly applications to make payments, and budgeting tools. This assists them in monitoring their expenditure, save money as well as come up with improved financial choices. They are also able to access the information related to money and do product comparisons online, which gives rise to smarter decisions (Koskelainen

et al., 2023). Digital skills are a plus to positive or better financial behavior and financial-wellbeing, given that more and more financial services are getting online (Kumar et al., 2023). This is to say in a simple manner that good digital abilities will result into good grasp of money.

Hira (2012) revealed that individuals should understand and manage their financial behavior to attain financial stability, security, and long-term financial goals. It entails building strategies for making educated financial decisions and adopting sustainable financial habits to successfully manage resources and accomplish targeted financial results. Personal ideas, attitudes, values, social and economic situations, and cultural conventions all have an influence on financial behavior (Csorba, 2020). Financial behavior refers to how people manage their money in daily life. It includes actions like saving, spending, budgeting, and investing. Good financial behavior means making smart choices, such as saving regularly, avoiding unnecessary debt, and planning for future needs (Mitra & De, 2025). Poor financial behavior can lead to problems like overspending and debt. Financial behavior is influenced by knowledge, habits, emotions, and attitudes toward money. Improving financial behavior helps people achieve financial goals and increase financial wellbeing (Faturohman et al., 2024). Learning about money management and practicing self-control can lead to better financial decisions and a more secure financial future.

Conceptual Framework and Hypothesis Formulation



Source: Modified from Lone and Bhat (2024)

A hypothesis is a specific, testable statement of what the researcher thinks the study's outcome will be (Scheel et al., 2021). The following hypotheses are as follows.

H_1: Digital knowledge positively affects financial behavior.

Digital knowledge is the capability of individuals to comprehend and implement notions that concern online banking, e-wallets, and other online financial services. Shafiee et al. (2023) state that knowledge improves financial decision-making capacity because it allows individuals to compare alternatives and eliminate errors. Financial behavior is becoming more and more dependent on the ability of a person to process online financial information in the digital world. Previous research indicates that individuals who have higher digital knowledge tend to be more responsible in their financial behaviors like saving, budgeting, and implementing secure online payment systems (Abdallah et al., 2025). Thus, digital knowledge will have a positive impact on financial behavior.

H_2: Financial behavior is positively affected by digital experience.

The familiarity and confidence with digital platforms, like mobile banking applications, digital wallets, and online investment services, increase the financial performance. In the Unified Theory of Acceptance and Use of Technology (UTAUT), Venkatesh et al. (2012) emphasize that the user experience enhances the perceived ease of use and trust in technology. The empirical evidence also indicates that digital experience reinforces financial decision-making as it allows people to embrace convenient, transparent, and efficient financial practices (Moustati et al., 2024). Therefore, an increase in the degree of digital experience would tend to instill positive financial behavior.

H_3: Digital awareness positively affects financial behavior.

The knowledge of digital financial services, such as knowing of benefits, risks, and availability, is crucial in behavior formation. According to the Technology Awareness (Alkhwaldi et al., 2024)the authors developed a new research model based on the extended unified theory of acceptance and use of technology (UTAUT2, helps to decrease uncertainty and create trust in digital services. Practically, conscious consumers are more inclined to use digital tools in a responsible manner and prevent unscrupulous and dangerous activities (Qadri et al., 2025)The previous studies also indicate that the increased awareness of digital finance facilitates improved financial planning, savings, and investments (Liu & Ju, 2025). Therefore, digital awareness will have a positive impact on financial behavior.

H_4: Digital skills positively affect financial behavior.

Digital skills such as technical skills in using applications, managing accounts, and securing transactions are critical in being able to interact with the contemporary financial systems. The European Commission (2018) underlines digital skills as one of the fundamental competencies of financial

inclusion in the digital economy. People who possess good digital skills find it easier to navigate the online space, compare options, and train secure online payments, resulting in healthier financial behaviors (OECD, 2021). Empirical research also shows that responsible financial behaviors, including budgeting and spending sprees, are exhibited by skillful users (Agyeiwaah & Bangwayo-Skeete, 2022). Thus, it can be expected that digital skills will positively influence financial behavior.

