Finance encompasses the management, creation, and study of money and investments. It involves using credit and debt, securities, and investments to fund current projects with future income flows

1. **Public Finance**: Involves government revenue and expenditures, including tax systems and budget procedures.
2. **Corporate Finance**: Focuses on managing a company's assets, liabilities, revenues, and debts.
3. **Personal Finance**: Relates to individual or household financial decisions, including budgeting, insurance, and retirement planning.

Asset: Valuable items like cash or property.

Balance Sheet: A financial statement showing a company's assets and liabilities.

Cash Flow: The movement of money in and out of a business or household.

Compound Interest: Interest calculated on the initial principal and also on the accumulated interest.

Equity: Ownership in a company, represented by stocks.

Liability: Financial obligations or debts.

Liquidity: The ease of converting an asset into cash.

Profit: The remaining money after expenses.

Finance is crucial for economic stability and growth. It enables individuals and businesses to fund projects, manage risks, and allocate resources efficiently. Understanding finance is essential for making informed financial decisions that impact personal and societal well-being. Finance focuses on individual and company-specific financial management, economics looks at broader market trends and policies. Both fields are interconnected and inform each other.

Money serves as a liquid asset for transactions, acting as a medium of exchange, a store of value, and a unit of account. Before money, economies relied on bartering, which posed challenges like the double coincidence of wants. Money resolves this by serving as an intermediary good.

**Properties of Money:** To be effective, money should possess the following properties:

1. **Fungibility**: Units of money should be interchangeable and of equivalent value.
2. **Durability**: Money must withstand repeated use without degrading.
3. **Portability**: Money should be easy to carry and divide.
4. **Recognizability**: The authenticity and quantity of money should be easily identifiable.
5. **Stability**: The supply of money should remain relatively constant to prevent value fluctuations.

Digital currencies like Bitcoin are not issued by any central authority but possess some properties of money. While they are used in online transactions and as speculative investments, they are not universally recognized as legal tender.

**Types of Money**

* **Hard Money**: Based on valuable commodities (e.g., gold), less susceptible to inflation.
* **Soft Money**: Printed currency with no commodity backing, potentially more inflation-prone.
* **Money Substitutes**: Items like checks that can be exchanged for money.

Cryptocurrencies have properties of money and can be used for transactions, but they are not treated as legal tender by most governments. They are considered taxable assets.

In 2025, personal finance trends highlight the increasing use of generative AI in financial services, the rise of blockchain technology, and a growing reliance on personal finance apps.