

**CONTEMPORARY ISSUES IN
COMMERCE AND MANAGEMENT –
BOOK CHAPTERS**

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**FINANCIAL MANAGEMENT USING DIGITAL SYSTEM AND
NEW CHALLENGES**

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ABSTRACT

Bit coin: On January 3, 2009, a new currency known as bit coin was introduced. It was developed by an unidentified creator under the moniker Satoshi Nakomoto (Group of People), and transactions are completed directly between parties. Anyone can transfer bit coins (or portions of them) to your digital wallet, and you can send bit coins to other people. Each bit coin is essentially a computer file that is saved in a "digital wallet" app on a smart phone or computer. Every transaction is documented in an open database known as the block chain.

Block chain technology:

Bit coin, a cryptocurrency, and block chain were the two main applications of the technology at first. Bit coin is a type of virtual money that is recognized as the very first block chain. Digital coins that operate on a block chain are referred to as crypto currency. In the block chain technology, records are dispersed throughout a decentralized network connected by peer-to-peer nodes; this storage is sometimes referred to as a digital ledger. The public ledger is posted on the entire network where the nodes are connected to the server so that everyone can see the transaction of the block chain as soon as it occurs. Block chain is used for security purposes and it provides transparency.

KEY WORDS: Block Chain Technology, Digital Currency, Bit Coin, Cryptocurrency, Financial Market, Fin tech.

INTRODUCTION: Evolution of money

The 21st century is all about technology because of the growing demand for modernization in society. People are willing to access new technology by using a remote control to operate a device or a voice command to instruct it. Artificial intelligence, for example, entered its phase a decade ago, and now there is a new member of the pack. DGC (Digital gold currency): Digital gold currency is a form of electronic money based on mass unit of gold .

Block chain and cryptocurrency, have recently captured the interest of academics and those in industry. The essentially digital currencies are cryptocurrencies that views block chain technology and cryptography to facilitate secure and anonymous transactions. The cryptocurrency market is worth over USD 500 billion. Countries and many institutions are starting to implement and understand the idea of cryptocurrencies in their business models. To provide a collection of papers from leading experts in the area of block chain and cryptocurrencies is the aim of this special issue. This volume includes a wide variety of empirical and theoretical contributions that address a range of topics and issues related to cryptocurrencies and block chain.

Review of literature:

According to Trabelsi (2018), the spill over index approach was used to examine how cryptocurrency markets are related to other conventional currencies, stock market indices, and commodities. The outcome demonstrates notable cross-over effects between the cryptocurrency market and other financial markets.

According to Luu duc huynh (2019), he uses the VAR-SVAR (Vector auto regressive model) to analyze the risks of spillover among crypto currency markets (Structural vector auto regressive model) According to the findings, Ethereum is probably going to dominate this industry on its own, while bit coin usually acts as a spillover beneficiary.

Recent economic work with the general growth on the development of contemporary technology of the world in many academic subjects has brought a lot of attention to the relationship between management and technology of the world. Authors like Ziyadin, S., Doszhan, R., Borodin, A., Omarova, A., Ilyas, A., Saparova, G., Ermekbaeva, B., Supaliyeva, G., Zharaskyzy, G., Mukhtarova, K., and Kupeshova [8,9,10,11,12] study a variety of technological and digital development challenges.

Bouri et al(2019a) .'s analysis of cryptocurrency links focused on the correlation between volatility indicators and the differentiation between temporary and long-lasting causalities. The auto regressive integrated moving average (ARIMA) and neural network auto registration (NNAR) models are used by Munim et al. (2019) to forecast bitcoin values. The forecast offers predictions for the price of bitcoin the following day with and without re estimating the forecast model at each step.

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FERRIER and PIERRA (2019) Using the Detrended Cross-Correlation Analyses correlation coefficient (DCCA), assess the contagion effect between bit coin and other significant cryptocurrencies and contrast the times before and after the crisis.

The first high frequency assessments of cryptocurrency bull and bear markets are presented by Zhang et al. in 2020. In order to determine the beginning of the bull and bear markets for cryptocurrencies, algorithms are put into use, and during these times, market efficiency and liquidity are examined.(Kyriazis and Prassa 2019) look into how liquid the markets were for digital currencies from April 2018 to January 2019 during the market's severe bear market.With the use of vector autoregression (VAR) and Bayesian vector autoregression (BVAR) prediction models, Ibrahim et al. (2020) examine the workings of the bitcoin market.

