

## **FINANCIAL INTELLIGENCE - CHALLENGES, PROSPECTS AND STRATEGY FOR INDIA**

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**Abstract:** *India, with its preponderance of youth full of new vigor, hope and positive outlook, looks forward to attain economic power in the years to come. This paper analyzes whether the country is ready for it and how other socio-economic factors are going to affect positively as well as negatively in the process of attaining economic power. The paper finds out the role of financial intelligence in make our country economically stronger and robust when its youth is still struggling with the iniquity of unemployment, corruption, lack of civic sense, gender, caste and spatial discrimination. The study details the prospects and suggests suitable strategy to promote financial intelligence across the boundaries of geographical regions, cultural diversities and varied heritage of the sub-continent.*

### **Introduction**

We are proud to be Indian because it is the land of knowledge, humanity and diversities, always promoting non-violence, truth, brotherhood and peace. We have always articulated the issues, problems and barriers by joining our hands and respecting everybody on the principles of live and let live. Still, things are no better but have worsened with time because of fear and threats in the minds of the younger generations who have been bearing for long corruption, terrorism, unemployment and mismanagement of competition. We are unable to provide basic amenities for livelihood, on the one hand, in spite of the fact that a plethora of welfare schemes are being floated to that extent that it has just become a political compulsion for every party, we have made our people, on the other hand, to aspire for their rights in terms of direct benefit schemes without making them to realize that the funds utilized for promoting these schemes belong to the taxpayers' hard-earned money rather than the contribution from the political affiliations. It is most unfortunate that our prime minister has to plead for Clean India while addressing nation because we never feel that protecting national resources and their judicious utilization are the prime duties of every Indian. We protest to get our rights and benefits while the government or employer for that matter do never realize that the benefits or any rights due to people never need negotiations or compromise but to be delivered unconditionally and without any loss to the national property, productivity, time and energy. Financial intelligence entails understanding the financial affairs of the stakeholders in terms of their nature and capabilities and predicting their intent, which refers to enforcement of laws and regulations and related activities. In this context, it is nevertheless more pertinent to analyze the role and relevance of financial intelligence especially when we have to audit financial responsibility of our development processes, their genuineness and credibility.

This study reviews in its first Section, the emerging trends of financial intelligence from the prospective of an Indian, the issue has been made as simple as possible so that the message must be understood by every Indian while Section II discusses the challenges for promoting this intelligence amongst the larger proportion of Indian populace especially when they are young and inexperienced but easy to be nurtured the habits of being financially intelligence in the interest of their own and the nation they own. Section III critically reviews the prospects of promoting financial intelligence and its roadmap by suggesting suitable strategy in this direction, the last Section concludes the outcomes of this study. Though all the financial concepts, tools

and designs have been kept in view while conducting this study, the paper remains very simple in the interest of better assimilation for those who do not like numbers and mathematical derivations.

### **Objectives of the Study**

1. To discuss financial intelligence and its relevance in the emerging scenario for our country;
2. To study the challenges for promoting financial intelligence amongst the Indian populace;
3. To find out the prospects for financial intelligence in Indian context;
4. To suggest suitable strategy for promoting financial intelligence in India

### **Methodology for the Study**

The study is mainly based on the critical analysis of government policies including those after the formation of new central government, financial discipline and responsibility and extent of utilization of national resources and assets creating by infrastructural funding. However, the study does not include very special research and statistical tools to make it understandable to the larger proportion of the readers. The study conjectures that every individual is a rational person with basic understanding the theory of demand and supply of goods and services due to scarcity of resources and they find it difficult to adjust in the new culture especially when it comes to manage financial and other related resources which are community based and socially desirable. Furthermore, it is not unimportant to underline that transition shock, which require orientation and adjustment of the masses when they realize that the goods and services, which were in abundance in the past, are no more the same and require cost-benefit analysis. In fact, in a developing country, it is wise for the policy makers to ensure that they educate their masses towards judicious utilization of the welfare measures to make their economy sustainable and viable.

