



## **Impact of Digital Tools on Financial Planning -A Case Study on Teaching and Non-teaching Employees of Vinoba Bhave University, Hazaribagh**

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### **Abstract**

India is regarded as one of the fastest-growing economies in the world. In the fast-growing digital economy, the use of digital tools and applications has also increased. This research paper is divided into two parts.

The 1<sup>st</sup> part is about the digital tools used in financial planning and factors influencing the usage of digital tools and applications. Increased use of mobile phones and cheap availability being the common factor, the major incidents of Demonetisation and spread of COVID-19 cannot be ignored which has acted as a push factor for these tools. A detailed discussion has been done about the different digital tools and applications that cater to the need for distinctive aspects of financial planning. This includes commonly the Wealth creation, Protection, Retirement, and Estate planning tools. Apart from examining modern tools and applications, the research paper has an objective to bring out the probable advantages and disadvantages of using these digital tools and applications.

The second part of the research paper includes a case study on the digital tools and applications used by the employees (teaching and non-teaching) of Vinoba Bhave University, Hazaribagh. A sample of 160 employees has been taken to study the impact of digital tools and applications in their financial planning. To meet the objectives of the study, primary data has been collected with the help of self-structured questionnaire. Moreover, secondary sources have been extracted from authentic websites and different published articles. Further, an effort has been made to understand the role of financial advisors in this digital era.

### **Keywords:**

Digital Economy, Financial Planning, Demonetization, COVID-19, Digital application and tools, financial advisors.

### **INTRODUCTION**

The concept of the "digital economy" originated in the 1990s when the internet was an extension of traditional products and services. At that time, the concern was about the

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influence of new digital channels on consumers and businesses within the larger economy. In the present day, the digital economy encompasses all economic undertakings conducted on the Internet. Essentially, it represents an economy powered by data, where the capacity to gather, employ, and interpret extensive quantities of machine-readable data drives the provision of exceptionally tailored and significant experiences.

**India's Advancement in the Digital Economy:** According to a report by the McKinsey Global Institute, India is the second-fastest digitizing economy in the world, after Indonesia. The report is based on 30 metrics to measure digital adoption in 17 mature and emerging digital economies, including Brazil, China, Indonesia, Russia, South Korea, Sweden, and the United States. India has made substantial progress in the digital economy. This progress can be attributed to factors such as the decreasing costs of smartphones and the increased availability of these devices. Additionally, government efforts to expand internet access across the country have played a crucial role

**India's Digital Consumer Base:** In 2020, India accounted for 14% of the 2018 billion global app installations. This signifies that India has one of the largest and fastest-growing digital consumer bases in the world, outpacing many mature economies in terms of digitalization.

India's digital landscape boasts nearly 46 million internet users and is experiencing a robust growth rate of 7-8 percent. This dynamic environment signifies a burgeoning digital economy that holds immense market potential for global players. Termed as the 'Internet economy,' this digital revolution is poised to create an array of new opportunities for market expansion and job creation. Over the next 30 to 40 years, it is anticipated to evolve into the most substantial business prospect for enterprises worldwide.

**Essential components of a digital economy:** The essential components of a digital economy comprise Electronic Devices, the Internet, E-commerce, Social Media, and Cloud Computing.

## OBJECTIVES

The following study has been conducted to meet these objectives:

1. To study the modern economic tools and platforms for financial planning.
2. To identify the pros and cons of digital tools and platforms for financial planning.
3. To suggest the modern tools that could be taken up based on the social aspects of the investors.
4. To study the digital tools used by the teaching and non-teaching employees of Vinoba Bhave University.

