Financial Literacy and Its Influencing Factors Among Students in Lalitpur

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Abstract: This study examines the level of financial literacy among college students in Lalitpur Metropolitan City and investigates how financial behavior, financial influence, and financial attitude impact their financial literacy. Drawing on Human Capital Theory and Financial Socialization Theory, the research employs a quantitative approach using survey data from 250 undergraduate and graduate students selected through snowball sampling. Data was collected via structured questionnaires and analyzed using descriptive statistics and multiple regression. The results indicate that while students exhibit high knowledge of banking services, their understanding of insurance, credit, and general financial concepts is relatively low. Financial behavior was found to significantly influence financial literacy, whereas financial attitude and financial influence did not have a statistically significant impact. The findings emphasize the importance of practical financial behaviors over attitudinal and social factors in shaping financial knowledge and suggest the need for targeted educational interventions to improve financial capability among Nepalese youth.
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1. Introduction

Financial literacy has emerged as a vital component of modern life as individuals are increasingly required to make informed financial decisions across various domains, including savings, budgeting, investment, credit use, and insurance. The concept encompasses a combination of financial awareness, knowledge, skills, attitudes, and behaviors necessary to make sound financial choices and achieve financial well-being (OECD/INFE, 2017). Financial literacy can be defined as a person's ability to handle and understand financial terms and transactions (Remund, 2010). It consists of two components: knowledge and behavioral elements, where individuals apply their knowledge and skills learned through school, experience, and study to practice their financial decisions (NRB's FLF, 2022). With growing economic complexity, individuals who lack adequate financial knowledge are at a disadvantage in managing their personal finances effectively. In the context of developing economies like Nepal, this issue is particularly pronounced among the youth,

especially college students, who are often transitioning into financial independence without sufficient formal education in personal finance.

Everyone must have the capacity to understand how money functions, how to manage it to earn and invest, or how to donate it to benefit others (Finra, 2013). Financial literacy helps people with the information, abilities, and resources they need to manage their money wisely, demand improved financial services, and make educated financial decisions with confidence (Ali, 2013). Financial decision-making is encouraged by greater financial literacy and competence, which enables better planning and management of life events like education, home ownership, or retirement. Students in higher education will find this to be more relevant (Mahdzan & Tabiani, 2013).

The increasing need for financial literacy is underscored by global evidence. Lusardi and Mitchell (2011) found that financial illiteracy is widespread even in advanced economies and has significant implications for savings, debt management, and retirement planning. In developing contexts, the situation is even more critical due to lower financial inclusion, limited access to formal education on financial topics, and inadequate support mechanisms. Justine et al. (2013) argue that financial education is crucial in empowering individuals to make informed decisions that can mitigate risks and enhance economic outcomes. However, these global findings cannot be uniformly applied to all contexts, highlighting the need for localized studies that capture unique social, cultural, and educational environments, such as that of Nepal.

In Nepal, efforts to enhance financial literacy have been initiated by organizations such as Nepal Rastra Bank (NRB), which introduced the Financial Literacy Framework (NRB, 2022). Despite such policy-level interventions, empirical research on the effectiveness of these efforts and the actual level of financial literacy among youth remains limited. Thapa and Nepal (2015) conducted one of the earliest studies focusing on financial literacy among Nepalese students and concluded that while awareness of banking services was relatively high, knowledge of credit, insurance, and investment tools remained low. However, their study was primarily descriptive and did not incorporate personality and demographic variables that could provide a more comprehensive understanding of financial behaviors.

Further, most existing Nepalese studies take a fragmented approach, often isolating demographic or educational factors without accounting for the interplay between individual characteristics and external influences. For instance, Manandhar (2018) investigated the financial literacy of MBA students in Nepal and found that academic background contributed positively to financial knowledge. However, the study lacked consideration of behavioral and attitudinal dimensions. Similarly, Pandey and Bhandari (2022) explored financial literacy among students in Siddharthanagar but focused mainly on descriptive statistics, limiting the analytical scope of their research.

