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Examining the Role of Financial Awareness, Attitude, and Knowledge in Personal Financial Planning: A Study in the Kathmandu Valley

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Abstract

Purpose. This study explores the relationship between financial literacy, including awareness, attitude, knowledge, and planning, among Nepalese individuals who reside in the Kathmandu Valley.

Design/methodology/approach. The study employed a descriptive and causal research design based on the primary data collected from 386 respondents who were actively engaged in financial transactions at the Nepalese Stock Market. It used a purposive selection approach to select participants, specifically those involved in financial transactions at stock broker centers located in Kathmandu Valley.

Findings. The study's outcome indicates a modest positive relationship between financial awareness and individual financial planning ($\beta = 0.143$; $p = 0.000$), whereas financial attitude demonstrates a stronger positive association ($\beta = 0.323$; $p = 0.000$). Financial knowledge is the most influential component in individual financial planning ($\beta = 0.501$; $p = 0.000$).

Research implications. The results indicate that by implementing focused educational programs, individuals can enhance their financial literacy, enable them to make well-informed financial decisions, enhance their financial planning skills, and ultimately progress their long-term financial security.

Originality/value. This study underscores financial literacy's significance for individual and social well-being.

Keywords: *Attitude, Awareness, Knowledge, Planning*
JEL Classification Code: *D14, G53, I22*

1. Introduction

Financial awareness, attitudes, and understanding are more important in today's financial landscape than ever before. Financial awareness (FA), or understanding one's financial state concerning the more significant economic world, is the foundation for making educated decisions leading to better lives, better living situations, and wealth accumulation. Beyond these visible benefits, financial understanding is essential for planning major life events, such as retirement and making loan decisions for various purposes such as shopping, vacation, and education. These decisions affect individuals' financial well-being and national economic performance (Dahal, 2022). As a result, having a foundation of financial awareness is critical for making sound financial decisions, enabling individuals to navigate complex financial landscapes with confidence and expertise (Dumitrescu et al., 2016; Karki et al., 2023).

However, financial awareness (FA) alone is not enough. Individuals' views about money and financial management influence how they handle their finances (Joshi et al., 2023). Mahapatra et al. (2019) emphasized that behavioral and cognitive aspects, such as financial cognition and mental accounting, are essential precursors to efficient personal financial planning. Successful financial management requires a positive financial attitude, which includes taking a proactive approach to money management, setting financial objectives, and exercising discipline in spending and saving. Kumalasari and Anwar (2022) noted that these attitudes considerably influenced personal financial management behavior, with financial knowledge as a moderator in this relationship. This suggests that financial knowledge must accompany vital awareness and attitudes for genuine effectiveness. Financial knowledge, or comprehension of core financial concepts such as credit, insurance, savings, and investments, is essential for transforming financial awareness and attitudes into practical financial goals. It gives individuals the tools to manage their finances, such as borrowing, investing, and saving. This knowledge entails understanding financial products and how to apply them efficiently to attain financial objectives. Widowson and Hailwood (2007) argued that financial literacy, including this knowledge, is critical for increasing wealth, income, and lifestyle choices, thereby influencing personal investment decisions and broader economic stability.

Jumady et al. (2024) investigated the relationships between financial literacy, behavior, self-control, debt management, and financial well-being, concluding that an investor's financial literacy level directly or indirectly impacts his or her financial well-being. Understanding finance fundamentals is critical for protecting one's financial future, especially when financial instruments are getting more complex. Information asymmetry between markets and investors makes it more difficult for individuals to make educated decisions, emphasizing the significance of financial literacy (Ghimire et al., 2023; Singh & Sharma, 2016). Effective personal financial planning necessitates financial awareness, optimistic attitudes, and extensive knowledge (Dahal et al., 2023). This entails developing and achieving financial goals and taking a disciplined approach to managing personal resources. According to Kapoor et al. (2012), effective financial planning is critical for financial security during one's working tenure and retirement, particularly as life expectancies rise and the population ages. Income, age, gender, and education all impact financial planning decisions, but individual behavior remains an essential driver of the success of money management and financial planning (Ghimire et al., 2024; Lai & Tan, 2009).

