Money Manager

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Abstract

The review focuses on the financial illiteracy in today's youth causing a bad influence cycle. This review co-relates factors like lack of financial independence, poor expense management and ignorance towards investments in depth. It provides both the good and bad effects of technonogy on finanial systems It tries to provide a feasible and practical solution to this problem creating a financially literate youth. It also explian the need for management of one's finance and it's advantages with a breif explantion of investments and it's benifits. The review uses several references to relevant topics and research papers promoting its theme.

1 Introduction

Today's youth faces problems such as fear of investment, poor expense management, making poor financial decision, unaware about advantages from investments. Complicated financial products, low level of awareness and lack of knowledge about financial matters makes the want of financial literacy noteworthy. This review will shed light on some of these important topics and try to give a feasible solution to the problems stated above. The lack of investment knowledge and ignorance to it lead to unusual management of money and finally it may take you to poverty. While having proper knowledge but not knowing the actualities in investments may lead to poor investments and financial losses. Here comes the need for efficient Money Management. Money management refers to the processes of budgeting, saving, investing, spending, or otherwise overseeing the capital usage of an individual or group. The term can also refer more narrowly to investment management and portfolio management. Money management provides you with a 360-degree view of your financial picture while applying key financial disciplines to help you overcome the obstacles to wealth. With a clear purpose for your money and sound money management principles behind it, you are in much more control of your financial destiny. To fulfil your future financial needs the Money management plays a crucial role. The first step in effective money management is to organize your personal financial documents. The category of "personal financial documents" includes a variety of materials, such as bank statements and pay check stubs. Our Money Management web Application Helps the person to know about investments And their needs and help them to properly manage their Expenses and teach them how to maintain a balance between Expenses and investments. It also provides the simulations to get thorough Knowledge about the scheme and prior knowledge to investment. It also provides you Knowledge of various terms and range of investments and financial related terms. It gives high reliability and great help to irradicate financial illiteracy and makes money management an ease of comfort.

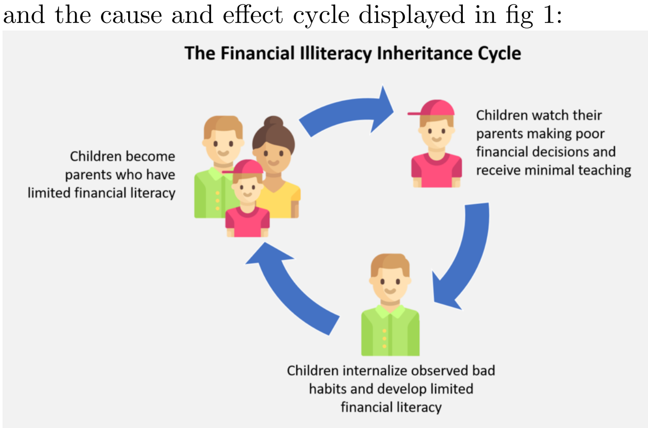
2 LITERATURE REVIEW

2.1 Introduction

Today's youth faces problems such as fear of investment, poor expense management, making poor financial decision, unaware about advantages from investments[11]. Complicated financial products, low level of awareness and lack of knowledge about financial matters makes the want of financial literacy noteworthy[14]. This review will shed light on some of these important topics and try to give a feasible solution to the problems stated above.

