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Mechanics of Finance- Personal Finance advisory firm: "Finance Friend"

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Abstract: ***The purpose of this study is to understand the importance of personal finance planning to be financially sound and well equipped for the uncertainty. According to the findings of this study, the ignorance of personal finance is to the pinnacle. This isn't just to set up family spending plan yet additionally to save, contribute as well as plan for our retirement. The meaning of financial management, its significance, the steps that each person can take to plan and manage their finances, and the awareness of financial management are all discussed in this writing. In addition to educating readers on how to plan and manage each individual's finances for their benefit today and in the future, which indirectly contributes to the development of the nation, the purpose of this writing is to raise awareness of the significance of personal finance planning and management. The impact of personal finance education on financial knowledge, attitudes, and actions is the subject of much debate. Our research also reveals that discussing money with friends, income, work experience, year/field of study, and family financial socialization were all important factors in influencing financial knowledge, attitudes, and behavior. We're not saying that formal financial education isn't important; rather, we're saying that its role in changing people's attitudes and behaviors should be carefully considered if that's its goal. The objective was to describe the financial knowledge, attitudes, and experiences of residents to inform the design of a personal finance curriculum.***

Keywords: Personal finance, Behavioural finance, awareness, financial planning, investment, capital, liquidity, management of finance, Finance app

I. INTRODUCTION

Personal finance primary objective is to provide objective information regarding various aspects of personal financial planning. To provide readers of our blog with a complete picture of their personal finances, we encourage them to read a variety of articles. This is a collection of important articles that have been published over time and cover the most important aspects of personal financial planning. "Create and maintain an Emergency Fund" is one important part of a personal financial plan. This could be anywhere from three to nine months' worth of your monthly living costs. Yet, do not put this asset in hazardous venture items. The main reason this fund is kept alive is to have cash on hand in case of an emergency(Happ et al., 2018). Safety of capital and liquidity should be given top priority when investing or saving for an emergency fund. If your family has a history of serious illnesses, it is a good idea to set up a separate contingency fund to cover any unanticipated medical costs.

Planning for protection with life insurance: Life cannot be "unpredictable" if insurance is not required. You should have sufficient life insurance if you are a family member who earns a living, if you have a dependent, or if you have financial obligations or liabilities. Your life insurance policy's minimum assured amount should be at least ten times your annual gross salary. You must expand your life insurance coverage considering your shifting financial circumstances(lo Prete, 2022). Please visit the links below to learn more about how important it is to have enough life insurance. Financial experts concur that even though individuals today have significantly more money than they did generations ago, the amount of knowledge regarding how to manage that money has not increased at all (Maura Fogarty, 2012). Every person must take responsibility for planning, managing, and putting into action our financial plans. We need to know how to manage our money. This is for more than just making a household budget; it is also for saving for the future, making plans for our retirement, and investing for a better future.

Planning for Protection – Non-Life Insurance: Life insurance coverage may be optional if you are an independent individual with no financial dependents. However, you must have non-life insurance plans like a health insurance plan and a Personal Accident Plan with benefits for permanent and temporary disability. Additionally, home insurance is probably one of the types of insurance that are neglected the most in our society.

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In India, it is estimated that less than one percent of those who can pay for it have home insurance. We are of the firm belief that property insurance is significant and necessary (Förster et al., 2019). This is also important because everyone wants to live debt-free lives without having to work until old age to support themselves and their children. This awareness and understanding of the significance of financial planning and management should be present in every human being. This writing would be very helpful to those who are determined to take control of their finances and let the money work for them, as well as to those who are less aware of the significance of personal financial management.