The global financial crisis highlighted the significance of financial awareness or literacy and its relevance to individual financial management. Financially literate individuals are better suited to use financial products and services effectively, avoiding unsuitable purchases and evaluating financial services, which helps to drive monetary growth. Nonetheless, financial literacy remains low globally. According to the World Economic Forum (2024), just 33% of the worldwide population is financially literate, with very little financial preparation for the future. This lack of financial literacy can result in severe consequences, such as income loss or inadequate investment management, hurting individual and national welfare. Nepal, for example, has a notably low level of financial literacy, ranking 136th out of 144 countries (International Finance Corporation, 2023). This has spurred the government, non-governmental organizations, and corporations to work together to enhance FA among Nepalese individuals. According to research, improved FA among young individuals corresponds to better financial outcomes, such as lower high-cost borrowing and increased retirement and emergency savings (de Bassa Scheresberg, 2013). However, considerable differences in financial awareness and literacy exist across groups and geographies. Women, young adults, and the elderly have lower FA, although higher education and prior financial education improve it (Lusardi & Mitchell, 2011).

A study of financial attitudes, knowledge, and awareness seeks to enhance individual financial management by customizing financial plans to these aspects in Nepal. As the complexity of today's financial market grows, so does the variety of products and services available, making financial literacy even more important. The COVID-19 pandemic highlighted this by exposing global financial management issues and the significance of effective financial planning. Low financial literacy frequently leads to increased debt, incorrect investment decisions, and challenges in accumulating wealth and retirement savings (Gachango, 2014). Financial learning equips people with the awareness they need to make well-versed and responsible financial decisions, guiding them through short-term and long-term financial issues. In this context, this study aims to determine the relationship between individual financial planning by examining how financial attitudes, knowledge, and awareness influence personal money management based on the following issues:

a. What is the relationship between financial awareness (FA), financial attitude (FAt), and financial knowledge (FK) in personal financial planning (PFP) management in the Kathmandu Valley district of Nepal?
b. How do FA, FAt, and FK influence PFPM in the districts of Kathmandu Valley, Nepal?

The structure of this study is systematic. The introduction describes the environment, goals, and significant issues associated with PFP. The literature evaluation, conceptual framework, and hypotheses form a foundation for the study. The methodology segment describes the study's plan, sampling strategy, and data-gathering procedures while considering the respondents' characteristics. The results section discusses the data with a focus on hypothesis validity. The discussion section compares the findings with recent research in the field. The conclusion summarizes the study's objectives, significance, and limitations and recommends further research.

2. Review of Literature

Financial literacy components such as awareness, attitude, and knowledge are understanding, evaluating, and effectively transmitting information about money and financial services. It entails preparing for the future, dealing with unexpected circumstances, and making sound financial decisions. This term refers to an individual's ability and self-confidence to comprehend financial concepts, products, risks, and possibilities. It also involves making informed decisions, understanding when to seek expert help, and taking decisive steps to improve an individual's financial situation. Moreover, FL includes comprehending and applying financial concepts to make wise and realistic financial decisions (Mishra, 2022; Pant et al., 2022).

On the other hand, FA emphasizes the significance of understanding financial concepts when making monetary decisions and experiences. It entails understanding fundamental principles such as borrowing, investing, saving, and budgeting and how these concepts concern one's financial circumstances. Behavioral and contextual factors such as spending habits and socioeconomic position influence financial awareness (Dahal, 2021; Tahir et al., 2021). Financial awareness emphasizes the role of situational awareness, mindfulness, as well as education while promoting financial well-being. Targeted interventions can increase financial knowledge, allowing people to manage their finances better and make educated decisions (Ghimire et al., 2021; Sabri et al., 2021).

According to the Theory of FA, one's attitudes, viewpoints, and perceptions about money substantially impacts financial behavior and decisions. Based on social psychology and behavioral finances, this theory recognizes that social circumstances, cultural norms, personal experiences, and socioeconomic background influence how people perceive money. These attitudes influence risk tolerance, perceptions of financial stability, and financial management perspectives (Kamakia et al., 2017). Emotions like satisfaction, stress, and anxiety all impact FA and behaviors. Affirmative attitudes towards monetary planning and long-standing goals can lead to sensible savings and investment practices. In contrast, negative attitudes towards debt or monetary instability might affect avoidance or spontaneous spending.

