A schematic review on emerging trends and expanded scope in financial management in present context

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Abstract

On the basis of research gaps, an effort has been made in this article to identify and highlight the new directions in Indian finance research. Foreign Direct Investment (FDI) refers to an investment made by a non-resident investor or foreign corporation to establish a new company or buy an effective share of an existing company in India with the express purpose of conducting business or engaging in industrial activity there. An institution founded or incorporated outside of India that seeks to invest in securities in India is referred to as a foreign institutional investor (FII). "Overseas pension funds, mutual funds, investment trusts, asset management companies, nominee companies, banks, institutional portfolio managers, university funds, endowments, foundations, charitable trusts, charitable societies, etc." are examples of FIIs. "Fund having more than 20 investors with no single investor holding more than 10% of the shares or units of the fund" is another. The list is illustrative and in no way complete. However, this will give a lot of information to academics and researchers working on finance-related research in our nation, as well as some input for considering new fields of study.

Keywords: Foreign Direct Investment (FDI), asset management companies, institutional portfolio managers

Introduction:

Developed economies view foreign direct investment (FDI) as a vehicle for assessing the markets of developing and less developed nations in relation to their own technological advancement and the maintenance of their own economic growth and development. Developing countries view FDI as a way to close gaps in management, technology, foreign exchange reserves, revenue, and savings. Foreign investment is required to gain scientific, technological, and industrial knowledge as well as to replenish indigenous capital. To further encourage FDI inflows into the country, the government adopted a liberal stance and offered numerous incentives, including tax breaks, simplified licensing requirements, and de-reservation of certain industries, including those producing drugs, aluminum, heavy electrical equipment, fertilizer, etc. The industry is aggressively and persistently focusing on digitization and the use of cutting-edge technologies in order to increase operational effectiveness, shorten time to market, and provide better customer experiences. As customers increasingly prefer mobile and online banking, banks are spending less on their physical locations in order to invest in self-service digital channels. Banks are increasingly able to offer customers specialized services thanks to wearable technology that incorporates the computing power of smartphones. Many banks are making an effort to capitalize on the opportunities provided by digital, either by using the technologies internally or by working with FinTech companies. These companies were initially perceived as rivals taking advantage of the BFS sector's inability to keep up with technological advancements. The latter, however, provide marketing, management, loan servicing, and other services to enable banks to provide tech-enabled banking products, leading to partnerships between banks and fintech firms becoming more widespread today. Banks are also discovering additional advantages of collaboration with fintech firms, such as access to resources and clientele. These partnerships are beginning to change the financial services sector as a result. According to this progression, Google Pay evolved into a peer-to-peer payment service in 2011 that permits free money sending and receiving via a computer or mobile device. Coinbase was then established as a platform for cryptocurrency trading in 2012. It offers services for storing and managing digital assets as well as for exchanging cryptocurrencies for fiat money. A mobile payment method called Apple Pay was released in 2014. 2014 saw the emergence of the Blockchain 2.0 technology, which is now being investigated for its potential to expand financial and interorganizational interactions. In 2015, the Blockchain technology—which enables the creation of decentralized applications and smart contracts—led to the creation of the cryptocurrency Ethereum. Theoretical concepts that guide the implementation of new technologies in the financial sector serve as the foundation for financial technology. The framework for the research area that examines businesses that provide financial products and services using information and communication technologies has been established by the literature evaluation.

A set of theoretical concepts that form the framework of reference underpin technology research. So, in order to continue achieving its goals, the economy, finance, and society must change many of its categories as a result of technical and social change. A new theoretical shift has been brought about by digitization and associated phenomena, including convergence and transcoding. This change's key feature is the full obviation of other conventional management techniques. One of these shifts relates to the dissolution of historical boundaries that distinguished between the psychological dimensions of sending, receiving, and interpreting information and communication (sender, message, and receiver). This distinction no longer exists, and the new technology phenomena have blurred its boundaries. The process of intrapersonal thought, contact with the interpersonal environment, and that of aggregate groupings in digital networks are all connected by means of internet browsing. With the technological advancements of the computer and the smartphone, the barrier to privacy is lifted, identification is no longer a tenet of reason, and both private life and identity or authorship rights progress towards a situation in which they acquire a different social meaning. As a result, there is a convergence of various domains, which causes intra, interaction, and mega processes to blend through interpersonal technological contexts in yet-to-be-defined ways. This shift enables us to recognize how human communication can be more flexible in its action dimensions and the inapplicability of ideas like identity, authorship, active sender, and passive receiver in the face of phenomena like the current digital convergence. Intelligence is now the main focus of enterprise financial management work, which is a necessary foundation for enterprise financial management in the Internet era and an inevitable trend of the market economy. By effectively boosting an enterprise's market competitiveness and facilitating the implementation of scientific management by the relevant financial and accounting departments, this development can lay the groundwork for the effective growth of the business. As a result, in the age of the Internet, companies must place a greater emphasis on informationization and the acumen of financial accounting management in order to fully adhere to current development trends and actively promote business growth. ‘

