

Financial Knowledge and Investment Decision of Nepalese Investors in Stock Market

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Abstract: *This research observes the behavioral changes of stock market investors in Nepal based on their financial aptitude. Within this research, financial attitude (FA) and financial behavior (FB) function as connecting elements between the framework and Behavioral Finance Theory and Theory of Planned Behavior. Data for this study were collected through an online survey of 391 Nepalese investors, and the research was conducted using quantitative method. Financial knowledge received analysis through three separate sections which evaluated Financial Budgeting and Planning Knowledge (FBPK), Financial Saving and Investment Knowledge (FSIK), and Financial Products and Services Knowledge (FPSK). The authors used SmartPLS 4 for investment decision analysis and reliability tests and validity assessments showed a stable dataset. Research data indicates financial behavior together with financial attitude operate as essential mediation tools which connect financial knowledge (FK) with investment choices made by students. The investment decision (ID) process directly depends on FPSK and FSIK but FBPK shows no direct impact since FA and FB fully determine its effect. Practical financial knowledge proves to enhance decision-making through three critical outcomes that shape better attitudes and teach controlled conduct and minimize cognitive distortions. The combination between personal finance education programs and attitude development initiatives in financial learning produces the best investment choices. Low financial literacy among Nepali participants limits their market participation, making their involvement in stock market having dependent on financial education. This study provides updated insights into how FK domains influence ID by highlighting key behavioral mechanisms involved in financial choices.*

Keywords: financial attitude, financial behavior, financial literacy, Nepalese stock market, behavioral finance

I. INTRODUCTION

The financial decision-making process plays a critical role in determining an individual's investment behavior, particularly in the context of the Nepalese stock market. Financial knowledge, as a key determinant, influences how individuals make investment decisions (Lusardi & Mitchell, 2020). Financial awareness includes multiple points of understanding including financial product and service understanding of market offerings and financial planning skills for resource management together with financial saving and investing proficiency which teaches saving methods and investment choices. The beliefs and emotional approaches people have in making financial choices form their financial attitude (Owusu et al., 2022) but their financial behavior develops from their financial knowledge and their attitudes (Banthia & Dey, 2022). Investment decision is the final outcome, representing the choices investors make regarding the allocation of resources in different financial instruments, particularly in stock markets (Sivaramakrishnan et al., 2017).

Decisions about investments strongly depend on three critical factors which are financial knowledge and financial attitude together with financial behavior. How people understand financial matters affects their decisions to invest (Lusardi & Mitchell, 2020). Financial knowledge serves as a necessary factor but not sufficient for selecting investment options since individuals need both financial attitude and behavior for their choices to materialize (Thapa, 2025). Financial attitude serves as a mediator which connects financial knowledge to investment decisions by understanding how individuals react emotionally and how they perceive financial matters (Owusu et al., 2022). Financial behavior stands as the set of actions people take after combining their knowledge with their attitudes which acts as a mediator throughout the decision-making procedure (Banthia & Dey, 2022). Financial knowledge serves as the starting point for smart decisions although individuals' attitudes together with their behaviors merge knowledge into investment choices. The mediating relationship between knowledge and investment decisions establishes why both raising financial literacy and developing beneficial financial attitudes and behaviors matters for understanding this effect.

This research investigates how financial knowledge shapes Nepalese investor behavior by assessing its relationship with financial attitude and behavior as mediators. Research of stock investment factors including financial knowledge and its mediating variables remains limited in Nepal despite increasing stock market interest. Financial knowledge serves as the central research question to understand its effect on investment decisions through financial attitude and behavior as intervening processes. This research investigates the stated question: What impact does financial knowledge have on Nepalese stock investment decisions and are financial attitude and behavior the mediators of this effect? The main research objective examines the effects that different financial knowledge elements have on investment choices through the intermediary roles which financial attitude and behavior play.

II. REVIEW OF LITERATURE

Theoretical review. The study draws its theoretical framework from critical financial and behavioral concepts which describe Nepalese investor decision-making behavior in

stock markets. In accordance with the Theory of Planned Behavior financial attitude and behavior serve as key intermediaries that affect investment decisions (Ajzen, 1991). The Behavioral Finance Theory explains how investors feel the effects of psychological biases and emotions but financial literacy helps them limit these interpersonal factors (Shefrin & Statman, 1985). Financially literate investors according to Modern Portfolio Theory benefit from strong diversification abilities because they effectively manage return versus risk situations (Markowitz, 1952). The Life-Cycle Hypothesis people must plan their savings together with investment decisions by considering their earnings level and age and financial objectives (Montalto Catherine, 2000). Investors make their risk preferences change due to how they differently perceive gains and losses which the Prospect Theory illustrates (Kahneman & Tversky, 1979). The available theories establish a solid framework to study the effects of financial knowledge together with financial attitude and financial behavior on investment choices.

