

INVESTING THE LINKAGE OF DIGITAL ACCOUNTING AND HOUSEHOLD FINANCES WITH FINANCIAL PLANNING IN CRISIS & MODERN ERA: CHALLENGES & IMPLICATIONS

Dr. Amit Manglani*; Suraj Patel**; Disha Rani Yadav***

*Associate Professor,
Department of Commerce,
Guru Ghasidas Vishwavidyalaya,
Bilaspur (C.G.), INDIA
Email id: amit.manglani@gmail.com

**Research- Scholar,
Department of Commerce,
Guru Ghasidas Vishwavidyalaya,
Bilaspur (C.G.), INDIA
Email id: surajbhu18@gmail.com

***Research Scholar,
Department of Commerce,
Guru Ghasidas Vishwavidyalaya,
Bilaspur (C.G.), INDIA
Email id: disha.dumon@gmail.com

DOI: 10.5958/2249-7323.2023.00005.6

ABSTRACT

The purpose of this abstract is to provide a summary of a study that explores the challenges and implications of linking digital accounting and household finances with financial planning in the modern era. The study examines the impact of technological advancements on the integration of digital accounting and household finances with financial planning. The paper highlights how these advancements have revolutionized the way households manage their finances and how the integration of these two aspects has become increasingly important. The paper investigates the challenges that households face in linking digital accounting and household finances with financial planning. Yes it is difficult to shift from offline to online accounting but on the other side we can see that digital accounting will take short amount of time for recording because payment is going online mode so recording can be done easily. Almost all said that it was a struggle to pay bills and meet other commitments. This study analyses the financial planning of human being and adoption of digital accounting by them using q-squared approached data and descriptive statistics that would be pictorial representation of financial behavior of households and individuals. A short survey has been taken for the household planning and difficulties faced by people during the global pandemic. The study was planned to diagnosed 150 groups of people sharing their experience of covid19 out of them 135 were the respondent including 57% male and 43% female participant.

KEYWORDS: Digital Accounting, Financial Planning, Households, Financial Crisis, Financial Behaviour.

INTRODUCTION

As we know all payment mode replaced by digital payment in this time so it become compulsory to record the transaction in digital mode called digital accounting. Yes it is difficult to shift from offline to online accounting but on the other side we can see that digital accounting will take short amount of time for recording because payment is going online mode so recording can be done easily. Almost all said that it was a struggle to pay bills and meet other commitments. This study analyses the financial planning of human being and adoption of digital accounting by them using q-squared approached data and descriptive statistics that would be pictorial representation of financial behavior of households and individuals. The paper concludes that linking digital accounting and household finances with financial planning is essential in the modern era. However, households must be aware of the challenges and risks involved and take appropriate measures to mitigate them. Additionally, the paper highlights the need for financial planners to embrace technological advancements to provide better services to their clients. Overall, the study provides valuable insights into the integration of digital accounting and household finances with financial planning, and the implications of this integration in the modern era.

Household financial decision makers all over the world have reported that their income and savings decreased ranging from 30 percent to 80 percent. And in most countries were in between 20 percent and 60 percent of decision making persons said they feared for their jobs.¹ Financial shocks affect all aspects of family finances many households struggled to achieve, to maintain, and to restore the financial security. Almost year, probably all types of households are likely to experienced shocks, but the level and impact vary. Although families are always at risk of shocks like car repairs and medical care, personal savings and other resources can help them to be more resilient when misfortune strikes. The outbreak has also impacted global financial markets, creating an uncertainty and volatility. At the time of writing this paper, the pandemic is still evolving rapidly. Governments, medical practitioners, and academics are working hard to understand its effects, devise solutions to counteract them, and hopefully learn from this experience.²

Household Finance

Household finances encompass to analyzing of several fundamental questions in economics. In this study we meant to the term household meant a group of individuals whose economic decision making is interrelated. Just like a members in a house one or more persons used to run their family i.e. feeding, clothing and more necessary or in general things which can a human being demand.

