Determinants of Investor Awareness in Nepalese Capital Market

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Abstract

Background: Capital market investors have propelled the industry, and the stock market has worked as a facilitator; hence, in order to develop a successful market system, all information must be acknowledged and delivered to the acquisition and offering sectors. It is obvious that educating investment communities or stakeholders about their possible return on Investment, investment objectives, alternatives, decision-making processes, and so on might aid in the acceleration of capital market expansion. As a result, the research aims to increase investor awareness and stock trading in the capital market.

Objectives: The main purpose of the study is to explore the extent of awareness of common stock investors and analyze the determinants of investors' awareness in the Nepalese capital market.

Methods: The research design for the study is a survey research design, and convenience sampling was used to collect 250 samples from various brokerage houses within Pokhara valley. Data was collected with a structured questionnaire. Various analysis tools like Confirmatory Factor analysis and Path analysis were used to examine the relationship between Investor's awareness and its determinants.

Results: The result of CFA with fit indices of GFI=0.938, AGFI=0.913, $\chi2$/df=1.233, RMSEA=0.031, CFI=0.896 and TLI=0.881 advocate that the measurement model has an excellent fit. Furthermore, path analysis results show that the majority of independent factors, including social learning and motivation, fundamental and technical analysis, and evaluation of investment alternatives, have a significant and positive impact on the dependent variable investor awareness.

Conclusion: The study highlights the importance of investor awareness for effective investment decisions and the growth of the capital market in underdeveloped economies like Nepal. Investors' understanding is essential for investment decisions and the long-term growth of the capital market. So, there should be a proper understanding of various determinants of investors' awareness and work accordingly.

Recommendation: Marketing campaigns, seminars, publications, and FM/TV shows, among many other means, should be used by regulatory agencies such as SEBON to inform the general public about the dynamics of risk and profit in the capital market.

Keywords: Capital market, confirmatory factor analysis, investor awareness, path analysis

JEL Classification: C10, G11, O10

Introduction

The capital market makes use of individual and institutional investors' savings to purchase shares, bonds, mutual funds, and other financial instruments (Beaver, 2002). These investments are then used for productive purposes in a variety of economic sectors with the potential to provide a higher return on investors' capital. One of the most crucial factors in a country's economic success is the capital market. Individuals and institutional investors in Nepal now have investment options thanks to the opening of the capital market (Kadariya et al., 2012). The degree of financial knowledge and literacy is essential for the market to develop healthily. Investor literacy, or understanding of the market or the financial environment, is referred to as investor awareness. The investor's performance and decision-making are affected by behavioral factors (Dhungana et al., 2018). The level of awareness usually measures the investor's exposure and knowledge or information about the industry as a whole (Obstfeld, 1998).

Investors in the capital market have fueled the economy, and the stock exchange has served as a lubricant. It is critical in this process that all information be recognized and distributed to the purchasing and selling sectors to build an effective market mechanism. The market's efficiency represents the reproduction of information into stock price, given that no information is free. Every piece of information, whether released by institutions or leaked as private information, has costs and advantages that should be included in the price of a security sooner or later (Devkota et al., 2021). The Investor may use this information to improve their investment judgments and to be aware of the facts that contribute to the effective functioning of the market. Security Board of Nepal (SEBON), the top regulator, offers limited awareness campaigns such as workshops and seminars, training programs, street campaigning, and so on. Listed corporations and brokerage firms have yet to recognize the significance of comparable schemes (Kadariya et al., 2012). Most stock investors lack timely and trustworthy information that may help them make reasonable investing choices. It is true that capital market growth may be expedited by teaching investment communities or stakeholders on their risk and return on Investment, investment goals, alternatives, investment decision making procedures, and so on (Baihaqqy & Sari, 2020). As a result, the research attempts to raise investor knowledge and stock investing in the capital market.

The Nepalese market still demonstrates a low degree of understanding and poor comprehension of the significance of capital markets, with variable investor risk attitudes, affecting individual investors' ability to make appropriate investment decisions. Investor awareness is synonymous with phrases such as investor literacy, investor education, investor knowledge, and so on since they all contribute to the development of attentive investors. The potential advantages of increased investor understanding in third-world economies are substantial. Thus, the study's proponents are aware investors serve essential watchdog functions, increasing the chance that regulatory authorities may uncover probable market abnormalities prior to their existence.