## RESEARCH METHODOLOGY

Research Methodology adopted in this paper:

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- **Nature of study:** Exploratory (Survey) and Analytical Study.
- **Tools for Data Collection:** Primary and Secondary Data
- **Tools for Data Analysis:** (a) Survey among the Teaching and Non-teaching employees (current as well as retired) of Vinoba Bhave University, in Hazaribagh district (Jharkhand)  
(b) Analysis based on various Reports relating to the Digital Economy and Digital tools published by DataReportal (DataReportal provides an online reference library with data, insights, and trends for people and organizations).
- **Sampling technique:** A purposive Sampling technique has been adopted in which 160 employees have been selected to reach out to the impact and awareness of digital tools and applications in their financial planning.
- **Sample Design:** A Representation covering the Teaching and Non-teaching employees (current as well as retired) of Vinoba Bhave University, in Hazaribagh district (Jharkhand)

#### **About Digital tools and platforms used for financial planning**

Digital tools are tech-based tools encompassing software, applications, or online platforms that help to do things better, faster, and more efficiently.

There are many different types of digital tools available, including:

- **Communication tools:** Stay connected with your team and clients using messaging apps, video conferencing software, and email clients.
- **Collaboration tools:** Work together more effectively with project management apps, cloud-based storage platforms, and online whiteboards.
- **Productivity tools:** Get more done in less time with automation tools, note-taking apps, and task managers.
- **Learning tools:** Improve your knowledge and skills with e-learning platforms, online courses, and interactive tutorials.
- **Design tools:** Create beautiful visuals for your content marketing campaigns with graphic design software and editing applications.

With the widespread usage of mobile phones, certainly, there has been a rise in the usage of social media, digital payment apps, and platforms. It was recorded that usage of online financial services also gained importance.

As per the data of Feb 2022, the percentage of internet users aged 16 to 64 who own or use each kind of digital financial service.

- 28.5%.use a banking, investment, or insurance website or mobile app each month
- 32.9% use a mobile payment service (e.g. APPLE PAY, SAMSUNG PAY) each month.
- 12.6% own any form of cryptocurrency (e.g. BITCOIN, ETHER)

The following tools/apps for different aspects of financial planning: wealth creation, protection, drawdown, and perpetuation are:

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**1. Wealth creation:** These tools focus on building wealth over time and are often associated with higher-risk, higher-return investments. They're designed to help achieve long-term financial goals.

This includes tools that help an individual save money, invest money, and manage his finances. Some common wealth-creation tools include savings accounts, investment accounts, and financial planning software.

The following are some examples of tools which include different apps and platforms that can be used to fulfill the wealth-creation aspect of financial planning.

- **Mutual Funds Wealth Compounder:** Tools that project the potential growth of investments in mutual funds over time. Examples of Mutual Funds Wealth Compounder platforms or apps are, Groww, FundsIndia, Moneycontrol, SimplySave, and SIP Calculator by Value Research Online.
- **Mutual Funds SIP Calculator:** Helps estimate returns and growth through Systematic Investment Plans (SIPs) in mutual funds. There are many platforms and tools available for Mutual Funds SIP Calculator. Examples: Mutual Fund Calculator, SIP Calculator by Groww, and SIP Calculator by Mutual Fund Calculator.
- **Direct Equity Wealth Compounder:** Calculates potential wealth growth through direct investment in stocks.  
Examples: Brokerage platforms: These platforms allow an individual to buy and sell stocks, ETFs, and other securities. Some popular brokerage platforms include Zerodha, Upstox, ICICI Direct, and Kotak Securities.  
Robo-advisors: Robo-advisors are automated investment platforms that can help to invest in direct equities. Some popular robo-advisors include Kuvera, Wealthfront, Betterment, and others.
- **Direct Equity SIP Calculator:** Estimates returns from regular investments in stocks over time. There are several platforms and tools available for Direct Equity SIP Calculator. Examples: SIP Calculator by Groww, SIP Calculator by Value Research Online, SIP Calculator by Moneycontrol, SIP Calculator by ET Money, Direct Equity SIP Calculator by Scripbox.

**2. Protection Tools for Financial Planning:** These tools focus on minimizing risks and protecting financial plans against unforeseen events. They provide a safety net for an investor and his/her family in case of emergencies.

**Examples of Protection Tools for Financial Planning:**

**Life Cover Calculator:** Helps determine the appropriate amount of life insurance coverage for an investor family's needs.

