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Factor Influencing Financial Management Behavior Among University Students in Kathmandu Valley

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University Students;

Abstract

This study examines the factors influencing financial management behavior among university students in Kathmandu Valley, based on the theory of planned behavior. It focuses on financial attitude, financial knowledge, locus of control, and mental accounting. Data were collected from 205 students using structured questionnaires through convenience sampling, and analyzed using descriptive statistics and PLS-SEM. The results show that financial knowledge, locus of control, and mental accounting significantly affect financial management behavior, while financial attitude does not. The study is limited to university students in Kathmandu Valley with cross-sectional data, which may affect generalizability. Future research should consider personal financial planning and other mediating variables. The findings provide useful insights for academics, policymakers, and financial institutions to design programs that better support students' financial management.

1. Introduction

Financial management skills are essential aspect of human life it plays significant role in navigating the complexities of modern life from getting better education, quality of life, fulfilling all the basic necessity to build the brighter future. Being financially literate equips them with knowledge about the potential risks and rewards associated with diverse investment opportunities, enabling them to make informed and quality of decisions regarding their finances (Banthia & Dey, 2022).

Many scholars suggest that financial management behaviors among university students are influenced by a various factor such as socioeconomic backgrounds, parental guidance, educational systems, and cultural norms all play pivotal roles in shaping financial attitudes and behaviors (Shim et al., 2010). Essentially, financial literacy serves as a bridge allowing individuals to navigate the complexities of the financial landscape by providing them with the necessary insights to assess the pros and cons of different investment options.

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Some studies have explored financial behavior determinants in broader populations but a focused investigation into the distinct set of factors impacting financial management behaviors among university students is lacking. In the context of India Banthia and Dey (2022) have investigated the relationship between financial knowledge, financial literacy, financial attitude and financial management. In Nepalese context a study conducted by Oli, (2020) in order to examine the effect of Financial literacy on personal financial planning. Similarly, Lamichhane (2023) examined the effect of financial literacy on personal financial management planning in Nepal where financial knowledge, financial awareness, financial attitude, financial confidence and financial socialization were the variable used and concluded that financial awareness is most influencing variable to financial management planning.

In a country like Nepal where most of the family are dependent on the income of one family member due to fact students often face financial stress which could be managed by the proper financial planning. This period becomes a pivotal time for developing financial habits that will shape their future financial well-being. But the poor implication and various factor that influence their financial management behavior have been playing significant role on how they plan their finances. Despite the acknowledgment of the importance of financial literacy, there remains a gap in comprehending the specific factors that influence financial management behaviors among university students.

The general objective of this study is to examine the influence of various factors on financial management behavior (FMB) among university students. Specifically, the study aims to assess how financial knowledge, financial attitude, locus of control, and mental accounting impact FMB among university students. Additionally, the research seeks to identify which of these factors is the most influential in shaping FMB among university students. Through this analysis, the study will provide insights into the key determinants of effective financial management practices within the university student.

2. Literature Review and Hypothesis Development

Financial management behavior involves how people handle their financial assets, which includes savings and debt management, it encompasses budgeting, spending decisions, investments, and borrowing habits that is essential for assessing the financial well-being and stability of individuals and families (Noerhidajati et al., 2020). In the context of developing countries, level of education and availability of finance is not easy which makes their financial management behavior completely different. Level of financial literacy in country is not high as compared to the developed nation that has impact on their financial management behavior (Prihartono & Asandimitra, 2018).

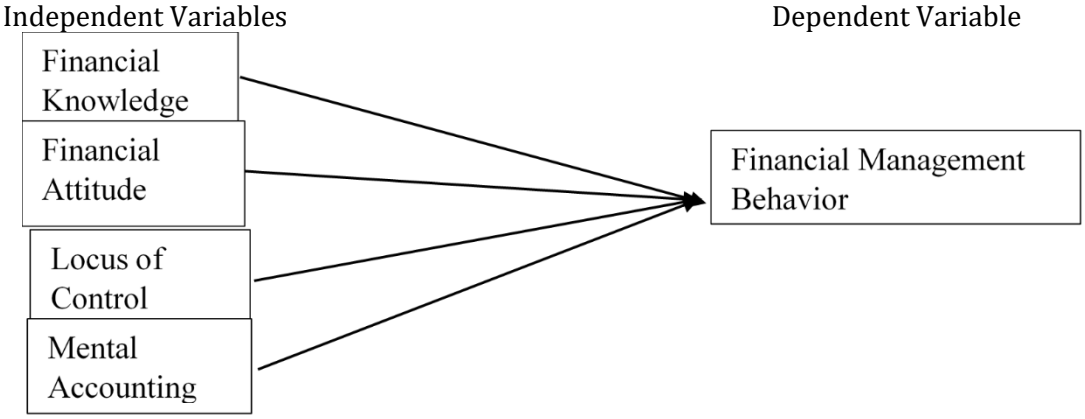
The adoption of digital financial services has been instrumental in improving access and convenience for many. Efforts to improve financial literacy and education are ongoing, but there's still a significant portion of the population lacking access to financial knowledge(Park & Mercado, 2015). Another study in Europe conducted by Mutlu and Özer (2022) found that financial literacy and locus of control have significant positive effect on financial management behavior. The finding also proves that the relationship between financial literacy and financial management can be changed by the impact of locus of control.

