Abstract

The general purpose of the study is to examine and analyze the financial literacy and investment decisions of individual investors. This study more specially analyzed the effect of financial literacy (i.e. financial knowledge, financial awareness, financial behavior, financial skills and financial attitude) on the investment decisions of individual investors. Among all the investors, sample of 400 active investors and their responses are studied in this study. Primary data were collected through the survey in the form of structured questionnaire. The study applied descriptive and casual research design which aims to study financial literacy and investment decision of individual investors in Nepalese capital market. For the data analysis descriptive statistics, correlation analysis and multiple regression mode are applied and the data analysis is conducted using SPSS software. It was found that financial awareness has the most significant effect on investment decision, since without the knowing the financial status and condition, financial system and policy regarding financial activities individuals do not invest in any sectors. Likewise, finical attitude also has significant positive impact on investment decision since, the investment nature of individual are different as per their attitude of investment. Similarly, financial knowledge and financial behavior have significant positive effect on investment decision of the investors since without knowing the financial benefits and without having fund for investment no one can invest in any sector. In the same way, financial skill of individuals to understand the situation in the market also has significant effect in investment decision.