There are several apps and digital platforms that offer life-cover calculators. A few examples are: Policybazaar, Indimoney, Canara HSBC Oriental Bank of Commerce Life Insurance, HDFC Life Insurance, LIC India Health Insurance

**Health Insurance Calculator:** Estimates the suitable health insurance coverage based on the person's medical expenses and requirements.

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Following are some apps and digital platforms that offer health insurance calculators: Policybazaar, Indimoney, Canara HSBC Oriental Bank of Commerce Health Insurance, HDFC Health Insurance, LIC India Health Insurance

**Pension Plan Calculator:** Assesses how much one needs to contribute to a pension plan for a comfortable retirement.

Here are some apps and platforms for pension plan calculators: Pension Calculator app, Pension Planner app, Retirement Income Calculator app, Retirement Planning Calculator app, Personal Capital app

**Property Insurance Calculator:** Calculates the coverage needed to protect your property against damages.

Some apps and platforms for property insurance calculators: are Policybazaar, Indimoney, Canara HSBC Oriental Bank of Commerce Property Insurance, HDFC Property Insurance, and LIC India Property Insurance.

**Liability Insurance Calculator:** Determines the appropriate liability coverage to protect against potential lawsuits.

Some apps and platforms for liability insurance calculators: are Policybazaar, Indimoney, Canara HSBC Oriental Bank of Commerce Liability Insurance, and LIC India Liability Insurance.

**3. Drawdown Tools for Financial Planning:** These tools are crucial for managing your finances during retirement. They help you plan how to withdraw funds from your savings and investments to sustain your lifestyle.

Examples of Drawdown Tools for Financial Planning:

**SWP (Systematic Withdrawal Plan) Calculator:** Helps design a withdrawal strategy from your retirement corpus to ensure it lasts throughout retirement.

Some apps and platforms for SWP (Systematic Withdrawal Plan) calculators include Groww, FundsIndia, Moneycontrol, SimplySave, and Personal Capital.

**4. Perpetuation Tools for Financial Planning:** These tools facilitate the orderly transfer of wealth and assets to your family or beneficiaries, often including aspects like estate planning, wills, and minimizing tax implications.

Examples of Perpetuation Tools for Financial Planning:

- **Will-Making Tools:** Assist in creating a legally binding will that outlines how your assets will be distributed. Online will makers are websites or apps that allow you to create a will online. For Example, **LegalZoom, Rocket Lawyer, HelloSign, WillMaker, Nolo's Quicken WillMaker & Trust.**
  - **Legacy Planning Tools:** Help plan how you want your wealth and values to be passed down to future generations. some apps and platforms for legacy planning tools include **Everplans, Legacy Tree, Plannedly, Estatly, and LegalZoom.**
  - **Tax Implication Simulation Tools:** F the potential tax implications of wealth transfer to ensure efficient distribution. **Personal Capital, SigFig, Wealthfront, TaxAct, and TurboTax.**
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**Factors influencing the usage of digital tools and platforms in India include:**

- **Affordability:** The cost of digital devices and internet access has significantly reduced in recent years, making digital tools and platforms more accessible to the Indian population. As per the data provided by [DATAREPORTAL.COM/LIBRARY](http://DATAREPORTAL.COM/LIBRARY) mobile data costs as of Feb 2022 stand at \$0.68(in USD) i.e. about Rs.57
- **Literacy:** Despite high rates of illiteracy in India, literacy rates have been on the rise. This has enabled more people in India to utilize digital tools and platforms.
- **Infrastructure:** The Indian government has made substantial investments in expanding broadband internet access, facilitating easier access to digital tools and platforms for citizens.
- **Government Initiatives:** The Indian government has introduced various initiatives to promote digital tools and platforms. For instance, the Digital India initiative strives to empower Indian society digitally.

The Indian public sector has been a vital driver of the country's digitalization efforts. Initiatives like Aadhaar, a unique identification system, have contributed to the widespread adoption of digital services and technologies.