DISCUSSION :

Development indicators of foreign financial technologies:The FinTech has an impact on monetary stability. Together with macro-financial and other risks to financial stability, it also comprises credit, liquidity, concentration, and operational risks. These risks to financial stability are particularly related to pro-cyclicality, shadow banking, and the integrity of financial transactions. These hazards are not new, but they could become more prevalent as a result of the fintech industry's explosive expansion and other new types of interconnection.

After a lagging start in various Middle Eastern, North African, Afghan, and Pakistan (BHAPA) nations, the growth of FinTech is picking up speed, and the Caucasus and Central Asia (CCA) region is observing the first stages in its development. Through innovations that help reach a sizable portion of the population without bank accounts with financial services and also assist in locating alternative sources of financing for small and medium-sized businesses, FinTech can address critical challenges in both regions related to enhancing access to financial services, inclusive growth, and economic diversification (SMEs).

By utilising technology to assure regulatory compliance and risk management, as well as to increase trade and remittance, FinTech can also significantly contribute to financial stability. 4 BTSES-2020 E3S Web of Conferences 159, 04015 (doi:10.1051/e3sconf/202015904015) Although employing electronic payments might boost public administration efficiency by developing effective and affordable cross-border payment solutions.

Foreign financial technology challenges Nonetheless, considerable barriers to the development of FinTech still exist in the structural, institutional, and political realms [17]:

1. Private investment capital and venture capital, which form the cornerstone of economic expansion in advanced economies, are still in short supply. For instance, due to the low price of oil, the amount of private equity and venture capital investment in MENA is still just around \$1 billion and has even decreased.
2. Regulator gaps lead to legal uncertainty, which slows this industry's expansion. The fundamentals of regulating digital financial services are being created, and the majority of nations currently have rules governing the issuance of electronic money,

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but there hasn't been much advancement in other financial technology-related regulatory sectors. For instance, there are just a few nations that have mobile money restrictions (Egypt, Morocco, and Tunisia). The principles of consumer protection for financial services and data privacy regulations are also lacking in many nations (World Bank, 2014). The high capital requirements of banks are a significant barrier for FinTech firms because prudential norms were not modified to account for the idiosyncrasies of the FinTech industry.

3. There is still a lack of general institutional backing. Only a very small number of nations have instituted incubators and accelerators (Egypt, Lebanon, United Arab Emirates) or "regulatory sandboxes" (Abu Dhabi, Bahrain, Saudi Arabia) to encourage the expansion of startups so that Fin Tech companies and conventional financial organizations can test innovative developments in real-world settings.

4. In the area of demand, "lack of trust" and poor financial literacy pose significant challenges for Fin Tech businesses' operations. To eliminate uncertainty and stop the rise in transaction costs, using Fin Tech for payments requires faith. Another reason for less frequent collaboration between banks and FINTECH start-ups is the "loss of trust."

5. If cyber security systems are not enhanced, cyber attack can result in work disruptions, financial loss, reputational damage, and systemic danger. They can also lead to harsh restrictions. Increasing inter-connectivity based on digital solutions increases the number of access points that hackers can use. Cyber threats are not exclusive to the Fin Tech industry. Furthermore, despite the fact that there have only been a few instances of successful cyber attacks on financial institutions in BVSAP and CCA, the region is apparently seeing an increase in bank attacks, and the nature of cyber crime is evolving quickly and getting more sophisticated. In the meanwhile, many nations continue to have low levels of overall cyber risk preparedness.

There are Top barriers that have been indicated by Financial Sector Overview, Russia,CIS and the Caucasus report of the Astana International Financial Centre (AIFC) [19] :

1. Low appeal for foreign investors.
2. Low purchasing power of the population.
3. Deficiencies of government regulation of the industry.
4. Geopolitical risks
5. Lack of flexibility in the tax system
6. Cyber threats
7. Currency risks
8. Weak protection of the personal data.

Methodology:

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Documents from the Republic of Kazakhstan's governmental authorities, as well as local and international scientific literature, as well as publications in scholarly collections, make up the work's information basis. The National Bank of the Republic of Kazakhstan's information and reporting materials, as well as materials from online resources, were also used in the work.

Since financial technology and the overall global economy are developing together with management, many scientists have been studying the theoretical aspects of financial management for a long time. This topic is still relevant today. Numerous renowned scientists, both domestically and internationally, have looked into the issues surrounding the effect of financial technologies from a variety of methodological perspectives. The thesis has theoretical value in that it expands on the conceptual framework and develops the idea of financial regulation, emphasising its significance in maintaining the growth of the economy.