Financial Planning

It's a gradually process to convene one's life goals. A financial plan plays the role of a guide as you go through journey of the life. Initially, financial plan help you to be in managing of your income, expenses and savings such that you can manage your money and achieve your goals. For example, if one want to build up a corpus amounting of Rs. 10 lakh for college education of your daughter's through /savings investments, one should have to extend this sum by the time she turns 18. This is often where budgetary arranging gets to be basic. So ready to say there are numerous benefits of budgetary arranging such because it increment your saving, one can enjoy a better standard of life, help in emergencies and foremost the peace of mind. Personal financial planning could be a formal prepare of making one's life objectives and overseeing accounts appropriately. It includes an effective and successful allotment of income and other assets, So that wants , needs and wants of the person are satisfied.³

Financial Crisis

A money related emergency may be a decrease within the esteem of resource costs s businesses

and where the customers are not able to pay their obligations and money related practice liquidity insufficiencies. A budgetary emergency is for the most part related with a freeze or a bank run amid which financial specialists offer off resources or pullback cash from investment funds accounts since they dreaded of dropping the esteem of resources⁴. Though there are many reasons of financial crisis, pandemic is only including in this paper.

Review of Literature:

As the pandemic runs in its passage, academic literature in this area has also begun to prosper. For example, **Dietrich et al. (2020) and Knotek et al. (2020)** conducted a research of American households to inform policymakers and researchers about consumers belief's during Covid pandemic outbreak and present the results proper result. Although the scholars have made the significant addition to the previous literature by depicting result from U.S., Present study added to the literature by showing results from China, where the epidemic initiated. **Corbet, Larkin, and Lucey (2020)** document the impact of crisis has had on the volatility of both Shanghai and Shenzhen stock exchanges in China and discuss the potential of gold and crypto currencies as alternative asset categories to deal with the volatility and achieve diversification. **Akhtaruzzaman, Boubaker, and Sensoy (2020)** analyze the financial contagion that has occurred through listed firms between China and G7 countries. **Ali, Alam, and Rizvi (2020)** consider the international financial market reaction to the disease as its epicenter moved from China to Europe, and the U.S. Zhang, Hu, and Ji (2020) map the general arrangements of country-specific and comprehensive risks in the international financial markets.

Despite the fact most of this early research has focused on economic markets, this is only one aspect of the pandemic's impression. **Goodell (2020)** posits that crisis affects economies, financial markets, firm bankrolling and cost of capital and industries such as banking and insurance, governments, and the public .Accordingly, **Haroon and Rizvi (2020) and Corbet et al. (2020)** emphasis on a diverse aspect of the pandemic by reviewing its psychological effects. In particular, the studies investigate sentimentality caused by coronavirus-related news and reputational based contagion that is the impact of the coronavirus outbreak on companies related to the term "corona", respectively. Additionally, **Apergis and Apergis (2020), Fu and Shen (2020), Gil-Alana and Monge (2020), Liu, Wang, and Lee (2020), and Narayan (2020)** examine the pandemic's impact on the energy industry to contribute to our understanding of this global phenomenon. Our paper contributes to this literature by analyzing Crisis effects at the domestic level and shows how families' investment portfolios changed in response to Crisis using a unique survey conducted by the Survey and Research Center for China Household Finance.(**Redden, 2018**) addressed that "datafication" is the result of digital technology from different sites and social media to artificial intelligence in our society which have attracted the attention highly. Governments have not been resistant to the digital trend and, at different levels and with diverse intensities, are resorting to the application of algorithms, social media, digital technologies, and artificial intelligence to modernize public services and explore new forms of interfaces with citizens (**Alathur et al., 2012; Charalabidis & Loukis, 2012; Munteanu & Newcomer, 2020**). Digitalization will not only improve the services but also made easy access of data and better interaction with other act. All these features are expected to strengthen decision-making, transparency, accountability and relationships with citizens (**Ramirez &Tejada, 2019; Royo et al., 2019; Vydra & Klievink, 2019**).

Reviewing the impact of an undesirable shock, like as a global pandemic at the micro level, is significant because households are the main performers in the economic system. Their opinion and consequent actions determine the amount of an outbreak's impact. Thus, there is need of more research in the concern area to accomplish a full understanding regarding household behavioral reaction to extraordinary events.

The survey used in our paper started February 12, 2020. Under the study one side, both surveys have similarities that propose basis for comparisons between the beliefs and expectations of American and Chinese households for showing the complete scenario of impact of corona pandemic, but on the other side, the survey depicted differences in several ways that support the contribution of this study. This study the survey used proposes detailed information on Chinese households, and we have merged the data with current data from the China Households Finance Survey conducted in 2019 for doing a more depth analysis.

Additionally, the paper highlights the need for financial planners to embrace technological advancements to provide better services to their clients. Overall, the study provides valuable insights into the integration of digital accounting and household finances with financial planning, and the implications of this integration in the modern era. More exclusively, they become risk reluctant. In accordance with that, they have changed the composition of their investment portfolios. While households remain continue to hold financial assets but there was declining in the total amount invested by the households.