International literature offers insights into how financial literacy can be influenced by various factors. Mireku et al. (2023), in a study involving over 3,000 Ghanaian

university students, found that financial literacy significantly impacts financial behavior. However, the study did not explore how these behaviors are shaped by contextual factors such as cultural norms or socioeconomic status. Kumari (2020), examining undergraduate students in Sri Lanka, demonstrated that financial literacy influenced investment decisions, but again, the study's scope was restricted to a single domain of financial decision-making. These studies underscore the need for multidimensional frameworks that can capture the full spectrum of factors affecting financial literacy.

To bridge this gap, this study draws on Human Capital Theory and Financial Socialization Theory. Human Capital Theory, as articulated by Schultz (1961) and Becker (1964), posits that individuals acquire economic value through education, skills, and experience. In the context of financial literacy, education enhances one's capacity to understand and engage with financial systems. The theory supports the inclusion of educational characteristics—such as level, stream, and institution type—in analyzing financial literacy. It implies that higher education levels should correlate with greater financial knowledge and more responsible financial behavior.

Complementing this is Financial Socialization Theory, which explains how individuals develop financial attitudes, behaviors, and norms through socialization agents such as parents, peers, teachers, and media (Shim et al., 2010). This theory is particularly relevant to young people whose financial behaviors are often shaped not only by formal education but also by informal learning environments. For example, Amanah et al. (2016) found that financial socialization through parents and peers significantly influenced personal financial management behaviors among university students. By integrating this theory, the present study includes personality traits such as financial behavior, financial influence, and financial attitude as key determinants of financial literacy.

Moreover, the interrelationship between demographic, educational, and personality traits has rarely been explored in an integrated framework in the Nepalese context. Studies like those by Ligori et al. (2019) in Bhutan and Sreeja & Sreeraj (2019) in India have adopted holistic approaches, combining multiple variables to provide a fuller picture of student financial literacy. These approaches reveal that demographic traits (e.g., age, gender, income level), educational background (type, stream, level), and psychological or personality characteristics jointly shape financial knowledge and behavior. Adopting a similar multidimensional approach in Nepal could offer more robust insights into the underlying factors influencing student financial literacy.

Despite growing interest in the topic, literature also reveals gaps and contradictions. While some studies, such as those by Ansong and Gyensare (2012), suggest that gender significantly influences financial literacy—with male students often outperforming females—others, like Mustapha and Jeyaram (2015), find no such relationship. Likewise, while employment status has been linked to financial capability in some studies (e.g., Liu & Zhang, 2021), this relationship is not

consistently supported across contexts. These discrepancies highlight the importance of conducting context-specific research to validate or challenge existing assumptions.

Given these theoretical and empirical gaps, this study aims to examine the financial literacy of college students in Lalitpur Metropolitan City, Nepal. Specifically, it explores how financial literacy is shaped by a combination of demographic characteristics (e.g., gender, age, income), educational background (e.g., stream, level, institution type), and personality traits (e.g., behavior, influence, attitude). By grounding the analysis in Human Capital Theory and Financial Socialization Theory, this research not only provides empirical data but also contributes to theory-building in the field of financial literacy.

In doing so, the study addresses several critical questions: What is the current level of financial literacy among college students in Lalitpur? How do financial behavior, financial influence and financial attitude affect financial literacy? Most importantly, how can these insights inform policy and educational interventions to enhance financial capability among Nepalese youth?

The general objective of the study is to examine the status of financial literacy among college students in Lalitpur Metropolitan city. Also, the specific objective of the study is to evaluate the effects of financial behavior, the financial influence and financial attitude on financial literacy.

2. Methodology

2.1 Research Design

This study adopted a quantitative research design using descriptive and inferential analysis to examine the financial literacy levels among college students and explore the influence of demographic, educational, and personality-related variables.

2.2 Population and Sample

The target population of the study includes all undergraduate and graduate-level students enrolled in management and non-management faculties within the colleges located in Lalitpur Metropolitan City, Nepal.