Lim (2003) investigated the attitudes of 204 senior workers in Singapore towards work, retirement, and readiness for retraining. The survey discovered that employment remained a fundamental component of life for people in their forties and beyond, significantly impacting retirement planning and financial preparation. Similarly, Ali et al. (2013) suggested a methodology for investigating the association between financial happiness and financial literacy, assessing factors such as money management, financial planning, investment skills, and attitudes. Their findings indicated that financial literacy significantly impacts individuals' financial happiness. According to Arrondel et al. (2013), poorer financial literacy levels are more common among specific subpopulations, such as women, the young and old, and those with less schooling. These groups frequently struggled with essential financial literacy, such as interest compounding and risk diversification, and political beliefs were also associated with knowledge gaps. According to the findings, greater FL is associated with a more vital willingness to engage in financial planning.

Bhargava et al. (2017) investigated the impact of FL on PFP in various occupational categories in India. Their research revealed significant differences in FL and management skills among self-employed professionals, business-class professionals, and service-class professionals, with the latter groups demonstrating higher levels of financial literacy and practical application in daily life. Lang'at and Abdullah (2019) examined how financial literacy affects individual financial management at the Kenya Airports Authority. Their findings showed that higher financial awareness improved employee accountability and financial management, highlighting the necessity of developing positive personal financial habits. Muthulakshmi and Jaisun (2022) explored the lack of incentive to seek financial counseling despite the importance of personal financial planning. They found that financial education had a substantial impact on investment, income, and retirement savings. Their findings suggested that early financial education is critical for successful financial planning.

Thapa and Nepal (2015) conducted a study of 436 college students to investigate FA and the impact of personality and educational background in Nepal. The findings revealed that, while students had a rudimentary understanding of finance, they lacked expertise in important areas like credit and financial statements. Educational background and personality attributes have a substantial impact on overall financial literacy. FAt has an extensive effect on PFPM. Mahapatra et al. (2019) emphasized the importance of behavioral and cognitive components, such as financial cognition and mental accounting, as key predictors of personal financial planning. These elements help people manage financial flow, investments, insurance, retirement, and tax preparation. Kumalasari and Anwar (2022) discovered that financial attitudes considerably influence personal financial management behavior, with financial knowledge as a moderator in this relationship. Positive financial attitudes can lead to more effective financial management strategies. Dinsar and Hasan (2022) investigated how financial knowledge and attitudes affect personal financial management behavior among MSME entrepreneurs in Makassar City. Their research found that FK and FAt favor monetary management behaviors; however, the study's drawbacks include a focus on a specific location and a limited sample size, which may limit generalization.

Similarly, Khanal et al. (2022) investigated the characteristics influencing financial planning among new business school graduates in Nepal. Their findings suggested that financial attitudes and awareness had a more important impact on PFP than FK. Collectively, these studies demonstrate the varied nature of FL and its implications for effective PFP, emphasizing the importance of ongoing research to close existing gaps and provide a compelling basis for the new study. Yuwono et al. (2023) conducted a systematic assessment of the impact of FK on PFP, finding that it enhances planning processes, decision-making accuracy, and overall financial prosperity. Their findings emphasize the importance of FK in meeting the needs of financial professionals. Jumady et al. (2024) investigated the relationship between FK, financial behavior, self-control, debt management, and financial well-being. Their findings showed that strong FK improves individuals' ability to handle debt successfully, whereas low self-discipline and procrastination are noteworthy impediments to effective liability management.

Although there have been many studies on FA, FAt, FK, and PFP in different nations, there is a lack of studies especially focused on Nepal. The earlier studies by Surendar and Sarma (2017) and Bhargava et al. (2017) mostly looked at the opinions of staff members and teachers. As a result, it was hard to understand how financial literacy affects the financial planning habits of specific clients. While Krishna et al. (2019) have conducted studies on several connected areas, they have not comprehensively examined the distinct financial environment and difficulties encountered by the inhabitants of Nepal. This study seeks to deal with this significant deficiency by exploring the association between FA, FAt, FK, and PFP among individuals in the districts of Kathmandu Valley, thus offering valuable insights applicable to the Nepalese setting.

