



Determinants of Stock Market Participation among Youth in Bagmati Province: An Empirical Analysis of the Nepal Stock Exchange (NEPSE)

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Abstract

This study explores the factors influencing stock market participation among youth in Bagmati Province, Nepal, with an emphasis on financial literacy, social influence, economic goals, FinTech accessibility, and risk perception. Utilising a quantitative design with a structured questionnaire distributed to one hundred fifty-seven (N = 157) young investors selected through convenience sampling, the research employed descriptive statistics, Spearman's rank-order correlation, and multiple regression analysis via IBM SPSS and Microsoft Excel.

Results indicate the regression model accounts for 94% of the variance in stock market participation ($R^2 = 0.940$), showcasing strong explanatory power. Financial literacy and knowledge were identified as the sole statistically significant predictor of stock market participation ($\beta = 0.964$, $p < 0.001$), confirmed by a high positive correlation ($\rho = 0.975$, $p < 0.001$). While economic and financial goals, FinTech accessibility, and risk perception showed positive bivariate relationships, their multivariate effects were not statistically significant, suggesting that financial literacy mediates these relationships. Conversely, social influence and herding behavior did not significantly impact participation.

The findings indicate that informed investment decisions are predominantly influenced by financial knowledge, rather than peer influence or technological factors. This research highlights financial literacy as a crucial factor in youth engagement within Nepal's capital market, emphasising its mediating role among various behavioral and economic influences on investment participation.

The study offers important implications for policymakers, financial educators, regulators, and institutions focused on enhancing youth engagement through targeted financial education and investment awareness initiatives. Future research is encouraged to validate the proposed mediation framework with larger, more representative samples.

Keywords: *economic and financial goals, financial literacy and knowledge, fintech accessibility, NEPSE, risk perception, social influence and herding behavior, stock market participation*

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Introduction

The stock market represents the legal and formal institutional mechanism for trading financial securities of various publicly listed companies within a country's financial system. It facilitates the exchange of financial securities between the buyers and sellers. The stock market is considered significant to economic development because it provides a platform for companies to raise capital and for savers to invest their savings (Dietz et al., 2003). The primary stock market is the initial platform for trading stocks, facilitated by issuing investment or merchant bankers. Companies seeking funds acquire capital from public investors through initial public offerings (IPOs) and/or further public offerings (FPOs) in the primary market. The secondary market, on the other hand, is a platform where investors trade previously issued securities through a stock exchange. Ranjit (2021) stated that these shares must be listed on the country's stock exchange, such as Nepal's Nepal Stock Exchange (NEPSE) (Ranjit, 2021). Understanding stock market dynamics and how individual investors participate is crucial for promoting greater involvement in the stock market and the nation's economy. Bihari (2022) stated that Nepal's stock market, led by the Nepal Stock Exchange (NEPSE), has grown over time. However, a significant challenge is the low awareness and participation among youth investors.

Various factors, including financial literacy, education, social interactions, and access to reliable information, influence youths' participation in the stock market. Vohra (2023) identified intermediaries, regulatory measures, technology, and investment instruments as key factors shaping investor experiences. Similarly, higher stock market awareness leads to more rational investment behaviour, underscoring the need for educational initiatives to improve investor decision-making (Noch & Rumasukun, 2024; Lerner, Li, Valdesolo & Kassam, 2015). Baihaqqy and Sari (2020) further emphasised the link among financial literacy, education, and stock market participation, advocating targeted educational efforts. Senda, Rahayu, and

Rahmawati (2020) highlighted that age, income, and investment experience significantly influence stock market participation. Karmacharya (2023) highlighted the importance of fundamental and technical analyses, education programs, and social influences in enhancing investor participation, particularly in the Nepalese context. Therefore, the study examines the factors driving stock market participation among youths in Bagmati Province, Nepal, identifying five principal factors: financial literacy and knowledge, social influence and herding behavior, economic and financial goals, fintech accessibility, and risk perception.