Methodology

Research methodology identifies ways in which research issues are resolved decisively via a systematic process (Ahamad & Mishra, 2024) . Describing different research designs, indicating the rationale of survey data collection, and procedures for data analysis in order to establish the quantifiable measurements on aspects of Nepalese youth generations' financial behavior has been done. The researcher used positivist philosophy in the present research. Because it relies on quantifiable data, hypothesis testing, and statistical analysis to establish cause and effect relationships, it ensures unbiased, reliable, and generalizable findings for academic rigor. Moreover, this research evaluated empirical data using a deductive approach and tested hypotheses derived from previous studies. The deductive methodology is frequently linked to quantitative research, which depends on data collection and statistical techniques for hypothesis testing and validation. The research design adopted for this study is descriptive and causal-comparative. Because the quantitative method is appropriate for answering research questions that include identifying the variables impacting outcomes, testing hypotheses, assessing treatments, or identifying result predictors.

This study was conducted in Nepal, with a specific focus on the Nepalese youth population. Nepal is experiencing a rapid digital transformation, particularly in the financial sector, where mobile banking, digital wallets, and online payment systems have become increasingly popular. However, despite the growing penetration of digital financial services, financial literacy levels, especially digital financial literacy, remain relatively low compared to global standards (Koskelainen et al., 2023) .This makes Nepal a suitable context to examine how digital financial literacy components digital knowledge, experience, awareness, and skills affect financial behavior.

The target population of this study was the Nepalese youth, defined as individuals aged 18 to 35 years. This age group has been chosen because youths are the most active adopters of digital platforms, including social media, e-commerce, and fintech applications (ILO, 2021). They are also at a critical life stage where they begin engaging in independent financial decisions such as savings, investments, and consumption.

The sample in this study is selected using a non-probability sampling method. Structured survey questionnaire has been used to collect the primary data. This method provides in-depth insights into the impact of digital financial literacy on financial behavior of Nepalese youth, facilitating a meaningful and focused analysis of the study's subject

matter. The population size is undefined. So, the researcher takes 403 Nepalese youth generation by using Cochron's 1997 formula.

Data Analysis Techniques

The researcher uses IBM SPSS version 25 and smart PLS 4.1.1.2 software in coding, editing, transcription, refinement, and interpretation of data. In this respect, the questionnaire survey method was used, which has been widely applied in social science research due to its efficiency and the level of privacy in collecting information within the shortest time possible.

Results

Socio-demographic statistics

This study tries to analyze socio-demographic characteristics of entrepreneurs in Dang district of the Western part of Nepal.

Table 1

Socio-demographic statistics

Respondent profile	Indicators	Number	Percentage
Gender Status	Female	170	42.0
	Male	233	58.0
Marital Status	Married	311	77.0
	Single	92	23.0
Monthly Income	Below 25,000	52	13.0
	25,000-50,000	261	64.7
	50,001-100,000	56	13.9
	Above 100,000	34	8.4
Sectors	Agriculture	143	35.4
	Industry	94	23.3
	Trading	114	28.3
	Service	52	13.0

Source: Field survey, 2025

The table 1 shows demographic data with categories, gender status, marital status, monthly income, and sectors, each showing frequency and percent. The table of demographic profile shows that gender, 58% are male and 42% female. The majority of respondents (77%) are married, while 23 % are single. Regarding monthly income, most participants (64.7%) earn between 25,000 and 50,000. Similarly, entrepreneurs mostly involved in agriculture sectors (34.5%) and low involved in service sector (13%). This indicates a relatively male, married, moderately earning, and agriculture-oriented youth provided information regarding determinants of financial wellbeing.

Descriptive statistics

This study tries to analyze descriptive statistics of 25 items of five constructs; Digital knowledge (DK), Digital experience (DE), Digital awareness (DA), Digital skill (DS) and financial behavior (FB).