Aware investors may also better pick investment choices that are most suited to their unique circumstances, such as age, wealth, income, qualification, debt, and so on (Volpe et al., 2002). With the development in popularity of the internet, which may introduce tools for first-time investors into the securities markets, investor knowledge has become even more vital. On the other hand, awareness keeps them informed about the investment environment and gives tools to assist them identify the risks connected with their portfolios. Investor knowledge also aids in the development of investors' ability to defend themselves against fraud and other malpractices. This study is centered on three key issues related to common stock investors. Firstly, it aims to investigate the extent of awareness among these investors. Secondly, it seeks to identify the determinants that influence investors' awareness in the capital market. Lastly, the study questions whether the current methods of information dissemination and the efforts of concerned authorities are sufficient in creating awareness among common stock investors. By exploring these issues, the study aims to shed light on the current state of awareness among common stock investors and provide insights that can be useful for policymakers and stakeholders in the capital market.

Review of Literature

Investor Awareness

Investor awareness is a term used in investor relations, by public companies and similar bodies, to describe how well their investors, and the investment market in general, know their business. Its significance is that investors are expected to base their investment decisions on awareness and knowledge, and a lack of these may lead to a low profile amongst its peers in the market. Investor awareness is knowledge the investors have of a company (Kadariya et al., 2012). More the investors are aware; they can better choose investment alternatives that are most appropriate for them in terms of their personal needs, risk perception, wealth, and income level, etc. Simultaneously, awareness also helps to make the investors up-to-date with the investment environment and provides tools to assess the risks associated with their portfolios (Devkota et al., 2021).

The investor awareness helps investors to develop the skill to protect themselves against risk of loss, fraud, and other malpractices. The extent to which investors are aware of available financial assets depend on the incentives of asset suppliers to spread the information about the instruments they issue (Guiso & Jappelli, 2002). Investors are more reliant and dependent on market knowledge and sentiments, according to Karmacharya et al. (2022). Merton (1977) pointed out that awareness affects asset prices because those that are less widely known, and thus less commonly selected, pay a premium. Based on various past literature there are numerous determinants of investor awareness which are discussed as follows:

Fundamental and Technical Analysis: Fundamental analysis is a way of determining the value of securities by analyzing the issuer's financial data. It examines the issuer's revenue and

costs, assets and liabilities, management, and industry position. It is a stock trading approach that aims to determine the inherent worth of a stock by analyzing statistics such as revenue, expenses, projected growth, and the key competitors (Bonga, 2015). Technical analysis is an approach that relies on past market data and thinks that past inevitably repeats itself. It argues that accepting historical share price trends will aid in predicting future values under comparable conditions. Technical analysis ignores the value of the stock and instead considers trends and patterns created by investors' emotional response to movements. It looks only at charts and believes that all the company's fundamentals are reflected in the stock price (Bonga, 2015).

Education and Training Programs: The education and training programs offered by various public and private entities, including as workshops, seminars, and share training sessions, have a substantial impact on the degree of investor awareness. The educational degree of investors determines their comprehension of financial literacy and its impact on capital market investing decisions. Different levels of investor education influence the level of financial literacy comprehension; hence, the higher the level of education, the greater the Investor's grasp of financial literacy (Baihaqqy & Sari, 2020).

Social Learning and Motives: Most investors gain knowledge from others through social engagement, which is another way for stock market insights to disseminate. Individuals are more likely to become conscious of the stock market as a result of social engagement. Many investors are drawn to the Nepalese capital market for a variety of reasons, including capital growth, parental influence, dividends, and so on. As a result, social learning has a substantial influence on investor awareness (Sapkota, 2020).

Evaluation of Investment Alternatives: Individuals and institutional investors inside the equity market can choose from a variety of investment options such as treasury notes, corporate bonds, common stocks, preferred stocks, and so on. The process of assessing and evaluating numerous investment options on the basis of rate of return and volatility (Kadariya et al., 2012). The Investor's primary purpose is to reduce the risk of the Investment while maximizing the profit. The stock market exists to offer a forum for prospective buyers to put their funds to work by investing in stocks, and for those who already hold securities to freely and rapidly transform them to wealth. To attract investors, an effective securities market must include qualities such as choice, speed, and supervision (Sapkota, 2020).