Expanded Scope of Financial Management:

The management effectiveness of businesses has substantially increased in the Internet era, and the approach to managing financial accounting has changed. The biggest change is that it broadens the definition of financial management and enhances its function. For instance, using the Internet allows for direct procurement and administration as well as the potential to penalize suppliers and later sales to ensure management integrity.

Improving the Timeliness of Financial Management:

The two biggest benefits of Internet technology are real-time and timeliness, therefore for financial accounting management job, it is also required to increase the speed at which information is transmitted in order to enable consumers receive accurate information. The availability of Internet technology makes it possible to efficiently address this need. Financial and accounting management places a greater emphasis on the timeliness of information. The use of Internet technology improves communication between staff members, makes financial management timelier, and modifies the way in which information is shared. For instance, using the Internet allows for the organisation of pertinent work information, the monitoring of job implementation, and the ability to provide feedback to the business on certain work situations, all of which considerably increase efficiency.

Orderly Operation within the Enterprise:

In the Internet era, financial accounting management work may offer financial information quickly and make financial management work more flexible and organized. The primary focus of enterprise management is financial accounting management tasks. If we continue to use the outdated management implementation methods, it will be challenging to produce clear management effects in corporate financial accounting management. Currently, the usage of Internet technology may maintain the orderliness of the internal corporate operations and handle the financial and business activity in a scientific manner. China is currently experiencing a period of accelerated economic globalization and incredibly quick information dissemination, and business competitiveness is becoming more intense. In order to effectively manage an enterprise in the face of an environment where competition is on the rise, leaders must start at the management level and work their way down, relying on strong and excellent financial management to support managers in their decision-making for the company. Hence, decision-making by managers depends critically on having access to current and complete financial management information.

Recent trends of research in foreign investment:

i. FDI in India and the "Make in India" campaign's effectiveness
ii. Effects of foreign direct investment on government reserves, foreign exchange reserves, exports, exchange rates, employment, management, and technical gaps
iii. Effect of FDI on the business environment's competitiveness in a variety of industries, including banking, insurance, automobiles, and infrastructure
iv. DATT's impact on foreign direct investment (FDI) in India
v. An investigation into the effectiveness of foreign investment in lowering the BOP flaw
vi. A study could focus on "determining the amount of foreign investment required in India for its economic development."
vii. Examine the development and function of FDI and FIIs in raising the standard and accessibility of products.
viii. Learn how FDI is viewed as a key economic accelerator for Indian economic growth by promoting local investment, enhancing the production of human capital, and facilitating technological transfers.
ix. By giving states a great deal of freedom, the FDI policy opens the door for FDI intake to be used as a tool to increase domestic output, savings, and exports through the fair allocation among states.
x. On "which industries are required more foreign investment for economic development," the study might be based.
xi. Relationship between and reliance on FII investment and overall FDI in India
xii. Constructing a statistical model to investigate the connection between FDI and inflation in India
xiii. Constructing an empirical model to determine India's GDP's dependence on FDI
xiv. FDI in retail must be done with caution

Foreign exchange rate and its overall impact on Indian economy:

The rate at which one currency will be exchanged for another is called the exchange rate, sometimes referred to as the foreign exchange rate, forex rate, ER, or FX rate. It can also be thought of as the value of one currency in comparison to another.

