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# FINANCE MIRROR

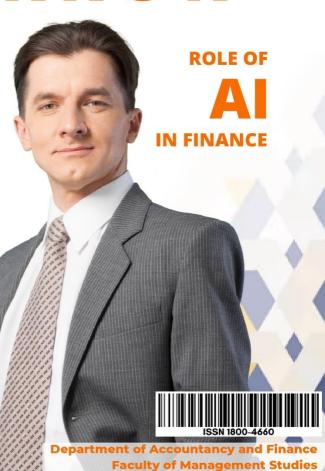
# **EMPOWERING COMMUNITIES**

Participatory Budgeting (PB) in Developing Nations

PB implementation challenges in developing countries

#### CRYPTOCURRENCY AND BLOCKCHAIN

The rise of this innovative technology of Cryptocurrency and Blockchain is revolutionizing traditional financial systems



Sabaragamuwa University of Sri Lanka





### Volume 04

Department of Accountancy & Finance Faculty of Management Studies Sabaragamuwa University of Sri Lanka



# **Forward**

It is with great pleasure and pride that we present to you the 4<sup>th</sup> volume of Finance Mirror, the official magazine of the Department of Accountancy & Finance, Faculty of Management Studies at Sabaragamuwa University of Sri Lanka. This publication stands as a testament to the relentless pursuit of academic excellence and creative innovation that defines our department.

In this edition, we continue our commitment to providing a platform for our students and staff to share their insights, research findings, and creative works. The contributions featured in this volume reflect a diverse range of perspectives, highlighting the rich intellectual and creative talents within our academic community.

This year, we took an exciting step forward by inviting contributions not only from our own department but also from finance departments of other universities. This collaborative approach has enriched the content of this magazine, fostering a spirit of interdisciplinary collaboration that bridges the gap between traditional finance and creative expression. The result is a publication that not only informs and educates but also inspires and engages a wider audience.

Finance Mirror serves as more than just a publication; it is a celebration of the achievements of our students. Each article, essay, and creative piece is a reflection of the hard work, dedication, and intellectual curiosity that our students bring to their academic journey. We are incredibly proud of their accomplishments and are honored to showcase them in this volume.

As we launch this 4<sup>th</sup> edition on the 5<sup>th</sup> of September, 2024, I would like to extend my deepest gratitude to everyone who contributed to this magazine - our students, staff, and collaborators from other institutions. Your efforts have made this edition truly exceptional. I would also like to thank the student editorial team for their tireless work in compiling and curating the content, ensuring that this magazine continues to uphold the highest standards of quality.

Finally, I encourage all readers to explore the pages of Finance Mirror with an open mind and a spirit of curiosity. May this magazine serve as a source of inspiration and a catalyst for further academic and creative pursuits.

Thank you, and happy reading!

AAMD Amarasinghe

Chief Editor Finance Mirror Sabaragamuwa University of Sri Lanka

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## Content

**Embedding Artificial Intelligence to Finance** 2 R.S. Hewage Sabaragamuwa University of Sri Lanka Beyond the Numbers: Humanizing Fintech for Rural Farmers 4 Dr. (Mrs.) Dilogini Sangarathas University of Jaffna Empowering Communities: Participatory Budgeting in Developing Nations 9 K.G.P.V. Gunarathna University of Ruhuna Role of Financial Inclusion in Empowering Rural Women in Sri Lanka 13 **AAMD** Amarasinghe Sabaragamuwa University of Sri Lanka Cryptocurrency and Block chain unveiling the Future of Finance 17 Ishani Danushika Sabaragamuwa University of Sri Lanka **Innovative Strategies in Financial Management** 22 Sanduni Chethana Sabaragamuwa University of Sri Lanka **Emerging Trends in Financial Management** 26 Umandi Priyabhashini Sabaragamuwa University of Sri Lanka Developing Patterns Forming the Future of Money related Management 30 Ishani Danushika Sabaragamuwa University of Sri Lanka Empowering the Future: Financial Literacy among Young Adults in Sri Lanka 34 A.A.M.D. Amarasinghe Sabaragamuwa University of Sri Lanka

**Innovative Strategies** 

Sabaragamuwa University of Sri Lanka

Malshan Sanjiwa



### **Embedding Artificial Intelligence to Finance**

Artificial intelligence (AI) in finance simply means the use of technology to improve decision-making in the financial services sector. It creates a new era in the finance sector with data-driven decision-making with technology that creates efficient, secure, and speedy finance services for customers in high quality. AI in Finance refers to the application of technologies, particularly advanced algorithms and machine learning to improve the efficiency and accuracy of decision-making on time. With AI, the financial sector gets revolved and provides better customer service that improves customer satisfaction since it allows organizations to predict customer behaviors and develop strong personalized interaction by introducing personalized products by scrutinizing the customer transaction history. For instance, AI chatbots enable the banking sector and other finance institutions to handle routine customer service queries like account balance checking, payments, transfer of funds, etc. That enables the firms to improve their customer service center operations by improving the response times and minimizing the workload of call center staff.