Regulator's Rules and Regulations: Governing bodies like SEBON is one of the key players who can extend investor awareness in equity market. SEBON should build up rules and regulations that make capital market more aggressive and eye-catching to both investors and likely investors. Thus, the rules and regulations of SEBON have a significant impact on the level of investor awareness (Devkota et al., 2021). The establishment of institutional framework for carrying out ongoing investigations, researches, investor education, public awareness, and training programs should be used to build the capital market as a reliable and sustainable

channel for capital mobilization (Dhungana, 2013).

Information Dissemination: Well-timed and adequate information dissemination by corporations, NEPSE, brokers etc. have significant impact on the level of investor awareness. Information is one of the vital aspects which offer knowledge to the investors about the Investment and market (Devkota et al., 2021). The aware investors play very essential guardian or protector roles that continually supervise the market. This helps to boost the likelihood that the regulating bodies can identify the potential deviation in the market before it occurs (Sapkota, 2020).

Based on a review of several earlier studies, a specific research gap has been identified in the area of investor awareness in the Nepalese stock market. While previous studies have focused primarily on the risk and return factors, other variables that may affect investor awareness have not been fully explored. In addition, while investors in the Nepalese stock market express a keen interest in obtaining information, the extent to which they have access to market information has not been well studied. As a result, this study aims to address this gap in the literature by investigating the factors that influence investor awareness in the Nepalese stock market. The study seeks to identify and examine the possible variables that impact investor awareness, with the goal of providing a more comprehensive understanding of the factors that influence investment decision-making in this context.

Based on various past empirical literatures, the theoretical framework on investor awareness in Nepalese capital market consists of six independent variables i.e., fundamental and technical analysis, education and training programs, social learning and motives, evaluation of investment alternatives, regulator's rules and regulations and information dissemination; and dependent variable investor awareness. The theoretical framework of the study is given by following figures:

Figure 1

Theoretical Framework of the Study
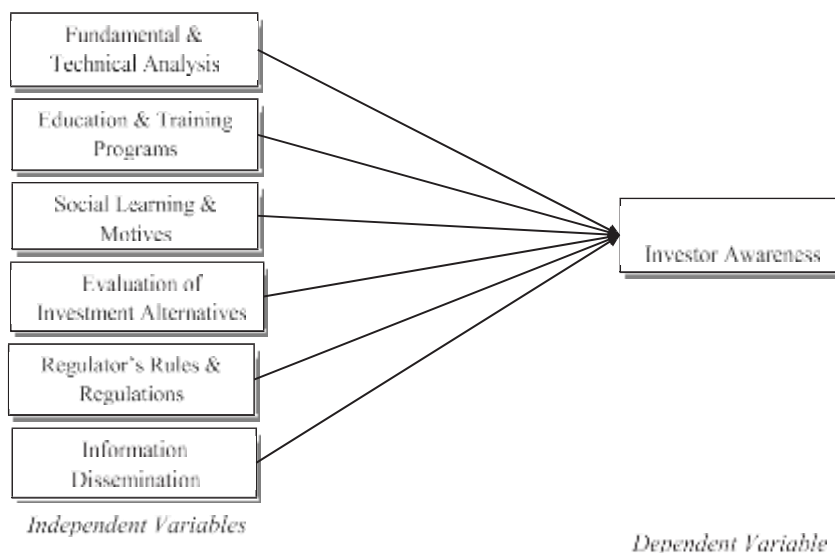
Independent Variables
Source: Sapkota, 2020; Devkota et al., 2021.

Dependent Variable

The literature review has focused on theories and empirical evidence related to fundamental and technical analysis, education and training programs, social learning and motives, evaluation of investment alternatives, regulator's rules and regulations, and information dissemination, which are the key variables in this study. It provides the necessary context for understanding the research questions and the theoretical framework that underpins the study. Based on the above theoretical framework, the current study's research hypotheses are as follows:

H1: Fundamental & technical analysis has positive impact on investor awareness.

H2: Education & training programs has positive impact on investor awareness.

H3: Social learning & motives has positive impact on investor awareness.

H4: Evaluation of investment alternatives has positive impact on investor awareness.

H5: Regulator's rules & regulations have positive impact on investor awareness.