2.2 Causes of Financial Illiteracy

Financial illiteracy is an adverse topic to be discussed, but the major causes of financial illiteracy are the rapid change in the finance sector due to electronic money[1] and the cause and effect cycle displayed in fig 1:



The factor of inflation [5] makes the financial illiteracy a greater foe for achieving financial independence at a younger age. Complicated financial products, low level of awareness and lack of knowledge about financial matters makes the want of financial literacy noteworthy. [14]

2.3 What is Financial Literacy

Financial literacy implies the ability of individuals to understand, manage, and plan their personal finances. By gaining financial literacy, people are likely to develop critical thinking, judgment, and other skills for making informed personal finance decisions. [10] The growth of the development of any country depends on its financial system. For achieving the goal of the financial system, there is one accurate solution which is financial literacy. [9] Financial literacy includes proper management of expenses, proper investments, making rational financial decisions. [12] Even though Financial literacy means making sound personal financial decisions [10] huge financial systems and even the nations financial health depends on this factor. [13]

2.4 Solutions for improving financial illiteracy

We can improve financial illiteracy right from the start of one's life proposing a school level curriculum. [9] Also creating a transparent and easily accessible system for managing one's finance is important to develop trust and reduce the fear of investments from small scale investors mind [11]. According to the research done by Jingpei Bi and Huaying Shu [4] the introduction of virtual money and networking has both increased the efficiency of managing the money resulting in access to the financial systems at one's fingertips. Thus the introduction of E-currency[1] and the daily usage of electronic gadgets has played a major role in reducing the condition of financial illiteracy. Due to an explosive growth in social media platforms various financial podcasts, videos , informative newsletters will have helped in reducing financial illiteracy to great extent [8]. It can be concluded that financial literacy level gets affected by gender, education, income, marital status and number of dependent whereas it does not get affected by age. Thus we can say that infer that a intergrated platform on something that is available to all of the people: like internet is the perfect solution to reduce financial illiteracy and create a better and finnancialy stable generation breaking the Financial Illiteracy

Inheritance Cycle (fig ??)

2.5 Need for Management of Money

It is essential for financial health [6] of not only the individual but also the system in which the investor is investing money. [11] Various changes in financial sector including the change from plastic currency to E-currency [1] has led to confusion in today's youth. The complicated taxation systems [2] add to the confusion leading the youth to withdraw from the management of money completely. Even the university students find it hard for managing their expenses. [7] Even though complicated taxation reveals a great amount of benefits overlooked due to poor knowledge [2] Good management of money includes management of expenses. [11] It is important for safeguard against people's excessive consumption and personal debt is need of money management (i.e., budgeting, saving, investing, and otherwise regulating spending) [6]. The management one's income increases the cash flow and by carefully monitoring your spending patterns and expenses one can increase one's margin for investment [8]. While emphasising on the impact of financial literacy, researchers approach this phenomenon from different points of view. In other words, academicians taps into financial literacy to be able to explain economic well being, financial decision making and behavior, and rarely corporate governance and social well-being [9].

2.6 Advantages of Money Management

Family Security: Providing for your family's financial security is an important part of the financial planning process or money management[8] money management predicts lower accumulation of debt beyond the influence of other factors relevant to financial responsibility, such as financial knowledge [6]. Money management ensure financial independence at young age giving youth greater opportunities. Disregarding popular belief even though taxation appears as an expense hidden benefits convert it into a it a major asset [2]. Money management is process of managing expenses thus making it easier to stay aware of your savings and debts. Managing and deciding their future financial needs has increased among the young employees [14].

2.7 What is Investment And it's Advantages

Investment is an asset acquired or invested in to build wealth and save money from the hard earned income or appreciation. Investment is primarily made to obtain an additional source of income or gain profit from the investment over a specific period of time To accomplish the objectives, individual must capitalize his/her savings in right investment alternatives[3].

2.8 Conclusion

Thus, we can conclude from this literature review that there is a need for financial literacy and a platform where the knowledge and required tools are available in one place might be one of the most feasible and practicle solution to this problem

1. Mistakes are more common for less educated households, thus they will gain more benefit from the web application developed by us.