Recent trends of research in foreign exchange rate:

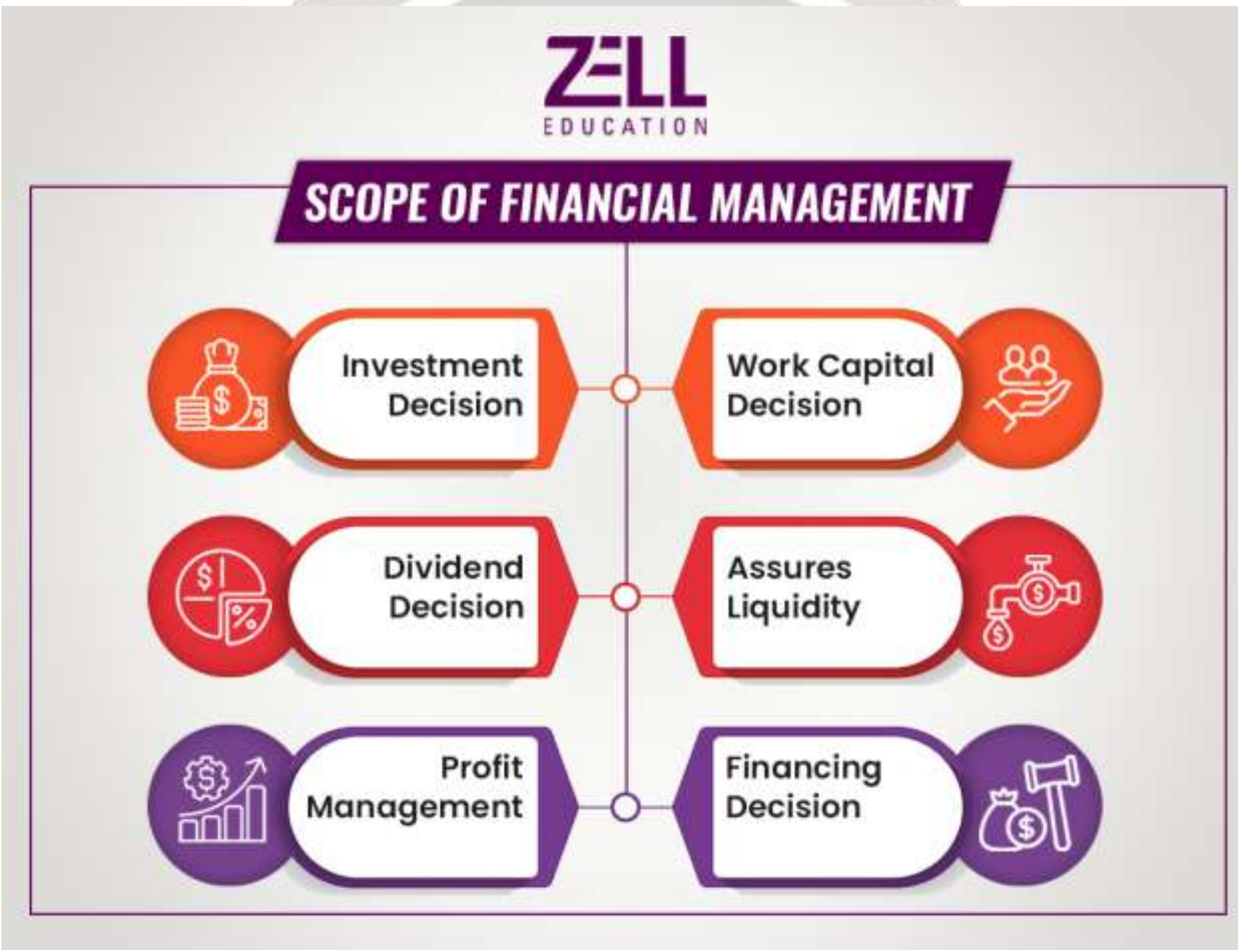
i. Exchange rate effects on commerce and GDP
ii. Discover the connection between the exchange rate, the price of oil, and the Indian economy.
iii. Effect of exchange rates on the payment balance.
iv. Global economic climate and foreign exchange policy.
v. Effect of currency exchange rates on international investment
vi. To research and examine the relationship between market indexes and changing Indian rupees.
vii. To research and examine several factors that affects the Indian currency market.
viii. The Impact of OPEC Oil Prices on Exchange Rates, Output, and Prices in India and Other Industrialized Nations.
ix. Hedging’s success in the foreign exchange market.
x. Technical analysis' importance in the foreign exchange market.

Valuation methods of stock, stock market and mutual funds:

- ✓ **Technical Analysis:** Technical analysis is the art and science of making price predictions for the future using data on previous price movements.
- ✓ **Fundamental analysis:** Before making an investment decision, fundamental analysis looks at the economic climate, industry performance, and company performance. Investment is a risk-involved financial activity. An investor's goal is defined as risk minimization and return maximization. For the investor to select the ideal stock, performing both fundamental and technical analysis is crucial.