H6: Information dissemination has positive impact on investor awareness

Materials and Methods

The present study used a survey research design to investigate investor awareness among equity investors in primary and secondary markets. A convenience sampling method was employed to select the opinions of 250 frequent and non-frequent investors who were visiting stock broker firms within the Pokhara valley. A structured questionnaire, which consisted of single response, multiple responses, rating scale, and open-ended questions, was used to assess the level of investor awareness. To ensure the validity of the study, a structured questionnaire was developed using a rational approach. Firstly, a review of past empirical literature was conducted to identify relevant concepts and constructs that should be included in the questionnaire. This process ensured that the questionnaire was grounded in established theory and research. Additionally, feedback was solicited from a few investors visiting brokerage houses in Pokhara. This step was taken to ensure that the questionnaire was relevant to the study population and could be easily understood and answered. By incorporating the perspectives and feedback of investors, the questionnaire was more likely to accurately capture the information needed to address the research questions.

A pilot-test was conducted with 30 investors to further validate the questionnaire. The result of pilot study provided initial data that was used to identify any potential patterns or trends in the responses. This helped the researchers to further refine the areas of interest for further investigation. In this study, the reliability of the questionnaire used to collect data was evaluated using Cronbach's Alpha, a measure of internal consistency. Internal consistency refers to the degree to which items on a questionnaire are related to each other and therefore measure the same construct. A high value of Cronbach's Alpha indicates that the items on the questionnaire are highly interrelated and consistent in measuring the construct. In this case, the Cronbach's Alpha coefficient was found to be 0.782, which indicates a high level of internal consistency among the items in the questionnaire. This value is above the commonly accepted threshold of

0.7, which is considered acceptable for most research purposes.

To analyze the collected data, the researchers used statistical software programs such as SPSS version 26 and AMOS 22. These tools were used to manage and organize the data, as well as to perform various statistical analyses required to achieve the research objectives. Descriptive statistics, such as mean, median, and standard deviation, were used to summarize and describe the main features of the data collected in the study. Confirmatory Factor Analysis (CFA) was also conducted to test the validity of the questionnaire and to confirm that the items on the questionnaire were measuring the same construct. Furthermore, Structural Equation Modeling (SEM) was used to analyze the relationships among variables and to test the proposed theoretical model. SEM allows for the evaluation of both direct and indirect relationships among variables and can help to test complex theories and models.

Results and Discussion

Demographic Characteristics of Respondents

The demographic characteristics of the Investor seeking services in various financial institutions have been categorized as Gender, Age, Education, Marital Status, Occupation, Annual level of Investment and Monthly Income. The demographic data collected via the questionnaire were recorded and analyzed in percentiles using SPSS. Table 1 summarizes the demographic characteristics of respondents.

Table 1

Demographic Profile of Respondents

Profile	Group	Frequency	Percent
Gender	Male	208	83.2
	Female	42	16.8
Age	Below 20 years	42	16.8
	Between 20-29 years	84	33.6
	Between 30-39 years	66	26.4
	Between 40-49 years	43	17.2
	Above 50 years	15	6.0
Education	SLC/SEE	17	6.8
	Plus Two	45	18.0
	Bachelor	116	46.4
	Master & above	72	28.8
Marital Status	Married	62	24.8
	Unmarried	188	75.2
Occupation	Banking & Finance	58	23.2
	Private Business	99	39.6
	Government Employee	41	16.4
	Student	38	15.2
	Others	14	5.6

Annual Level of Investment	Less than Rs 100,000	140	56.0
	Between 100,000 to Rs 500,000	58	23.2
	Between 500,000 to 1000,000	49	19.6
	More than 1000,000	3	1.2
Monthly Income	Below Rs 10,000	19	7.6
	Between Rs 10,000 to Rs 20,000	72	28.8
	Between Rs 20,000 to Rs 30,000	60	24.0
	Between Rs 30,000 to Rs 40,000	32	12.8
	Above Rs 40,000	67	26.8

Source: Field Survey, 2022 and authors' calculation.

According to Table 1, the gender distribution of the respondents, 83.2 percent are male, while the remaining 16.8 percent are female. The age distribution of the participants reveals that the majority, 60 percent, are between the ages of 20 and 40, with the remainder 40 percent being either below 20 years or above 40 years. The marital status distributions of the participants are married people accounting for 24.8% and unmarried people accounting for 75.2%. The respondents are highly educated, with the vast majority, 75.2 percent, having attended college or university, 18 percent having completed high school and remaining 6.8 percent attending SEE level. Further, Table 1 show that the 39.6 percent of the investors are engaged in private business, 23.2 percent in banking and finance, 16.4 percent as government employee and remaining as either student or others. Further, the annual level of Investment, majority of the investors has less than Rs 100,000, followed by between Rs 100000 to Rs 500000 as 23.2 percent. The monthly income of the Investor between Rs 10000 to Rs 30000 is 52.8 percent indicating that majority of the Investor earns moderate income.