II. REVIEW OF LITERATURE

Since "the mid to late 1990s," policymakers, service providers, and academics in the financial sector of developed countries in the United States and Europe continue to recognize personal finance education (Choi, nd). Consequently, the majority of the prior review studies discussed here concern developing nations. Results from survey of monetary proficiency studies from seven European nations that consistently estimated essentials of individual accounting: The results of interest compounding, inflation, risk, and return show a correlation between low financial literacy and the same set of sociodemographic factors. They noticed low of monetary proficiency among more youthful or more established age bunch, ladies, less taught and jobless(Navickas et al., 2014). They also found that people of different religions and ethnicities had different levels of financial literacy. In addition, the authors identified a variation in individual self-assessment and actual financial literacy that would probably encourage financial mistakes. Further, their audit showed positive connection between monetary proficiency and monetary ways of behaving: financial planning, saving for retirement, accumulating wealth, borrowing at lower interest rates, choosing lower-fee financial services, including debt with lower interest rates, and diversifying one's investment portfolio are all areas in which people have found to be lacking(Galatowitsch, 2019). However, retirement planning was found to be lacking in all cases. The fact that the individuals in all of the aforementioned reviews had a low level of financial literacy across demographic and socioeconomic characteristics suggests the significance of financial education, particularly targeting a specific group for prompt results. In addition, it is noted that the recommendation for a financial literacy policy in developing nations is based not only on survey results from developed nations, but also on experimental findings indicating that well-designed and targeted financial education programs have positive outcomes. Since financial literacy is a recent development in developing nations, only a few studies have been conducted on India and South Africa, which have implemented national policies to promote financial literacy through their regulatory bodies for the financial sector(Beck & Garris, 2019). Existing studies have found that low financial literacy has hampered financial inclusion and the development of the country's financial market. According to these studies, the importance of financial literacy in India and the government's initiatives were suggested to be strengthened.

III. METHODOLOGY

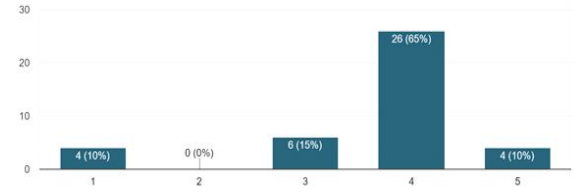
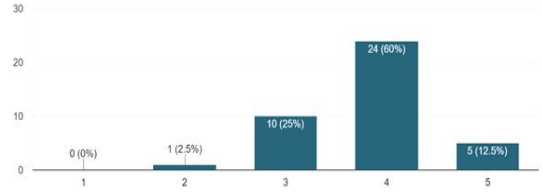
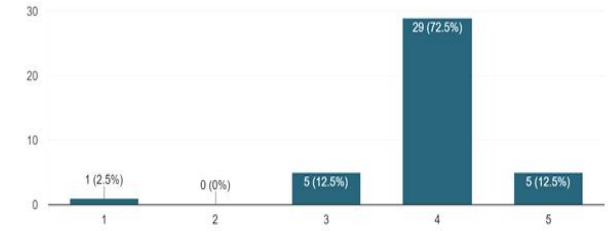
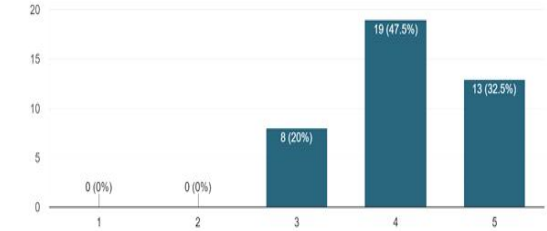
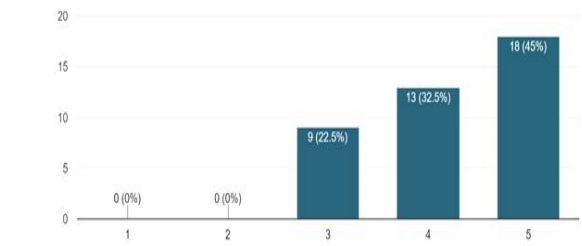
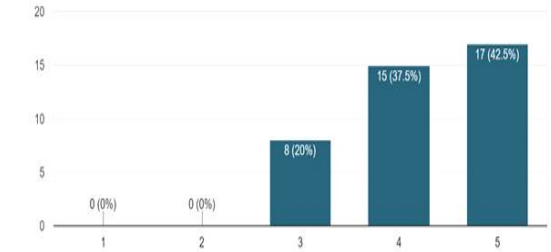
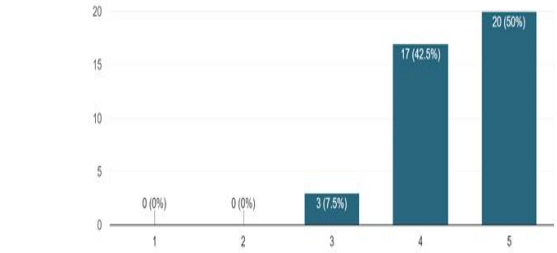
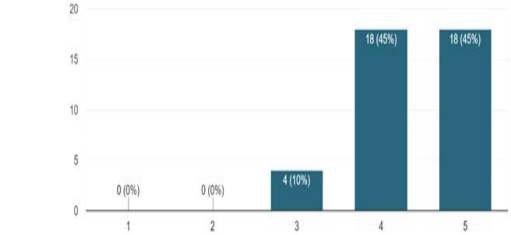
A quantitative approach using structured questionnaire survey was used to explore the knowledge, attitudes, and experiences of residents in the realm of personal finance. The data in the current study comes after the learnings from covid-19 pandemic. During pandemic, almost everybody was affected from the lockdowns and investment made in stock markets did not fetch much return in investment. The investments made by huge conglomerates were fetching more return on investment. The idea was to construct a financial planning and investment plan according to their incomes and salaries(Farrell et al., 2016). This was purely based on customized model and the idea was to generate best plausible return on investment for the middle class and lower middle-class people who could not afford to invest and earn profits other than their main stream income. The idea was also to generate income from investments, whether it is small or medium sized investments, but to have the financial support during the crisis times like pandemic(French et al., 2021). The study was analyzed based on quantitative data gathered with the sample of 400 using convenient sampling technique. Considering these as foundations of the study, there are many plans engendered to provide and assist small scale investors to promote and invest in various platforms which can fetch good return on investment.