In the context of Nepal, lack of financial inclusion often leads to a heavy reliance on informal financial mechanisms such as savings groups and community-based savings and credit cooperatives. Facilitates more effective planning and handling of significant life events like education, buying a home, or retirement (Thapa & Nepal, 2015). Moreover, boosting one's understanding and proficiency in financial matters contributes to improved decision-making in money-related aspects.

Research Framework

Financial management behavior and its factor is a multidisciplinary concept and is mostly influenced by theories from several disciplines such as economics, psychology, finance, sociology, and technology. Likewise, for a better understanding and analyzing behaviors linked to this study, concepts from several theories such as theory of planned behavior (Shih et al., 2022), financial socialization theory (Goyal et al., 2023), social cognitive theory (Hinvest et al., 2021) and self-determination theory (Di Domenico et al., 2022) were explicitly reviewed. However, according to theory of planned behavior, an individual attitude towards financial management can be controlled by their intention to manage finances, which leads to their better financial decision. Since this theory offers a thorough framework for understanding how students' attitudes, subjective norms, and perceived behavioral control shape their financial decisions and actions, making it appropriate for researching the factors influencing financial management behavior. The study can successfully identify and examine the major psychological determinants of money management practices in this population by utilizing this theory. In addition, the information they receive turns their financial decision and their financial literacy also get shaped.

Figure 1:
Theoretical Framework.



Specifications of Variables

Financial Knowledge

Financial knowledge is the concept which is necessary to understand and make informed decisions about managing money, planning for the future and achieving financial goals. It empowers individuals to navigate the complexities of the financial world with confidence. Firli and Hidayati, (2021) define financial knowledge as a ides that encompasses the financial ideas that people have known to manage their personal finances. With a good financial knowledge, they understand financial concepts and procedures and use this understanding to solve financial problems. Growing focus on financial education among various entities like educators, community groups, businesses, government agencies, and policymakers have heightened attention to financial education. This is a response to the rising complexity of financial products and the greater individual responsibility for ensuring their own financial management (Remund, 2010). However, the effect of financial knowledge and financial literacy on financial management

was not really significant, there's a lack of association or connection between financial literacy and how people actually manage their finances (Yap et al., 2018).
H1: There is a significant impact of financial knowledge on the financial management behavior.

Financial Attitudes

Financial attitude represents psychological inclinations or tendencies that individuals might have when they assess or evaluate suggested financial management practices. Pankow (2021) defined financial attitude as a state of mind, opinion, and judgment of a person about finances. As people start their financial planning from their early university years and they have different financial management behavior. Financial attitudes represent psychological inclinations or tendencies that individuals might have when they assess or evaluate suggested financial management practices. Pankow (2021) defined financial attitude as a state of mind, opinion, and judgment of a person about finances. As people start their financial planning from their early university years and they have different financial management behavior. A research conducted by Siswanti, (2020) found that financial attitude has a significant effect on financial management behavior. Likewise another study conducted by Asih and Khafid, (2020) where they took sample of 279 student and examined the impact of financial attitude on financial management which conclude a positive relationship.
H2: There is a significant impact of financial attitude on the financial management behavior.

Locus of Control

Locus of control refers to an individual's perception of where the control over their life events lies. People with an internal locus of control believe that their actions and decisions significantly influence outcomes. They take responsibility for their successes and failures. In contrast, those with an external locus of control attribute events to external factors like luck or fate. Locus of control has been utilized within the personal finance for approximately the last twenty years (Prawitz & Cohart, 2016). Locus of control refers to the degree to which individuals believe they have control over the events and outcomes in their lives. It has been utilized within the personal finance for approximately the last twenty years (Prawitz & Cohart, 2016). There are many researches done to examine the relationship between locus of control and financial management behavior. A research conducted by Kholilah & Iramani, (2013) found that there is positive relationship. Another study done by Dasman et al., (2021) where 315 university student were respondent this research also showed the positive relationship. In contrast a research conducted by Asih & Khafid, (2020) found that there is no influence of locus of control on financial management behavior.
H3: There is a significant impact of locus of control on the financial management behavior.