Reliability and Validity

Construct Reliability

A research approach's reliability is defined as how well-founded and trustworthy its findings are. The reliability of the scales was evaluated using Cronbach's Alpha and Composite Reliability. The construct is considered reliable if both the CR and the Alpha are larger than 0.70 (Simşek & Noyan, 2013). All Cronbach's Alpha values are more than 0.70, with the least being 0.715 for Fundamental & Technical Analysis and the highest being 0.853 for Education & Training Programs, according to the basis of empirical evidence (Table 2). Furthermore, the model's Composite Reliability is better than 0.70, with the Fundamental & Technical Analysis having the least at 0.744 and the Education & Training Programs having the highest at 0.905. As a result, the construct's reliability is obviously indicated.

Table 2

Construct Reliability of Scale

Variables	Cronbach's Alpha	Composite Reliability
Fundamental & Technical Analysis	0.715	0.744
Education & Training Programs	0.853	0.905
Social Learning & Motives	0.782	0.828
Evaluation of Investment Alternatives	0.724	0.761
Regulator's Rules & Regulations	0.807	0.866
Information Dissemination	0.812	0.854

Source: Field Survey, 2022 and authors' calculation.

Construct Validity

Validity is defined as the degree to which a concept is accurately measured in a quantitative study. The concept validity ratings for its two subcategories, discriminant, and convergent validity, are shown in Tables 3 and 4. According to the construct reliability table, the model satisfies the proposed criteria of CR>0.70 and AVE>0.50 (Simşek & Noyan, 2013).

Table 3

Convergent and Discriminant Validity

Variables	Average Variance Extracted	Maximum Shared Variance
Fundamental & Technical Analysis	0.606	0.523
Education & Training Programs	0.635	0.594
Social Learning & Motives	0.697	0.632
Evaluation of Investment Alternatives	0.704	0.661
Regulator's Rules & Regulations	0.697	0.645
Information Dissemination	0.752	0.701

Source: Field Survey, 2022 and authors' calculation.

Table 4

Square Root of AVE and Construct Correlation Analysis

Variables	FTA	ETP	SLM	EIA	RRR	ID
FTA	0.778					
ETP	0.318	0.797				
SLM	0.522	0.365	0.835			
EIA	0.459	0.542	0.427	0.839		
RRR	0.382	0.593	0.349	0.389	0.835	
ID	0.438	0.513	0.402	0.286	0.457	0.867

*Source: Field Survey, 2022 and authors' calculation.*

Additionally, the proposed requirements of MSV smaller than AVE and Square Root of AVE greater than Inter-construct correlation were fulfilled, confirming discriminant validity.

Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis is the first phase in data analysis using the structural equation modeling methodology to assess the model's components (Hair et al, 2010). The information gathered from participants was subjected to a confirmatory factor analysis utilizing structural equation modeling in AMOS (Version 22) and a maximum likelihood (ML) estimate (Byrne, 2010). The GFI, AGFI, χ2, and RMSEA absolute fit indices show that the CFA has a very good measurement model. The fit goodness indices (GFI and AGFI) show that the proposed model fits the collected data rather well, with values of 0.938 and 0.913, respectively. However, sample size influences GFI and AGFI values, which may be larger for models with weak definitions. As a result, their application as fit indices is rather constrained. As a result, additional fit indices are used to assess the model's fit. The average chi-square (χ2) - (χ2 to degrees of freedom, χ2=379.80, d.f. = 308) is 1.233, falling short of the 3.0 threshold that is considered acceptable. However, the model is biased since the chi-square value rises with sample size and the number of observed variables. As a result, several model fit indices have been looked at. The fit is good as evidenced by the root mean square error of approximation (RMSEA), which is 0.031 and less than 0.08. The incremental fit indices for the CFI (comparative fit index) and TLI (Tucker Lewis Index) are 0.896 and 0.881, respectively. To summarize, the findings of confirmatory factor analysis show that the measurement model seems to have a great fit, with fit indices of GFI=0.938, AGFI=0.913, χ 2 /df =1.233, RMSEA=0.031, CFI=0.896, and TLI=0.881.