### **Problem Analysis**

India has been a land of humanity, nature-friendly and holistic approach, where the saints, Upanishads and Vedas taught its people to lead their lives by respecting others and caring for them in all respect. However, in the processes of invasions and British Rule, the country has faced many aberrations that the safety and security especially of the girl child and woman, terror activities and anger, insensitivity towards national resources and individual attitudes have come to fore at the cost of national interests. As a result, everybody is in the game of competition and smashing everything to attain success in terms of money and power. Divisive politics, illiteracy, unemployment, culture shocks and insensitivity and corruption have taken up such an ugly shape that the nation is passing through a very critical phase of development. In this parlance, it is of utmost relevance that the financial intelligence must be taken in the right spirit as its greater understanding helps people feel more committed and involved. They understand better what they are a part of, what the organization is trying to achieve and how they affect results. Let us understand that accruals and allocations entail making assumptions and estimates. The purpose of accruals is to match costs to revenues in a given time period as accurately as possible while allocations are apportionments of costs to different activities within an organization. In any project formulation, including social projects like sanitation and connectivity, accruals and allocations are very important to be understood by the users so that they must know that if these assets are not maintained properly, it is not only national wastage but the funds allocations would not be made in future due to their paucity. If the social goods and services have been

provided by the government, it does mean that we should at least bother to take care of them in the right manner so that they have good economic lives and provide us benefits to the maximum. But, we find at railway stations, on roads and other public utilities places that people make them as dirty as possible for them. That is why that our Prime Minister has to request people in his Independence Day Address to nation that they must make Clean India. A sorry state of affairs gets accumulated when such noble thoughts are taken as another political gimmick by some of selfish opportunists. In this background, it has been realized that the financial intelligence discussed in this paper would bring knowledge amongst the preponderance of people from all strata of life so that they can take their nation forward and make it beautiful for the new generations to come. We are the youth concentrated nations, whose orientation must not be difficult and who are expected to be more nationally aware. It is therefore more easy and relevant to study the financial intelligence.

### **Relevance of Financial Intelligence**

Some of the accounting terms are quite important to be understood in non-financial terms.

- (a) Every asset has its economic life and until and unless it is not maintained properly, its life gets shortened. Once the economic life is over the assets value is reduced to zero which means that the assets' value gets eroded or it gets depreciated.
- (b) Financial intelligence facilitates in critically evaluating any project performance, program review and organizational goodwill. It helps in understanding numbers and interpreting them logically and any financially literate person can promote social programs and ventures more effectively in spite of the fact that the person may or may not have finance milieu.
- (c) There are number of obstacles in promoting financial intelligence especially in Indian context where literacy rate is not good enough to make the subject interesting and easy to understand. Most of the young professionals are scared of numbers but they do not know that financial intelligence needs four fundamental concepts of arithmetic namely addition, subtraction, multiplication and division which are anyhow are known to everybody who does marketing. Some feel that the accountants and financial experts maintain secrecy in sharing financial data which is in fact wrong. By not insisting for data sharing, we support the chances of frauds, misappropriation and manipulation of financial information. Financial intelligence will give knowledge and empower the learner to probe and facilitate in fetching transparency and accountability amongst the stakeholders. Social audit will improved quality and standards of assets creation by the social organizations. May be some do not want to spend time due to other commitments but it must be understood that financial intelligence is just a way of life which does not need any special efforts.
- (d) It must be kept in mind by every rational human being that ensuring judicious utilization of community resources fosters discipline and accountability amongst the younger generations which in return will enhance the economic life of the assets created for the public utility. By ignoring our responsibilities, we encourage moral hazards, corrupt practices and suffer from unhealthy environment leading to illness.

From the foregoing, it is nevertheless important to note that any welfare schemes or public goods and services be preceded by the structured process of promoting financial intelligence for creating an environment of peoples' participation, their role and relevance in social audit. They must understand that the emerging scenario of developing India urges for this awareness more profusely than its relevance in the past as the larger proportion of population represented by the youth are amenable to the change and can easily be nurtured in this direction.

### **Challenges in promoting Financial Intelligence**

Nevertheless, it is not an easy task to make the Indian youth financial savvy who represent diversities in terms of their setting, culture, economic strata, literacy levels, lifestyles and understanding. Still, it is quite simple to promote financial intelligence amongst these groups of people as they demonstrate many new things to the society as a whole. This study observes that no rational Indian can afford to waste the financial resources; they do so due to their ignorance about the loss they incur from such acts. In case, the right information is given at the places of public utilities and it is ensured that the public is educated on the financial aspects of these assets, none would spoil the public goods and services. Many a time, as the study has found, our own leaders do the disservice to their nation by spreading the wrong notion that maintenance of public goods and services is the responsibility of the government while the user public do have every right not to bother whether the assets are kept clean and in order or not. Hence, the biggest challenge of promoting financial intelligence is the political environment in the country. Let each political party must take the responsibility not to play politics on the issues of national interest such as clean India, health and hygiene, sanitation and connectivity, cultural heritage, education and empowerment, security and protection.