According to the Ministry of Education and Tribhuvan University's affiliated college list, there are approximately 30 colleges in the Lalitpur Metropolitan area offering bachelor's and master's degrees. The population of students enrolled in these programs is estimated to be around 8,000–10,000. A sample size of 250 students was selected for this study. According to Krejcie and Morgan (1970), for a population of 8,000–10,000, a sample of around 250–260 is considered statistically adequate at a 95% confidence level and 5% margin of error.

2.3 Sampling Technique

The study employed the snowball sampling method, a non-probability technique, due to the absence of a publicly available, complete sampling frame of students across all colleges. To address this, the initial respondents were selected from colleges where

the researcher had institutional access or referrals, and those respondents helped identify and refer additional participants.

2.4 Questionnaire Design and Development

A structured questionnaire was developed to collect data, consisting of both close-ended and Likert scale-based questions. While the format and some items were adopted from existing validated instruments (e.g., Mendes, 2013; Thapa & Nepal, 2015; OECD, 2019), the questionnaire was extensively modified and contextualized for Nepalese students based on:
- Pre-testing with 20 students to check clarity and relevance
- Expert review by two faculty members of management and economics
- Alignment with Human Capital Theory and Financial Socialization Theory to ensure theoretical grounding

2.5 Selection of Variables and Theoretical Justification

The variables were selected based on the Human Capital Theory (Schultz, 1961; Becker, 1964), which links education and skills to better decision-making, and the Financial Socialization Theory (Shim et al., 2010), which highlights the role of family, peers, and media in shaping financial behavior.

Variable Type	Variables	Theoretical Justification
Dependent	Financial Literacy (Knowledge)	Human Capital Theory: Education enhances financial capacity
Independent (Personality)	Financial Behavior, Financial Influence, Financial Attitude	Financial Socialization Theory: Learned behavior through agents like parents/media

2.7 Operational Definition and Measurement of Variables

Variable	Operational Definition	Measurement Tool	Source
Financial Literacy	Ability to understand basic financial concepts	Score on objective test (banking, insurance, credit)	Mendes (2013), OECD (2019)
Financial Behavior	Habitual actions related to money management	Likert scale (1–5), 8 items (budgeting, saving, etc.)	Mendes (2013); adapted
Financial Attitude	Beliefs and feelings toward financial responsibility	Likert scale (1–5), 6 items	Amanah et al. (2016); adapted
Financial Influence	External sources influencing financial decisions	Likert scale (1–5), parents, peers, media	Shim et al. (2010); adapted
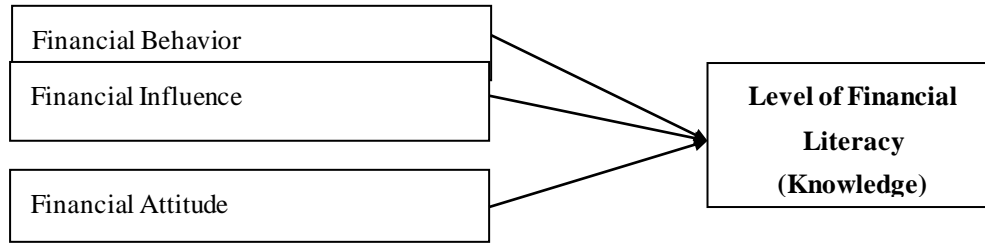
Figure 1: Conceptual Framework

Sources: Thapa and Nepal (2015), Financial Literacy of Students, NRB Review

Based on the conceptual framework, the following statistical regression equation has been developed:

$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_i$

   Where,

   $\hat{Y}$ = financial literacy (dependent variable)

   α = constant

   X_1 = financial behavior

   X_2 = financial influence

   X_3 = financial attitude

   $\beta_1, \beta_2, \beta_3$ = Regression coefficients for the respective independent variables

   e_i = Error term

3. Result and Discussion
3.1 Financial Knowledge

Table 1

Frequency and Percentage of Components for Financial Knowledge

Concepts	Frequency	Percent
Banking	217	86.8
Insurance	95	38
Credit	125	50
General knowledge	102	40.8

Source: Field Survey, 2023

Table 1 shows that 86.8% of respondents correctly answered questions about bank regulation, indicating a high level of banking knowledge. However, only 38% (insurance), 50% (credit), and 40.8% (general knowledge) knew the answers to insurance questions. This suggests that students have high knowledge about the banking sector but low knowledge about insurance. The low percentage in insurance suggests a potential area for targeted financial education.