Objectives of the Study:

- To analysis the relationship between financial awareness and digital accounting.
- To measure the relationship between the education level and household finance.
- How do households allocate resources across time and across states of the world?
- To identify the relationship between gender and financial planning.
- Which financial products and strategies do households use to pursue their objectives?

Research Methodology:

1) Data& Variables

1.1. Data

This study uses a data set that based on the recent survey in India. This short survey conducted in the manner that people experienced. People are belonging to across the India because of technology usage.

Data collection has been done through various social media platforms like whatsapp, telegram, mail services etc. so as the respondents come all over the India. The targeted sample was 150 out of 135 respondents have been sharing their experiences of covid pandemic.

Description & Implications:

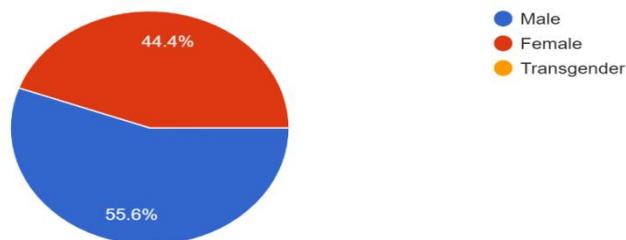
In the questionnaire there are total 22 questions that was closely related to demographic, income ,risk behavior, financial planning behavior future financial planning some of their experiences and some suggestions to the government. Results are as follow-

Demographic results

Participation of the respondents are not so different, both men and women has participated equally. The figure picturized bellows are of some the result of survey. There is not a big difference between male and female participation

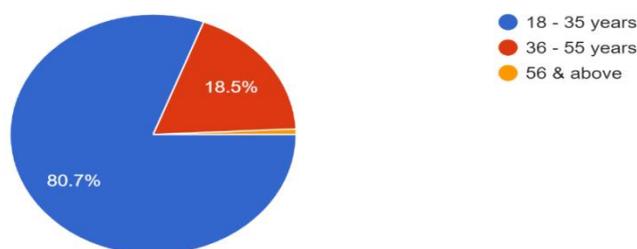
Gender/ लिंग

135 responses



Age

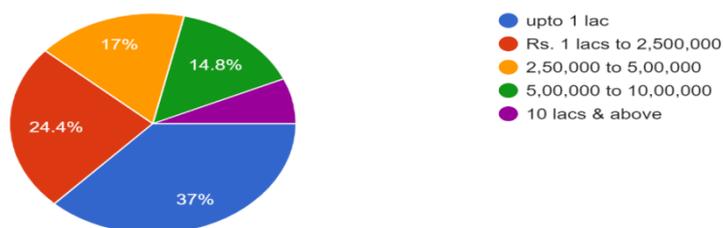
135 responses



Age factor analysis, as we can see the age factor of the participants. Most of the participant are under the definition of youth as our country has a majority of youths, similarly the result of this study is also showing as same. More than half of the youth are employed according to respondent these are the distribution details of the income of respondents.

Annual Income Range (in Rupees)/ वार्षिक आय सीमा (रुपए में)

135 responses



About 56% has felt that their income has reduced during this pandemic period.

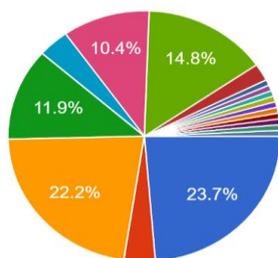
Pandemic period income / महामारी की अवधि में आय

135 responses



Profession group during covid /कोविड के दौरान पेशे का समूह

135 responses

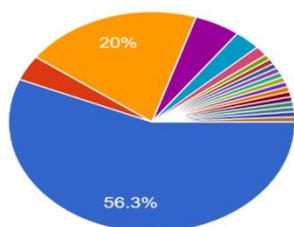


- Government Service receiving Fixed...
- Government. services not receiving...
- Private sector having fixed income/नि...
- Private sector not having fixed incom...
- Retired/अवकाश प्राप्त
- Home maker/Housewife /गृह निर्माता /...
- Self Employed /स्व नियोजित
- Not employed/नियोजित नहीं

▲ 1/3 ▼

Source of Income /आय का स्रोत

135 responses

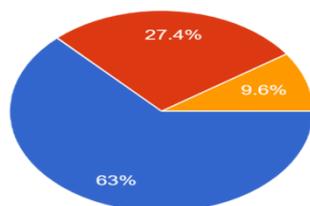


- Employment /रोजगार
- Daily Wages /दैनिक मज़दूरी
- Not Employed /नियोजित नहीं
- Partnership /साझेदारी
- Part-time Job /अंशकालिक नौकरी
- Fellowship
- Student
- Online work

▲ 1/3 ▼

Do you know how can financial freedom be achieved?/क्या आप जानते हैं कि वित्तीय स्वतंत्रता कैसे प्राप्त की जा सकती है?