Mental Accounting

Mental accounting refers to the different values people place on money based on subjective criteria, often leading to irrational decision-making in spending and investing money. It also involves the mental categorization of funds by individuals. It's a process where someone allocates or designates specific sources of money to particular expenses (Mahapatra & Mishra, 2020). Mental accounting involves the mental categorization of funds by individuals. It's a process where someone allocates or designates specific sources of money to particular expenses (Mahapatra & Mishra, 2020). People have to spend money on different heading in order to meet the expenses that are necessary for them and save some for the future. Which is due to the influence of their mental accounting, which influence their financial management behavior (Salim & Christian,

2022). In contrast a research conducted by Zhang and Sussman, (2018) found that mental accounting does not have impact on financial management.
H4: There is a significant impact of mental accounting on the financial management behavior.

Financial Management Behavior

Financial management behavior encompasses a wide range of actions and decisions related to handling personal finances. It includes practical tasks like budgeting, saving, investing, and managing debt, as well as psychological aspects such as attitudes toward money and risk tolerance. Effective financial management behavior leads to better financial outcomes, reduced stress and an improved overall quality of life. De Meza et al., (2008) define it as a science that study and explain the behavior of individual in managing personal finances through the perspective of habit and psychology It is person's ability to plan, budget, manage, control, find and store daily financial funds that are owned (Kautsar et al., 2020).

3. Research Methods

This section presents the research methods used in this study.

Table 1:
Variables and their Measurement

Construct	No of absorbed items and adopted from	Scale	Cronbach Alpha	Sample
Financial Attitude	4 Items from Mien and Thao (2015)	5-points Likert scale	0.926	"I always stay informed about financial planning"
Locus of Control	4 Items from Mien and Thao (2015)	5-points Likert Scale	0.781	"There is really no way I can solve some of my problems"
Financial Management Behavior	5 Items from Mien and Thao (2015)	5-points Likert Scale	0.806	"Comparison shopped when purchasing a product or service"
Financial Knowledge	4 Items from Banthia and Dey (2022)	5-points Likert Scale	0.874	"I know that the value of money changes with time"
Mental Accounting	4 Items from Habibah et (2019)	5-points Likert Scale	0.855	"If I spend more on one thing, I will spend less on other things"

Respondents and Procedure

This study utilized quantitative methods to infer and analyze structural relationships, following a positivist philosophy within a deductive framework. A causal-comparative research design was adopted to examine the impact of independent variables on the dependent variable through a mediating variable. Data were collected from university students in Kathmandu valley who face various financial issues such as saving, investing, and making financial decisions. The respondents, who study management, sciences, arts in different level such as post graduate, graduate, undergraduate and intermediate, participated through a combination of physical and online surveys. The structured questionnaire was administered via the Kobo toolbox, with a link sent to the students. For the physical survey, questionnaires were distributed at various colleges, universities to ensure sufficient representation of all students of Kathmandu valley. A pilot study

with 30 respondents tested the questionnaire's internal consistency, revealing no multicollinearity issues. All questions were mandatory, resulting in no missing data. A total of 320 questionnaires were distributed online and in print, with 205 responses collected, yielding a response rate of 64.06%. Since the population size was unknown, the researcher applied the concept of Hair et al. (2017) to determine the sample size, utilizing Structural Equation Modeling (SEM) to enhance generalizability and explanatory power.

Measurement Scale

The structured questionnaire, derived from established empirical literature, is detailed in table 1. The relationships among the variables were established based on prior conceptual and empirical studies, guiding the development of the conceptual framework depicted in figure 1. The questionnaire comprises five demographic questions and 26 observed items across five constructs, rated on a five-point Likert scale from strongly disagree (1) to strongly agree (5). Additionally, the study includes general questions to assess respondents' understanding of financial management behavior.

Analysis Tools

In order to analyze the proposed relationship and the impact of their direct interrelationship PLS-SEM was used. Structural Equation Modeling (SEM), a highly adaptable and comprehensive multivariate statistical analysis approach, is the most appropriate method for investigating the prediction of dependent variables, which explicitly states error and combines multiple regression analysis and factor analysis. Furthermore, PLS-SEM enables the retention of a greater number of variables per factor. In the model connection between construct and observed variables affect the categorized as reflective. In addition to analyze the interrelationship between demographic variables and dependent variables the study use SPSS. After analysis of the data is presented using tables, figures, and charts. Inferential analysis is conducted by using SEM in order to analyze factors influencing the financial management behavior. Following Leguina (2015) two approaches, the proposed theoretical model was evaluated by assessing measurement model and structural model.