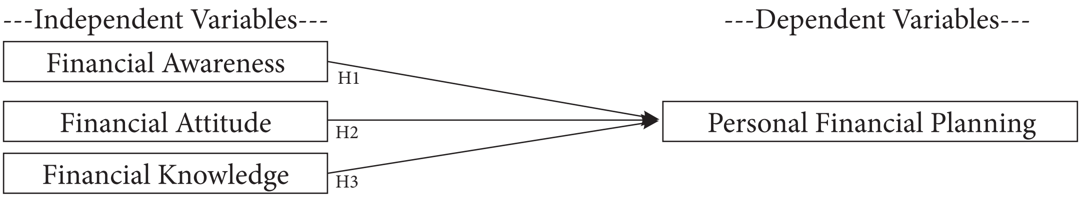

Figure 1 Conceptual Framework

FA refers to understanding various financial goods and services, including saving accounts, investments, loans, and insurance. Financial awareness allows individuals to identify multiple financial instruments' potential advantages and disadvantages, resulting in more informed financial decisions. For instance, an individual who knows the benefits and drawbacks of investing in stocks or mutual funds is more inclined to make choices that align with his or her financial objectives and ability to tolerate risk. Oli (2020) established a positive correlation between heightened knowledge of financial products and improved financial management practices. This suggests that people with a comprehensive understanding of the various financial options are better equipped to strategize and manage their resources. In the context of Kathmandu Valley, we anticipate that individuals with a deeper understanding of financial products will exhibit superior personal financial planning behaviors. These behaviors include diversifying investments, selecting suitable savings plans, and appropriately managing debt.

H1: Financial awareness significantly impacts PFP in Nepal.

FAt refers to an individual's cognitive framework, convictions, money, and financial administration inclinations. These attitudes may encompass a predisposition to save, a prudent attitude towards debt, and a concentration on achieving long-term financial security. The research work by Furnham & Grover (2019) and Yogasnumurti et al. (2021) indicates that personal experiences, cultural norms, and socioeconomic backgrounds significantly influence individuals' financial behaviors through their financial attitudes. Individuals with a favorable disposition towards saving and financial planning are more inclined to partake in actions promoting long-term financial objectives, such as consistent saving, judicious investing, and meticulous budgeting. On the other hand, individuals with unfavorable perspectives toward financial planning may consciously refrain from budgeting or saving, resulting in a lack of financial stability. We anticipate that individuals in Kathmandu Valley with optimistic financial mindsets will demonstrate more efficient personal financial planning, characterized by disciplined saving practices, deliberate spending, and meticulous asset management, to achieve immediate and enduring financial goals.

H2: Financial attitude significantly influences on PFP in Nepal.

FK refers to an individual's aptitude to comprehend and use a range of financial principles, such as interest rates, inflation, and risk diversification, in his or her daily life. Individuals with greater monetary knowledge are more inclined to participate in proficient PFP since they can make well-informed choices concerning budgeting, investments, insurance, and retirement planning. For example, having a clear understanding of compound interest enables consumers to make more informed decisions concerning their investments and savings, while knowing inflation assists them in strategizing for their long-term financial objectives. Arrondel et al. (2013) discovered that persons with a greater level of FK, as determined by their understanding of fundamental financial concepts, tend to engage in more advanced financial practices, such as successful investments in assets like stocks and retirement plans. The study anticipates that individuals in Nepal who score higher on financial knowledge evaluations can demonstrate more proficient personal financial planning habits, such as regular saving, cautious investing, and adequate retirement preparation.

H3: There is a significant relationship between FK and PFP in Nepal.

3. Research Methodology

Using a descriptive and causal research approach, this study examined how FA, FAt, and FK affected PFP among the Nepalese individuals who reside in Kathmandu Valley. The study concentrates on individuals who actively engage in financial transactions at the Nepalese Stock Market. The study employed a convenience sampling approach to select participants, specifically those involved in financial transactions at the stockbroker centers located in Kathmandu Valley. Survey responses totalled 386, which fits the Krejcie & Morgan Table - KMT (Krejcie & Morgan, 1970) for sample size computation. The KMT claims that a sample of 384 is enough for populations of 1,000,000 or more, thereby guaranteeing that the sample size in this study is statistically suitable for the stated population.