Figure 2

Measurement Model of the Determinants of Investor Awareness in Nepalese Capital Market
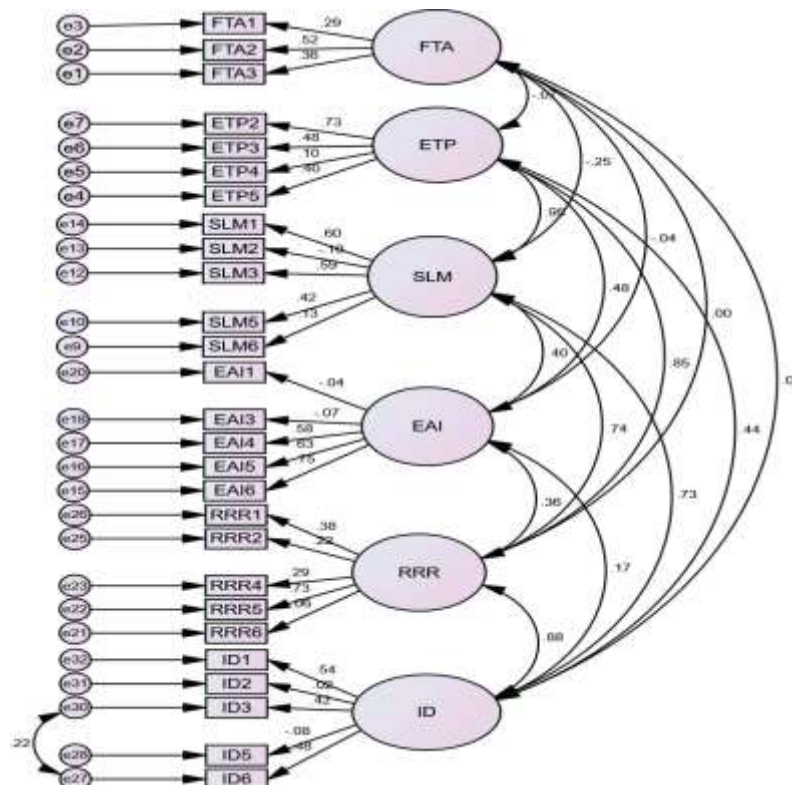
Structural Model or Path Analysis

The emphasis shifts from the relationships between latent constructs and observable variables to the nature and magnitude of the linkages between the constructs when the research proceeds from the measurement model to the structural model, as seen in the figure 3. Utilizing well-known economic theories, the structural model is defined. It is postulated that the Fundamental & Technical Analysis, Education & Training Programs, Social Learning & Motives, Evaluation of Investment Alternatives, Regulator's Rules & Regulations, and Information Dissemination propositioned to Investor's awareness of Investor visiting various brokerage houses within Pokhara. The SEM path analysis findings are provided in the table. The research investigates the postulated causal link presented in the theoretical model using structural or path analysis.

Table 5

SEM Path Analysis

Structural Path		Estimate	SRW[a]
Investors Awareness	Fundamental & Technical Analysis	0.051*** (0.070)	0.321
Investors Awareness	Education & Training Programs	0.016 (0.065)	0.108
Investors Awareness	Social Learning & Motives	0.549*** (0.814)	0.977
Investors Awareness	Evaluation of Investment Alternatives	0.015** (0.021)	0.196
Investors Awareness Regulator's Rules & Regulations		-0.514*** (0.914)	-0.689
Investors Awareness	Information Dissemination	0.019 (0.044)	0.159

Squared Multiple Correlation

Investor Satisfaction (γ^2=0.67)