4. Results and Analysis

Socio-Demographic Characteristics

Table 2:
Profile of the Respondents

Variable	Category	Frequency	Percentage
Gender	Female	84	40.98
	Male	121	59.02
Age	18-24	92	44.88
	25-30	94	45.85
	31-35	13	6.34
	36 and above	6	2.93
Education Level	Bachelor	132	63.9
	Masters	73	35.61
Faculty	Management	130	50.24

	Science	57	27.8
	Others	23	11.22
	Education	12	5.85
	Arts	10	4.88
Occupation	Yes	85	41.46
	No	120	58.54

Source: Researcher's calculation from Survey data (2024)

The table presents the socio-demographic profile of 205 respondents where the majority of the respondents are male (59.02%), as contrast to the remaining 40.98% of respondents who are female. Similarly, the age group of 25-30 years had the highest percentage (45.85%) of respondents, followed by the age group of 18-24 years (44.88%). It indicates a higher participation rate among young adult males in this study.

Likewise, considering the educational background of the respondents, nearly two third half of respondents (63.9%) had bachelor level education. And remaining (35.61%) had masters. As showed in table 5, majority of respondent (50.24%) had a management degree, 27.8% had science degree, 5.85% had Education degree, 4.88% had Arts degree and remaining 11.22% had other degree such as Law, Humanities etc. this implies that the majority of students prefer management stream which additionally equip them with the knowledge of finance and accounting. Additionally, more than half of respondent (58.54%) does not have occupation and remaining (41.46%) are employed. Overall, this shows that the most of the respondents are young male having management degree and are not financially independent. Which these lay the groundwork for a comprehensive understanding of the financial behavior of university students in Kathmandu Valley, offering insights that can inform support mechanisms for this essential economic segment.

Summary Statistics

The study determined data set's univariate and multivariate normality. In accordance with the current mean values, respondents average responses to the 26 items covering six variables ranges between 3.439 and 4.000. Similarly, the skewness and kurtosis results (ranging from -0.913 to 0.897 and 0.615 to 2.709, respectively) were below the cutoffs (absolute values of skewness 3.0 and absolute values of kurtosis 3.0; Kline, 2006).

Exploratory Factor Analysis

A comprehensive evaluation of SFL, CR, and Internal Consistency Reliability assessed by Cronbach's Alpha, as well as assessments for Convergent and DV, was conducted to scrutinize the model's reliability and validity. In order to achieve robust results, the SFL of all respondents was computed, and the factor loading scores of all observed items exceeded the threshold criteria of 0.7 (McAlpin et al., 2022). It indicates that the factors had satisfactory reliability. Similarly, internal consistency was evaluated through both Cronbach's Alpha and CR, with the results postulating Cronbach's Alpha values in the range of 0.85 to 0.95 and CR values spreading from 0.744 to 0.901, as shown on table 3, confirming the scale's high level of internal consistency (i.e., exceeding the threshold value of > 0.70). AVE of data also falls on the acceptable region (more

than 0.5.). So, the data set fulfill all the criteria (i.e., AVE>0.05, CR>0.07 and CR>AVE) of convergent validity which shows that there is correlation between the construct.

The Fornell-Larcker criterion was evaluated by comparing each factor's AVE with the square of its correlation with other factors. The criterion is based on calculation of AVE which states that the square root of AVE for every construct must exceed the inter-construct correlation within the structural model (Hamid et al., 2017). As presented in table 4, the square root of the AVE for each construct, which appears along the diagonal axis, has greater values than the correlations with other latent constructs, satisfying the condition. The Fornell and Larcker criterion was evaluated and found to be satisfied. This finding implies that the factors used to analyze the relationship between Financial Awareness, Financial Knowledge, Locus of Control, Mental Accounting and Financial Management are not influenced by outside variables.

A commonly accepted threshold for demonstrating discriminant validity is an HTMT value less than 0.85 (Fornell & Larcker, 1981; Henseler et al., 2015). The findings shown in table 5 show that all of the calculated HTMT ratios are less than the accepted threshold value of 0.85. This finding substantially supports and verifies the study's discriminant validity. This implies that the respondents understood that the seven constructs employed to determine the relationship between Financial Attitude, Financial Knowledge, Locus of Control, Mental Accounting and Financial Management Behavior were distinct.