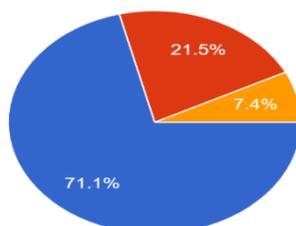
135 responses



- Yes
- No
- Maybe

Do you know,What is Financial Freedom?क्या आप जानते हैं, फाइनेंशियल फ्रीडम/वित्तीय स्वतंत्रता क्या है?

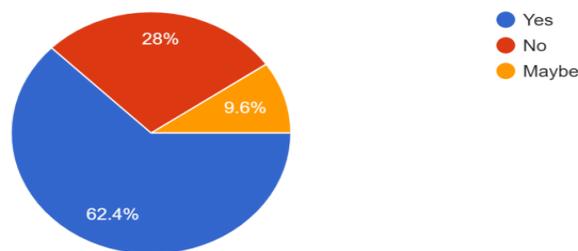
135 responses



- Yes /हाँ
- No /नहीं
- Maybe /शायद

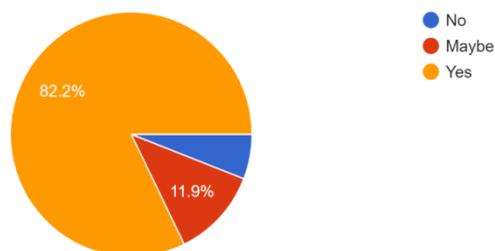
Did you Face/Are you facing any Financial Difficulties due to Covid- 19/क्या आप कोविड के कारण वित्तीय कठिनाइयों का सामना कर रहे हैं / -19

125 responses



Did you feel the need to increase your emergency fund? /क्या आपको अपने आपातकालीन कोष को बढ़ाने की आवश्यकता महसूस हुई?

135 responses



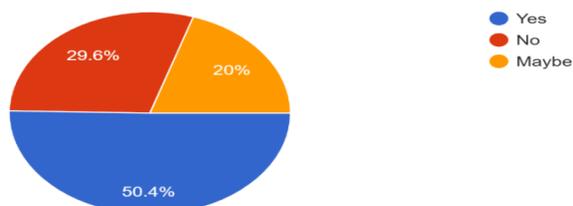
Do you know after affected by covid what was the situation of Indian Economy? /क्या आप जानते हैं कि कोविड से प्रभावित होने के बाद भारतीय अर्थव्यवस्था की स्थिति क्या थी?

135 responses



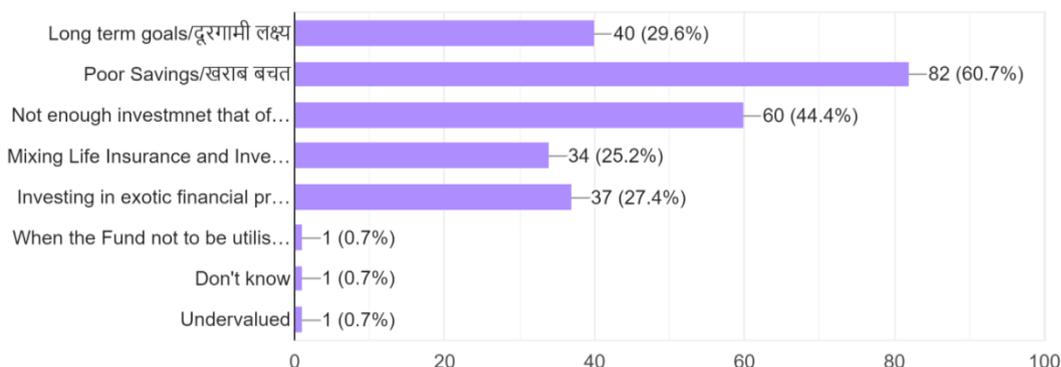
If possible will you like to external help to plan your finance?(after looking situations in Pandemic)?/यदि संभव हो तो आप अपने वित्त की योजना बनाना...लेना चाहेंगे? (महामारी की स्थितियों को देखने के बाद)

