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Introduction: Synthesis of Review Literature of Personal Finance

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ABSTRACT :

In our unpredictable world, where individuals never know what kind of uncertainty one can encounter or when it is not common managing money wisely is the most crucial responsibility. People need to learn about personal finance to protect themselves from uncertain events. This includes knowing how to finance, invest, and create a budget. With this knowledge, people would not be as frightened by any new incident and Personal finance helps individuals to manage their resources effectively and efficiently.

Keywords: Personal Finance, Savings, Investments, Finance

INTRODUCTION :

Personal finance refers to managing one's money for the future. It is the financial management process wherein an individual considers various factors about personal activities, i.e., requirements to fulfill needs and wants, and the risks that are associated with these (Simon, 2020). The term personal finance, often interchangeably referred to as personal financial planning, is the process of budgeting, financing, and investing while accounting for unforeseen events such as death or infirmity so that financial status improves over the period. An individual can make effective decisions about the financial situation only if she/he possesses a good knowledge of personal finance. The saved money can subsequently be invested into short, medium, or long-term objectives. Savings in an emergency fund is a short-term goal, and will often yield less interest than assets in a retirement plan, which is a long-term goal (Madura & Gill, 2018). Personal finance refers to the financial statements in context with the individual's financial position as to how one invests, regarding investments, assets a person holds, and kind of liability, etc. can easily be known through a financial statement (Purohit, 2021). No one can make millions and keep millions without learning about personal finance. We worry about don't doing enough, not making smart decisions, worrying about kids and ourselves in future years, aging parents, emergencies, and many more. Think of your financial life as a "Money Box". One that allows you to streamline your cash flows. Helps to preserve your savings in face of an emergency (medical, job loss, death of salary earning member) construct this box according to understanding your own needs and situation. A system to manage inflows and outflows each month includes a good way to budget, need discipline, and track your spending (Halan,2021).

RESEARCH OBJECTIVES

1. To understand about the Personal Finance
2. To understand the review of literature relating to personal finance

METHODOLOGY

Paper is based upon content analysis, analytical review of literature relating to data and information available published/ researched.

REVIEW OF LITERATURE

Volpe et al. (2006) identified and surveyed the US Company's 212 employees to find out their personal financial literacy and compare that with the company's benefits scheme. The researchers found out the employees were aware of their company's benefits scheme, but they are unaware of retirement planning and personal finance basics both being very important areas for the employees. The least significant areas are estate planning and investment. Further, they concluded that personal finance professionals need to design, deliver, and assess the effectiveness of these training programs.

Mishra (2011) in his doctoral research on personal financial planning conducted at Banasthali Vidyapith stated the importance of financial planning. The researcher mentioned six steps for financial planning, Goals of life (short term, medium term, long term), Current financial position, best alternative plan, evaluation, implementation, and finally review of the plan.

Priantinah and Aisyah (2019) analyzed the technological acceptance of personal finance management applications using mobile application technology. The Manage Your Money (MYM) app that helps in recording income, expenses, budgeting, and financial statements. Their study includes 77 participants who used this application to track their financial behavior for one week. Confirmatory Factor Analysis (CFA) was used to assess end users' satisfaction with the ManageYour Money application. They concluded that the application is beneficial to them.

Johan et al. (2021) evaluated college students (economics and business faculty from three universities) to see how well they knew about personal finance. Researchers are also interested in discovering the meaning of personal finance management in their lives, as well as students who are good at managing personal finances and living more prosperously in the future. They further concluded using statistical measures like T-test, F-test, significance value, they proved financial knowledge, financial attitude and both have a positive and significant effect on personal finance management.

Waliszewski and Warchlewska (2021) aimed to see how socio-demographic characteristics affect household budget management. After polling online identified that 85% of respondents are using non-banking personal finance management tools. The applications are extremely transparent, structured, and intuitive, according to a PFM benefit analysis, and respondents have a positive attitude toward utilizing them. The SARSCoV2 epidemic has justified highlighting holes in remote customer support, such as better adaptation to current settlement and payment needs, inability to scan papers, and a lack of assistance and ongoing interaction with a consultant.