Recent trends of research in stock market:

- ✓ Which techniques for technical analysis work best for identifying trends?
- ✓ Discover the relationship between technical and fundamental analyses for a particular company at a particular moment.
- ✓ The efficiency of technical and fundamental analysis in determining a stock's intrinsic value.
- ✓ Studying existing models and creating a bespoke model in India for stock valuation



Above image showing future scope of financial management

Mutual Funds:

Regardless of the amount invested, they offer a platform for a regular investor to participate in the Indian capital market with professional fund management. The assets under administration of different fund companies have increased as a result of the rapid growth of the Indian mutual fund business. For risk-averse investors, investing in mutual funds is safer than buying equities directly because it carries less risk.

Recent trends of research in mutual funds:

i. Determine the areas that need to be improved in order to raise investor knowledge of mutual fund investments.
ii. By comparing and contrasting important benchmark indices with the investment performance of mutual funds,
iii. Analyze the investor's opinion of various mutual fund types, such as ELSS and diversified equity funds.
iv. Study comparing ELSS and ULIP
v. Effect of fund rating on investor perception and investment performance.
vi. Channels used for mutual fund distribution and the effect on fund inflow
vii. Financial advisors' influence on how investors see mutual funds
viii. Developing a technique for benchmarking various types of mutual funds
ix. Mutual funds' consistency in performance when compared to other investment options

Derivatives:

A security with a derivative price is one whose value is generated from or dependent on one or more underlying assets. A contract between two or more parties based on the asset or assets constitutes the derivative itself.

Recent trends in derivatives research:

i. Effect of derivative product introduction on volatility of spot markets in Indian stock markets
ii. Knowledge of the ambiguous relationship between economic expansion and the derivatives market
iii. India's financial derivatives market and its current position in the world markets
iv. Analysis of the Indian Stock Market in Relation to Other Markets

Mergers and acquisitions with specific reference to banking Industry in India:

One of India's industries that are expanding quickly is the banking sector. This industry has experienced remarkable growth and has emerged as the top banking location for foreign investors. Consolidation of businesses is what mergers and acquisitions (M&A) are referred to as. When comparing the two concepts, mergers refer to the joining of two businesses to create a single entity, while acquisitions refer to the taking over of one business by another.

Recent trends of research in Mergers and Acquisition:

For three different reasons, consolidation may occur in three different Indian banking sectors: state-owned, privately managed, and the old private sectors community-dominated banks. The government is no longer willing to continue pumping money into the black hole, equity investors are shunning old private banks with poor management, and the new generation of private banks may be growing slightly more brazen.

i. The improvement in deposits, advances, businesses, and employee count is highlighted in the analysis of the physical performance of the combined institutions.
ii. Research on mergers as a practical tactic for improving the financial performance of commercial banks through scalability, competition, enhanced efficiency, and market share.
iii. There is no common pattern of abnormal returns among the selected merged institutions, according to analysis of share price performance of the merged banks.
iv. Analysis of the company's financial statements throughout the pre-merger and post-merger periods
v. The effect of mergers and acquisitions on financial services industry personnel.
vi. The effect of mergers and acquisitions on staff, staff representatives, and their unions in the financial industries.
vii. Effects of M&As on shareholders and public perception
viii. After merger, trends in the type and standard of employment in the banking services industry.
ix. The effects of mergers and restructuring on working conditions and the tone of labor relations.
x. Employee representation's function in mergers and restructuring

xi. Examining how the stock market responds to merger announcements, as well as ex-ante and ex-post research

Conclusion:

The current state and recent resiliency of the trade finance markets do not indicate a requirement for a significant ongoing monitoring or data collection effort. However, it can be helpful to keep track of trade-finance market developments in a more ad hoc manner to ensure that there is enough information to allow policymakers to assess the extent and impact of actual or suspected dislocations in trade finance markets in a timely manner and to develop appropriate policy responses as needed. Such a strategy would make use of already-existing data sources and other information to follow broad changes in size and instrumentation over time, and it would also have the ability to quickly and accurately gather information whenever stress arises. There are indications that the industry is undergoing a beginning structural change, driven in part by regulatory developments. Examples include the entry of new market participants and efforts to develop securitization structures that would help reduce capital and balance sheet usage for the banks engaged in trade finance activities. This emphasizes the significance of comprehending current market dynamics and having the capacity to monitor structural changes over time in order to assess the likelihood of unfavorable consequences, such as weakened underwriting standards or less stable funding conditions for trade finance markets. It will become more important to have market intelligence.

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