IV. RESULTS AND DISCUSSION

The data was analyzed based on the G form survey conducted with 40 responses received. The percentage analysis and ANOVA single factor is used to analyze the data and interpret the results based on the received responses. The same has been included below for better understanding. The results mostly speak about the general perspective of the personal finance and its usage. It also acts as a backup income during the crisis times. The data speaks about the peoples' knowledge in managing personal finance and the way they use funds in moderate investments.

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Table 1: Demographic and personal factors

Class of Investors	Sources of Information
	
Future financial plan	**Personal financial aids**
	
Retirement plan	**Assessment of funds**
	
Management of Contingencies	**Challenges**
	

The future financial plan has been in the class of investors has been rated 4 from the maximum users of personal finance which makes it evident about the mindset of the people who are imperative about the futuristic ideas of the investment through small investment which can le them personalize their income and fund flows. Moving on to the sources of information, as per the rated survey, majority of the survey population has the knowledge of the personal finance and the information source has not been a barrier to them. Personal finance aids are the most required support which majority of the population in the survey has voted for as it touches ratings of 4 points which is to the higher scale of the inclination. Talking about the retirement plan, it has been rated 5, as it helps after retirement and it can act as a main supportive financial back up and income for majority of the population who took up the survey. Assessment of funds also holds an important priority as personal finance helps the survey population to assess and plan their funds and cash flows(Navickas et al., 2014). It engenders the idea of investment for suitable return on investment other than stock market and mutual funds. The survey population has also voted 5 for in managing and being well equipped for the emergency scenarios and to keep a reserve for the contingent liabilities. When it comes to the challenges of calculating and designing the schedule for investment, it has been challenging for the population of the survey which is why the ratings have been maximum at 4 and 5.

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With this, the interpretation can be made as the majority of the population who took up this survey is definitely into the idea of personal finance and the encouragement for small investments and for the generation of platforms for passive income apart from the main stream income is imperative and necessary(Förster et al., 2019; Happ et al., 2018; lo Prete, 2022).

