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<https://www.cxooutlook.com/personal-finance-instrument-to-watch-out-for-in-2022/>

## **Personal Finance Instrument to watch out for in 2022**

Personal Finance mostly people in India not aware of this technical word, but from the ancient time we follow this concept in the form of “Savings”, it could be any of kind, Savings are different for person to person as per desire and necessity. Personal finance is essential for the security of the Future, stability in the present, and betterment from the past. As definition says about Personal Finance it is a term that;

- Covers managing your money as well as saving and investing.
- It encompasses budgeting, banking, investments, retirement planning, and tax planning.
- Helps increase Cash Flow
- Keeps off Unmanageable Debts
- Helps to Grow Assets

With the evolution people learn new concepts and forms of Personal Finance. Our great grandparent’s thoughts were in favor of investing in land, later after next-generation start savings inForm of gold, and our parents learned to deposited fund in cash and bank. Now the new Generationfollowing new concepts likes Equity, Mutual Fund, Crypto Currency and many more, Financial Literacy for Personal Finance make these changes possible.



The year 2020 brought many difficult situations in front of the whole world in the Form of Covid-19 and a new era of digital world started. The Form of personal finance rapidly shifted from the physical world to digital platforms. More people learned to use new digital finance instruments like Gold Bonds, Digital banking services, Equity and Mutual Fund Investment, SIP and many more.

Now we Discuss some of the Personal Finance Instruments to watch out for in Year 2022.

### **Sovereign Gold Bond**

Since ancient times Indian people have a habit and interest of investing in gold for future purpose, Keeping gold in physical Form is quite risky for all. Hence, the Government of India has taken a stepforward in the digital world by introducing the Gold Bonds in November,2015.

The Sovereign Gold Bond Schemes are government securities denominated in grams of gold. They are substitutes for holding physical gold, cut down the demand for physical gold, and shift a part of the domestic savings into financial savings. Individuals and HUFs can buy anywhere between 1 gram and 4 kg in any given fiscal year.

Investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity. Gold Bonds are a good option for long term investment.

The benefits of Gold Bonds are;

- Capital Appreciation and addition of interest every year.
- Elimination of risk and the cost of storage applicable to physical gold.
- Exemption from capital gains tax, if bonds are held till maturity.

Although govt launched sovereign gold bonds in 2015 , this gold bond gets more popularity in the post Covid period among the general public for investment and good returns.

### **Neo Bank (Digital Bank)**

Neo Banks are Financial establishments, akin to regular banks, that operate solely on digital platforms, like Mobile Application (Apps) or Website platform. Neo Banks work through virtual networks. These types of banks are purely based on Artificial intelligence and Technologies to provide personalized and Secure banking Services to Customers or Users. The USP of neo banks in India

- User Friendly and Simple banking App
- Cost-Effective and alternative of Traditional Bank
- 24\*7\*365 Customer Support
- High Security Feature
- Transparent Structure

Neo Banks Concept being Newer in India but the Future of this concept looks pretty promising with the youth and various business entities seeking of Virtual banking services more than their traditional counterparts.

The Concept of Digital Banks started forming around 2013 in India, but 2018 was a game-changer for virtual Banking for flourishing on Indian Soil.

The penetration of Smartphone's has reached 60.63% in 2021, growth of 14.26% from 2019 in India oddly due to Covid-19 Pandemic. This increase in usage of smart phones across the nation has undoubtedly boosted the growth of neo banks. People belong to all age groups are educating themselves to become tech-savvy and grab a hold on their finance using services rendered by neo banks.

### **Buy Now Pay Later (BNPL)**

The Covid 19 pandemic has reduced the buying power from the general public. Those people started taking things according to their needs. An option available in the market Buy Now Pay Later (BNPL).

BNPL is a kind of Short-term Financing, which allows to customer pay for their purchases in future interest free. This arrangement is becoming an increasingly popular payment option, especially when shopping online, known as “Point of Sale installment Loan”.

Advantages of BNPL are;

- Convenient and disciplined way to pay for purchases.
- Lower rate of interest than Credit Cards.
- High credit score not required for qualify.
- Faster approval for installment.

Among COVID pandemic period, this option becomes a savior for the general public for improvement in life.

All these Personal Finance Instrument are very useful and easy to adapt by the general public. Nowadays, everyone from all age groups is going toward Digital Platforms, evolution of new concepts in the Digital Era is just beginning. A long way to go with digital personal finance solutions in India.