A field study was conducted between April and June 2024 in Kathmandu Valley. The survey involved administering a structured questionnaire to the intended participants who were present at different Stock Brokers Centers. The survey questionnaire implemented a systematic and standardized approach to gathering data, facilitating the efficient collection and analysis of information. The study utilized the survey factors obtained from previous research, as presented in Table 1. Additionally, a five-point Likert scale was created, with a range of 1 (indicating strong disagreement) to 5 (indicating strong agreement). The survey also included demographic inquiries to collect data regarding the participants' background attributes and interests.

Table 1

The Study Variables

Items
Financial Awareness (FA)
- I understand the importance of budgeting and keeping track of my expenses regularly.
- I know the many investing possibilities (e.g., stocks, bonds, mutual funds).
- I regularly review and manage my finances, including savings, investments, and emergency funds.
- I understand how credit ratings function and how they influence my financial choices.
- I am confident in making financial decisions, such as taking out loans or planning retirement.
- I am aware of how inflation affects my savings and purchasing power.
- I actively seek financial management information and instruction to increase my financial literacy.
Financial Attitude (FAt)
- I prioritize saving for future financial security.
- I believe it is critical to avoid excessive debt.
- I am comfortable taking measured financial risks in exchange for prospective profits.
- I like having a financial safety net in case of an emergency.
- I prioritize living within my means, even if it means sacrificing luxury.
- I strive for financial freedom.
Financial Knowledge (FK)
- I grasp basic financial concepts like interest rates and inflation.
- I know how to compute interest on loans and savings.
- I understand the tax ramifications of various financial actions.
- I understand the differences between financial goods (insurance and investments).
- I can read and interpret financial statements.
- I know the fundamentals of budgeting and financial planning.
Personal Finance Planning (PFP)
- I have a detailed financial plan for accomplishing my long-term objectives.
- I assess my financial strategy regularly and make any necessary adjustments.
- I saved away money for emergencies and unforeseen expenses.
- I have a debt management and repayment strategy.
- I make regular contributions to my retirement savings.
- I plan out large purchases (such as a home or a car) ahead of time.
- I keep track of my financial progress towards my goals.
- I think about how my financial decisions will influence my future.

This study employed descriptive analysis to consolidate and clarify the characteristics of the data. Furthermore, correlation analysis was applied to examine the connection between the dependent and independent variables. The relationship was computed to quantify the direction and degree of linear interactions between pairs of variables. Ultimately, a regression analysis was performed using equation 1 to assess how well the deciding factors predict PFP in Nepal.

$$\mathbf{PFP = \beta_0 + \beta_1 FA + \beta_2 FAt + \beta_3 FK + e \ldots\ldots\ldots\ldots\ldots\ldots (1)}$$

Where,
Dependent Variable:
PFP = Personal Financial Planning
Independent Variables:
FA = Financial Awareness
FAt = Financial Attitude
FK = Financial Knowledge
e = error term

Cronbach's alpha (α) was employed to assess the reliability of each latent variable, while Harman's single-factor variance was utilized to detect common method bias (CMB) across all variables. Table 2 displays the examination results and the suggested threshold scales.

Table 2

Reliability and CMB Insights

S. N.	Latent Variables	Observed Variables	Cronbach's Alpha (α)	Harman one-factor variance
1	Financial Awareness [FA]	7	0.803	47.516 %
2	Financial Attitude [FAt]	6	0.941	
3	Financial Knowledge [FK]	6	0.922	
4	Personal Fin. Planning [PFP]	8	0.886	
	Suggested threshold values		≥ 0.70 (Taber, 2018)	≤ 50.0 % (Cho & Lee, 2012)