It must be understood that the poor are not only credit worthy but also they are significantly financially intelligence to take up the issues in the national interest in the right manner provided they are taken by the leaders in the right direction. Second challenge before the policy makers is to spread the message to the right people in the right direction which can be endured by use of social media, financial institutions and corporate having social responsibility. Third Challenge is peoples' participation. Let everyone participate in changing image of the country. It is quite difficult in any democratic nation with so much diversity but the educated and the haves must take the responsibility to bring the have-nots in the mainstream of growth process. In fact, majority of population in India exist in the vicious circle where all the evils are interrelated and the circle can be broken only by involving all those who have been suffering from these evils.

The study, thus, shows that the challenges before for promoting financial intelligence can be addressed by involving everybody and creating an environment of equanimity, peace and inclusive growth.

### **Prospects of Financial Intelligence**

India has already attained minimum effort level of growth where its people understand that to survive the national growth, each and every one must contribute. Our Ministry of Finance, Government of India established in 2004, an independent body directly reporting to the Finance Minister known as Financial Intelligence Unit India, as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. The body is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes. However, it has proved to be another body of the government which has perhaps not understood the purpose of promoting financial intelligence amongst the Indian populace or has remained isolated from the common people due to its hierarchical structure or some other reasons known to it. The fact is that common person has always been uninformed about the cost of development and the resources collected from the taxpayers. An Indian does not even know the effect and impact of financial indiscipline in the government expenditure on their livelihood. Hence, financial intelligence should start from each and every corner, the rich and the poor, educated and illiterate, the privileged and unprivileged, the haves and the have-nots. Study shows that financial intelligence enhancement will make a common Indian a better leader, manager or the stakeholder. It is found that understanding financial aspects of any activity or project or program makes common person's life meaningful and contributory to the national growth story. It is also observed that developing financial intelligence at the grassroots level does not mean making people financial savoir-faire but to make them realize that every benefit comes at the cost of some financial sacrifice and, therefore,

it must be taken care of by every person that they take the benefit very judiciously in concern of others also.

In a nutshell, it is not out of place to point out that the prospects of promoting financial intelligence is just not limited to people's participation or inclusive growth but is wider business proposition as it will enhance the economic life of the public goods and services which will minimize the additional expenditure to be incurred in maintenance of these assets. All users and stakeholders will realize their responsibility and role in the national growth story.

### **Strategy**

Financially intelligent managers contribute to the business's health as they can take better decisions by using their knowledge to help their company succeed. On the same analogy, the study observes that financial intelligence at the grassroot level about the public goods and services will make people function more wisely by using the information more astutely and therefore increasing cash flows as also profitability of the government which will enhance the financial powers of the government and its technical expertise to take up similar projects on larger scale. All healthy businesses help our economy grow, keep our communities strong and improve our standard of living. There is a simple antidote to politics: sunlight, transparency and open communication. When people understand the objectives of welfare schemes and providing public goods and services, each one of them would work to attain them and it will become easier to create a country built on the sense of trust and community feeling. In the long run, our country will become more successful as compared to those with less open minds. In this background, we propose the following strategies for promoting financial intelligence to the last mile in Indian sub-continent:

1. Social media, newsmakers and celebrities need to be involved in promoting financial intelligence on larger and larger scale so that each and every Indian must understand what does it really mean in the national context;
2. Informal training sessions and public meetings must be convened when any new projects are initiated so that the peoples' participation can be ensured more meaningful and trust-building rather than another hurdle in the developmental process. It must be followed by regular monitoring and problem-solving missions;
3. Weekly or fortnightly meetings may be convened to take stock of the development schemes and the absentees must be fined so that they ensure their participation by attending such meetings. These meetings should be business-oriented rather than party meeting so that the agenda and proceedings of the meeting are thoroughly documented and maintained;
4. Let each stakeholder understand that financial intelligence is not conjuration of numbers but having awareness about the financial aspects of public goods and services in the welfare those who are otherwise disadvantaged and unprivileged;
5. Incentive schemes for duly maintenance and upkeep of public goods and services do encourage in enhancing the financial intelligence if and only if it is taken in that spirit rather than the politically motivated schemes;
6. Financial intelligence must bring leadership at the government level where the doers get the sense of achievement while others learn from the successes of the doers. National, regional level conventions and workshops may be convened on financial intelligence to educate the people on developmental processes of the government while local level and village level workshops should focus on social audit, monitoring and quality assurance aspects of the projects under implementation and post-completion evaluations;
7. Financial transparency must be the ultimate goal of financial intelligence strategy. All channels of communication must be used in promoting financial intelligence to the last mile.

## Conclusion

Financial intelligence is not understand analysis of numbers but involves making sense of expenditure incurred in providing public goods and services for their duly maintenance and upkeep by the public rather by the government. India with larger proportion of youth has greater relevance of promoting financial intelligence as compared to the past. We can achieve mission of Clean India by 2019 only by enhancing financial intelligence amongst the communities and different sections of society.

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