Table 2: ANOVA

Groups	*Count*	*Sum*	*Average*	*Variance*
Column 1	40	146	3.65	1.053846
Column 2	40	153	3.825	0.455769
Column 3	40	157	3.925	0.48141
Column 4	40	179	4.475	0.358333
Column 5	40	165	4.125	0.522436
Column 6	40	169	4.225	0.640385
Column 7	40	169	4.225	0.589103
Column 8	40	172	4.3	0.420513
Column 9	40	177	4.425	0.404487
Column 10	40	174	4.35	0.438462
Source of Variation	*SS*	*MS*	*F*	*P-value*
Between Groups	26.4725	2.941388889	5.482814	4.13885
Within Groups	209.225	0.536474359		
Total	235.6975			

From the above data, we can assess that majority of the users have knowledge about personal finance and its uses. The users are very much inclined towards the idea of personal finance and the reliability on the concept which fetches them parallel stream of income(Cao et al., 2020; Navickas et al., 2014). Most of them feel passive income cloud help in supporting and managing their expenses which can divert their main stream income to the field of small investments though personal finance plans and ideas. As per the ANOVA single factor calculation, the average is close to 4 and the variance is predominantly within 0.4 to 0.6 which gives a picture about the personal finance uses with people and their perspective about it. The concept of personal finance is gradually reaching the pinnacle as there are lot of users who are abundantly into small investments. With the above data it can be interpreted that there is a lot of scope for small investments other the conventional investment methods and platforms like stock markets and mutual funds where usually investments are made with huge cash outflow and fund balance(Cao et al., 2020; Happ et al., 2018). The concept of personal finance helps in being an aid through small investments and fetched return on investments with no huge risk involved and can be an investment concept where people can confidently go ahead and invest and manage their funds effectively and efficiently to maximize their cash inflow and outflow which is a vital part of peoples' life.

V. CONCLUSION

The ideology is to draft a suited plan and dedicated idea to help the investors gain income and have margin on their investment. This comes with a systematic plan and structured procedures. Budget of the finance are different kind like financial statements, microeconomic indicators, macroeconomic indicators, and the value for money(Hite et al., 2011). Developing a personal finance plan and tracking all the customer investment is a crucial aspect of personal finance idea. Fixed amount in savings account in case of emergency, is very much required and it is also a plan of investment. Elucidating the customers about this has been made mandatory in the business plan. The importance of investing is imperative. Financial management has been of the utmost importance in the current scenario(Asebedo et al., 2021). There are many solutions available to properly manage all personal banking and finances on a professional level; in fact, most institutions offer these services. Personal finance is currently a vast field in and of itself. Conclusion: Personal finance can be defined as the management of financial resources and choices for a single person or a family, including retirement planning, investing, and budgeting. Building a solid understanding of our finances is one step toward having a healthy financial future(Lusardi et al., 2021). Before entering a serious financial crisis, it is critical to adjust one's spending behaviour and prepare one's budget and income. To have a secure future, everyone must invest time in enhancing their financial literacy.

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In conclusion, it is advised to seek the advice of a qualified financial counsellor so that you can develop a financial plan and work toward reaching your financial objectives(Baulkaran, 2022). Making a financial plan can take time, and you might need to confront certain financial truths you have been avoiding, but it will be worthwhile in the long run. Following the completion of your plan, you may start implementing precise measures to guarantee that your money is organised, functioning smoothly, and that you live a calm life with fewer surprises. To quote Benjamin Franklin, "If you don't plan, you are intending to fail." You may have a variety of financial objectives, but in order to attain them at the correct time in your life, you must start developing a financial plan when you are still quite young(Caswell & Waidmann, 2019). The correct balance between the inflow and outflow of funds will be helped by personal financial planning. It enables the person or corporate entity to adjust their personal finance plan in response to shifting market conditions(van Deventer, 2020).

VI. LIMITATIONS AND SCOPE FOR FURTHER RESEARCH

This study restricts to a small group of population who are categorized as middle class and lower middle-class group of the society for the sake of the research. The scope of the study is limited to the proximity of the acquaintances of the researchers. This does not give a macro view of the concept of the personal finance which is termed as the mechanics of finance. The study gives a very minute and micro approach to the idea of small investments(Sina, 2014). The study also mentions about the level of the income group considered for the research and do not qualify to draw conclusions and interpretations about the huge investors and their fund flows(Johan et al., 2021). The concept of personal finance has a wider scope when it reaches the investment banking portfolios and other investing and borrowing activities. The study has no further discussions of the taxation laws and regulations which speaks about the tax implications and refunds based on the investments. The study has not been pedantic on the return on investments of the investors whose investments are based on the idea of mechanics of finance and personal finance management for the control of cash inflow and outflow(Purwaningrat et al., 2019).