Table 2 demonstrates the reliability outcome, which indicates that all of Cronbach's alpha values surpass the acceptable level of 0.70, as recommended by Taber (2018). Additionally, all 28 study variables exhibited a reported variation of 47.516 %, which is lower than the recommended threshold of 50 % proposed by Cho and Lee (2012). Thus, 28 quantifiable variables were selected for further analysis and grouped into four underlying categories. The study employed the sphericity and Kaiser-Meyer-Olkin (KMO) tests to evaluate its external validity. The test statistic 0.934 obtained from the KMO sample adequacy test exceeded the predetermined threshold value of 0.8, as recommended by Hair et al. (2018). The Bartlett sphericity test demonstrated that each association in the correlation matrix had a significant impact. The test produced a Chi-square value of 11428.115 with 351 degrees of freedom (df) and a significance level (Sig.) of 0.000. The inquiry identified twenty-eight variables deemed eligible for regression analysis. It provided the foundation for analyzing the relationships between FA, FAt, FK, and PFP, confirming the reliability of the measurement instruments used in this study.

4. Results

This section analyses and interprets the demographic information, including the primary data collected from the questionnaires. It illustrates the socioeconomic status of the research participants. The respondent profile offers a comprehensive summary of the respondents' general personal characteristics, including age, gender, marital status, employment, educational background, and monthly personal income. This section details the demographic characteristics of the respondents from Kathmandu Valley.

Table 3

The Respondents

	Respondents in			Respondents in	
	Nos	%		Nos	%
Marital Status:			*Respondent's sex:*		
Single	205	53.1	Male	207	53.6
Married	181	46.9	Female	179	46.4
Age group:			*Occupation*		
20 to 29 years	309	80.1	Students	103	26.7
30 to 39 Yrs.	35	9.1	Business	84	21.8
40 to 49 Yrs.	42	10.9	Job as employee	199	51.6
Occupation:			*Monthly Income*		
Intermediate level	170	44	Less than 70,000	185	47.9
Bachelor level	207	53.6	Rs 70,000 to 140,000	142	36.8
Masters or/and above	9	2.3	Above Rs140,000	59	15.3
	386	100.0		386	100.0

The respondents' demographic analysis provides valuable insights into the characteristics of the individuals participating in this study on FL and PFP in Kathmandu Valley. A total of 386 respondents represented a diverse array of demographic characteristics. Younger individuals may be more inclined to participate in discussions regarding financial literacy, as the survey indicates that a slight majority of respondents are single (53.1%) compared to married individuals (46.9%). The gender distribution is comparatively balanced, with 53.6% of respondents being male and 46.4% female. This suggests a growing female involvement in financial matters in a traditionally male-dominated setting.

The age demographic is characterized by a high proportion of younger individuals, with 80.1% of respondents falling within the 20 to 29 age group. This discovery implies that FA, FAt, and FK may be a more critical concern for younger individuals still establishing their financial foundations. A bachelor's degree is held by a substantial proportion of the population (53.6%), while 44% have completed intermediate-level education. Only 2.3% of the population has a master's degree or higher. This heritage suggests that one's education level may influence financial awareness and attitudes.

The distribution of occupations suggests that the majority are employees (51.6%), while students (26.7%) and business owners (21.8%) also constitute significant groups, reflecting a variety of financial planning demands and experiences. Based on the income distribution, nearly half of the respondents (47.9%) earn less than Rs. 70,000 per month, 36.8% earn between Rs. 70,000 to 140,000, and only 15.3% earn above Rs 140,000. This underscores the importance of FL, particularly for individuals in lower income brackets who may encounter more significant financial obstacles. Overall, this demographic data underscores the importance of comprehending the diverse backgrounds of respondents with their FL and PFP behaviors. It implies that targeted financial education initiatives could be particularly advantageous for this demographic in Kathmandu Valley.

Table 4 illustrates the correlation analysis among the variables, emphasizing the connections between PFP, FAt, FK, and FA. At the 0.01 significance level, the results show a significant positive correlation between PFP and all independent variables, including FA, FAt, and FK.

Table 4

Correlation analysis of the variables

		FA	FAt	FK	PFP
Pearson Correlation	FA	1			
	FAt	.724**	1		
	FK	.602**	.662**	1	
	PFP	.678**	.758**	.801**	1

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

Furthermore, Table 4 demonstrates a robust association between FAt and PFP (r =.758), suggesting that individuals who maintain a positive financial attitude are more inclined to engage in effective PFP. FK has the strongest association with PFP (r =.801), indicating that higher levels of FK directly improve PFP's efficacy. Similarly, the positive correlation between FA and PFP (r =.678) underscores the importance of understanding financial concepts. These findings suggest that enhanced FA, FAt, and FK can result in superior PFP outcomes and underscore the critical role of these independent variables in developing effective financial planning behaviors.