Empirical review: *Investment decision.* Empirical studies have explored the influence of financial knowledge, attitude, and behavior on investment decisions. Rana (2024) examined the impact of financial literacy dimensions—knowledge, behavior, and skills—on retail investors’ decisions in Nepal, concluding that higher financial literacy leads to more informed investment choices. Financial attitude and literacy show significant effects on prudent financial management behaviors and investment choices for young entrepreneurs (Sugiyanto & Radianto, 2023). Sorongan (2022) exposed students in South Jakarta to a comprehensive study of financial behavior along with financial attitudes and financial literacy because all elements notably influence their investment choices. Financial literacy inspection through extreme learning machines operated. Baveja and Verma (2024) showed that additional financial education leads to better stock market involvement. Japanese households require different motivational approaches to increase financial activity. Jiang and Shimizu (2024) demonstrated the importance of financial literacy in Japan.

Financial product and service knowledge on investment decision. The study has analyzed consumer investment decisions through studies of financial product and service understanding during recent times. Sivaramakrishnan et al. (2017) analyzed how financial literacy impacts capital market investments together with risk tolerance levels along with personal savings knowledge and investment options familiarity and financial product awareness. Sugiyanto et al. (2023) proved that thorough financial product comprehension generates responsible financial governance systems which yield superior investment choices for young business managers.

Students from South Jakarta area utilize their finance understanding to invest through their understanding of financial services and products (Sorongan, 2022). The levels of stock market participation and investment decisions depend on financial knowledge (Baveja et al., 2024). Jiang et al. (2024) established that financial motivation strategies for Japanese households surpassed financial literacy as essential criteria for Japanese financial activities in their research.

H₁: FPSK significantly impacts on ID among Nepalese investors

H₂: FPSK significantly impacts on FA among Nepalese investors

H₃: FPSK significantly impacts on FB among Nepalese investors

Financial budgeting and planning knowledge impacts on investment decision. During the recent research period investigators observed that financial budgeting alongside planning strategies deeply influenced investor choice processes. Sivaramakrishnan et al. (2017) investigated financial literacy through the combination of personal saving behaviors with risk tolerance decisions and investment options and financial knowledge factors affecting investment selection. The studied data shows financial literacy enables people to make better investments through informed choices thus generating substantial positive results in these dimensions. Sugiyanto et al. (2023) explained that financial literacy combined with financial attitude creates specific effects on the financial actions of young business owners throughout Indonesia. Financial management decisions and investment choices directly result from having a full grasp of financial products and services as found in their study (Thapa, 2024). Financial behavior alongside financial attitudes and financial literacy were investigated regarding students of South Jakarta who make investment choices (Sorongan, 2022). Research data confirmed that investment decisions of people are driven by their understanding of specific financial products. Financial understanding was evaluated regarding its impact on stock market participation rates as well as investment options (Baveja et al., 2024). The researchers found that students gaining better understanding of financial products acquire stronger confidence along with better judgment skills in making their investment choices. Jiang et al. (2024) studied the causal relationships which exist between financial literacy and Japanese financial activities. Financial literacy constitutes a critical element yet different methods are needed to raise Japanese households' engagement with financial matters.

H₄: FBPK significantly impacts on ID among Nepalese investors

H₅: FBPK significantly impacts on FA among Nepalese investors

H₆: FBPK significantly impacts on FB among Nepalese investors

Financial saving and investment knowledge impacts on investment decision. The research done in recent years investigated how financial saving and investment knowledge impacts investment decision-making processes. Sivaramakrishnan et al. (2017) explored how financial literacy as saved knowledge combined with risk abilities and product and investment understanding affect investments in the share market. Research findings demonstrate that better financial knowledge leads to better investment choices through a strong positive relationship according to academic evidence. Baveja et al. (2024) studied how financial knowledge influences the choices that investors make regarding their investments and their decisions to join the stock market. Better financial product comprehension leads individuals to achieve higher investment self-confidence together with better decision-making ability. Sorongan (2022) investigated South Jakarta students' investment decisions by studying financial behaviors with financial attitudes as well as financial literacy. Proper financial product knowledge proves to be a substantial factor influencing which investments people select.