135 responses



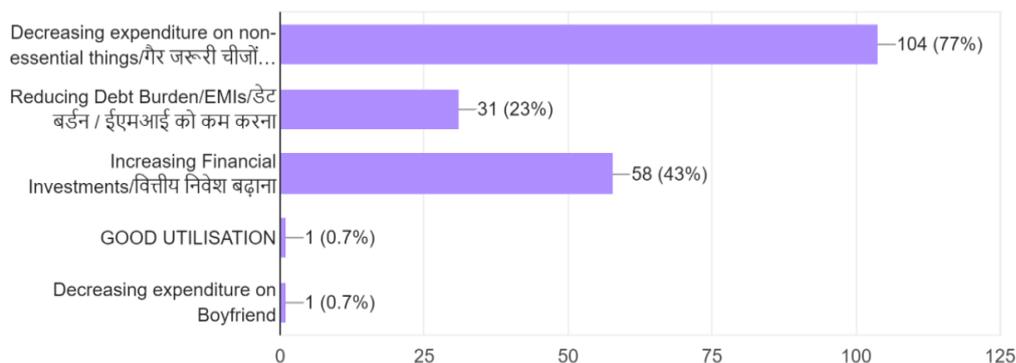
Do you know what are some financial investment mistake that commonly happens?/क्या आप जानते हैं कि आमतौर पर होने वाली कुछ वित्तीय निवेश गलतियां क्या हैं?

135 responses

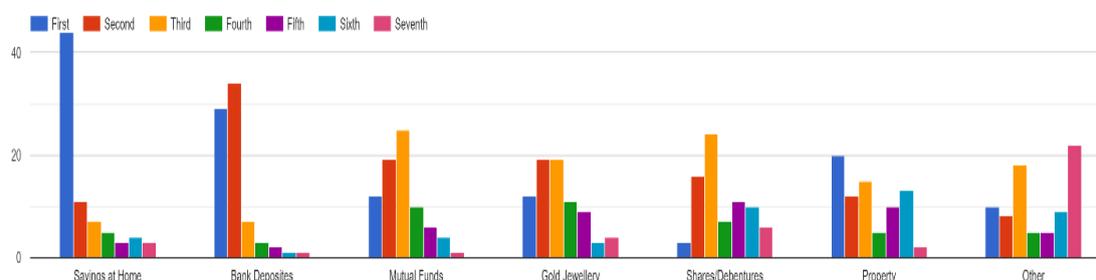


How will you achieve your emergency funds by -/आप अपने आपातकालीन फंड को कैसे प्राप्त करेंगे -

135 responses

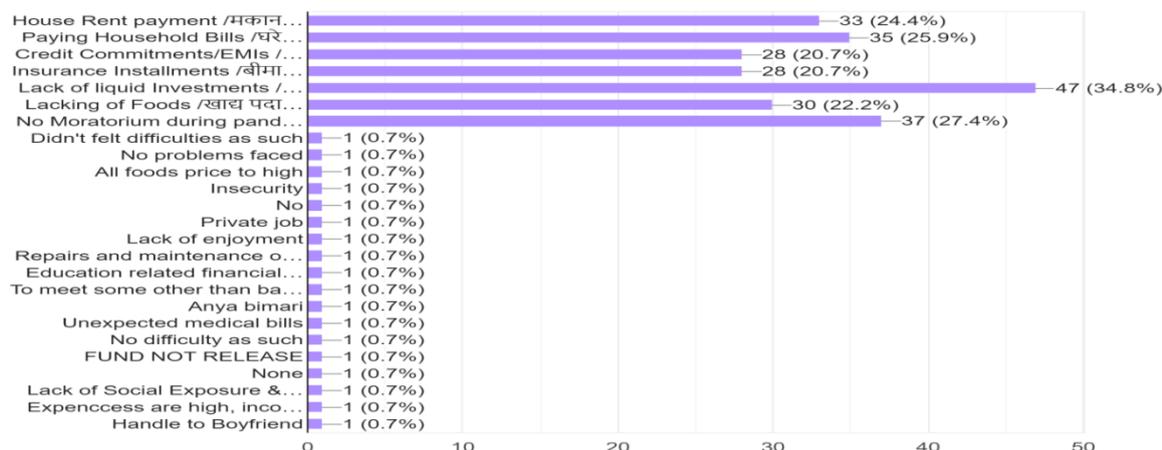


Kindly Prioritize by 1 to for increasing investments/निवेश बढ़ाने के लिए कृपया 1 से प्राथमिकता दें



