7.1. Conclusions drawn from the study of PFM

The framework of personal financial management can be thought of as three distinct components consisting of recording, evaluation and effectiveness.

1. Uncertainty in decision making arise from unknown facts like ignorance; randomness; inability to perform adequate measurements; lack of knowledge and vagueness. It could be addressed through recording of all financial transactions. As per survey, there is a significant difference in recording of financial transactions under heads of income, expenditure, assets and liabilities. People are most inclined to record their liability transactions and least inclined to record their expenditure transaction. It means people do not record all financial transactions all the time.

2. Most of the financial decision like budgeting, fund flow, cash flow, investment and wealth creation are complex. The complexity could be addressed through evaluation of financial goals; constraints; and consequences of the proposed...
alternatives. Broadly, evaluation includes analysing variation/trends in financial statements, comparison with budget, planning and taking corrective action if required in relation to financial transactions.

3. Financial decisions impact net economic worth. Hence, the focus area of personal financial management is net worth generation. The basis for financial planning, analysis and decision making is the financial information which is needed to predict, compare and evaluate one’s net worth.

There is a positive correlation between uncertainty and complexity of financial decision making. In other words, more uncertain is the financial information, more complex is financial decision making.

According to data analysis, there is a significant impact of recording of financial transactions on evaluation of financial decisions. It means that as the recording of all financial transactions under four major categories of income, expenditure, assets and liability is increased, uncertainty is decreased, As a result complexity is also reduced and it results in more of evaluation and finally better and effective financial decision making.

7.2. Application of the Fuzzy Model in PFM

A fuzzy model is derived that gives effectiveness of financial decision making related to recording/evaluation of financial transactions. The model developed helped understand how the financial behavior impacts financial decisions. Every individual who is managing his finances need to be aware of how following a disciplined approach could impact his financial health.

The model reflects the degree of recording and evaluation of financial transactions on effectiveness of financial decision making. There is a positive impact of recording and evaluation of financial transactions on effectiveness of personal financial decisions. Higher the degree of recording and evaluation, Better the financial decision making.

Lookup table gives an insight into potential for improving Net Worth