- **Private Sector Investment:** The private sector has also heavily invested in India's digital sector, resulting in the development of a wide array of digital tools and platforms tailored to Indian users' needs. An example mentioned is the strategy of offering nearly free smartphones in combination with service subscriptions by Reliance Jio, which led to a substantial increase in mobile data access and consumption. This rise in internet penetration and smartphone ownership has shown positive implications concerning domestic e-commerce which is expected to reach INR 7 lack crore by the year 2024, almost doubling by 2027.

Furthermore, specific factors have contributed to the increased usage of digital tools and platforms in India:

The evolution of India's cashless society can be attributed to a confluence of factors, including the introduction of the Unified Payment Interface (UPI) and the emergence of e-wallet providers. This transformation has been further accelerated by significant events like demonetization and the COVID-19 pandemic.

- **Demonetization:** In 2016, digital transactions accounted for only about 10% of all transactions in India, but that number has grown to over 20% in the years since. UPI transactions have seen the fastest growth in the post-demonetization phase. The value of UPI transactions in 2017 was 0.25L in crores which hiked up to 6.25L crores in 2021.
  - **COVID-19 Pandemic-**The Reserve Bank of India (RBI) in its Annual Report 2022-23 observed that the COVID-19 pandemic accelerated the adoption of digital payments across all segments of society, and India has emerged as the largest player in real-time transactions at the global level.
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**Other factors that influenced the usage of Digital tools and platforms include:**

- **Proliferation of Smartphones:** Smartphones have gained popularity in India due to their relative affordability, granting users access to a broad range of digital tools and platforms. About 1.14 billion cellular mobile connections were made in India in 2022.
- **Expansion of Social Media:** Social media platforms like Facebook and WhatsApp have seen widespread adoption in India, enabling online connections and information sharing. As per data provided by Statista 2023, active social media users are 467 million.
- **Rise in Online Shopping:** Online shopping has gained traction in India for its convenience and the ability for users to compare prices and products from various retailers.

**A Case Study on Teaching and Non-Teaching Employees of Vinoba Bhave University, Hazaribagh, Jharkhand.**

**A Brief Profile of Vinoba Bhave University, Hazaribagh, Jharkhand**

Vinoba Bhave University, located in Hazaribagh, Jharkhand, was established in 1992. It serves as the post-graduate teaching and research center for a wide range of academic disciplines, including Physical Science, Life Science, Earth Science, Social Science, Humanities, Commerce, Technology, and Medical Science. The university is situated approximately 100 km away from Ranchi, the capital of Jharkhand.

According to the Vinoba Bhave University website, as of October 6, 2023, the university has **223** teaching employees. The faculties are distributed across the nine schools. There are about **1,100** non-teaching staff at Vinoba Bhave University.

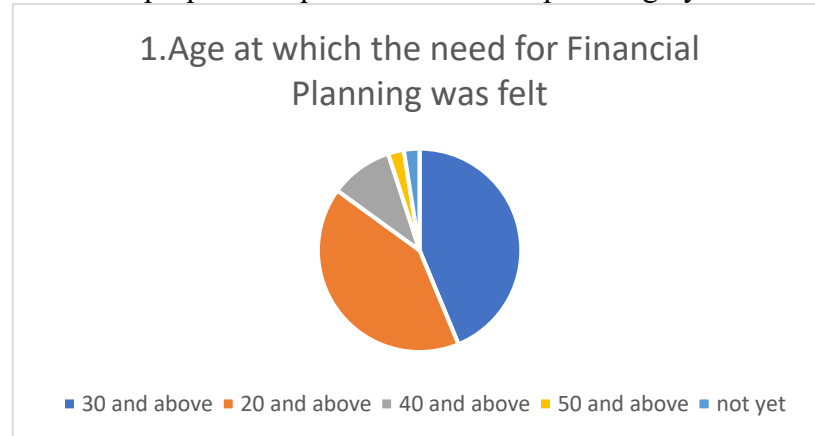
**Findings:**

A sample survey of 160 employees was taken which encompasses teaching and non-teaching employees of Vinoba Bhave University, Hazaribagh. Of these 130 belong to the current teaching employees, 24 to the current non-teaching employees, and 06 to the retired teaching employees.