Literature Review and Hypothesis

Factors Driving Stock Market Participation

Financial Literacy and Knowledge

Financial literacy and knowledge represent an investor's understanding of financial services and financial management. They involve both an understanding of basic financial concepts and the ability and discipline to apply that knowledge to make wise personal and financial decisions (Thapa & KC, 2020). Level of financial literacy and knowledge, and effective financial decisions are positively correlated. Subedi (2023) found that financial literacy and knowledge significantly improved stock market investment decisions in Nepal and offered the competency to read, comprehend, and assess financial decisions. Similarly, Shrestha et al. (2024) emphasised that investor awareness is crucial for making prudent investment choices and ensuring the effective functioning of capital markets. Financial literacy and knowledge empower investors to evaluate financial information and make well-informed decisions regarding their personal finances. The higher a person's level of financial literacy and knowledge, the better their investment decisions, and vice versa. Based on this literature, the following hypothesis was formulated (Noch & Rumasukun, 2024)..

H1: *There is a significant impact of Financial Literacy and Knowledge on Stock Market Participation among Youths in Nepal.*

Social Influence and Herding Behavior

Social influence refers to the impact of societal norms, peer pressure, family perceptions, and the ways society shapes people's decision-making. Similarly, herding behaviour is observed among traders who follow market trends or the actions of prominent traders without conducting their own analysis. Investors' risk-taking and investment decisions, as discussed with co-workers, are influenced by those of other market participants on the stock exchange (Khan, Tan & Chong, 2017). Investors' choices are increasingly influenced by social interactions, peer pressure, and digital platforms, marking a significant shift from traditional decision-making paradigms (Khadka & Chapagain, 2023; Ahmad & Shah, 2020). Based on this literature, the following hypothesis was formed.

H2: *There is a significant impact of Social Influence and Herding Behaviour on Stock Market Participation among Youths in Nepal.*

Economic and Financial Goals

Setting economic and financial goals is crucial for long-term financial stability, and stock market investing is a primary vehicle for wealth creation and for beating inflation. Economic and financial goals, a significant psychological construct, play a key role in shaping an individual's decision-making style across different phases of life and in personal financial behavior (Farrell, Fry, & Risse, 2016). These goals differ from person to person (Dietz, Carrozza & Ritchey, 2003). Effective investing requires balancing risk tolerance with goals and using diversified portfolios to enhance returns. Key goals include retirement planning, purchasing a home, and capital appreciation. Based on this literature, the following hypothesis was formed.

H3: *There is a significant impact of Economic and Financial Goals on Stock Market Participation among Youths in Nepal.*

FinTech Accessibility

Financial technology represents a revolutionary shift in how financial services are delivered and consumed. It encompasses a broad range of innovations that leverage technology to enhance

and streamline financial processes, from banking and investment to insurance and payments. The rise of fintech has transformed the financial landscape by making financial services more accessible, efficient, and inclusive. Financial technology has not only changed the way investors access information but also improved trading efficiency, reduced trading costs, and further increased stock market volatility (Zhao, 2024). It has revolutionised stock market investment by democratising access and lowering entry barriers to nearly zero through fractional shares, commission-free trading, and mobile-first platforms.

Technologies like AI, robo-advisors, and user-friendly apps enable automated investing, real-time data access, and micro-investing, allowing retail investors to start with minimal capital. The use of mobile devices has become widespread and continues to increase dramatically (Upreti, 2026). A large number of mobile phone users have access to the internet at lower prices than users of personal computers, whose high startup costs stem from the high cost of personal computers. Based on this literature, the following hypothesis was formed. FinTech enhances market efficiency by enabling investors to access real-time financial information and act quickly (Zhao, Liu, & Zhang, 2020).

H4: *There is a significant impact of FinTech Accessibility on Stock Market Participation among Youths in Nepal.*

Risk Perception

Risk perception refers to the subjective evaluation individuals make regarding the likelihood and potential severity of a hazard. Unlike objective or statistical assessments of risk, risk perception is shaped by a complex interplay of psychological, social, and cultural factors, including emotions, personal experiences, social context, cultural norms, and cognitive biases. Consequently, individuals may perceive the same level of objective risk differently depending on their personal and environmental circumstances. In the context of finance, risk represents a fundamental dimension of decision-making alongside expected returns (Ghysels, Santa-Clara, & Valkanov, 2005; Bell, 1995). Risk perception plays a critical role in influencing investors' financial behavior and asset

allocation decisions. Generally, individuals with higher perceived risk tend to exhibit greater risk aversion, preferring low-risk investments to high-risk assets (Keller, Sarin, & Weber, 1986).