The Japanese financial conduct and literacy patterns formed the main scope of investigation (Jiang et al., 2024). Importance of financial literacy exists yet additional approaches must be developed to increase Japanese family financial engagement. Sugiyanto et al. (2023) found that financial literacy joined with financial attitude provide major influence on young business owners' financial conduct since they shape both their money handling practices and investment choices.

H₇: FSIK significantly impacts on ID among Nepalese investors

H₈: FSIK significantly impacts on FA among Nepalese investors

H₉: FSIK significantly impacts on FB among Nepalese investors

Financial attitude. Positive financial attitude produced by financial knowledge directly influences investment decisions based on Coskun and Dalziel (2020). Sorongan (2022) investigated how student investment behaviors in South Jakarta are influenced by their financial attitudes that result from financial behavior and literacy levels. Strong financial product understanding serves as the main force behind effective investment decision making based on study outcomes. Baveja et al. (2024) examined how financial literacy affects both investment choices and stock market involvement of research participants. Better awareness about various products results in more confident financial decision abilities and skills according to the study results. Jiang et al. (2024) researched how Japanese financial literacy levels create causal effects on financial activity participation. According to the study financial literacy stands vital yet Japanese households need different approaches to inspire their financial participation.

H₁₀: FA significantly impacts on ID among Nepalese investors

H₁₂: FA mediates between FPSK and ID among Nepalese investors

H₁₃: FA mediates between FBPK and ID among Nepalese investors

H₁₄: FA mediates between FSIK and ID among Nepalese investors

Financial behavior. Iqbal et al. (2022) reveals how behavioral biases influence investment decisions under Pakistani conditions through self-attribution mechanisms combined with illusion of control and hindsight experiences. The research showed that investment decisions show better outcomes with financial literacy education since individuals develop fewer behavioral biases because of it. Sujono et al. (2023) conducted research to investigate the relationship between financial literacy and financial behavior as they influence investment choices in the Indonesian market. The research established that investment choices show direct association with both financial behavior and financial literacy where financial behavior exercises intermediate effects on investment choices from financial literacy. Munisamy et al. (2022) examined financial behavior as a mediator that links financial knowledge with financial wellness outcomes for Malaysian low-income young adults. The research confirmed that financial behavior completes the path through which financial knowledge affects perceived financial well-being. Jiang et al. (2024) investigated the causal relationships between financial literacy and financial activities in Japan. The study found that while financial literacy is crucial, alternative strategies are necessary to motivate financial engagement among Japanese households.

H₁₁: FB significantly impacts on ID among Nepalese investors

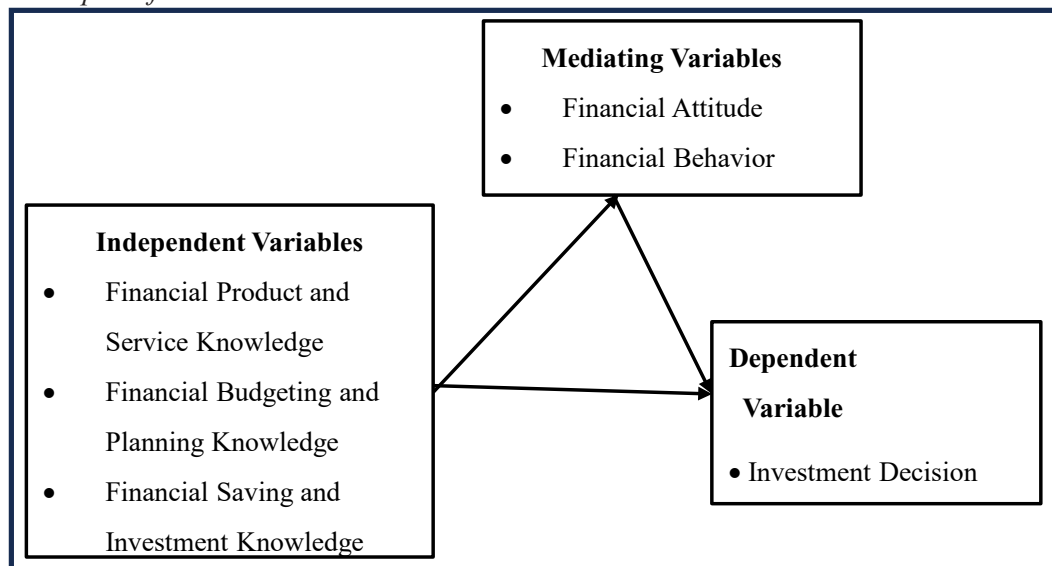
H_{15} : FB mediates between FPSK and ID among Nepalese investors