3.2 Financial Behavior

Table 2

Frequency and Percentage of Financial Behavior

Financial Behavior	Frequency	Percent
Get pocket money from parents		
Yes	127	50.8
No	123	49.2
Having bank account		
Yes	40	16
No	210	84
Use online banking services		
No	66	26.4
I have, but I don't use it	26	10.4
Yes, and I use it with mobile phone only	128	51.2
Yes, and I use it with a computer mobile phone	30	12
Having debit card		
Yes	154	61.6
No	96	38.4
Propose for using debit (or ATM) card		
For getting cash from an ATM and for buying things directly.	103	41.2
For getting cash from an ATM only.	70	28
I don't have a debit card	77	30.8
Spending habit		
Always	54	21.6
Frequently	59	23.6
Sometimes	119	47.6
Seldom	1	0.4
Never	17	6.8
Use of saving		
Spending it on consumer gools	24	9.6
Deposit it into bank account	100	40
Invest it in the capital market	24	9.6
Keep it in cash	43	17.2
Invest in our own business	19	7.6
Others	40	16
Use of additional income		
Purchasing of household goods	30	12
Saving for meeting contingency	44	17.6
Reply earlier debts	23	9.2
Investment in own business	50	20
Buy shares	54	21.6
Others	49	19.6

Source: Field Survey, 2023

Table 2 reveals that parents of college students distribute equal amounts of money, with 50.80% receiving pocket money and 49.20% not. Most students do not have bank accounts, and most use their parents' bank accounts. Most students use debit cards for cash withdrawals and purchases. Most students spend money on consumer goods, with 40% depositing their income into bank accounts, 9.60% investing in the capital market, 17.20% keeping in cash, 7.60% investing in their own business, and 16% using others. Most students prioritize buying shares, with the highest priority given to buying shares. Access to banking technology is limited, indicating financial literacy among students.

Table 3

Mean Score of Financial Behavior

Items	1	2	3	4	5	Mean score
I budget and track my spending	51	39	65	55	40	2.98
I contribute to a bank saving account for regularly	48	48	55	52	47	3.01
I compare price when shopping for purchases	22	21	47	68	92	3.75
I have a life insurance policy	125	22	26	18	59	2.46
I invest in the shares under IPO	83	21	36	37	73	2.98
I read to increase financial Knowledge	36	22	60	68	64	3.41
I maintain adequate financial records	48	40	63	55	44	3.03
I spend less than income	47	24	55	48	76	3.33

Source: Field Survey, 2023

Table 3 analyzed college students' financial behavior. The mean score for budgeting and tracking spending was neutral, with a score of 2.98. Students who regularly save money in the bank had an average grade of 3.01. They were somewhat true about shopping for goods, with a score of 3.75. The mean scores for purchasing life insurance, investing in IPOs, gaining financial literacy, maintaining financial records, and spending less than income were also neutral. The research suggests that all college students are financially literate on a basic level, but the lowest mean score was for life insurance coverage, suggesting a lack of knowledge about insurance.

3.3 Financial Influence

Table 4

Mean Score of Financial Influence by Factors

Factors	1	2	3	4	5	Mean score
Parents	12	19	33	46	140	4.13
Friends	27	48	67	64	44	3.20
Teachers	33	33	66	63	55	3.30
Books	23	32	69	62	64	3.45
Media	33	42	62	62	51	3.22
Job	43	20	47	51	89	3.49
Life experiences	14	15	36	45	140	4.13
Internet	30	23	61	53	83	3.54

Source: Field Survey, 2023

Table 4 shows the mean score about the financial influence on college students. Parents influence, books, job, life experience, and internet each had a mean score of 4.13, 3.45, 3.49, 4.13, and 3.54 respectively. Since these were close to 4, it suggests that these variables affect how people learn about money. According to the mean score, friends, teachers, and the media had respective scores of 3.2, 3.3, and 3.22. These were close to a 3, which denotes neutrality. Because most people nowadays do not desire to maintain close friendships, the factors relating to students have low mean scores.