Model Fit Measures

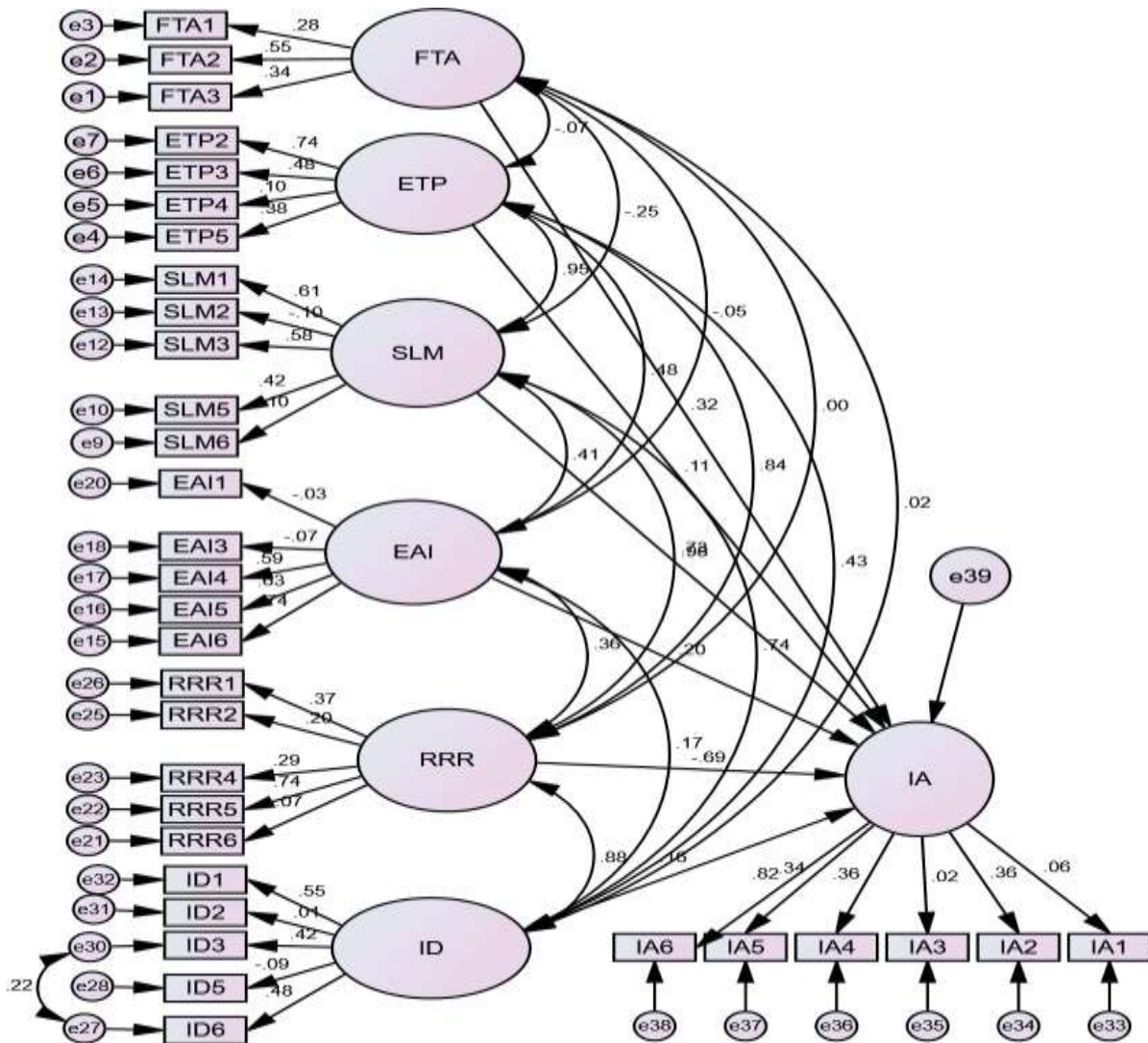Chi-square = 582.30 (df=473, prob. = 0.000)

CMIN/DF=1.231, PGFI= 0.744, CFI=0.873, RMSEA=0.030, GFI=0.912, AGFI=0.904, TLI=0.862

[a]SRW = Standardized regression weights*** p<0.001,**p<0.01

Source: Field Survey, 2022 and authors' calculation.

Figure 3

SEM Path Analysis Indicating Relationship between Investor's Awareness and Its Determinants

The path analysis findings display the overall fit measures stated in the previous section, which offer judgment on how well the structural or path model matches the data. The analysis of path model outputs reveals that the chi-square value [($\chi2$ (473) = 582.30, p=0.000), GFI=0.912, AGFI=0.904, CFI=0.873, TLI=0.864, RMSEA=0.030] produced a satisfactory fit. The $\chi2$ is significant (p<0.001), indicating a poor match. However, the normal chi-square ($\chi2$ /df) is 1.231, which is less than the cutoff value of 3, indicating that the model fit is adequate. Furthermore, the RMSEA value of 0.030 is lower than the allowed level of 0.08. Similarly, the values of the incremental fit indices CFI and TLI are frequently stated near the cut-off value of 0.873 and 0.864 indicating a subpar model fit. As a result, the model is considered to be sufficiently suitable to proceed with additional investigation.