2. Being financially educated will help to plan a better

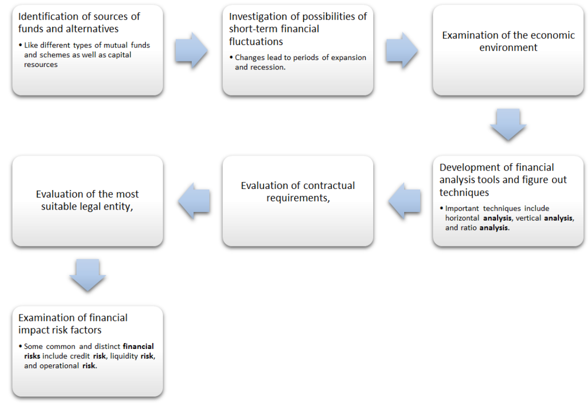
future, will also help in retirement planning, savings and credit use.

3. Financial Literacy leads to complete knowledge of factors such as investment, expenses, taxation, mutual funds, SIP, Govenment and non-geovernment schemes, etc. leading to a global increase in cash flow and boosting the GDP of nation

3 METHODOLOGY

3.1 Initial Working

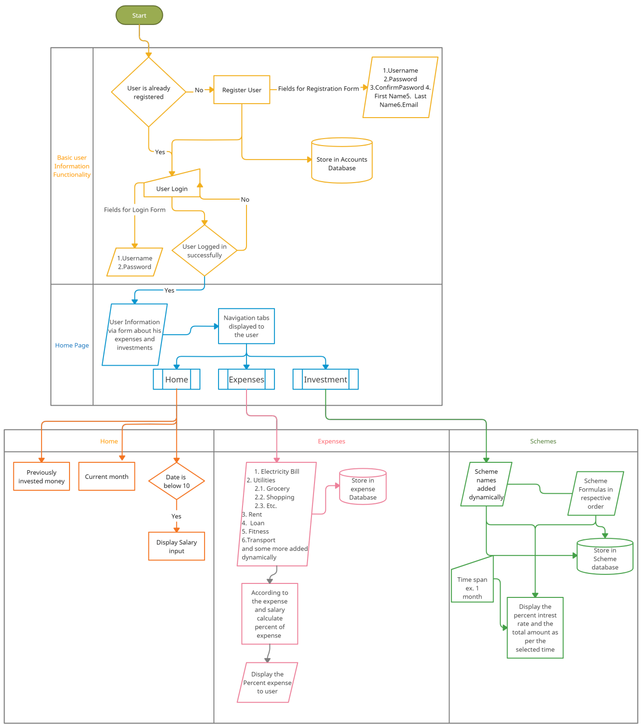
1. Identification of sources of funds and alternatives
   - Like different types of mutual funds and schemes as well as capital resources
2. Investigation of possibilities of short-term financial fluctuations
   - Changes lead to periods of expansion and recession.
3. Examination of the economic environment
4. Development of financial analysis tools and figure out techniques
   - Important techniques include horizontal analysis, vertical analysis, and ratio analysis.
5. Evaluation of contractual requirements
6. Evaluation of the most suitable legal entity
   - Like different types of mutual funds and schemes as well as capital resources
7. Examination of financial impact risk factors
   - Some common and distinct financial risks include credit risk, liquidity risk, and operational risk.
8. This is explained better in the following figure



3.2 Project Workflow

- The project is done in Django which uses the modular type of programming
- The basic workflow of the project is given below
- A user clicks on a specific element on the webapp
- The query is handled by javascript and sent to the server using ajax call
- The server checks the query for existing paths/ urls
- If the query exists then the respective associated functions are called to perform their delegated tasks
- If the function contains certain data storage or fetching operations then the server generates a SQL query with the respective database table
- Then the Data is passed to the frontend and displayed to the user

3.3 Flowchart



3.4 Team Workflow and Timeline

- The project work was divided among all the tea members as follows
  - Vedant – 11: Fontend styling
  - Shriram – 12: Data Fetching and testing
  - Mitrajeet – 13: Backend Development
  - Aayush – 14: Investment utility
  - Ashutosh – 15: About Us Page
  - Kaushal – 16: Expenses Utility
- Each team member worked in tandem with the other in order to complete the task at hand in the most efficient manner
- Timeline:

Date	Work Completed
February 20, 2021	Concept and Tools Decision
March 3, 2021	Finalization of Concept
March 5, 2021	Finalization of Basic Template
March 12, 2021	Review of Literature and Study of Similar Projects
March 16, 2021	Completing the Home Page
March 20, 2021	Completing the Investment Utility
March 25, 2021	Completing the Expenses Utility
March 30, 2021	Completing the Database connection
April 1, 2021	Error solving and debugging
April 5, 2021	Hosting the Web app
April 6, 2021	Production database connection
April 7, 2021	Production Error solving
April 9, 2021	Final Touches and debugging

4 SOME COMMON MIISTAKES

1. **Excessive Spending:**

   It may not seem like a big deal when you pick up that double-mocha cappuccino, have dinner out or order that pay-per-view movie, but every little item adds up. Just 1750 Rs per week spent on dining out costs you 91,000 Rs per year, which could go toward an extra mortgage payment. If you are enduring financial hardship, avoiding this mistake really matters – after all, if you're only a few steps away from bankruptcy, every penny will count more than ever.

2. **Never-Ending Payments:**

   Ask yourself if you really need items that keep you paying every month, year after year. Things like cable television, music services or fancy gym memberships can force you to pay unceasingly but leave you owning nothing. When money is tight, or you just want to save more, creating a leaner lifestyle can go a long way to fattening your savings and cushioning yourself from financial hardship.

3. **Living on Borrowed Money:**

   Using credit cards to buy essentials has become somewhat normal. Credit card interest rates make the price of the charged items a great deal more expensive. Depending on credit also makes it more likely that you'll spend more than you earn.

4. **Buying a New Car:**

   Millions of new cars are sold each year, although few buyers can afford to pay for them in cash. However, the inability to pay cash for a new car means an inability to afford the car. After all, being able to afford the payment is not the same as being able to afford the car. Furthermore, by borrowing money to buy a car, the consumer pays interest on a depreciating asset, which amplifies the difference between the value of the car and the price paid for it.

5. **Spending Too Much on Your House:**

   When it comes to buying a house, bigger is not necessarily better. Unless you have a large family, choosing a 6,000-square-foot home will only mean more expensive taxes, maintenance, and utilities. Do you really want to put such a significant, long-term dent in your monthly budget?

6. **Not Investing:**

   If you do not get your money working for you in the markets or through other income-producing investments, you cannot stop working - ever. Making monthly contributions to designated retirement accounts is essential for a comfortable retirement. Take advantage of tax-deferred retirement accounts and/or your employer-sponsored plan. Understand the time your investments will have to grow and how much risk you can tolerate. Consult a qualified financial advisor to match this with your goals if possible.

7. **Paying Off Debt with Savings:**

   You may be thinking that if your debt is costing 19% and your retirement account is making 7%, swapping the retirement for the debt means you will be pocketing the difference. But it's not that simple. In addition to losing the power of compounding, it's very hard to pay back those retirement funds, and you could be hit with hefty fees. With the right mindset, borrowing from your retirement account can be a viable option, but even the most disciplined planners have a tough time placing money aside to rebuild these accounts. When the debt gets paid off, the urgency to pay it back usually goes away. It will be very tempting to continue spending at the same pace, which means you could go back into debt again. If you are going to pay off debt with savings, you will have to live like you still have a debt to pay - to your retirement fund.

8. **Not Having a Plan:**

   Your financial future depends on what is going on right now. People spend countless hours watching TV or scrolling through their social media feeds, keeping aside two hours a week for their finances is out of the question. You need to know where you are going. Make spending some time planning your finances a priority.