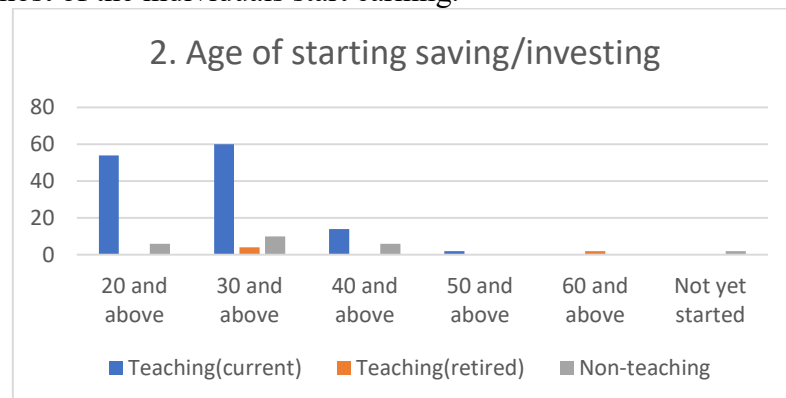
The findings of the study are as below:

- The employees belong to the different age groups. Out of 160, the maximum number of employees belongs to the 30-40 age group i.e. 68, the next age group of 40-50 has 32 respondents, 26 from the 20-30 age group, 16 from the 50-60 age group, 16 from 60-70 age group and least i.e. 02 respondent of 70 and above age group.

- 57.5 % of the total respondents feel that they have the necessary knowledge and skills to prepare the personal financial planning by themselves.

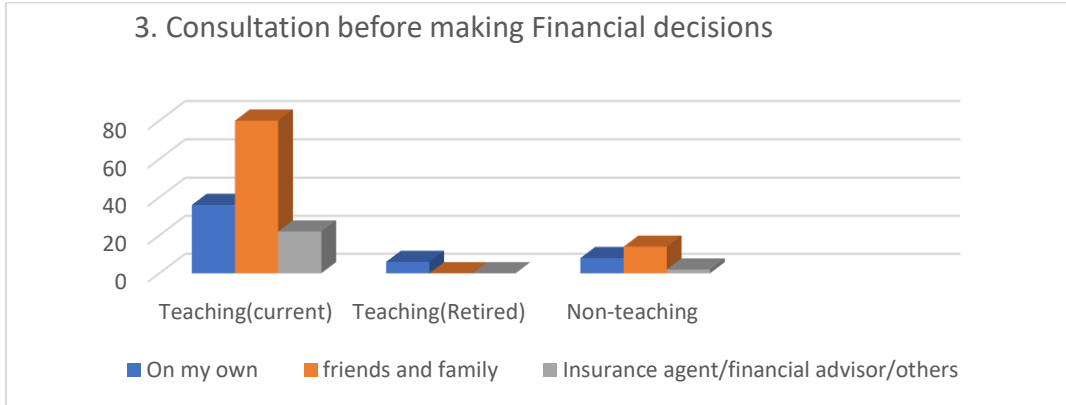


- The above graph shows that the highest need for financial planning was felt by the respondents at the age of 30 and above. This could be well interpreted as the age when most of the individuals start earning.