Table 3:
Evaluation of the Outer Measurement Model

Construct	Observed Item and Coding	Factor Loading	Average variance extracted (AVE)	Composite reliability (CR)	Cronbach's alpha
Financial Attitude	FA_2	0.832	0.668	0.908	0.901
	FA_3	0.804			
	FA_4	0.796			
	FA_5	0.799			
	FA_6	0.832			
	FA_7	0.839			
Financial Knowledge	FK_1	0.837	0.695	0.906	0.889
	FK_2	0.902			
	FK_3	0.711			
	FK_4	0.874			
	FK_5	0.83			
Locus Of Control	LOC_1	0.727	0.60	0.792	0.782
	LOC_2	0.78			
	LOC_3	0.762			
	LOC_4	0.827			
Mental Accounting	MA_1	0.777	0.567	0.751	0.744
	MA_2	0.716			
	MA_3	0.816			
	MA_4	0.773			

Financial Management Behavior	FMB_1	0.777	0.58	0.858	0.855
	FMB_2	0.76			
	FMB_3	0.794			
	FMB_4	0.705			
	FMB_5	0.768			
	FMB_6	0.763			

Source: Researcher's calculation from Survey data (2024)
Note: One item of Financial Attitude (FA_1) was dropped due to factor loading issue as its factor loading was less than 0.7.

Table 4:
Fornell and Larcker Criterion

	FA_	**FK_**	**FMB_**	**LOC_**	**MA_**
FA_	0.817				
FK_	0.244	0.833			
FMB_	0.181	0.597	0.762		
LOC_	0.267	0.395	0.470	0.775	
MA_	0.285	0.459	0.622	0.355	0.753

Source: Researcher's calculation from Survey data (2024)

Table 5:
Discriminant Validity (HTMT)

	FA_	**FK_**	**FMB_**	**LOC_**	**MA_**
FA_					
FK_	0.269				
FMB_	0.201	0.671			
LOC_	0.296	0.461	0.554		
MA_	0.346	0.562	0.773	0.435	

Source: Researcher's calculation from Survey data (2024)

Cross Loading

Table 6:
Cross Loading Test

	FA_	**FK_**	**FMB_**	**LOC_**	**MA_**
FA_2	0.832	0.187	0.135	0.189	0.285
FA_3	0.804	0.206	0.127	0.141	0.175
FA_4	0.796	0.125	0.133	0.283	0.23
FA_5	0.799	0.248	0.183	0.341	0.225
FA_6	0.832	0.223	0.153	0.168	0.276
FA_7	0.839	0.187	0.141	0.152	0.201

FK_1	0.263	0.837	0.466	0.363	0.357
FK_2	0.238	0.902	0.58	0.333	0.446
FK_3	0.184	0.711	0.369	0.296	0.339
FK_4	0.174	0.874	0.55	0.325	0.378
FK_5	0.162	0.830	0.487	0.336	0.387
FMB_1	0.124	0.419	0.777	0.291	0.541
FMB_2	0.176	0.46	0.760	0.393	0.384
FMB_3	0.176	0.477	0.794	0.407	0.473
FMB_4	0.026	0.36	0.705	0.326	0.423
FMB_5	0.22	0.552	0.768	0.385	0.52
FMB_6	0.082	0.439	0.763	0.344	0.488
LOC_1	0.229	0.322	0.415	0.727	0.391
LOC_2	0.134	0.247	0.275	0.780	0.148
LOC_3	0.186	0.253	0.303	0.762	0.198
LOC_4	0.249	0.366	0.418	0.827	0.298
MA_1	0.118	0.299	0.452	0.19	0.700
MA_2	0.242	0.336	0.406	0.275	0.716
MA_3	0.223	0.334	0.494	0.243	0.816
MA_4	0.272	0.409	0.512	0.353	0.773

Source: Researcher's calculation from Survey data (2024)

Cross loadings were employed to further validate discriminant validity. Cross-loading indicates that the indicator is not specifically related with one construct but rather shares variance with numerous components (Kline, 2015). Table 6 illustrates that all items exhibit greater factor loadings on the underlying parent constructs to which they belong than on any other construct. Furthermore, there is no cross-loading issue because the item's cross-loading values with other constructions are less than 0.7 (Arasinah et.al, 2021). All the criteria have been fulfilled by the data so there is no issue of discriminant validity.

Structural Model Analysis

Table 7:
VIF Score

Construct	**VIF**
FA	1.136
FK	1.385
LOC	1.272
MA	1.365

Source: Researchers calculation from Survey data (2024)

For executing an SEM with PLS-SEM, it is suggested to test the collinearity issue. VIF is utilized in the study to test for collinearity. It displays the extent to which observed indicators are closely associated with one another, perhaps making it impossible to distinguish their unique contributions to the latent construct they measure. VIF must be less than 3.33. Following Table 7 shows that the VIF lies ranges from 1.136 to 1.385, indicating that there is no indication of multicollinearity among the indicators used to assess Financial Attitude, Financial Knowledge, Locus of Control, Mental Accounting and Financial Management Behavior.

