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
CHAPTER VII        SUMMARY AND CONCLUSIONS

1. Recording of financial transaction is first mandatory step in the personal financial management process. To have better control on finances and to know the personal net worth, recording should be done meticulously for all the transactions every time.

2. Evaluation is second mandatory step which includes analysing variation/trends, comparison with budget, planning and taking corrective action in relation to financial transactions. Overall, savings and net worth needs to be evaluated and changes need to be understood with focus on income, expense, asset and liability.

3. As per personal financial management process, evaluation without recording is incomplete and recording without evaluation is useless. The model can be used to explain the relationship between recording and evaluation of financial transactions.

4. With the help of modern financial IT tools, the process gets automated. The tool will help in recording and evaluation of financial flows i.e. inflows and outflows of money and generating of financial statements. Personal financial management when practiced helps individuals determine the past performance, predict future

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### FIGURE 0.2: LOOKUP TABLE ON EFFECTIVENESS OF FINANCIAL DECISIONS

<table>
<thead>
<tr>
<th>Effectiveness of Financial Decisions</th>
<th>Score</th>
<th>VH</th>
<th>NA</th>
<th>47</th>
<th>57</th>
<th>65</th>
<th>72</th>
<th>78</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

R= Recording of financial transactions; E= Evaluation of financial transactions
performance, and assess the capability of generating future cash flows.

5. In personal financial decision making process, people face certain challenges like uncertainty and complexity. Uncertainty could be addressed through the recording of all financial transactions. Complexity could be addressed through the evaluation of all financial decisions. The model is a good example to refer that uncertainty reduces as recording is increased. Similarly complexity reduces as evaluation improves.

6. It has tremendous societal implications on creation of wealth. The end result of personal financial management is enhanced financial net worth. The model to quantify the interrelation between degree of recording and evaluation on net worth is developed. In other words, the model should forecast the likeliness of net worth creation for an individual based on his recording and evaluation level.

7.3. Significance of the Study

1. The increasing complexity of the financial landscape coupled with economic difficulties illustrates the need that financial literacy should be a national priority to prepare households for an economic future.

2. Financial literacy programs aim at addressing the knowledge, attitude and behavior of an individual towards financial topics and concepts. Clear and transparent information help an individual make the best financial decision to fulfill his financial needs, particularly of long term relevance like net worth generation.

3. Understanding financial literacy is of critical importance for policymakers; it can aid those who wish to devise effective financial education programs targeted at young people. Widespread financial literacy might also provide broad social and economic gains as vulnerable households may make better financial decision. To enhance such decision making, the government should have a policy of fostering financial and economic education for the society.
7.4. Limitations of Study

In spite of best of efforts to minimise all limitations that might creep in course of the research, there were certain constraints within which the research was completed.

1. Sample size is restricted to educated salaried class. A study can be extended to beyond salaries class.
2. Due to fear of revealing personal financial data the researcher faced difficulties in getting authentic financial data from an individual.

7.5. Future Scope

The research has the following future scope.

1. Societal impact on wealth creation can be studied for a fully financial literate society. In this case, an increase in GDP due to cumulative increase in net worth of individuals can be taken as measure.

2. Research can be done on how financial literacy can be improved through policy focus. The measure could be various parameters like education policy, introduction of financial literacy programs into school curriculum, specialised courses on finance, training, spread financial literacy through NGOs, promotion of savings & investments etc.

3. Integration of decision support system (DSS) for enhancing the effectiveness of financial decision making. Financial concepts enumerated in ‘PFM in practice’ chapter could be the key parameter in building the useful DSS tool.

4. Since in-depth study in this area has long term socio-economic dimensions and detailed research through focus groups can be done. Forming focus groups having access to personal financial management system and seeing how effectiveness of decision making improves.