Hadi (2017) suggested that investors' decision-making is significantly influenced by their financial expertise. The financial behaviour of the investors was shown to be influenced by factors like financial capability, skills, and opportunities. In this study, the association between investment decisions and financial literacy as well as the relationship between investment decisions and emotional intelligence were examined. This study's findings suggest that social and psychological problems and financial conduct are related.

Dharamsi (2010) highlighted a number of investment techniques and asserted that the Association of Mutual Funds in India's efforts to raise public knowledge of mutual funds have led to mutual funds becoming a popular option for individual investors (AMFI). The education initiatives run by AMFI have, for the most part, contributed to raising awareness about investing in mutual funds and popularising them as an excellent tax-saving tool.

Halan (2021) advocated for financial life to be viewed as a money box. Individuals can use Money Box to streamline their cash flows and save money in the event of an emergency (medical, job loss, or death of a salary earning member). The author has designated three boxes for the three different monetary functions, such as salary account (zero balance account, except for a small amount set aside for discretionary spending), Transfer monthly expenses (rent, EMI, food, salaries, fuel, credit cards, bills, utilities, pocket money, medicines) into it, then invest it and transfer whatever is left in the income account into 30 seconds.

Gjertson (2015) analyzed the 2010 Consumer Finance Survey and the 2012 National Financial Capability Study are two secondary national data sets (NFCS) to determine whether there is a link between emergency liquidity and financial contentment. The researcher concluded that low-income households are the least prepared to deal with a disaster and also determined is the substantial negative association between having no source of emergency liquidity and financial contentment; raising emergency liquidity will result in increased financial satisfaction, broader family wellbeing, economic stability, and reduced financial stress/strain.

Roth (2020) examined when it comes to keeping or starting an emergency fund in one's portfolio, most personal finance gurus agree. It would always be beneficial for an individual to meet the unexpected costs of life, such as a burglar smashing a car's glass, children becoming ill, or a water heater overflowing. Sometimes a minor issue becomes a major one because a person is unprepared for the unforeseen events that may occur in every individual's life.

Chien and Sun (2020) analyzed data from the 2016 Survey of Consumer Finances (SCF), up to 15% of households are in income deficits, and 85% of those who managed their financial emergency by using one of 4 alternatives that are borrowed from others, spend from own savings, postpone payments, or cut back expenditure. However, survey research indicates that the proportion of households in financial distress or who are not well prepared for emergency spending does not improve significantly as people get older. This pattern could be concerning because low-income households not only earn less but also do not have enough resources to cover unexpected expenses.

Ganatra & Joshi (2021) given insights that firms and individuals looked for effective ways to conduct financial operations in the face of a spreading epidemic, the banking sector was among the first to utilise technology in order to increase productivity. Neobanks in India, including InstantPay, Niyo, Open, and RazorpayX, provide banking services practically instantly, at rates greater than those of regular banks, as well as with individualised offers and discounts. The epidemic boosted the need for buy now pay later (BNLP) services a stronger push even if it had been increasing consistently. Indians are looking into BNLP services as an alternative to credit cards because of their cost-free monthly installments (EMIs), low commitment, and user-friendly repayment structure. Individuals started investing in the crypto currency markets.

Conclusion

An individual's finances include budgeting, financing, investing, and saving for unanticipated expenses. It is an essential component of managing money for the future. Developing short-, medium-, and long-term financial goals as well as making knowledgeable decisions are all part of it. Financial statements are used to help individuals comprehend their financial situation. An individual's capacity to manage their finances, including emergency savings and future needs investments, depends on their understanding of personal finance. Financial stability and goal achievement depend on understanding personal finance, as highlighted by Simon (2020), Madura & Gill (2018), Purohit (2021), and Halan (2021). To ensure a secure financial future, a smart "Money Box" system and a disciplined approach to controlling inflows and outflows can assist protect savings and streamline cash movements.

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