Table 2

Descriptive statistics

Items	N	Mean	Std. Deviation	Items	N	Mean	Std. Deviation
DK1	403	4.35	0.610	DA4	403	4.11	0.913
DK2	403	4.26	0.641	DA5	403	4.11	0.872
DK3	403	4.10	0.805	DS1	403	3.75	0.952
DK4	403	4.26	0.701	DS2	403	3.77	0.920
DK5	403	4.19	0.796	DS3	403	3.83	1.000
DE1	403	4.28	0.661	DS4	403	4.08	0.784
DE2	403	4.32	0.705	DS5	403	4.22	0.753
DE3	403	4.31	0.599	FB1	403	4.16	0.815
DE4	403	4.21	0.661	FB2	403	3.98	0.985
DE5	403	4.30	0.707	FB3	403	4.04	0.894
DA1	403	4.22	0.788	FB4	403	4.19	0.750
DA2	403	4.15	0.789	FB5	403	4.28	0.688
DA3	403	4.23	0.684				

Source: Field survey, 2025

The table 2 showed that the descriptive statistics for 25 items (labeled DK1 to FB5) based on responses from 403 Nepalese youth generation. Each item was measured on a 5 point likert scale questionnaire. The average scores (mean) of most items have above 4 (Except DS1, DS2, DS3) indicating generally positive responses. Digital knowledge (DK) items range between 4.35 and 4.10, Digital experience (DE) between 4.32 and 4.21, and Digital awareness (DA) between 4.23 and 4.11. Digital skill (DS) has slightly lower means, between 4.22 and 3.73. Financial behavior (FB) scores range between 4.28 and 3.98. Standard deviations have below 1 for most items, suggesting that responses are fairly consistent. Overall, the data reflect strong agreement and low variability among the Nepalese youth.

4.3 Measurement model

The present researcher has been analyzed data regarding measurement model like Factor loading, cronbach alpha, composite reliability, and average variance explained.

Table 3

Measurement model

Variables	Items	Loading	Cronbach's alpha	CR	AVE
Digital Awareness	DA1	0.795	0.813	0.877	0.64
	DA2	0.790			
	DA3	0.802			
	DA4	0.811			
Digital Experience	DE1	0.684	0.669	0.818	0.602
	DE2	0.796			
	DE3	0.840			
Digital Knowledge	DK1	0.730	0.714	0.838	0.633
	DK2	0.806			
	DK3	0.846			
Digital Skill	DS1	0.892	0.857	0.913	0.778
	DS2	0.870			
	DS3	0.884			
Financial Behavior	FB1	0.796	0.798	0.869	0.625
	FB2	0.843			
	FB3	0.815			
	FB4	0.702			

Source: Field survey, 2025

The table 3 showed that factor loading value and AVE of all constructs are greater than 0.6, which indicates strong construct validity (Cheung et al., 2024)Similarly, the value of cronbach's alpha (CA) is greater than 0.6 and the value of CR is greater than 0.8, which indicates high reliability (Pallant, 2001).

Heterotrait – Monotrait ratio (HTMT) Result

Table 4

Heterotrait – Monotrait ratio (HTMT) Result

	DA	DE	DK	DS	FB
DA					
DE	0.648				
DK	0.327	0.500			

	DA	DE	DK	DS	FB
DS	0.416	0.342	0.171		
FB	0.810	0.612	0.229	0.490	

Sources: Field survey, 2025

Table 4 showed that HTMT ratio results, generally accepted criterion of HTMT is < 0.90, specifically in an exploratory study, and a more conservative criterion of < 0.85 is applied to more conservative evaluations (Hair et al., 2021; Sarstedt et al., 2020). According to this threshold, all values fulfill the criterion of HTMT < 0.90, which means that discriminant validity is sufficiently demonstrated.