The path analysis results allow for testing the hypothesized relationship of the constructs as outlined in Figure 3. In H_1, Fundamental & Technical Analysis has positive and significant

impact on Investor Awareness which indicates that Investor considered the basis rule of thumb and historical trading data before making Investment in capital market. In H_2, it was hypothesized that Education & Training Programs has insignificant impact on Investor Awareness which is accepted which indicated that investors in Nepal do not consider proper education or training critical before investing in capital market. As stated by H_3, Social Learning & Motives has positive impact on Investor Awareness which is in hypothesized direction and it is statistically significant. Thus, it is accepted that Investor consider social behavior & trends and tends to follow what others are doing.

Similarly, H_4 predicted that increase in Evaluation of Investment Alternatives has positive and significant impact on Investor Awareness which is supported by the model. This indicates that investors try to evaluate their different investment alternatives in detail before they commit their funds in such alternatives. Further the study shows that H_5 Regulator's Rules & Regulations has negative but significant impact on Investor Awareness indicating that Investor are not satisfy with the kinds of rules and regulation impose by the different governing bodies like SEBON. Finally, H_6 predicted that Information Dissemination has insignificant impact on Investor Awareness. This indicates that investors are not considering broadcasting of critical information while making the investment decisions. Among the relationship between the latent constructs, the relationship between Social Learning & Motives and Investor Awareness is the highest and significant. The results are then followed by Fundamental & Technical Analysis and Evaluation of Investment Alternatives. The Education & Training Programs and Regulator's Rules & Regulations variable does not have significant impact on Investor Awareness. The values of squared multiple correlations reveal that around 67 percent of variation in Investor Awareness is explained by the combine effect of independent variable.

Discussion

The present study investigated the factors that influence investor awareness in the Nepalese stock market and how this awareness impacts their investment decisions. The findings revealed that social learning and motives, fundamental and technical analysis, and the evaluation of investment alternatives were the most significant determinants of investor awareness. These results are consistent with previous studies that have found social learning to be an important factor in shaping investors' behavior (Devkota et al., 2021). Furthermore, the importance of fundamental and technical analysis in decision-making has been well established in the literature (Kadariya et al., 2012).

Interestingly, the study found that education and training programs, as well as regulatory rules and regulations, had a minor influence on investor awareness. This is consistent with prior research that has found that investors do not necessarily value formal training and education in investment decision-making (Baihaqqy & Sari, 2020). Additionally, the present study adds to the literature by showing that regulatory rules and regulations may not be significant in

shaping investors' awareness, which challenges the assumptions made by policymakers in some previous studies (Devkota et al., 2021).

The results of this study have several implications for policymakers in developing countries. Policymakers may want to consider alternative methods for promoting investor awareness and facilitating more informed investment decisions. For example, policymakers could focus on improving the quality and accessibility of social networks for investors, as well as promoting more informal education and training programs that are tailored to investors' needs and preferences. These findings are consistent with previous research that has advocated for more informal education and training programs to improve investor education (Guiso & Jappelli, 2002). Policymakers could also consider alternative approaches to investor protection, such as increasing transparency and promoting greater disclosure of investment risks and opportunities, which has been suggested in prior research (Sapkota, 2020).

Conclusion and Recommendations

In conclusion, the study highlights the importance of investor awareness for effective investment decisions and the growth of the capital market in underdeveloped economies like Nepal. The research indicates that social learning and motivations, investment alternatives appraisal, and fundamental and technical analysis are the primary determinants of investor awareness. However, several challenges, such as a lack of understanding, analytical skills, a lack of cash, stock market volatility, and political uncertainty, hinder the growth of the capital market.

While the study's findings are limited to a small sample size, the practical implications are substantial. Regulatory organizations like SEBON should launch campaigns, seminars, publications, and FM/TV shows to educate the public on the nature of the capital market's risk and return. The government should also take proactive measures to expand the capital market and promote investor education. Brokerage firms should provide investors with accurate and unbiased information on various investment options and refrain from influencing investment decisions for their personal gain.

In addition to this, policymakers in Nepal should also consider measures to promote financial literacy and increase access to investment information and resources, particularly for those living in rural areas. The government could partner with financial institutions and educational institutions to provide financial education and investment training programs to improve the financial literacy of the population. This would help build the confidence of investors and increase the efficiency of the capital market.

Overall, the study's findings and recommendations can help policymakers and regulators to promote informed and effective investment decisions and contribute to the growth and development of the Nepalese capital market. Further research on a larger scale is recommended to improve the accuracy and generalizability of the findings.

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