Model Fit

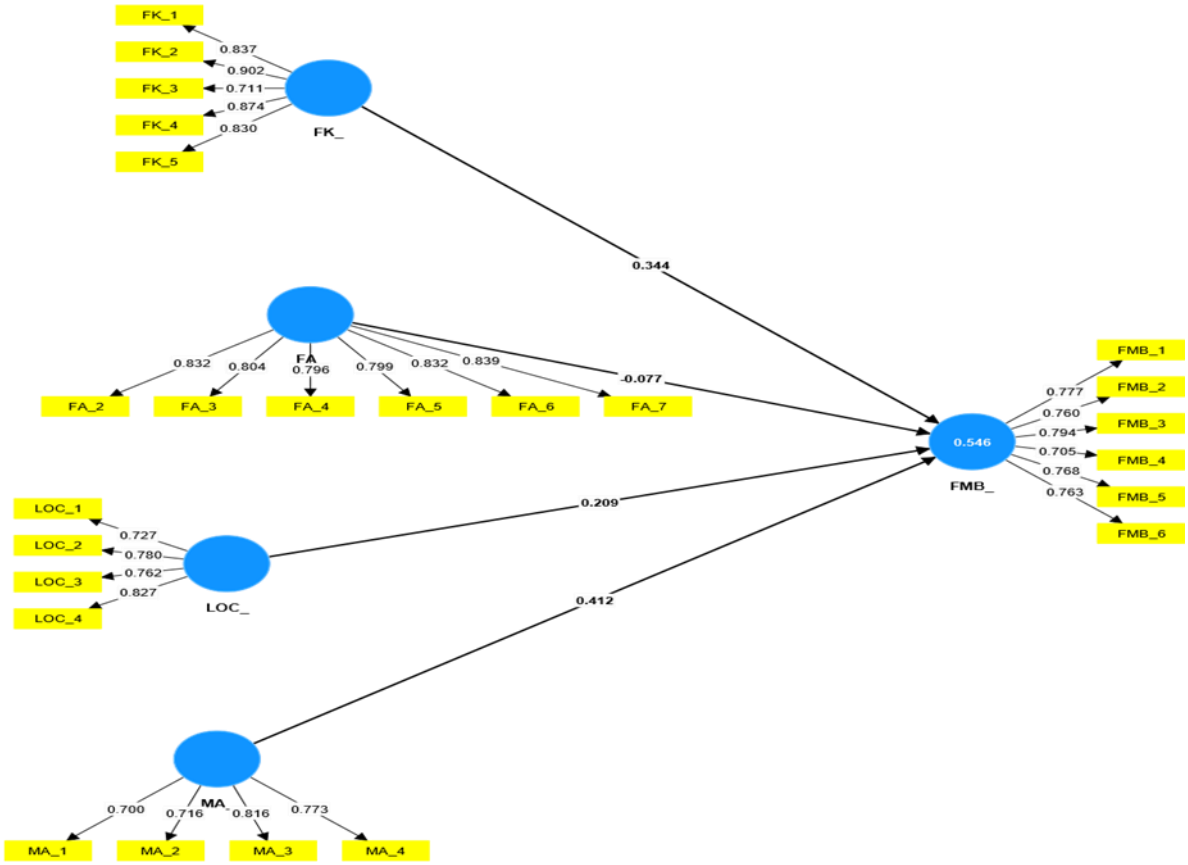
Table 8:
Model Fit

	Saturated model	**Estimated model**
SRMR	0.067	0.067
d_ULS	1.453	1.453
d_G	0.41	0.41
Chi-square	478.777	478.777
NFI	0.823	0.823

Source: Researcher's calculation from Survey data (2024)

The Standardized Root Means Square Residual (SRMR) values below 0.08 acceptable for a good fit (J. Hair et al., 2017). A lower SRMR value indicates a better fit. Both models have similar SRMR values, suggesting that they have a similar fit to the data. Similarly, a lower d_ULS indicates a better fit. Indicating a closer fit to the observed data. A lower chi-square value typically indicates a better fit, but it's important to note that chi-square is sensitive to sample size and can be influenced by large sample sizes. Additional fit indices and considerations are crucial in assessing the overall model fit accurately. NFI values range from 0 to 1, with higher values indicating better fit. Both models have similar NFI values. NFI (Normal Fit Index) value falls below 0.9, indicates that the model may not be a good fit for the data.