H5: *There is a significant impact of Risk Perception on Stock Market Participation among Youths in Nepal.*

Conceptual Framework

Financial literacy and knowledge, social influence and herding behaviour, economic and financial goals, fintech accessibility and risk perception are the independent variables in the study. At the same time, the Stock Market Participation of Youths in Nepal is the dependent variable.

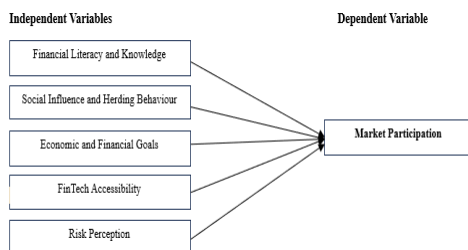


Figure 1: Conceptual Framework

Materials and Methods

This study applied a quantitative research design to examine the influence of financial literacy and knowledge, social influence and herding behaviour, economic and financial goals, FinTech accessibility, and risk perception on stock market participation among youths in Nepal. A survey method was adopted to collect primary data from individual investors.

The study sample consisted of 157 respondents (N = 157), selected through convenience sampling. Participants were primarily drawn from urban areas of Bagmati Province and represented diverse occupational backgrounds, including students, salaried employees, self-employed/business owners, and unemployed individuals. Data collection was conducted over a three-month period, from March to May 2026.

A structured and standardised questionnaire was used as the research instrument. The questionnaire

comprised two sections. The first section collected respondents' demographic information, including age, gender, educational attainment, occupation, and investment experience. The second section measured the study constructs identified in the literature review: financial literacy and knowledge; social influence and herding behaviour; economic and financial goals; FinTech accessibility; risk perception; and stock market participation.

All construct items were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). This scaling method enabled respondents to express the extent of their agreement with each statement and facilitated the quantitative analysis of the study variables.

The reliability of the measurement scales was assessed using Cronbach's alpha coefficient, a widely accepted measure of the internal consistency of a set of items. According to Upreti and Venkata (2021), a higher Cronbach's alpha value indicates greater data quality and reliability. In this study, the overall Cronbach's alpha coefficient was 0.75, exceeding the recommended threshold of 0.70 and indicating satisfactory internal consistency among the measurement items.

Following the reliability assessment, the collected data were analysed using both Microsoft Excel and IBM SPSS. Descriptive statistics were used to summarise the respondents' demographic characteristics and the distribution of the study variables. Furthermore, Pearson's correlation analysis was conducted to examine the relationships among the variables, while multiple regression analysis was performed to assess the influence of financial literacy and knowledge, social influence and herding behavior, economic and financial goals, FinTech accessibility, and risk perception on stock market participation among youths in Nepal.

Model Development

The regression model used in the study was.

$$SMP = \beta_0 + \beta_1 FL + \beta_2 SI + \beta_3 EFG + \beta_4 FA + \beta_5 RP + e$$

Here,

SMP = Stock Market Participation

FL = Financial Literacy and Knowledge

SI = Social Influence and Herding Behavior

EFG = Economic and Financial Goals

FA = Technological Accessibility

RP = Risk Perception

β_0 = Intercept of the dependent variable

e = error term

Study Results and Discussions

Respondents' Profile

Table 1 presents the respondents' profiles by gender, age, academic qualification, employment status, average monthly income, and years of involvement in the Nepal Stock Exchange. Of the 157 respondents, 56.69 percent were male, and 43.31 percent were female. By age group, most respondents, 43.31 percent, were in the 18 - 24 years age group, followed by 36.94 percent in the 25 - 30 years age group and 19.75 percent in the 31 - 35 years age group. Regarding academic qualifications, most respondents (49.68 percent) held a bachelor's degree, followed by 37.58 percent with a master's degree or above, 12.10 percent with an intermediate (+2) degree, and 00.64 percent with an SLC or SEE degree.