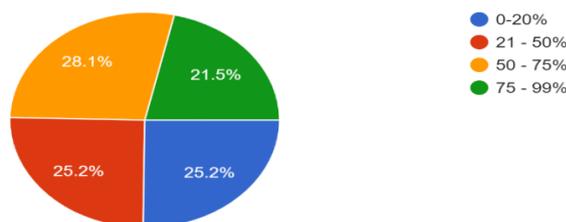
What Kind of difficulties felt by you/आप किस तरह की कठिनाइयों को महसूस करते हैं

135 responses



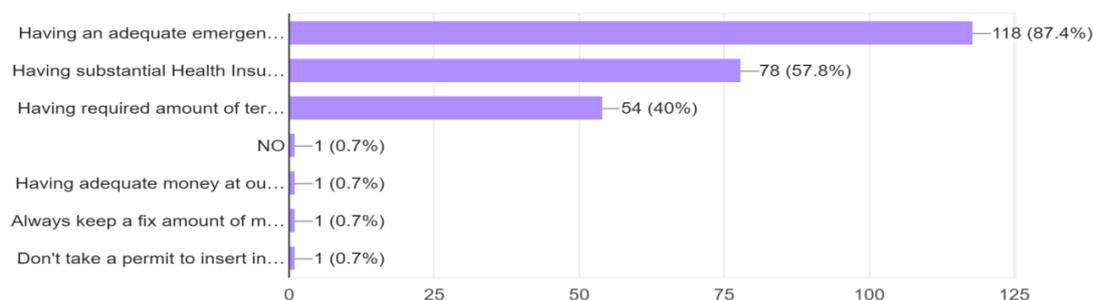
In this Pandemic how much portion of your payments are digital generally-/इस महामारी में आपके भुगतान का कितना हिस्सा आम तौर पर डिजिटल होता है-

135 responses



What lesson this pandemic gave you in terms of personal finance? इस महामारी ने आपको व्यक्तिगत वित्त के संदर्भ में क्या सबक दिया है?

135 responses



What do you expect from Banking institutions during pandemic period/महामारी की अवधि के दौरान आप बैंकिंग संस्थानों से क्या उम्मीद करते हैं

135 responses

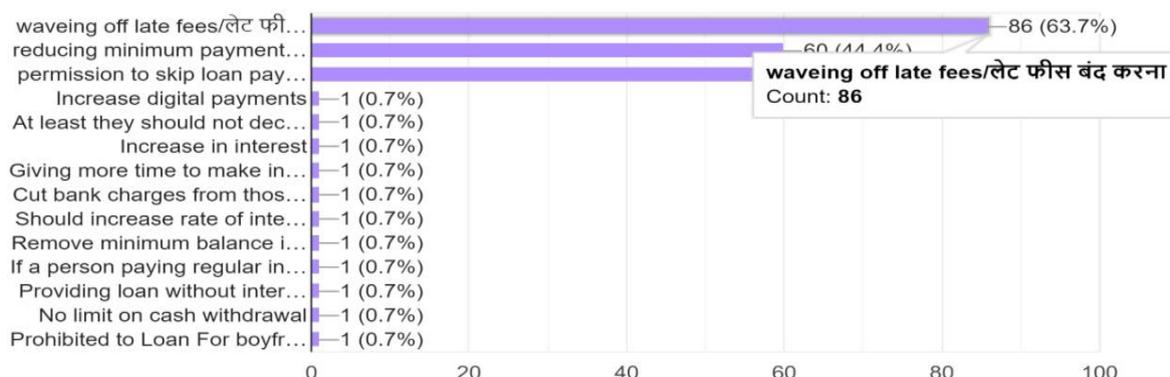


Table: 1

***FD – Financial Difficulties**

Variables	Minimum	Quartile	Median	Mean	Quartile	Maximum
Gender	Min. :1.000	1st Qu.:1.000 1st	Median :1.000	Mean :1.444	3rd Qu.:2.000	Max. :2.000
Educational Background	Min: 1.000	1st Qu.:1.000	Median :4.000	Mean :3.778	3rd Qu.:4.000	Max. :8.000
Annual Income Range	Min:1.000	1st Qu.:1.000	Median :2.000	Mean :2.296	3rd Qu.:3.000	Max. :5.000
Pandemic period income	Min. :1.000	1st Qu.:1.000	Median :2.000	Mean :1.585	3rd Qu.:2.000	Max. :3.000
Professional Group	Min. :1.000	1st Qu.:2.000	Median :3.000	Mean :4.348	3rd Qu.:7.000	Max. :9.000
Source of Income	Min. :1.000	1st Qu.:1.000	Median :1.000	Mean :2.385	3rd Qu.:3.000	Max. :9.000
FDCovid- 19*	Min. :1.000	1st Qu.:1.000	Median :1.000	Mean :1.459	3rd Qu.:2.000	Max. :3.000 ⁴