Fornell and Lacker Criteria Result

Table 5

Fornell and Lacker Crateria Result

	DA	DE	DK	DS	FB
DA	0.800				
DE	0.486	0.776			
DK	0.250	0.353	0.796		
DS	0.346	0.263	0.134	0.882	
FB	0.658	0.451	0.177	0.408	0.791

Source: Field survey, 2025

The table 5 showed that FLC results, where diagonal values represent the square root of AVE for each construct, while the off-diagonal values represent inter construct correlations. The Fornell-Larcker matrix allows us to compare the square roots of these AVE with their correlations. According to the Fornell-Larcker criterion and AVE values, the model has sufficient discriminant validity, implying that constructs are different and measure different concepts as intended (Hair et al., 2021).

Table 6

Model fit test

	Saturated model	Estimated model
SRMR	0.067	0.067

Source: Field survey, 2025

The table 6 showed that model fit test result. According to Hair et al. (2019)probit, logit and multinomial logit models, SRMR value below 0.12 indicates a good fit. In this study, the SRMR value for the model is 0.067, which is well below the recommended threshold. This means the model of data fit in well.

Model fit test

Structural model

A structural model is a framework that shows how different variables (factors) in research are connected. The researcher has tested Multicollinearity test, Hypothesis testing, Path analysis, R-square, F-square and Q-square in a structural model.

Multicollinearity test

Table 7

Multicollinearity test

Item	VIF	Item	VIF
DA1	1.571	DK5	1.423
DA2	1.697	DS1	2.328
DA4	1.705	DS2	1.971
DA5	1.760	DS3	2.212
DE1	1.245	FB1	1.779
DE2	1.321	FB2	1.874
DE5	1.497	FB3	1.782
DK3	1.339	FB5	1.333
DK4	1.446		

Source: Field survey, 2025

The table 7 shows multicollinearity test. Value of VIF for each criteria is 3.3 (Vishnoi et al., 2024; Hair et al., 2023). The VIF value of each item has been less than criteria. This indicates there is no multicollinearity problem.

Hypothesis Testing

Table 8: Hypothesis testing

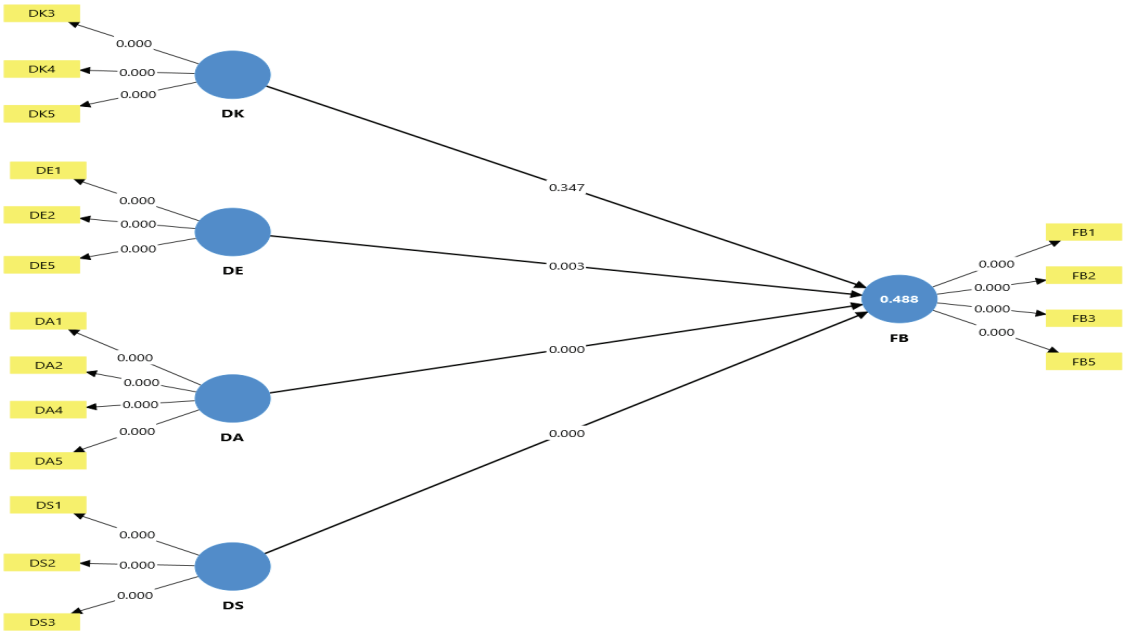
Paths	Beta	S.D	T Value	P value	Confidence interval		Decision
					2.50%	97.50%	
DA -> FB -H1	0.525	0.050	10.598	0.000	0.421	0.615	Accepted
DE -> FB -H2	0.158	0.053	2.991	0.003	0.056	0.264	Accepted
DK -> FB -H3	-0.036	0.038	0.940	0.347	-0.112	0.036	Rejected
DS -> FB -H4	0.190	0.047	4.019	0.000	0.100	0.286	Accepted