This showed the participation of educated youths in the stock market. Similarly, in terms of employment status, most respondents (44.49 percent) were salaried professionals, followed by students (35.03 percent), self-employed/business (11.46 percent), and unemployed (08.92 percent). Regarding average monthly income, most respondents (40.76 percent) had an average monthly income below NPR 20,000, followed by 31.85 percent with an average monthly income above NPR 50,000, and 27.39 percent with an average monthly income between NPR 20,000 and NPR 50,000. The researcher also collected data on the respondents' years of participation in NEPSE. Regarding the years in NEPSE, most of the respondents, 38.22 percent, had involvement in NEPSE for a period of more than 3 years, followed by 35.67 percent having involvement between 1 and 3 years, and 26.11 percent having involvement of less than 1 year.

Table 1: Demographic Statistics

Demographic Classification	Variables	Frequency	Percentage
Gender	Male	89	56.69 %
	Female	68	43.31 %
Age	18 - 24 Years	68	43.31 %
	25 - 30 Years	58	36.94 %
	31 - 35 Years	31	19.75 %
Academic Qualification	SLC or SEE	01	00.64 %
	Intermediate (+2)	19	12.10%
	Bachelor's Degree	78	49.68 %
	Master's Degree or above	59	37.58 %
Employment Status	Student	55	35.03 %
	Salaried Professional	70	44.59 %
	Self-employed/ Business	18	11.46 %
	Unemployed	14	08.92 %
Average Monthly Income	Below NPR 20,000	64	40.76 %
	NPR 20,000– NPR 50,000	43	27.39 %
	Above NPR 50,000	50	31.85 %
Years in NEPSE	Less than 1 year	41	26.11 %
	1 - 3 Years	56	35.67 %
	More than 3 Years	60	38.22 %

Source: Survey, 2026

The sample consists of young yet relatively experienced stock market participants, predominantly well-educated, indicating higher financial awareness than the general population. Although males slightly outnumber females, female participation remains significant. The diversity among respondents from different economic backgrounds, including students and low-income earners, is noted, though there is an over-representation of students. Many respondents have high levels of education, moderate-to-high investment experience, and stable employment, which enhances the credibility of their responses regarding investment behaviour while potentially limiting the representativeness of the wider Nepalese investor population.

Sources of Information

The researcher also collected data on the sources of information respondents consider when investing

in the stock market and analysed them. Formal news media (Sharesansar, Merolagani) were preferred by most of the respondents (47.77 percent), followed by family and friends (47.13 percent), social media influencer/YouTube analysts (31.21 percent), annual reports of the companies (30.57 percent), and recommendations from brokers (10.83 percent) (see Figure 2).