H_{16} : FB mediates between FBPK and ID among Nepalese investors

H_{17} : FB mediates between FSIK and ID among Nepalese investors

Figure 1

Conceptual framework



III. METHODOLOGY

The research employed a descriptive and explanatory research design with a quantitative approach. The population includes all investors in the Nepal Stock Exchange, and the purposive sampling method was used. A structured questionnaire was distributed to 500 investors via an online Google Form, and 410 replies were gathered, out of which 391 were used for study. The independent variables are Financial Budgeting and Planning Knowledge, Financial Saving and Investment Knowledge, and Financial Product and Service Knowledge. The mediating constructs are FA and FB, while the dependent variable is ID. Each construct is measured using four indicators, with a five-point Likert scale questionnaire ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Data analysis was conducted using SmartPLS 4, applying direct and indirect path analysis. Reliability and validity were assessed through Cronbach's alpha (≥ 0.70), Composite Reliability (CR ≥ 0.70), and Average Variance Extracted (AVE ≥ 0.50) to ensure internal consistency and convergent validity (Hair et al., 2021). Variance Inflation Factor (VIF ≤ 3.0) was used to check for multicollinearity (Kock & Lynn, 2012). Discriminant validity was evaluated using the Fornell-Larcker criterion, ensuring that the square root of AVE for each construct was greater than its correlations with other constructs, indicating that each construct is distinct from the others (Fornell & Larcker, 1981). These statistical checks confirm that the measurement model meets the required threshold values for validity and reliability.

IV. RESULTS AND DISCUSSION

Frequency analysis measures the distribution of age, gender, marital status, education level, profession, and income level among respondents. It categorizes these variables into defined groups to understand their representation in the dataset.

Table 1

Demographic information

		No. of Response	Percent	Cumulative Percent
Age	18 years to 35 years	316	80.8	80.8
	36 years to 58 years	73	18.7	99.5
	Above 58 years	2	0.5	100
	Total	391	100	
Gender	Female	193	49.4	49.4
	Male	197	50.4	99.7
	Other	1	0.3	100
	Total	391	100	
Marital Status	Married	230	58.8	58.8
	Unmarried	161	41.2	100
	Total	391	100	
Level of Education	Above Masters level	4	1	1
	Bachelors level	246	62.9	63.9
	Below Bachelors level	34	8.7	72.6
	Masters level	107	27.4	100
	Total	391	100	
Professions	Banker	13	3.3	3.3
	Business	64	16.4	19.7
	Government Services	26	6.6	26.3
	Others	288	73.7	100
	Total	391	100	
Level of Income	Below 20,000	32	8.2	8.2
	20,001 to 40,000	85	21.7	29.9
	40,001 to 60,000	147	37.6	67.5
	60,001 to 80,000	75	19.2	86.7
	Above 80,000	52	13.3	100
	Total	391	100	

Table 1 shows the demographic analysis of 391 investors in the NEPSE. Most investors (80.8%) are between 18 to 35 years, while only 0.5% are above 58 years, indicating

that young people invest more. Gender distribution is almost equal, with 49.4% females and 50.4% males, while 0.3% identify as Other. About 58.8% are married, and 41.2% are unmarried. In terms of education, 62.9% have a bachelor's degree, while only 1% have education above a master's level, showing that education may influence investment. Regarding professions, 3.3% are bankers, 16.4% are in business, and 6.6% work in government, while the majority (73.7%) belong to other fields. Income-wise, the largest group (37.6%) earns 40,001 to 60,000, while only 8.2% earn below 20,000, indicating that middle-income earners invest the most. In conclusion, young, educated, and middle-income individuals are the primary investors, with almost equal participation from men and women across various professions.

Measurement model. The reliability and validity were assessed using Confirmatory Factor Analysis (CFA) to confirm construct. Convergent validity was established as factor loadings exceeded 0.50, Average Variance Extracted (AVE) values were above 0.50, and Composite Reliability (CR) values surpassed the threshold of 0.70 (Hair et al., 2019). Discriminant validity was confirmed using the Fornell-Larcker criterion, where the square root of AVE for each construct was greater than its correlation with other constructs (Fornell & Larcker, 1981).