Figure 2:
Path Analysis



Source: Researcher's calculation from Survey data (2024)

Figure 2 depicts a path diagram depicting the preparation of five constructs, with factor loading values, encompassing a total of 25 items. In figure, the path coefficient signifies the strength and direction of the relationship between two variables. A path coefficient of 0.344 suggests a moderate positive relationship between financial knowledge and financial management behavior. This implied that as financial increases, there is increase in financial management behavior. Similarly, a path coefficient of -0.077 indicates a weak negative relationship between financial attitude and financial management behavior. This suggested that a small increase in financial attitude is associated with a slight decrease in financial management behavior. This means that the impact of financial attitude on financial management behavior appears to be less compared to other factors. Likewise, a path coefficient of 0.209 signifies a weak positive relationship between locus of control and financial management behavior. Furthermore, a path coefficient of 0.412 indicates a moderate positive relationship between mental accounting and financial management behavior. It implies significant increase in the mental accounting is associated with a pronounced increase in financial management behavior.

Hypothesis Testing

Table 9:
Hypothesis Testing

Structure Path	Beta Coefficient	Sample Mean (M)	CI (95%)		P values	Conclusion
			LLCI	ULCI		
			2.50%	97.50%		
FA_ -> FMB_	-0.077	-0.069	-0.158	0.022	0.097	Not Supported
FK_ -> FMB_	0.344	0.341	0.212	0.466	0.000	Supported
LOC_ -> FMB_	0.209	0.212	0.101	0.325	0.000	Supported
MA_ -> FMB_	0.412	0.411	0.297	0.524	0.000	Supported

Source: Researcher's calculation from Survey data (2024)

Hypothesis testing comprises examining the relationships between constructs to determine whether the proposed model fits the observed data and whether the hypothesized relationships are statistically validated. Smart PLS tested the structural model using the bootstrapping technique with 10,000 data resampling, taking into account beta values, sample mean, p-values, LLCI, and ULCI, as shown in Table below. The study examined four hypotheses at a level of significance of 0.05, and a p-value less than 0.05 supports the hypothesis, if the p-value is more than 0.05 hypothesis is in rejection (Biau et al., 2010). Furthermore, the CI test determines whether zero is in the interval; if it is not, the hypothesis is accepted regardless of the statistical significance of the p-value (Jr et al., 2017). Table 9 demonstrates that the four hypothesis (H2, H3, and H4) aligns with the hypothesized direction as the finding showed statistical significance ($P < 0.05$) and the confidence interval range consists non-zero. On the other hand, the one hypothesis (H1) is not in the hypothesized direction since the p-value is greater than 0.05, and the confidence interval includes zero.

Findings and Discussion

This study provides insight into the dynamic relationship between financial knowledge, financial attitude, locus of control, mental accounting and the financial management behavior among university students in Kathmandu Valley. In accordance with the previous study (Prihartono & Asandimitra, 2018; Chuah et al., 2020; Phuong et al, 2015) the respondents' socio-demographic background indicates a specific demographic group that is distinguished by education level, area of education in thus study most of the respondent does not have jobs and currently pursuing bachelor degree.

The influence of financial knowledge, financial attitude, locus of control and mental accounting on financial management behavior is the most important finding from this study. They do not provide priority to university students as they are the age group who are becoming mature and developing the financial responsibility. Additionally, the various types of determinants of financial management behavior financial knowledge, financial attitude, locus of control and mental accounting which aid in the investigation. It helps to investigate how these group who have certain level of financial knowledge are not being able to make financial decisions that helps them to achieve their financial goal. It ultimately contributes on their financial decision.

For instance, the study investigated the impact of financial knowledge, financial attitude, locus of control and mental accounting on the financial management behavior. The findings demonstrated that respondent's mental accounting served a vital role in financial management behavior. It is consistent with findings of earlier studies by (Adriani, 2021) which also highlighted how mental accounting impact the financial management behavior. On the contrary, the study did not find a significant relationship between financial attitude and financial management behavior. (Jamal et al., 2016) also obtained a similar result, where financial attitude did not have a significant relationship with financial management behavior. However, the study's results contradicted the results concluded by (Chuah et al., 2020) where financial attitude significantly influenced financial management behavior.

Additionally, financial knowledge impacts the financial management behavior of university students. These outcomes are consistent with numerous earlier studies, supporting the notion that financial knowledge does, in fact, play a crucial impact on financial management behavior. Prior studies, by (Thi & Thao, 2015), stated that financial knowledge has a significant impact on financial management behavior. Another study by (Pathirannahalage & Abeyrathna, 2020), showed a significant relationship between the financial knowledge and financial management behavior of university students. Similarly, the study also found a significant relationship between mental accounting and financial management behavior. A similar result was obtained in a previous study by (Adriani, 2021), there was a positive association between mental accounting and financial management behavior in the context of students. They support the direct relationship between mental accounting and financial management behavior.