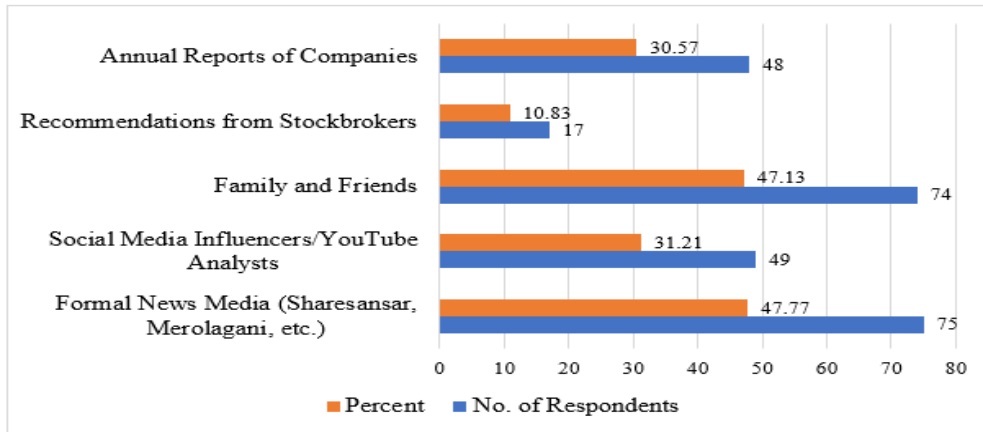


Figure 2: Sources of Information

Descriptive Analysis

The study presents Likert-scale responses from youths in Nepal regarding factors influencing their stock market participation. Most factors scored a median of 4 (Agree), indicating generally positive attitudes. Regarding Financial Literacy and Knowledge, 51% of respondents reported basing their investments on fundamental analysis, and 47.6% highlighted online training as a motivating factor. Notably, 59% expressed confidence in making independent investment decisions, indicating increased self-reliance among retail investors. Social influences revealed that 63% began investing due to friends or family, while social media's appeal received 51.6% agreement; however, chasing trending stocks received weaker support, with a median score of 3, indicating some herd behaviour but not uniform support (see Table 2).

The drivers concerning Economic and Financial Goals showed strong agreement: 75% reported investing for long-term independence, along with noted dissatisfaction with traditional savings (56.7% agreement) and interest in short-term returns (61.8% agreement). FinTech plays a significant role in retail market entry, with 72.6% of participants citing MeroShare/TMS as an investment motivator and 79% highlighting mobile trading as essential. Risk perceptions varied: 45% had a high-risk appetite, and 79.6% viewed IPOs as low risk. Stock market engagement revealed mixed feelings: 51% actively applied for IPOs and traded, 60% aimed to grow their portfolios, while 30% remained neutral, reflecting a notable proportion of passive investors (see Table 2).

Table 2: Descriptive Measures

Statements	Strongly Disagree %	Disagree %	Neutral %	Agree %	Strongly Agree %	Median
FL: Financial Literacy and Knowledge						
FL1: I invest because I have a good understanding of fundamental analysis.	4.46	8.28	36.31	45.22	5.73	4
FL2: The availability of online share training and webinars motivated me to start.	3.82	14.85	29.94	45.86	5.73	4
FL3: I feel confident making my own investment decisions without a broker's advice.	2.55	12.74	25.48	41.40	17.83	4

SI: Social Influence and Herding Behavior							
SI1: I started investing because my friends or family members were doing it.	7.01	14.01	15.92	35.03	28.03	4	
SI2: Social media platforms influence my buying decisions.	7.64	12.10	28.66	44.59	7.01	4	
SI3: I often buy stocks that are currently trending in the market news.	3.18	19.11	30.57	40.13	7.01	3	
EFG: Economic and Financial Goals							
EFG1: I invest in the stock market to achieve long-term financial independence.	1.91	5.73	17.20	56.05	19.11	4	
EFG2: The low interest rates on traditional bank savings led me to the stock market.	2.55	12.10	28.66	44.59	12.10	4	
EFG3: I am motivated by the potential for quick returns (short-term trading).	4.46	9.55	24.20	49.68	12.10	4	
FA: FinTech Accessibility							
FA1: The ease of using the MeroShare and TMS motivated me to invest.	1.91	5.73	19.75	56.05	16.56	4	
FA2: Being able to trade from my mobile phone is a primary reason for my participation.	2.55	3.18	15.29	51.59	27.39	4	
RP: Risk Perception							
RP1: I am willing to take high risks for the chance of higher capital gains.	3.18	18.47	33.12	31.85	13.38	3	
RP2: I prefer investing in IPOs because they are perceived as risk-free in Nepal.	3.82	1.91	14.65	31.85	47.77	4	
SMP: Stock Market Participation (SMP)							
SMP1: I regularly apply for IPOs.	4.46	9.95	33.12	45.86	7.01	4	
SMP2: I actively trade or hold stocks in the secondary market.	2.55	16.56	30.57	45.86	4.46	4	
SMP3: I intend to increase my portfolio size and frequency of trading in the years to come.	2.55	14.01	23.57	42.68	17.20	4	