Table 5

Mean Score of Financial Influence by Decision

Discuss matters with parents / guardians / relatives	1	2	3	4	Mean scores
Your spending decisions	68	71	43	68	2.44
Your savings decisions	79	69	58	44	2.27
The family budget	53	82	57	58	2.48
Money for things you want to buy	73	69	52	56	2.36
Never related to economics or finance	98	78	41	33	2.04

Source: Field Survey, 2023

Table 5 shows the mean score of college students' financial influence. Spending decisions, saving decisions, family budgets, purchases of goods, and financial or

economic decisions unrelated to them all had respective mean scores of 2.44, 2.27, 2.48, 2.36, and 2.04 points. Family budget discussions come in at close to a 3 rate, which indicate that respondents' parents are spoken to once or twice a week. Once or twice a month is another rate that was close to 2. As a result, very few college students and their parents had conversations on topics unrelated to economics or finance. This response indicates that they were financially literate, because they make decisions before taking any actions that involve spending money.

3.4 Financial Attitude

Table 6

Mean Score of Financial Attitude Items

Items	1	2	3	4	5	Mean score
I feel in control of my financial situation	43	32	63	58	54	3.19
I feel capable of using my future income to achieve my financial goals	14	36	68	62	70	3.55
I worry to manage my finance	26	33	71	61	59	3.38
I am uncertain about where my money is spent	47	32	71	59	41	3.06
I feel capable of handling my financial future (e.g. buying insurance)	33	31	76	40	70	3.33
I am afraid of loan	35	34	52	42	87	3.45
I give importance to saving money from my monthly income	16	20	52	48	114	3.90
I enjoy talking to my peers about money related issues (i.e. taxes)	39	34	76	46	55	3.18

Source: Field Survey, 2023

Table 6 shows the financial attitudes of college students. The average college student's attitude towards managing their financial situation was neutral, with mean scores of 3.19, 3.38, 3.06, 3.33, 3.45, and 3.18 respectively. They were close to 3, meaning they were neutral. The mean scores for using future income to fulfill financial goals and saving money from monthly income were 3.55 and 3.90, respectively, which were close to 4, indicating they sometimes were true. College students placed more importance on achieving financial objectives and regular savings from income, but less on being unsure of where their money went. It is crucial for individuals to be aware of their money's location and handling to prevent future financial crises.

Table 7

Mean Score of Financial Attitude Confident Level

Confident in doing things	1	2	3	4	5	Mean score
Making a money transfer (e.g. paying a bill)	35	27	74	66	48	3.26
Filling in forms at the bank	12	38	72	76	52	3.47
Understanding bank statements	14	34	82	67	53	3.44
Keeping track of my account balance	17	25	78	65	65	3.54
Planning my spending with consideration of my current financial situation	20	36	80	63	51	3.36

Source: Field Survey, 2023

In Table 7, financial attitudes of college students were analyzed. The mean scores indicated confidence levels in sending money, completing bank forms, understanding bank statements, and keeping track of account balance. The confidence level in budgeting spending was neutral, with a mean score of 3.26. Most students were literate in keeping track of their account balance, but a lower mean score for making money transfers, such as paying bills, suggests a lack of necessary literacy skills or confidence. The study suggests that colleges should include financial literacy skills in their courses to help reduce this situation. The confidence level in sending money was neutral, with a mean score of 3.26. The ability to understand bank statements was also neutral, with a mean score of 3.44.

3.5 Regression Analysis

Table 8

Model Summary for Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.236a	0.055	0.044	1.195

Source: IBM SPSS Software, Appendix-IV

According to Table 8, it shows that the coefficient determination of R Square is 0.055. It indicates that financial behavior, financial influence and financial attitude had contributed up to 5.5 % towards financial literacy among college students in Lalitpur Metropolitan city. On the other hand, 94.5 % (100-5.5) identify as the elastic factors that were uncontrollable. The regression model yielded an R² value of 0.055, indicating that personality traits (behavior, attitude, influence) collectively explained 5.5% of the variance in financial literacy. Although modest, this finding highlights the psychological dimension in financial decision-making.