5 LIMITATIONS

5.1 Limitations of Money Management

The rules are not able to keep up with the dynamic changes in the market environment, and that leads to bureaucracy and lost revenue. Similarly, implementing standards of practice within a business or an institute comes with a cost. Financial management leads to rigidity by setting certain standards for measuring performance. All the standards are set in accordance with certain parameters. However, conditions may differ while performing the actual task from those conditions which were considered while framing standards. Therefore due to standards rigidity, actual and standard performance cannot be properly evaluated. The identification of real reasons for deviation in an actual performance is not always possible. Financial management can work toward managing or avoiding deviations if and only real reasons for such deviations are found out, otherwise, it is ineffective.

5.2 Limitations of this Project

1. Unable to reach out to a large network of people
2. Insecure application as for now (unless we buy SSL certificate)
3. Unable to Morph into mobile and desktop views

6 FUTURE SCOPE

Money is an integral part of any business and hence its management, that's how the term money Management originated. Better money management leads to better growth of companies and individuals and makes profits which further leads to expansions and investments. No individual or company can survive without quality moneyl management. Money Management is the science of supporting business and securing a respectable place in society. Some of the major scope of money management are as follows:

1. **Investment Decision:**

   The investment decision involves the evaluation of risk, measurement of cost of capital and estimation of expected benefits from a project. Capital budgeting and liquidity are the two major components of investment decision. Capital budgeting is concerned with the allocation of capital and commitment of funds in permanent assets which would yield earnings in future.

2. **Financing Decision:**

   While the investment decision involves decision with respect to composition or mix of assets, financing decision is concerned with the financing mix or financial structure of the firm. The raising of funds requires decisions regarding the methods and sources of finance, relative proportion and choice between alternative sources, time of floatation of securities, etc. In order to meet its investment needs, a firm can raise funds from various sources.

3. **Dividend Decision:**

   In order to achieve the wealth maximisation objective, an appropriate dividend policy must be developed. One aspect of dividend policy is to decide whether to distribute all the profits in the form of dividends or to distribute a part of the profits and retain the balance. While deciding the optimum dividend payout ratio (proportion of net profits to be paid out to shareholders). The finance manager should consider the investment opportunities available to the firm, plans for expansion and growth, etc. Decisions must also be made with respect to dividend stability, form of dividends, i.e., cash dividends or stock dividends, etc.

4. **Working Capital Decision:**

   Working capital decision is related to the investment in current assets and current liabilities. Current assets include cash, receivables, inventory, short-term securities, etc. Current liabilities consist of creditors, bills payable, outstanding expenses, bank overdraft, etc. Current assets are those assets which are convertible into a cash within a year. Similarly, current liabilities are those liabilities, which are likely to mature for payment within an accounting year.

7 CONCLUSION

Money management practices is a field which deals with financial decisions including short and long goals of the organization and ensures that there is a high return on the invested capital without necessarily taking excess finance risk.

- Maintaining proper cash flow is a short run objective of money management. ... Minimization on capital cost in financial management can help operations gain more profit.

- Financial management is all about providing funds needed by a business on terms that are most favourable, keeping its objectives in mind. Therefore, this approach concerns primarily with the procurement of funds which may include instruments, institutions, and practices to raise funds. It also takes care of the legal and accounting relationship between an enterprise and its source of funds.

- More widely accepted point of view is that financial management includes the procurement of funds and their effective utilization.

- Understand money manager gives the nature of financial management by studying the nature of investment, financing, and dividend decisions.

- Managers also make decisions pertaining to raising finance from long-term sources and short-term sources.

- Money manager gives an idea about best investment options, various schemes and their interest rates, providing basic info to user.

- Money managers ensure sufficient availability of funds and attempt to reduce the cost of finance.

- It provides all information about investments, expenses, various bank rates, stock market, mutual funds, blogs on investment and such more things that increase the importance of money manager.

- The overall objective of this project is to shed light on the main issues like financial illiteracy, lack of knowledge in today's youth, not investing money in banks and so many things that are related to financial goals.

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