Figure 2
Outer loading

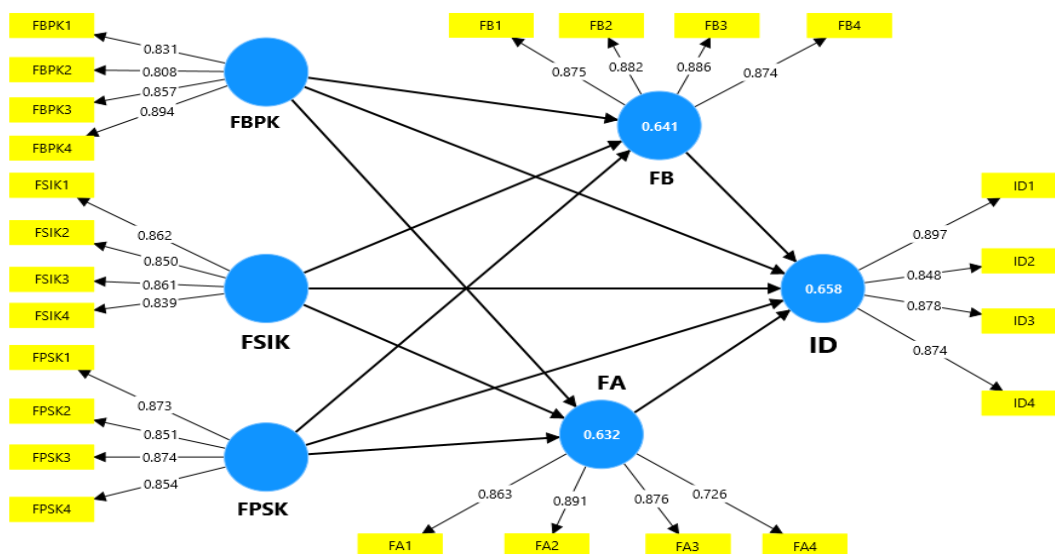


Table 2
Measurement model

Construct	Items	Outer loadings	VIF	Cronbach's alpha	CR (rho_a)	CR (rho_c)	(AVE)
FPBK	FBPK1	0.831	2.473	0.872	0.892	0.911	0.719
	FBPK2	0.808	2.468				
	FBPK3	0.857	2.307				
	FBPK4	0.894	2.77				
FPSK	FPSK1	0.873	2.473	0.886	0.887	0.921	0.745
	FPSK2	0.851	2.232				
	FPSK3	0.874	2.542				
	FPSK4	0.854	2.34				
FSIK	FSIK1	0.862	2.308	0.875	0.876	0.914	0.728
	FSIK2	0.85	2.151				
	FSIK3	0.861	2.306				
	FSIK4	0.839	2.107				
FA	FA1	0.863	2.228	0.862	0.877	0.906	0.709
	FA2	0.891	2.667				
	FA3	0.876	2.409				
	FA4	0.726	1.531				
FB	FB1	0.875	2.644	0.902	0.902	0.932	0.773
	FB2	0.882	2.73				
	FB3	0.886	2.842				
	FB4	0.874	2.709				
ID	ID1	0.897	2.772	0.897	0.901	0.929	0.765
	ID2	0.848	2.214				
	ID3	0.878	2.668				
	ID4	0.874	2.566				

Table 2 reveals the results which demonstrate the reliability tests along with validity and assessment of multicollinearity among the constructs. The measurement model demonstrates sufficient validity because all outer loadings surpass 0.70 while the AVE exceeds 0.50. The construct reliability remains high because Cronbach's alpha, rho_a, and rho_c exceed 0.70 and all VIF values stay below 5.0 thus showing no multicollinearity.

Discriminant validity. To establish discriminant validity, the Fornell-Larcker criterion was applied by validating that the square root of construct AVE values exceeded the correlations between constructs (Fornell & Larcker, 1981).