Table 9

ANOVA Analysis for Regression Analysis

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.646	3	6.882	4.815	0.003
Residual	351.578	246	1.429		
Total	372.224	249			
Dependent Variable: Financial Literacy					
Predictors: (constant), Financial Behavior, Financial Influence and Financial Attitude					

Source: IBM SPSS Software, Appendix-IV

Based on Table 9, the F value (4.815) was significant at the level of 0.003 (p <0.05). Hence, the overall regression model for financial behavior, financial influence and financial attitude was working properly in explaining the difference in financial literacy among college students of Lalitpur Metropolitan city. The regression model was statistically significant (F = 4.815, p < 0.05), confirming that the selected independent variables meaningfully predict financial literacy levels.

Table 10

Regression Coefficients

Model	Unstandardized Coefficients Beta	Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	0.862	0.391		2.205	0.028
Financial Behavior	0.03	0.011	0.182	2.638	0.009
Financial Influence	0.009	0.013	0.051	0.692	0.49
Financial Attitude	0.011	0.015	0.054	0.718	0.474
Dependent variable: Financial Literacy					

Source: IBM SPSS Software, Appendix-IV

In Table 10, the formula to identify the beta value of standardized coefficients was stated and shows how each of the independent variables (Financial Behavior, Financial Influence, and Financial Attitude) had an impact on the dependent variable (Financial Literacy). From the coefficients Table 10, financial behavior had a significant positive relationship towards financial literacy among college students (p=0.009, t=2.638, β=0.182). If financial behavior increases by one unit, it will eventually increase the financial literacy among college students by 0.182. However, financial influence did not have a positive relationship towards the financial literacy among college students even if the correlation was positive. The data were p=0.49,

t=0.692, β=0.051. Furthermore, financial attitude also did not have a positive relationship towards the financial literacy among college students. The data were p=0.474, t=0.718, β=0.054. If financial attitude increases by one unit, it will decrease the financial literacy among college students by 0.054. This study is also rejected because there is higher p-value (i.e. p > 0.05).

Financial influence and attitude did not have significant effects. This suggests that actual behaviors, rather than perceived attitudes or influences, are more closely linked to financial knowledge among students.

First, in terms of financial knowledge, the results show that students possess relatively high awareness of banking-related concepts (86.8%), but considerably lower understanding of insurance (38%), credit (50%), and general financial knowledge (40.8%). This disparity can be attributed to the higher visibility and accessibility of banking services, particularly in urban areas like Lalitpur, due to expanded outreach by commercial banks and financial literacy campaigns by Nepal Rastra Bank. However, insurance and credit products remain underutilized and misunderstood, possibly due to complex terms, limited inclusion in educational curricula, and lack of tailored awareness programs for youth. These findings are consistent with Thapa and Nepal (2015), who noted a gap between banking awareness and broader financial literacy components among Nepalese students.

In examining financial behavior, results show that while 61.6% of respondents possess a debit card, only 16% have a bank account in their own name. A large portion continues to rely on parental bank accounts, indicating limited financial independence. Moreover, while 40% deposit income into bank accounts, others either spend it on consumer goods or keep it in cash. This suggests that students practice basic saving behaviors but lack structured or long-term financial planning strategies. The use of online banking via mobile phones (51.2%) shows a shift toward digital tools, reflecting increased smartphone penetration, yet low usage via computers and the overall low rate of account ownership point to infrastructural and motivational barriers. This behavior suggests an emerging yet incomplete transition toward formal financial inclusion.