The table 8 showed results of hypothesis testing. The analysis of digital financial literacy and its impact on financial behavior on Nepalese youth generation has produced significant results. P value should be less than alpha value 0.05 to support null hypothesis (Biau et al., 2010). Hypothesis 1 (H1) found that digital awareness is positively linked to financial behavior (0.000), suggesting that more digital awareness of the Nepalese youth generation may improve financial behavior more. Hypothesis 2 (H2) showed that digital experience improve the financial behavior (0.003). Hypothesis 3 (H3) revealed that financial knowledge significantly improves financial behavior (0.347) and Hypothesis 4 (H4) explored the significant relationship between digital skill and financial behavior (0.000).

Path analysis

Figure 2

Path analysis



Source: Field survey, 2025

The figure 2 showed the path analysis. The parts of yellow are the items of all constructs whose values are 0.000. That means there is a significant relationship between all items and constructs. The blue colors are part of all constructs. The R- square value of financial behavior, which is a dependent variable, is 0.488. This means the financial behavior is explained by 48.8% to digital knowledge, digital experience, digital awareness and digital skills variables.

F square

Table 9

F square

	Beta
DA -> FB	0.380
DE -> FB	0.034
DK -> FB	0.002
DS -> FB	0.061

Source: Field survey, 2025

The table 9 showed that the value of f-square, effect size that measures the impact of each predictor or independent on the dependent variable (FB). Here, DA (0.380) has a large effect on FB, while DE (0.034), DK (0.002), and DS (0.061) have small effects on FB. Higher f-square values indicate greater influence, suggesting DA is the strongest predictor of FB.

Discussion and Conclusion

This study investigated how digital financial literacy factors, digital knowledge, digital experience, digital awareness, and digital skills influence the financial behavior of Nepalese youth. The findings revealed that digital knowledge does not significantly improve financial behavior, suggesting that only knowing about digital finance is not enough to drive better financial behavior. However, digital experience, digital awareness, and digital skills have a positive impact on financial behavior, meaning that practical exposure, understanding risks and benefits, and the ability to use digital tools effectively lead to better financial behavior.

These results highlight the importance of hands-on learning and skill development over theoretical knowledge in promoting responsible financial behavior. Policymakers and educators should focus on practical training, real-world applications, and awareness campaigns to enhance digital financial literacy among youth. By strengthening these areas, Nepal can empower its younger generation to make smarter financial decisions in an increasingly digital economy. Future research could explore additional factors, such as cultural influences or access to technology, to further understand financial behavior in digital contexts.

Implications

The findings of this study carry several practical implications for policymakers, financial institutions, educators, and youth themselves. First, the study highlights the importance of digital financial literacy as a driver of responsible financial behavior. Policymakers can use these insights to design targeted programs that integrate digital financial education into school and university curricula, ensuring that young people develop the necessary knowledge, awareness, and skills to navigate digital finance effectively. Second, financial institutions can utilize the results to enhance customer engagement by simplifying digital platforms and providing user-friendly tutorials, thereby improving customer experience and promoting positive financial behavior. Digital service providers may also develop innovative training modules and awareness campaigns tailored to the needs of youth, helping reduce digital risks such as fraud and misuse. Finally, for the youth population, the study underscores the need to continuously upgrade digital knowledge, awareness, and skills to make informed financial decisions. By fostering responsible digital financial practices among young people, Nepal can move closer toward inclusive financial development and greater economic resilience in the digital age.

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