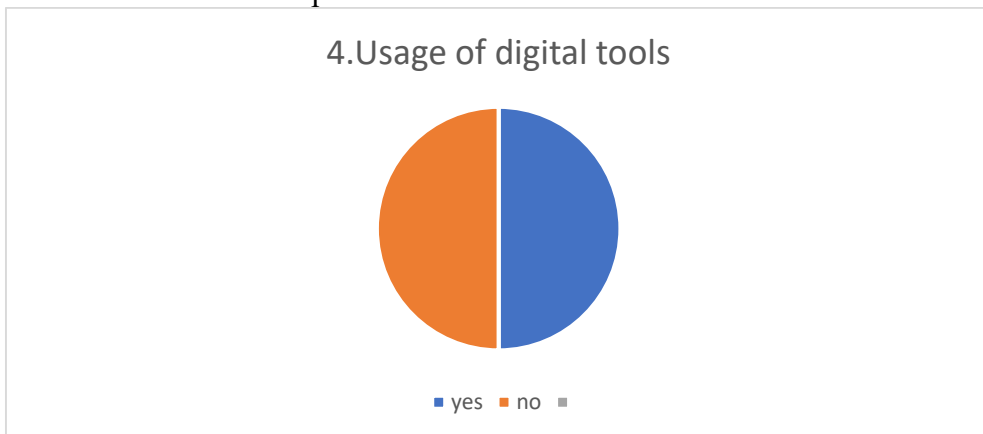


- The above graph shows that many of the current teaching employees have started financial planning at an early age. i.e. 20 and above as compared to retired and non-teaching employees. While the others followed at 30 and above. Some retirees too started at this age and a few at 60 and above. A few non-teaching employees have not yet started financial planning.

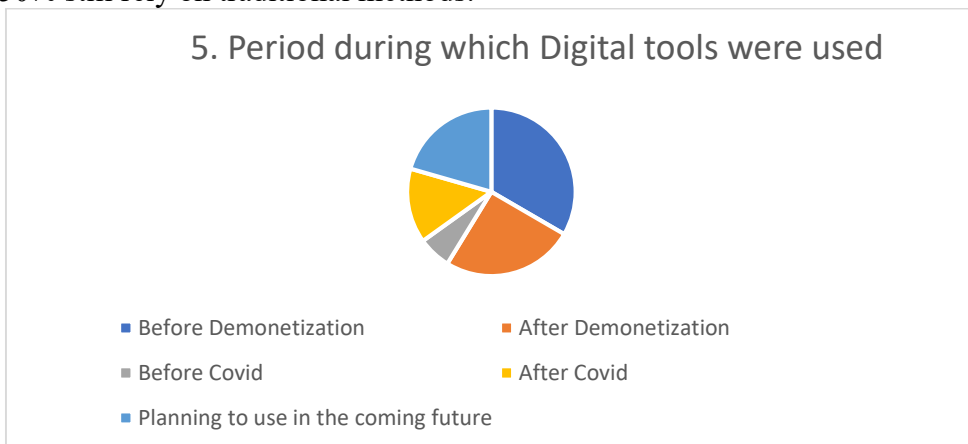




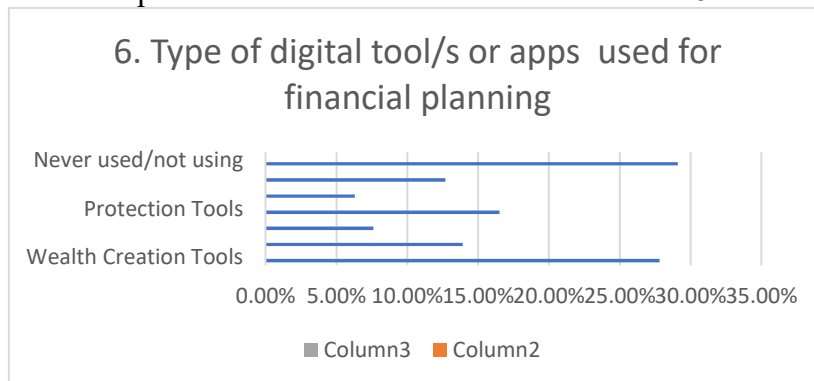
- From the above graph, one can say that a good number of current teaching employees rely on their friends and family to make financial decisions. The least could be found in all the categories seeking advice from an insurance agent/ financial advisor/other professionals related to finance.