Lastly, there is a positive impact of locus of control on financial management behavior of university student. Dwiastanti (2017) found a positive association between locus of control and the financial management behavior of university students. A similar study conducted by Syaliha et al., (2022) found that there is a significant impact of locus of control on the financial management behavior of university students. The examination of Beta Coefficient values revealed that, among all variables considered, mental accounting exhibited the most substantial impact on financial management behavior, followed by financial knowledge. This means that these factors are the most important considerations for the financial management behavior of university students. Thus, stakeholders like policymakers, academicians and the non-governmental group should focus their efforts on these factors while addressing the financial management behavior of university students.

5. Conclusion and Implications

Conclusion

This study examines the factor that have influence on the financial management behavior among university students in Kathmandu valley. The study employed theory of planned behavior to explore the influence of factors such as financial knowledge, financial attitude, locus of control and mental accounting on financial management behavior. That fills a significant gap in the current literature by focusing on the relationship between four variable and mental accounting, an area usually neglected in previous studies that primarily focus on determinants of financial behavior. Empirical research is scarce on the relationship between determinants of financial management behavior in the specific context of university students of Kathmandu Valley. This study makes a significant and valuable contribution to the existing body of knowledge, enhancing the understanding of financial management behavior, particularly in developing countries. The study employed SEM for data analysis, successfully accomplishing its objectives and showing key findings. It employed an explanatory research design with a diverse sample of 205 respondents using convenience sampling.

The study highlighted the relevance of financial management behavior variables such as financial knowledge, financial attitude, locus of control, mental accounting providing valuable

insights for policymakers, academician, government and financial institutions. While the findings for most determinants were consistent with expectations, financial attitude was not of significance because university students' financial management decision are influenced by other factor. This study sets a foundation for future research to delve deeper into these topics. In conclusion, the study emphasizes the significance of financial management behavior and its determinants that impact on financial management decisions among university students. Financial knowledge, locus of control and mental accounting all have an impact on financial management behavior, On the other hand, financial attitude has no significant impact on financial management behavior.

Implications

This study makes a significant theoretical contribution in the literature of financial management behavior by addressing notable gap from Nepalese perspective. It designed a model incorporating factors of financial management behavior. It was found that financial management behavior is influenced by financial knowledge, mental accounting and locus of control. This theoretical framework is especially interesting in developing countries like Nepal because it offers a new viewpoint on how mental accounting affects financial management behavior. Likewise, the study developed the comprehensive theoretical framework established as a foundation for future investigations. Despite the scarcity of existing research on factor influencing financial management behavior among university students, this study has the potential to make a significant contribution to these concepts in the academic field and fill a significant empirical gap. Likewise, the research adds insight on the application of theory of planned behavior to these aspects, providing a unique Nepalese perspective. Furthermore, it verifies the impact of various factors on financial management behavior, expanding awareness of numerous components of financial knowledge, particularly in developing countries such as Nepal, where university students are facing financial difficulties.

Similarly, the findings of this study have direct implications for academicians, policymakers, government organization, financial institutions, other financial service providers, and researchers. from this research which studied the financial decisions and knowledge of Nepal's university students can help to make youth financially aware and help them make better financial decisions. Similarly, it emphasizes the potential to aid Nepalese authorities in developing financial awareness among university students through their academic program. Policymakers must focus on financial knowledge, financial attitude and awareness among university students because it is statistically significant. University students' financial decisions are more likely influenced by financial knowledge and mental accounting, resulting in better financial management behavior.

Areas for Further Studies

Indeed, there is a substantial gap for future studies on financial management behavior, particularly in Nepal. This study focused on identifying the relationship between financial knowledge, mental accounting, locus of control, financial attitude and financial management behavior. However, the interrelationships between personal financial planning and other mediating variable were not investigated. Expanding the scope of studies to encompass the interrelationships among individual factors of financial behavior. Furthermore, Nepal has limited research on factor influencing financial management behavior there is requirement for more

extensive research in this area of study. Furthermore, the current study is conducted on those respondents who were financially dependent. However, future research may be undertaken with those students who are financially independent, with this the result may come different. These studies can serve as helpful roadmaps for Nepalese academician, policymakers, financial institution, colleges, government and other agency that aims to conduct the research on these topics, directing them toward efficient financial management behavior and financial wellbeing of students.

Limitations of the study

- Data collection is restricted to Kathmandu Valley university students.
- Analysis based on cross-sectional data increases selection bias risk.
- Limited variables: financial knowledge, financial attitude, locus of control.

Conflict of Interest

The authors declare that they have no conflict of interest.

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