VII. ACKNOWLEDGEMENT

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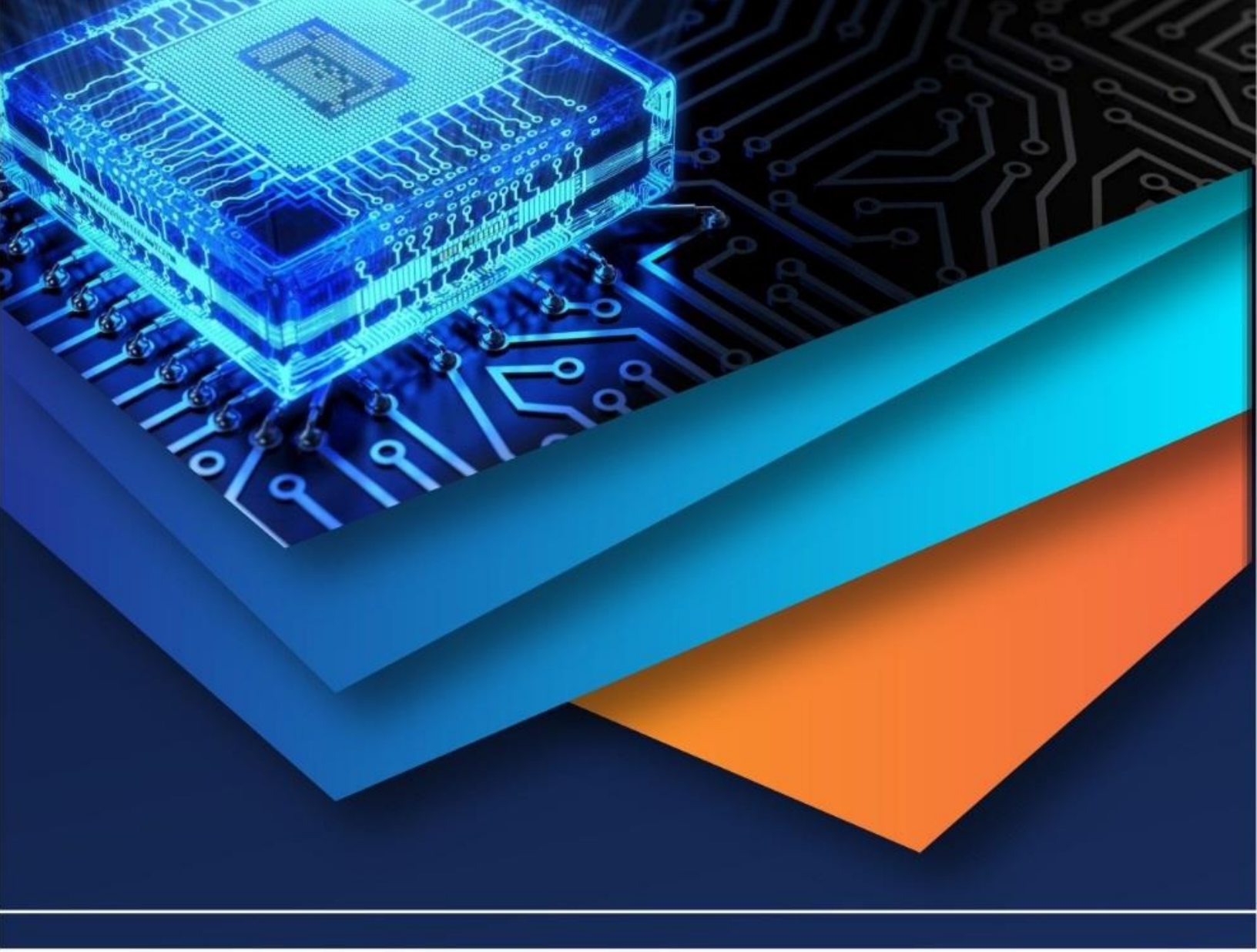
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