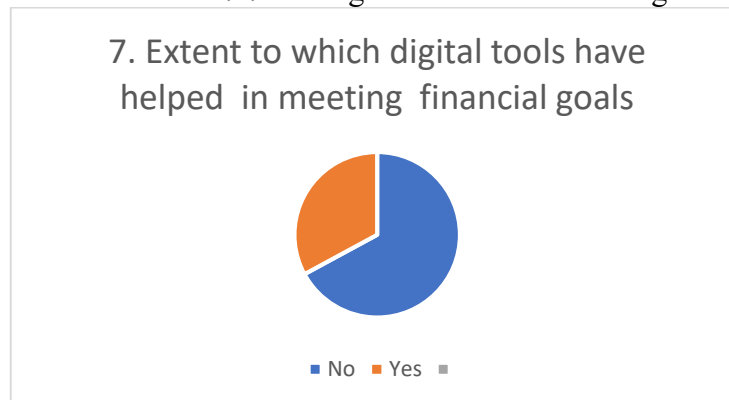
- The above graph shows that 50% of respondents use digital tools and the other 50% still rely on traditional methods.



- The above graph shows a very positive impact on the usage of Digital tools after demonetization as it increased from 16.20% to 26.30%. Further another positive impact could be pointed out after covid as it increased from 5% to 11.35%.



- The above graph depicts that about 27% of the employees are using Wealth tools in their financial planning. Further, it could be noted that a large percentage of staff i.e. about 29% have never used or not used.
- Among the employees who are using digital tools 15.4% are using Policy Bazaar, 9% of them are using Money Control another 9% are using ICICI Direct.
- About 25.3% of employees using digital tools agreed that they were able to achieve their financial goals with the help of digital tools while 26.6% agreed it helped them to some extent and 17.7% disagreed on the fact that digital tools



helped them to achieve financial goals.

- About 67.1 % of the employees believe that digital tools have not helped them in meeting their financial goals. While 32.9% have a strong belief that it has helped them to achieve their financial goals.
- About 64.6% of the employees believe that digital tools can replace financial advisors. While 35.4% of them believe that digital tools cannot replace financial advisors.



- About 32.5% of the total employees believe that digital tools have a positive impact on their financial planning due to their accessibility and convenience, and 24.7% due to their improved decision-making.
- The negative impact of digital tools on financial planning could be cited as 20.8% of the total employees feel that unnecessary pop-ups and adds irritate them. Further, 6.5% stated that they fear using digital tools due to the loss incurred in previous experiences. 20.8% find it confusing and 19.5% find using digital tools difficult to understand.

### **SUGGESTIONS**

Based on the research study following points can be quoted as suggestions:

- Educating the public about the benefits of using digital tools for financial planning. This can be done through public awareness campaigns, webinars and workshops, social media, blog posts, infographics, and videos that explain the benefits of using digital tools for financial planning and through other financial literacy programs.
- Making digital financial planning tools more accessible and affordable. This can be done by developing free or low-cost tools, partnering with financial institutions, and offering subsidies to low-income individuals.
- The digital tools developer should develop digital financial planning tools that can be tailored to the needs of different groups, user-friendly, motivating, and supportive of users. This could include tools for specific age groups, income levels, or occupations.
- Financial planning and the use of modern tools and platforms should be incorporated into the secondary education curriculum to teach students the skills they need to make informed financial decisions throughout their lives.
- Lastly, and most importantly to promote the safe use of digital tools and platforms, there should be stringent government-backed protection policies, rules, and regulations for particularly financial digital tools/platform developers and operators.

### **CONCLUSION**

From the findings following conclusions can be drawn:

This study found that many people rely on family and friends for financial planning assistance, possibly due to distrust of financial advisors or a desire to avoid their fees. Half of all respondents used digital tools for financial planning, but none of them achieved their financial goals. The other half of respondents were unaware of such tools. This suggests that those who use digital tools may not fully understand how to use them effectively, or that these tools may be difficult to use or lack motivation.

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These findings highlight the diversity of opinions on the effectiveness of digital tools for financial planning. While some people recognize their potential, others face usability challenges and negative past experiences. This underscores the importance of a balanced approach that acknowledges both the advantages and disadvantages of digital tools for personal financial management.

It can be well said that financial advisors can play an important role in helping people use digital tools effectively and achieve their financial goals.

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