Table 5 provides the model summary for the regression analysis assessing the influence of FA, FAt, and FK on PFP.

Table 5

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	F Change	Sig. F Change
0.862	0.743	0.741	0.30513	367.821	0.000

Predictors: (Constant), FA, FAt, FK
Dependent variable: PFP

The model demonstrates a strong connotation with an R-value of 0.862, which suggests a high degree of association between the predictors and the dependent variable. FA, FAt, and FK combined can account for approximately 74.3% of the variance in PFP, as indicated by the R square value of 0.743. The adjusted R square value of 0.741, which considers the number of predictors used in the analysis, further attests to the model's robustness. The standard error of the estimate, 0.30513, represents the average distance between the observed values and the regression line. The aggregate regression model is statistically significant, evidenced by the F-Change value of 367.821 and the corresponding significance level of 0.000. This suggests that FA, FAt, and FK significantly influence PFP.

Table 6

Regression Results

Model	Unstandardized Coefficients [a]		Standardized coefficients	t-statistics	Sig.	Variance Inflation Factor	Observations on the hypotheses
	B	St. Error	Beta				
(Constant)	.875	.078		11.261	.000		-
FA	.105	.028	.143	3.698	.000	2.227	Accepted
FAt	.227	.029	.323	7.828	.000	2.526	Accepted
FK	.415	.029	.501	14.065	.000	1.884	Accepted

Source: Field Survey, 2024

The variance inflation factor (VIF) values quantify the degree of multicollinearity among independent variables. Typically, a VIF value exceeding 4 indicates a substantial multicollinearity issue, suggesting a degree of correlation among the independent variables that could distort the regression analysis results. The VIF values for FA, FAt, and FK in this investigation are significantly lower than this threshold of 4, as Hair et al. (2018) recommended, suggesting that multicollinearity is not a significant concern. This serves to bolster the overall regression model and the coefficients' dependability.

Table 6 shows the results of the regression analysis and offers how FA, FAt, and FK affect PFP. The results are shown using standardized beta coefficients. These coefficients facilitate a comparative analysis of the effects of each independent variable and dependent variable by indicating the strength and direction of the association. The standardized beta coefficient of 0.143 indicates a moderately positive relationship with personal financial planning, beginning with financial awareness. The t-statistic of 3.698 and the p-value of 0.000 indicate that this relationship is statistically significant, emphasizing the importance of FA in improving individuals' ability to manage their finances efficiently.

As a result, FAt has a standardized beta coefficient of 0.323, indicating a stronger positive correlation with PFP than FA. Furthermore, the t-statistic of 7.828, coupled with a significance level of 0.000, underscores the substantial influence of FAt on PFP, emphasizing the influence of one's perspective and beliefs regarding money on financial behavior. Lastly, the highest standardized beta coefficient of 0.501 indicates a significant positive correlation between FK and PFP. The t-statistic of 14.065 and the significance level of 0.000 confirm the statistical significance of this relationship, highlighting the crucial role of FK in effective PFP.

5. Discussion

This study examined the relationship between FA, FAt, FK, and PFP among people in Kathmandu Valley. The results suggest that all three factors—FA, FAt, and FK—significantly influence individuals' financial planning. Particularly, the study explored a moderately positive impact of financial awareness on PFP, suggesting that a higher level of financial awareness enhances individuals' ability to manage their finances effectively. The participants showed that they understood a variety of financial products, such as life insurance, stock shares, government securities, and mutual funds. Bhuyan et al. (2021) and Karki et al. (2024), who reveal a high degree of investor awareness of financial instruments and services, corroborate these results. This is in line with the findings of our study demonstrating a high level of understanding, especially with regard to fixed deposits and bank savings. Nonetheless, Gurung et al. (2024) and Prathap and Rajamohan (2013) discovered different outcomes, pointing to a more optimistic outlook and increased knowledge of mutual funds among their participants.