Theoretical, comparative, and mathematical-statistical methodologies were employed in the composition of this thesis. Periodicals of contemporary literature, magazines, and online sources were all in use at the time this article was written.

The supply of financial and banking services through cutting-edge technical innovation, driven by computer programme and algorithms, is known as "Fin tech," which stands for "finance technology." On the other hand, a Fin tech provider is described as a person or business that makes use of a technological platform, whether online or offline, to offer new financial services or to enhance the delivery of current financial services. If a provider uses technology (online or offline) to offer or improve the delivery of financial services in such a way that there are much fewer barriers between a user's request and receiving the financial service, such provider would ideally qualify to be called a fin tech provider.

The barriers that clients face between seeking and obtaining financial services are not greatly reduced by the technology used by certain self-identified Fin tech companies in practise. It raised questions about whether these people or businesses should be classified as "Fin tech," and in certain countries, the discussion about whether to do so is still ongoing. The term "fin tech," which stands for "financial technology," refers to a method of making payments using electronic or information technology. People are offered cutting-edge services thanks to the convergence of financial services and information technology. The two most well-known solutions globally might be Google Wallet and Apple Pay.

In the economy of digital finance, fin tech firms are crucial. Fin tech companies are starting to appear in the financial services industry, either to compete with banks or to enhance the services that banks offer to their clients. Even while banks offer financial services at a significantly cheaper cost than some Fin tech companies in the real world, clients are increasingly choosing non-bank providers due to the lengthy wait times required to receive loans from regulated banks.

For example, a customer who walks into a bank on Monday and requests a loan for £70,000 is unlikely to get the full loan amount requested on Monday, and this phenomenon is attributed to the fact that bank regulators and internal risk management procedures require banks to spend a significant amount of time determining whether a person qualifies for a loan or not [15].

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Individuals and businesses with low and/or unstable income nevertheless favour using the services of non-bank providers, many of whom are currently unregulated in emerging economies and the majority of African nations, despite the high expense of doing so. The diversity of Fin tech companies is greatly influenced by the technology that is accessible, whether it is online or offline. Payday loans, quick check cashing services, and similar businesses are examples of fin tech enterprises.

Finally, the activities of Fin tech providers can have implications for financial inclusion and stability. Nevertheless, significant obstacles remain for the growth of Fin tech in structural and institutional spheres and in the field of politics both in our country and in countries that are oversea. We call them new challenges that we face and that require an immediate solution. 3 E3S Web of Conferences 159, 04015 (2020) BTSES-2020 <https://doi.org/10.1051/e3sconf/202015904015>

Dealing with Fin tech providers has certain advantages. Even while federally insured banks can offer the same financial services to customers at cheaper costs than Fin tech firms, there are reasons why people would still rely on them.

One of the ways Fin-tech companies may help low-income people handle their financial commitments on a daily basis is by offering quicker financial services with a streamlined approach.

Two, because Fin tech companies do not handle deposits the way banks do, they are likely to be subject to fewer regulations (or none at all in some countries). As a result of this low regulatory burden, Fin tech companies are better able to concentrate on enhancing their financial technology and inter-mediation function while minimizing costs to better serve their clients.

Three, Fin-tech providers can partner with traditional lending institutions which can help them reduce operational costs and improve the quality of their inter mediation activities.

In addition, the financial technology of Fin tech providers can add value to the operations of the traditional lending institutions with which they partner, particularly in "process improvement" for their online lending business. Partnerships with traditional lending institutions can aid Fin tech providers in becoming sustainable over time.

Four, when compared to banks and other lending institutions, some Fin tech providers have a better ability to offer instant emergency funds or small loans to people with low and lower incomes. This is due to the fact that traditional banks and other lending institutions are not required to provide emergency funds to anyone, and any request for emergency funding at a traditional bank or lending institution must go through the customary credit risk assessment process, which may be too time-consuming for people who require immediate emergency funds. This puts some Fin-tech companies in a better position to offer people with middle- and low-incomes emergency funds in tiny sums at higher interest rates.

Five, there is the potential for technology to provide convenience.

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By having these services always accessible from any location where a user or consumer may access the Internet, fin tech companies that work through online platforms can electronically provide users additional convenience. Due to this, Fin tech companies can assist clients in avoiding the need to visit a banking facility in order to conduct financial transactions [16].

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