There are many advantages of AI in finance. For instance, AI helps to automate the workflows and processes that lead to minimizing fraud and delays since AI is embedded with continuous mentoring and controlling the net traffic with cybersecurity. Moreover, AI helps to enhance customer satisfaction with more flexible, personalized banking services and provides speed and reliable customer service.

Furthermore, AI helps finance service providers obtain a better understanding of dynamic changes in financial markets by analyzing transaction patterns and assessing the risk with real-time market data. The key areas of AI in the finance industry include; customer service, cyberattack prevention, financial planning, market forecasting, fraud detection by analyzing millions of transactions to catch fraudulent business events, credit scoring by customer verifications, tracking security market actions, competitor analysis to grab competitive advantage, risk management like analyzing the complex data sets to detect Anti-Money Laundering (AML) monitoring systems by examining the customer data and connections potentially risk entities, investment portfolio management, behavioral finance, cost reduction, personal financing, and many more. Thus the future of AI in finance services drives improvements in financial institutions with new technologies and enhances the working capital with the know-how of the ways of delivering customer service with personalized, tailored, and accountable customer service to enrich reliability.

#### Role of Al in Finance





Despite the many advantages, there are key debilities in AI in the finance sector that can be shown as threats to the privacy and security of data, accuracy, and reliability since there may occur unintentionally perpetuated biases based on system designers and their bias perceptions. Thus, system errors and adversarial attacks create negative consequences for the financial system. Therefore, models and the results generated through machine learning systems should be cross-checked by system audit to evaluate the effectiveness. Furthermore, some mismatches make it hard to integrate full automation of financial services with the legal provisions in the country. Moreover, over-digitalization may not return the expected results since the market and customers are not willing to accept the changes. Hence, the adaptation to fully automated techniques may be a challenging task for both customers and financial institutions since it requires system compatibility and cost-effectiveness. Therefore, it pays the path for a diverse set of stakeholders including auditors, chief executive officers, investors, customers, market analysts, risk management teams, and legal bodies, to improve the efficiency and accuracy of detecting inefficiencies and developing strategies to overcome weaknesses.

Moreover, AI creates more complexity in transaction processing and weakens the explainability of results. What is more, the success of using AI in the finance system is affected by the financial stability of the country. Therefore, political, economic, and financial steadiness decides the success or the failure of the digitalization process of the financial system. Thus, it requires building a best-suited mechanism to ensure the responsible, ethical, and protective usage of AI in finance since financial institutions handle massive amounts of sensitive data and the behavior of people depends on their perception. This can be achieved by establishing the proper regulatory environment in the organizations.

R.S. Hewage

Department of Accountancy and Finance Faculty of Management Studies Sabaragamuwa University of Sri Lanka

#### BEYOND THE NUMBERS: HUMANIZING FINTECH FOR RURAL FARMERS

As the electronic wind blows rapidly through a global village,

Where technology and financial management are perfectly integrated.

And then, after a long time, they get attention with the word FinTech.

MarTech and FinTech both shine brightly around this orbit.

One of the best examples of what we now like to call FinTech.

With mobile, cloud and blockchain on the platform,

Finance displaces the heart of power.

Daily loans and payments, exchange day or night.

However, not everyone is benefiting from FinTech's brilliance.

For some, it just means a lifetime of dreamland

The rural poor, with palms like these

And so it is that their hopes are shattered in green fields.

They work from morning till evening almost in desperation.

Crops are grown in rural areas.

Yet access to wealth is as thin as dust.

Talking about financial inclusion is a rare concept.

The World Bank speaks with strong voices,

Poverty reduction scholars argue that something must be done to lift up the poor.

Put them in the flush of funds.

No one should be allowed to go free from these services.

Governments hear this clarion call,

In developing countries, they work for everyone,

To spread the bounty of FinTech to everyone's doorstep.

To lift up the poor, to engrave upon them.