Analysis of the Study:

Under the study we have examined that during this pandemic period people have faced financial difficulties, mostly those people who are belonging to lower or middle income group. Study found that there is no more difference between the ratio of male and female in financial planning. Study also found that most of the people belonging to 18 – 35 age group and have understood financial freedom as well as how to overcome financial difficulties during crisis period. Approximately 82 percent people felt that there is need to increase emergency fund in pandemic period by decreasing expenditure on non essential things and realized that there was poor savings plan. During the

pandemic people are expecting from banking institutions that there should be waving off late fees and personally there should be adequate emergency fund. Study also found that during this pandemic people used to pay digital and firms & companies are also used to digital accounting for concerned transaction.

CONCLUSION

It is undeniable that the pandemic has had a profound impact on the entire world, as it does not discriminate. This global crisis has provided us with both positive and negative experiences, some of which cannot be compensated for. As we draw our conclusion, we can answer some of the research questions we set out to investigate. One significant finding is that households are now more conscious of keeping emergency funds and savings at home, given that many banks have implemented withdrawal policies. Additionally, people are more inclined towards mutual funds and growth-oriented savings schemes. The study also discovered that digital payments were prevalent during the pandemic, with companies and firms adopting digital accounting for their transactions. This transition has made digital accounting more accessible and convenient. Ultimately, we can conclude that having an emergency corpus is crucial during a pandemic period. The paper concludes that linking digital accounting and household finances with financial planning is essential in the modern era. However, households must be aware of the challenges and risks involved and take appropriate measures to mitigate them. Additionally, the paper highlights the need for financial planners to embrace technological advancements to provide better services to their clients. Overall, the study provides valuable insights into the integration of digital accounting and household finances with financial planning, and the implications of this integration in the modern era.

REFERENCES:

1. Bahadur, A., & Dodman, D. (2020). (Rep.). International Institute for Environment and Development. Retrieved April 12, 2021, from <http://www.jstor.org/stable/resrep29033>
2. Bousquet, F., Botta, A., Alinovi, L., Barreteau, O., Bossio, D., Brown, K., . . . Staver, C. (2016). Resilience and development: Mobilizing for transformation. *Ecology and Society*, 21(3). Retrieved April 12, 2021, from <http://www.jstor.org/stable/26269986>
3. Brauchle, J., Göbel, M., Seiler, J., & Von Busekist, C. (2020). Cyber Mapping the Financial System (pp. 15-19, Rep.). Carnegie Endowment for International Peace. Retrieved April 12, 2021, from <http://www.jstor.org/stable/resrep24291.13>
4. Chandra, A., Acosta, J., Stern, S., Uscher-Pines, L., Williams, M., Yeung, D. . . . Meredith, L. (2011). Definition and Application of Community Resilience. In *Building Community Resilience to Disasters: A Way Forward to Enhance National Health Security* (pp. 7-10). Santa Monica, CA; Arlington, VA; Pittsburgh, PA: RAND Corporation. Retrieved April 12, 2021, from <http://www.jstor.org/stable/10.7249/tr915dhhs.10>
5. Cilk, M. (2020). National Culture and Urban Resilience: A Case Study of Resilient Cities. *Consilience*, (22), 18-30. Retrieved April 12, 2021, from <https://www.jstor.org/stable/26924958>
6. Guglielmo Actis Dato (May 2021) From COVID-19 or because COVID-19?DOI: 10.22541/au.162172392.28881736/v1
7. Hanisch, M. (2016). (Rep.). Federal Academy for Security Policy. Retrieved April 12, 2021, from <http://www.jstor.org/stable/resrep22143>
8. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2813478
9. <https://www.tandfonline.com/doi/full/10.1080/1540496X.2020.1784717>