Table 3*Fornell-Larcker Criterion*

	FA	FB	FBPK	FPSK	FSIK	ID
FA	0.842					
FB	0.756	0.879				
FBPK	0.572	0.555	0.848			
FPSK	0.759	0.746	0.569	0.863		
FSIK	0.733	0.766	0.615	0.8	0.853	
ID	0.75	0.736	0.498	0.735	0.7	0.874

Table 3 confirms discriminant validity using the Fornell-Larcker criterion. The square root of AVE (diagonal values) for each construct is higher than its correlations with other constructs, such as Financial Attitude (0.842) compared to Financial Behavior (0.756) and Financial Products and Services Knowledge (0.759). Similarly, all other constructs, including Financial Behavior (0.879), Financial Budgeting and Planning Knowledge (0.848), Financial Products and Services Knowledge (0.863), Financial Saving and Investment Knowledge (0.853), and Investment Decision (0.874), meet this criterion.

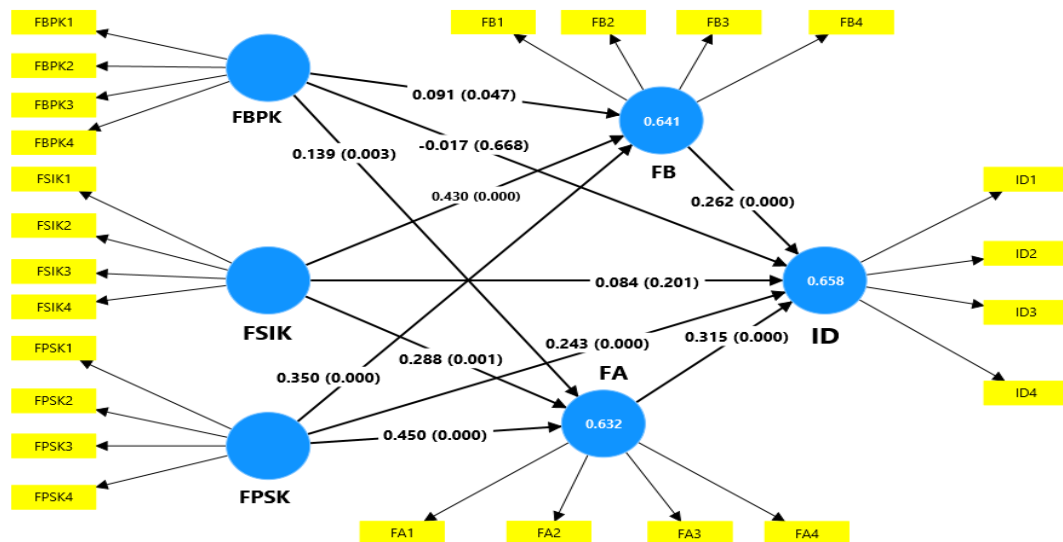
Figure 3*Path analysis**Direct path analysis.*

Table 4
Path coefficient

	Beta	STDEV	T Value	P values	L Bound 2.5%	U Bound 97.5%	Decision
FBPK -> ID	-0.017	0.039	0.429	.668	-0.096	0.059	H ₁ : Not Supported
FBPK -> FA	0.139	0.047	2.954	.003	0.045	0.229	H ₂ : Supported
FBPK -> FB	0.091	0.046	1.989	.047	0.001	0.181	H ₃ : Supported
FPSK -> ID	0.243	0.068	3.556	.000	0.101	0.368	H ₄ : Supported
FPSK -> FA	0.45	0.075	5.976	.000	0.296	0.588	H ₅ : Supported
FPSK -> FB	0.35	0.07	5.011	.000	0.215	0.489	H ₆ : Supported
FSIK -> ID	0.084	0.066	1.28	.201	-0.036	0.221	H ₇ : Not Supported
FSIK -> FA	0.288	0.085	3.4	.001	0.129	0.459	H ₈ : Supported
FSIK -> FB	0.43	0.077	5.567	.000	0.276	0.582	H ₉ : Supported
FA -> ID	0.315	0.057	5.495	.000	0.195	0.422	H ₁₀ : Supported
FB -> ID	0.262	0.061	4.311	.000	0.144	0.379	H ₁₁ : Supported

Table 4 presents the path coefficients, showing the impact and significance of the relationships between variables. Financial Budgeting and Planning Knowledge (FBPK) significantly influences Financial Attitude (FA) ($\beta = 0.139$, $p = .003$), indicating that a one-unit increase in FBPK leads to a 0.139-unit increase in FA. Similarly, FBPK significantly affects Financial Behavior (FB) ($\beta = 0.091$, $p = .047$), with a 0.091-unit increase in FB for each one-unit increase in FBPK, but its effect on Investment Decision (ID) is not significant ($\beta = -0.017$, $p = 0.668$). Financial Products and Services Knowledge (FPSK) has a strong positive impact on FA ($\beta = 0.450$, $p < 0.001$), FB ($\beta = 0.350$, $p < 0.001$), and ID ($\beta = 0.243$, $p < 0.001$), suggesting that a one-unit increase in FPSK results in respective increases of 0.450, 0.350, and 0.243 units in these variables.

