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Digital transformation in finance and its implications for economic development

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Description

Finance is the act of raising funds or capital for any form of spending. It is the act of directing different funds to those economic organisations in the form of credit, loans, or invested capital. Business finance, personal finance, and public finance are three major categories in finance with defined specialised organizations, methods, standards, and goals [1-3]. A complex system of financial markets and institutions exists in developed nations to satisfy the demands of these areas both jointly and independently.

Consumers, businesses, and governments frequently lack the funds needed to make purchases, pay bills, or finish other transactions, and must borrow or sell equity to function. Savers and investors, on the other hand, accumulate funds that, if put to good use, can generate interest or dividends. These savings can be in the shape of savings deposits, savings and loan shares, or pension and insurance claims, and they can be leased out at a profit or invested in equity shares to generate investment capital [4-6]. Finance is the process of channelling these funds in the form of credit, loans, or invested money to those economic organisations that most need or can use them.

Personal finance is mainly concerned with family budgets, personal savings investments, and consumer credit utilisation. Mortgages are frequently obtained from commercial banks and savings and loan organisations in order to purchase a house, whereas banks and finance companies can provide financing for the purchase of consumer durable items [7]. (automobiles and appliances). Banks and businesses use charge accounts and credit cards to provide customers with short-term credit. If individuals need to consolidate their debts or borrow money in an emergency, they can get small cash loans from banks, credit unions, or finance organisations.

Finance is the management, formation, and research of money, banking, credit, investments, assets, and liabilities that comprise financial institutions, as well as the study of those financial instruments. The three types of finance are public finance, corporate finance, and personal money. Finance, like corporate finance, is concerned with the management of a company's assets, obligations, revenues, and debt. Businesses can obtain funds through a number of methods, including equity investments and credit arrangements. A corporation may obtain a bank loan or establish a line of credit. Acquiring and managing debt successfully can assist a company in growing and becoming more profitable [8].

Personal finance encompasses all financial decisions and actions made by an individual or family, such as budgeting, insurance, mortgage planning, savings, and retirement planning. In Western nations, public, or government, financing has increased dramatically. As a consequence, taxation, government spending, and the structure of a country's public debt have a much greater impact on its economy than they did previously. Government expenditures are funded through a variety of mechanisms, the most significant is taxes [9]. Government budgets, on the other hand, rarely balance, and governments must borrow to pay their deficits, resulting in public debt.

The majority of public debt consists of marketable securities released by governments that are obligated to make specific payments to their holders at specified times [10]. Economics is a social science that studies the production, consumption, and distribution of commodities and services in order to gain a better understanding of how economies function and how people interact. While dubbed a "social science" and frequently regarded as one of the liberal arts, modern economics is frequently quite quantitative and highly math oriented in practise. The two main branches of economics are macroeconomics and microeconomics.

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