10. https://www.who.int/health-topics/coronavirus#tab=tab_1
11. Krüger, P., & Brauchle, J. (2021). The European Union, Cyber security, and the Financial Sector: A Primer (pp. 30-37, Rep.). Carnegie Endowment for International Peace. Retrieved April 12, 2021, from <http://www.jstor.org/stable/resrep30026.11>
12. LAKOMÝ, M., & KAFKOVÁ, M. (2017). Resilience as a Factor of Longevity and Gender Differences in Its Effects. *Sociologický Casopis / Czech Sociological Review*, 53(3), 369-392. Retrieved April 12, 2021, from <http://www.jstor.org/stable/44822366>
13. MAURER, T., & NELSON, A. (2020). International Strategy to Better Protect the Financial System against Cyber Threats (pp. 141-148, Rep.). Carnegie Endowment for International Peace. Retrieved April 12, 2021, from <http://www.jstor.org/stable/resrep26915.12>
14. Morcelle, M. (2017). Reimagining Community Resilience with Health in All Policies. *Harvard Public Health Review*, 12, 1-7. Retrieved April 12, 2021, from <https://www.jstor.org/stable/48503143>
15. Patel, S., Soanes, M., Rahman, F., Smith, B., Steinbach, D., & Barrett, S. (2020). Good climate finance guide: Lessons for strengthening devolved climate finance (pp. 21-32, Rep.). International Institute for Environment and Development. Retrieved April 12, 2021, from <http://www.jstor.org/stable/resrep28976.7>
16. Sellberg, M., Wilkinson, C., & Peterson, G. (2015). Resilience assessment: A useful approach to navigate urban sustainability challenges. *Ecology and Society*, 20(1). Retrieved April 12, 2021, from <http://www.jstor.org/stable/26269738>
17. Shah, Sweety and Bhatt, Amola, Understanding Practices of Personal Financial Planning (PFP) (September 2, 2014)
18. Steiner, A., & Markantoni, M. (2014). Unpacking community resilience through Capacity for Change. *Community Development Journal*, 49(3), 407-425. Retrieved April 12, 2021, from <https://www.jstor.org/stable/26166171>
19. Torres, H., & Alsha, K. (2017). What It Means to Become “More Resilient”: An Analysis of Local Resilience-Building Approaches in Three Florida Communities. *Weather, Climate, and Society*, 9(3), 405-419. Retrieved April 12, 2021, from <https://www.jstor.org/stable/26388923>
20. Ungar, M. (2018). Systemic resilience: Principles and processes for a science of change in contexts of adversity. *Ecology and Society*, 23(4). Retrieved April 12, 2021, from <https://www.jstor.org/stable/26796886>
21. Ungar, M. (2018). Systemic resilience: Principles and processes for a science of change in contexts of adversity. *Ecology and Society*, 23(4). Retrieved April 12, 2021, from <https://www.jstor.org/stable/26796886>
22. Van der Merwe, S., Biggs, R., & Preiser, R. (2018). A framework for conceptualizing and assessing the resilience of essential services produced by socio-technical systems. *Ecology and Society*, 23(2). Retrieved April 12, 2021, from <https://www.jstor.org/stable/26799110>
23. Walklate, S., McGarry, R., & Mythen, G. (2014). Searching for Resilience: A Conceptual Excavation. *Armed Forces & Society*, 40(3), 408-427. Retrieved April 12, 2021, from <https://www.jstor.org/stable/48609333>
24. Walsh-Dilley, M., Wolford, W., & McCarthy, J. (2016). Rights for resilience: Food sovereignty, power, and resilience in development practice. *Ecology and Society*, 21(1). Retrieved April 12, 2021, from <http://www.jstor.org/stable/26270348>

25. WELSH, M. (2014). Resilience and responsibility: Governing uncertainty in a complex world. *The Geographical Journal*, 180(1), 15-26. Retrieved April 12, 2021, from <http://www.jstor.org/stable/43868583>
26. Wenger, C. (2017). The oak or the reed: How resilience theories are translated into disaster management policies. *Ecology and Society*, 22(3). Retrieved April 12, 2021, from <http://www.jstor.org/stable/26270173>
27. Werther, G. (2014). Introduction to the AF&S Forum on National/Social Resilience. *Armed Forces & Society*, 40(3), 403-407. Retrieved April 12, 2021, from <https://www.jstor.org/stable/48609332>
28. WORLD (pp. 77-81, Rep.). E3G. Retrieved April 12, 2021, from <http://www.jstor.org/stable/resrep21842.9>