Spearman's Rank-Order Correlation Analysis

Table 3: Spearman's Rank-Order Correlation Matrix

		FL	SI	EFG	FA	RP	SMP
Spearman's rho	FL	Correlation Coefficient	1.00	.10	.265**	.254**	.272**
		Sig. (2-tailed)	.	.20	.001	.001	.001
		N	157	15	157	157	157
	SI	Correlation Coefficient	.10	1.00	.302**	.333**	.063
		Sig. (2-tailed)	.20	.	.000	.000	.433
		N	157	15	157	157	157
	EFG	Correlation Coefficient	.26**	.30**	1.000	.317**	.180*
		Sig. (2-tailed)	.001	.00	.	.000	.024
		N	157	15	157	157	157
	FA	Correlation Coefficient	.25**	.333**	.317**	1.000	.303**
		Sig. (2-tailed)	.001	.000	.000	.	.000
		N	157	157	157	157	157
	RP	Correlation Coefficient	.27**	.063	.180*	.303**	1.000
		Sig. (2-tailed)	.001	.433	.024	.000	.
		N	157	157	157	157	157
	SMP	Correlation Coefficient	.97**	.132	.279**	.251**	.277**
		Sig. (2-tailed)	.00	.099	.000	.002	.000
		N	157	157	157	157	157

Financial literacy and knowledge exhibit a near-perfect positive correlation with stock market participation, with a correlation coefficient of $\rho = .975$ ($p < .001$). This relationship is identified as the strongest among the assessed variables. Furthermore, economic and financial goals, fintech accessibility, and risk

perception all demonstrate statistically significant moderate positive correlations with stock market participation, with coefficients ranging from $\rho = .251$ to $.279$ (all $p < .01$). In contrast, social influence and herding behaviour reveal a weak, non-significant correlation with stock market participation ($\rho = .132$, $p = .099$), which is just above the conventional significance threshold of $.05$. Thus, there is insufficient evidence to establish a significant relationship between social influence, herding behaviour, and stock market participation (see Table 3).

Regression Analysis

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.970 ^a	.940	.16149	.940

The regression model was significant and explained 94% of the variance in stock market participation ($R^2 = .940$). Among the independent variables, financial literacy and knowledge emerged as the only statistically significant predictors ($B = .964$, $t = 44.539$), indicating a near-unit relationship with stock market participation. Social influence and herding behavior, economic and financial goals, fintech accessibility, and risk perception did not reach conventional levels of statistical significance. However, all VIF values remained below 2, confirming the absence of multicollinearity (see Table 4). Future studies may consider larger sample sizes to determine whether the remaining predictors achieve statistical significance.

Table 5: Regression Coefficients

Model	Unstandardised Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error			Tolerance	VIF
Constant	-.160	.108	-1.481			
FL	.964	.022	44.539	.866	1.155	
SI	.023	.016	1.458	.866	1.154	
EFG	.039	.025	1.605	.815	1.228	
FA	.020	.020	.980	.731	1.367	
RP	-.006	.018	-.316	.849	1.178	

The regression model explained 94% of the variance in stock market participation, indicating an excellent fit, with financial literacy and knowledge as significant predictors ($B = .964$, $t = 44.539$), thus supporting hypothesis H1. A strong correlation ($\rho = .975$, $p < .001$) was confirmed using Spearman's rank correlation. While other factors such as economic goals, fintech accessibility, and risk perception initially showed significant correlations, they became nonsignificant once financial literacy and knowledge were accounted for, suggesting potential mediation. Social influence and herding behaviour did not significantly impact participation. The model did not exhibit multicollinearity (all VIFs < 2), and future research should focus on the mediating roles of financial literacy and knowledge in the factors influencing stock market participation (see Table 5).