Similarly, FAt and FK exhibited a positive connection with PFP, indicating that a proactive financial decision-making strategy and a thorough comprehension of financial principles augment the efficacy of personal financial planning. The findings align with Dinsar and Hasan's (2022) research, which highlights the essential influence of financial knowledge and attitudes on individual financial management behavior. Moreover, Jumady et al. (2024) examined the correlation among financial literacy, behavior, self-control, and debt management, demonstrating that those who actively participate in personal or household debt planning get superior financial results. Kenayathulla et al. (2020) also discovered that undergraduate students in Malaysia exhibited robust financial knowledge and behavior but only moderate financial attitudes, highlighting the necessity of targeted interventions to enhance financial literacy and attitudes.

This study emphasizes the necessity of addressing deficiencies in financial awareness, attitudes, and knowledge, especially in the Nepalese context, to enhance personal financial planning results. This corresponds with global trends, highlighting the necessity for financial education activities to foster improved financial behaviors and ensure long-term financial stability.

6. Conclusion

This study reveals the interconnectedness and joint impact of FA, FAt, and FK on individuals' skills to manage their finances efficiently. The relationship between FA and PFP suggests that people with a higher level of awareness about financial products and services are better equipped to make well-informed financial choices. This underscores the importance of educational programs and outreach initiatives to improve FA in the community. Through enhancing consciousness, we can enable individuals to assert authority over their financial prospects, mitigate hazards, and steer clear of prevalent traps linked to financial ignorance.

The association between FAt and PFP underscores the notion that an individual's thinking about money has a considerable influence on his or her financial behavior. Having a positive FAt promotes proactive planning, motivating individuals to establish financial objectives and carefully strive to accomplish them. This implies that financial education should not only prioritize the acquisition of knowledge but also emphasize the cultivation of a positive mindset toward the handling of money. We can promote positive financial attitudes by implementing workshops, mentorship programs, and community conversations that encourage open dialogue about financial obstacles and achievements. In addition to this, people who possess extensive FK are more capable of engaging in successful financial planning. They can navigate intricate financial products and make strategic judgments that are in line with their long-term objectives. This discovery highlights the immediate requirement for strong financial education programs at many levels, ranging from schools to community centers, in order to guarantee that individuals have the means to develop their FAt.

Moreover, it is crucial to acknowledge that enhancing FA, FAt, and FK is not solely an individual pursuit but a shared societal obligation. Stakeholders, such as educational institutions, government agencies, and financial institutions, should work together to establish a conducive atmosphere that fosters financial education and enables individuals to control their finances. By allocating resources to FA, FAt, and FK projects, we can provide future generations with the necessary skills and knowledge to succeed in an ever-increasing financial environment.

7. Implications

This investigation has far-reaching implications. Increasing awareness, fostering positive financial attitudes, and acquiring comprehensive knowledge through financial understanding can achieve improved personal financial planning. By increasing their financial understanding, individuals can more effectively navigate economic uncertainties, make informed financial decisions, and accomplish their financial objectives. Not only does this transformation benefit individuals, but it also makes a significant contribution to the economic stability and development of the nation and community. An individual can cultivate a financially knowledgeable society capable of making informed decisions that result in long-term prosperity and well-being by emphasizing financial understanding as a critical aspect of personal development.

8. Limitations and Future Scope

There are certain limitations to this investigation. The geographical restriction of this investigation to Kathmandu Valley may not accurately reflect the financial behaviors of individuals in other regions of

Nepal, particularly rural areas. The sample's demographic tendency towards younger, more educated individuals may also influence the results. Likewise, the cross-sectional design limits the capacity to establish causality or observe changes over time, and the reliance on self-reported data can introduce biases such as social desirability. Furthermore, the investigation focuses solely on specific components of financial literacy, which may lead to the neglect of other significant factors.

Expanding the study to other regions of Nepal and implementing a longitudinal design could offer a more comprehensive comprehension of financial understanding and planning behaviors across various populations and over time for future research. Investigating supplementary variables, such as financial behavior and cultural influences, in conjunction with qualitative methodologies may yield further insights.

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