Financial Saving and Investment Knowledge (FSIK) significantly affects FA ($\beta = 0.288$, $p = 0.001$) and FB ($\beta = 0.430$, $p < 0.001$), meaning a one-unit increase in FSIK results in a 0.288-unit increase in FA and a 0.430-unit increase in FB. However, FSIK does not suggestively impact ID ($\beta = 0.084$, $p = .201$). Lastly, both FA and FB have significant positive effects on ID, with a one-unit increase in FA leading to a 0.315-unit increase in ID ($\beta = 0.315$, $p < .001$) and a one-unit increase in FB resulting in a 0.262-unit increase in ID ($\beta = 0.262$, $p < .001$). These results highlight the varying levels of influence of independent variables on dependent variables, emphasizing the importance of FA and FB in driving ID.

Indirect path analysis.**Table 5***Indirect path coefficient*

	Beta	STDEV	T Value	P values	L Bound 2.5%	U Bound 97.5%	Decision
FPSK -> FA -> ID	0.142	0.04	3.57	.000	0.069	0.225	H ₁₂ : Supported
FBPK -> FA -> ID	0.044	0.018	2.498	.013	0.013	0.081	H ₁₃ : Supported
FSIK -> FA -> ID	0.091	0.026	3.426	.001	0.041	0.146	H ₁₄ : Supported
FPSK -> FB -> ID	0.092	0.029	3.14	.002	0.041	0.154	H ₁₅ : Supported
FBPK -> FB -> ID	0.024	0.014	1.725	.085	0	0.054	H ₁₆ : Not Supported
FSIK -> FB -> ID	0.113	0.032	3.506	.000	0.056	0.18	H ₁₇ : Supported

Table 5 illustrates the mediating effects of Financial Attitude (FA) and Financial Behavior (FB) on the relationship between independent variables and Investment Decision (ID). Financial Budgeting and Planning Knowledge (FBPK) significantly influences ID through FA ($\beta = 0.044$, $p = .013$), but its indirect effect through FB is not significant ($\beta = 0.024$, $p = .085$). Financial Products and Services Knowledge (FPSK) significantly affects ID through both FA ($\beta = 0.142$, $p < .001$) and FB ($\beta = 0.092$, $p = .002$). Similarly, Financial Saving and Investment Knowledge (FSIK) has significant indirect effects on ID through both FA ($\beta = 0.091$, $p = .001$) and FB ($\beta = 0.113$, $p < .001$). These results confirm the mediating role of FA and FB in most relationships, with significant indirect effects indicated by their path coefficients and p-values.

Discussion. The outcomes of this research present significant information about the stock market investment choice determinants in Nepal through the assessment of financial awareness alongside behavioral patterns. The research relies on two foundational theoretical models: Behavioral Finance Theory (Shefrin, 2000) together with the Theory of Planned Behavior (Ajzen, 1991). It clearly demonstrates how the three financial knowledge constructs (FBPK, FPSK, FSIK) influence both financial attitudes and financial behaviors leading to investment decisions (ID).

The strength of FBPK extends to both FA and FB behaviors yet its relationship with ID demonstrates no direct link because it acts primarily through these already established constructs. The study backs previous research by Huston (2010) and Grohmann et al. (2015) which confirms that financial planning competence builds favorable perspectives and practices about finances. Studies by Lusardi and Mitchell (2014) and Van Rooij et al. (2011) validate the direct and indirect impact of FPSK on ID as reported in this research.

Agarwal et al. (2009) supports findings that higher FSIK levels improve FA, FB and ID while this study validates these conclusions. The present study confirms the combined role of FA and FB as observed by Nguyen et al. (2016) and Ricciardi and Simon (2000) who

described how financial knowledge along with attitudes contribute to investment results. The research findings strengthen two key points which match these results. The research done by Lusardi and Mitchell (2014) shows financial literacy creates positive financial attitudes together with improved behavioral responses leading to superior investment outcomes. According to Grohmann et al. (2015) financial service understanding plays a fundamental role in building positive financial behaviors so users can make better financial decisions.

