PREFACE

The base of personal financial management starts with an awareness about the inflows and outflows of money & realizing the importance of unseen costs. It is also a process of recording, analysing, interpreting and communicating results in terms of money. Recording and retrieval of information can be automated through IT tools. Financial decision making is a process of selection, relation and evaluation of financial data. It involves financial planning, financial statements, financial analysis, budgeting, cash management etc. It includes transforming financial data into a relational form (that can be analysed) and evaluating the financial data for achievement of financial goals. Financial decisions impact net economic worth. Hence, the focus area of personal financial management is balance sheet and income statement.

Personal financial management framework broadly constitutes the three areas represented by recording, evaluation and net worth generation. Personal financial management becomes more effective when it is adapted as ongoing process involving gathering financial information, setting life goals, examining the current status and coming up with a strategy of meeting the goals.

This research focuses on the interrelationship between various steps of personal financial management framework as outlined above. The research also involves developing a model that quantifies the degree of interrelationship between degree of recording and evaluation of financial transactions on effectiveness of personal financial decision making.

A brief outline of the chapters in present study is articulated as below

Chapter I: Introduction

The chapter introduces the concept of personal financial management. The conceptual/analytical framework for personal financial decision making is described. Exploratory research/pilot study and its findings are enumerated. The problem statement is defined. Fuzzy Logic as a concept has been introduced. Scope, objectives and hypothesis of the study are derived.
Chapter II: Literature Review

The chapter consists of the review of literature which includes books, articles, journals & published papers. The topics include financial literacy, financial behaviour, financial intelligence, money management tools and fuzzy logic.

Chapter III: Research Methodology

This chapter covers Hypotheses formulation and research design including universe of study, modes of data survey and sampling plan. Methods of data collection including questionnaire design are covered here. The last section of the chapter includes the analysis plan.

Chapter IV: Analysis and Findings

An attempt has been made to test the hypotheses using statistical tool. Data analysis is presented. The primary data is tabulated and different statistical techniques such as frequency tables, weighted average, Chi-square test, T Test, ANOVA Test and Pearson Correlation are used for drawing inferences.

Chapter V: PFM in practice

This chapter explores how personal financial management process can be implemented in practice. It also dwells on the quantitative benefits; an individual may get in managing various aspects of personal finances. Various practical illustration of application of IT tool in personal financial management is included to support the research work. These show how recording coupled with evaluation bring effectiveness in financial decision making w.r.t. Net worth generation

Chapter VI: Model of Effectiveness of Financial Decision Making

This chapter covers development of a model, using fuzzy logic, for personal financial management. Second section focuses on validation of the same with the survey. Application of the fuzzy model on survey results is also covered.

Chapter VII: Summary and Conclusions

This chapter summarizes the findings; conclusion drawn; limitations of the study and its future scope. Suitable suggestions are made for implementation of personal financial management model and to improve the effectiveness of various financial decisions.