The mean scores for specific financial behaviors, such as budgeting (2.98), saving regularly (3.01), and spending less than income (3.33), show that students maintain a neutral stance—neither fully active nor inactive. Notably, the lowest score was for having a life insurance policy (2.46), which reflects both limited awareness and the cultural perception in Nepal where insurance is often seen as unnecessary for young individuals. In contrast, the relatively higher score for comparing prices before purchases (3.75) indicates rational consumer behavior, perhaps influenced by rising costs and the need for financial discipline due to economic uncertainty. These findings echo similar patterns observed by Manandhar (2018), though that study focused on MBA students who are likely to exhibit slightly higher literacy.

Regarding financial influence, students reported that parents and life experiences had the strongest effect on their financial learning (both with a mean of 4.13). This highlights the dominant role of informal sources, consistent with Financial Socialization Theory. However, contradictory to the theoretical assumption that media and peers significantly shape youth behavior, the study found only neutral influence from friends (3.20), teachers (3.30), and media (3.22).

In the Nepalese context, such contradictions may stem from limited school-based financial education and low trust in peer financial advice. Despite the high perceived influence of parents, the actual frequency of discussing financial matters such as savings (2.27), budgeting (2.48), or spending decisions (2.44) was low. This contradiction could be cultural—many Nepali families do not involve children in financial discussions due to hierarchical norms, resulting in passive rather than participatory learning.

In terms of financial attitude, students generally demonstrated moderately positive perspectives. They expressed confidence in using future income to achieve goals (3.55) and gave importance to saving money (3.90), reflecting aspirational financial thinking. However, their uncertainty about where their money is spent (3.06) and their worry in managing finances (3.38) point to a gap between intention and actual capability. Confidence in handling day-to-day financial tasks—like understanding bank statements (3.44) and planning spending (3.36)—was average, further supporting the notion that attitudes may not always translate into competent behavior. These findings partially align with Yahaya et al. (2019), who found positive financial attitudes among students but noted that behavior lagged due to a lack of experiential learning opportunities.

The regression analysis provides further insight. The model was statistically significant ($F = 4.815$, $p < 0.05$), though it explained only 5.5% of the variation in financial literacy, indicating the presence of other unexplored factors. Among the predictors, only financial behavior had a significant and positive effect on financial literacy ($\beta = 0.182$, $p = 0.009$). This confirms that actual financial practices have a stronger and more direct link with financial knowledge than perceived influence or attitude. Both financial attitude and financial influence were found to be statistically insignificant ($p > 0.05$), contradicting theoretical expectations. This suggests that students may hold favorable attitudes or be influenced by external agents, but unless those are reinforced through practice, they do not contribute meaningfully to financial literacy. This contradiction, particularly in the context of Nepal, may be due to limited integration of practical financial tasks in both family and educational environments. Students are not given enough responsibility or real-life financial challenges, which limits the translation of knowledge and influence into practical literacy.

In summary, the study finds consistency with previous literature in terms of banking awareness and the role of financial behavior, while it identifies contradictions in the roles of influence and attitude. These inconsistencies can be explained by the contextual factors specific to Nepal—limited curriculum integration, passive family socialization, low exposure to diverse financial instruments, and cultural tendencies to shield youth from financial responsibilities.

4. Conclusion

This study concludes that college students in Lalitpur Metropolitan City possess moderate levels of financial literacy, with strengths in basic banking knowledge but significant weaknesses in areas such as insurance, credit, and long-term planning. Financial behavior emerged as the most significant predictor of financial literacy, highlighting the importance of practical engagement with financial tools and responsibilities. In contrast, financial attitude and financial influence, while conceptually relevant, did not significantly impact financial literacy, suggesting a disconnect between beliefs, social learning, and real-world application in the Nepalese context.

These findings suggest that improving financial literacy requires more than just raising awareness or changing attitudes. Educational institutions should incorporate hands-on financial activities—such as budgeting simulations, investment games, and real banking tasks—into the curriculum. Similarly, families should be encouraged to involve their children in household financial decisions to strengthen early financial socialization. Given the modest explanatory power of personality traits alone, future research should consider additional factors such as socio-economic background, access to financial services, exposure to digital tools, and institutional support. Addressing these gaps will be crucial for building a financially capable generation ready to navigate the complexities of personal finance in Nepal's evolving economy.

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