V. CONCLUSION AND IMPLICATIONS

Conclusion. The research examines the factors influencing investment decisions in the Nepalese stock market, with a focus on financial knowledge and behavioral aspect. Research confirms that FA combined with FB serve as essential linkers between financial knowledge and ID as described by the Behavioral Finance Theory (Shefrin, 2000) and the Theory of Planned Behavior (Ajzen, 1991). Consumer awareness of different financial products through FPSK forms a direct and indirect relationship with FA, FB and ID since an understanding of risks and benefits leads individuals to make confident investment decisions. People with Financial Saving and Investment Knowledge demonstrate both direct and indirect effects because their savings and investment knowledge promote disciplined financial planning which enhances both their behavior and their decision-making abilities. The influence of FBPK on ID becomes void when taking into account the full mediation of FA and FB. Budgeting knowledge improves planning together with attitude development yet these effects alone fail to generate substantial changes in actual investment behaviors.

People show better decision-making tendencies after obtaining financial knowledge which positively affects their psychological attitudes combined with their behaviors. Knowledge establishes confidence together with rational thinking abilities that reduce cognitive biases and these effects align with Behavioral Finance Theory. Effective investment decisions rely heavily on financial competence and market knowledge since these two factors significantly strengthen the behavioral mechanisms of investing decisions. Decision-making processes display interconnected relationships between knowledge and behavior and attitude according to the Theory of Planned Behavior model. Developing financial learning programs which target developing markets including Nepal creates essential conditions to advance better investment methods. People who lack financial literacy access have trouble developing positive investment attitudes which leads to decreased investment confidence along with diminished rational thinking in their decisions. Educating investors about finance strengthens their ability to conquer market barriers while improving their financial condition and increases better financial market engagement.

Implications. The study establishes the validity of Behavioral Finance Theory (Shefrin, 2000) together with the Theory of Planned Behavior (Ajzen, 1991) that shows how financial awareness combines with psychological inclinations and behavioral responses to guide investment choices (ID). This research shows FA and FB work as fundamental connecting elements since basic financial understanding does not automatically produce investment decisions. Research must analyze how emotional biases and cognitive biases together with financial knowledge and investment decision behavioral patterns influence one another.

The study confirms that financial education systems must teach students both functional financial product knowledge (FPSK) and savings along with investment (FSIK) education. The process of transforming financial education demands financial institutions and organizations and educators to create behavioral changes that turn educational theory into practical behavior application programs. The training of financial decisions requires practical scenarios and both behavior-oriented exercises and practical problems to build trust alongside rational decision-making ability.

Nepal's educational institutions along with other emerging market institutions should place financial education at the forefront of their mission since their students demonstrate poor financial understanding levels. Education about budgeting along with saving and investment strategies should include special behavioral instruction for creating wise investment decisions. The implementation of appropriate policies aimed at reaching underserved populations allows them to trust financial markets which enables both economic growth and wider financial inclusion.

To enhance investor financial knowledge developers must implement simultaneous efforts to improve attitudinal and behavioral aspects of individual investors. Financing goal-setting structures linked with budgeting tools along with behavioral finance mentoring assists individuals to shift knowledge into effective investment decisions. Financial output performance becomes more logical when investors develop awareness about behavioral and attitudinal financial factors that influence their investment decisions.

Academics should expand this research through studies of potential mediators which include financial self-efficacy together with risk perception to achieve better understanding of the decision-making processes. The research findings show that mental processes connect with behavioral reactions as well as financial capabilities. Psychology researchers together with specialists from behavioral economics and finance should join forces to determine the mutual impact of psychological aspects with financial expertise on human behavior. Such interdisciplinary methods create better models that explain financial choices better. The research demonstrates why behavioral elements and attitudes need to be included into financial education systems. Academic institutions must create educational programs which combine financial subject knowledge with behavioral development practices.

Future research directions. The research team has created conditions for following researchers to conduct investigations concerning how financial beliefs affect economic progress and financial stability over extended durations. Research can explore digital financial tools and platforms to discover their effects on the link between knowledge and behavior and attitude since financial services are rapidly becoming digital. The authors concentrated their research on financial knowledge together with attitudes and behaviors as investment decision predictors but they omitted exterior influences such as economic factors and individual personality characteristics. Research needs to investigate which financial education programs work best for improving financial decision-making judgments since programs received strong advocacy for educational improvement.

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