Discussion

The most important determinants influencing youth participation in the stock market in Bagmati Province are financial literacy and knowledge. Financial literacy was positively correlated with stock market participation at a near-perfect level ($\rho = .975$, $p < .001$) and was the sole statistically significant predictor in the regression model. This finding is consistent with Subedi (2023), who identified that financially literate Nepalese investors make more informed investment decisions, and Thapa and KC (2020), who stressed that financial literacy improves investors' ability to assess financial opportunities and risks. Further, Baihaqqy and Sari (2020) found that financial education has a significant effect on investment participation by improving financial literacy. Therefore, the present study supports the growing awareness that financial literacy is the primary driver of stock market participation among young investors. While economic and financial goals, FinTech accessibility, and risk perception were significantly and positively correlated with stock market participation, they were no longer statistically significant in the regression analysis when controlling for financial literacy. This implies that these factors might indirectly affect participation through financial literacy. This is also

in line with the findings of Farrell et al. (2016), who argue that financial goals drive investment behavior, and Zhao (2024) and Zhao et al. (2020), who highlight the role of financial technologies in improving market access and investor engagement. This study found that, contrary to these studies, technological convenience and financial aspirations alone are insufficient to explain participation without adequate financial knowledge.

The study also found that social influence and herding behaviour did not significantly affect stock market participation. The findings of this study contradict the findings of Khadka and Chapagain (2023) and Khan et al. (2017), who found that investors' decision-making is highly influenced by peer influence and social interactions. This divergence could be attributed to a growing trend among educated young investors in Bagmati Province to depend on independent analysis rather than peer influence or market trends. The interpretation is further supported by the descriptive findings reporting high confidence in independent investment decisions.

Similarly, risk perception was not a significant predictor of stock market participation, although it showed a modest positive correlation. This finding differs from those of Ghysels et al. Bell (1995), Keller et al. (2006), and Keller et al. (2005) found risk perception to be a key determinant of investment decisions. One possible reason is the specific features of the Nepalese stock market, in which many young investors perceive IPO investments as relatively risk-free, thereby reducing the impact of perceived investment risk on overall participation.

The study broadly contributes to the existing literature by showing that financial literacy is the dominant explanatory factor and could mediate the effects of economic goals, FinTech accessibility, and risk perception on stock market participation in the Nepalese context. This result indicates that financial education, technological, and regulatory improvements should be the focus of policies to promote youth participation in the NEPSE.

Conclusion

The study examines the factors driving stock market participation among youth in Bagmati Province, Nepal, identifying five principal factors: Financial Literacy and Knowledge, Social Influence and Herding Behavior, Economic and Financial Goals, FinTech Accessibility, and Risk Perception. The study found that Economic and Financial Goals, FinTech Accessibility, and Risk Perception exhibited notable bivariate correlations with Stock Market Participation. However, their associations became non-significant in the presence of Financial Literacy and Knowledge, suggesting that Financial Literacy and Knowledge mediate or amplify their individual impacts. Social Influence, Herding Behavior, and Risk Perception failed to demonstrate a significant positive influence on Stock Market Participation in either analysis. Future research should investigate whether Financial Literacy and Knowledge act as intervening variables between Social Influence, Economic and Financial Goals, FinTech Accessibility, Risk Perception, and Stock Market Participation. The study significantly contributes to the stock market participation literature by identifying financial literacy and knowledge as the primary factors for youth participation in the Nepal Stock Exchange (NEPSE). Prior research acknowledged financial literacy as a determinant, but this study shows it as the only significant predictor when considering social influence, economic goals, FinTech access, and risk perception. The findings suggest that financial literacy mediates the effects of these factors on market participation, offering new theoretical insights for future research, particularly through methodologies such as Structural Equation Modeling (SEM).

Furthermore, the study challenges traditional behavioural finance theories that highlight social influence and herding behaviour. Evidence indicates these do not significantly influence young investors' decisions when financial literacy is accounted for, suggesting that informed judgment prevails over peer influence. Additionally, this research adds empirical value to the literature on investor behaviour in emerging markets, showing that established theories of investment behaviour

hold in the Nepalese context, which differs significantly from that of larger markets.

Lastly, the refined theoretical framework posits financial literacy as the core determinant that links cognitive, technological, economic, and behavioural aspects of decision-making. The results emphasise that while financial goals, FinTech access, and risk perception are relevant, they become influential primarily when individuals possess adequate financial knowledge. This framework enhances the understanding of youth stock market participation and sets the stage for further validation and refinement across emerging economies.

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