Nevertheless,

the distinction between 'haves' and 'have-nots' persists in one form or another.

FinTech is expanding as it offers more,

The 'operations' of progress, the cogs of commerce.

But the 'many' withers in the hands of a few.

These are the countries where agriculture dominates.

Where is the sweat of the farmers in monsoon,
The detritus must be rich, and the yield must be prodigious.

However,

FinTech has not stopped its expansion and continues to have a strong presence.

To be precise, this universal commodity, the seed of a revolution, is mobile phones.

Apart from Japan, Asia's demand is spreading rapidly, But if there are mobile services, they are financial by name, Yet they have not fully established their dominance.

Mobile money, banking,

They promised to carry the farmers through as the policies were.

But the fields remain untouched by this.

They still suffer and their dreams are destroyed.

Paddy fields are tall and resolved in the fields of Sri Lanka.

The power they had is now fragmented.

As for FinTech, what's the dream when it's out of sight?

298.032

For such a generic term, financial inclusion is just one word.

From where many sit in cyberspace, its potential is understated.

Because in the heart of the countryside there is life, and it seems to live slowly.

In the same way access to analytical resources in the FinTech sector has not expanded.

Streaks are common in dusty banks.

Streaks are common in dusty banks.

The poor wait patiently, but are culturally defiled while at it.

The appearance of a shirt, or simply and rather vulgarly, a hole for sticking a cock.

Little attention is paid to their permanent race.

One day commoditized human beings, others might assume,

Briefly described in today's numerical terms,

Where banks treat them as an expense,

Pity that their humanity is gone.

But flames burn within them;

A desire to be respected and treated.



FinTech needs to bridge this widening gap.

To bring them closer to FinTech, be their catalyst.

But MarTech is much stronger.

Leaving these souls in its haste,

Advertising, positioning and retailing.

The show fakes a farmer sending a simple note.

The simplest ones are; 'see me, hear me, understand my suffering'.

This is true and FinTech more than a number I am the light.

This land grows paddy and tea

FinTech is a key element of the flow.

In executive functions, tactics are devised

I begin to suppress the voice of the farmers.

#### However,

the need for inclusion is high among farmers like any other population group.

They have hopes, they have dreams, that sweet and dear, so nearby.

Scholars, in an even deeper way,

Are these farmers trapped in FinTech lenses?

Or are they simply an object or even an immovable object?

Does the spirit spin like a rapture in the technological rapture of a spinning world?

I continued with questions, desired answers,

Find out if FinTech can turn around a lot.

In rough hand users,

Whose life is, in fact, more than enough.

The above is true as FinTech seeks to revolutionize the handling of financial operations under its shiny coat.

To get the number of lives touched by FinTech,

From the cruel grip of commodification,

So that their spirits may be free, so that they may not be vaporized, so to speak.

Bricks and mortar, mostly old and grey.

Doors must be opened; an opening must be found.

To integrate the digital wave,

Farmers should be led towards FinTech.

Only if we can achieve that, can we say with certainty:

So, it's no surprise that FinTech has lived up to its name.

All professions, all families

Faith is in every heart.

Department of Marketing,

University of Jaffna, Sri Lanka

Faculty of Management Studies and Commerce,

This should not be the case and farmers should also be allowed to benefit.

So, in the battle of inclusive FinTech, let's at least be gentle.

To see their presence in a given workspace.

By any standard this is by far the backbone of a land.

So let FinTech rise to this challenge.

In that sense, to serve the farmers, they must serve all.

To do this, as I said, to fill this gap, to heal this rift,

Extend it to where they can access FinTech.

The future is in their hands,
So, when they sow the seeds under the clear sky,
Farmers dreams, farmers hope, farmers relentless work.

Worthy of FinTech's attention, worthy of its soil.

So let the digital wind blow now!

In many places where farmers sow, they pray with faith,
Let the light of FinTech shine bright and bright and one can only hope that the
discourse resumes its rightful course.

And let these souls shine.

In the vast and ever-expanding sandbox that is FinTech's playpen,
They are the blood, spirit and breath of our business.
A world that captures the use of technology and everyday struggles.
Let it see them, let them be heard,
It's time for FinTech to live up to its sacred word.
To provide for many, to provide enough
In their stories, not a word must be said that progress is war and bloodshed.
Here is this story, this FinTech ballad.
Farmers rights, so much, so much.
So, they can find the place they are looking for.
So be fair and gentle in a FinTech world.

Dr. (Mrs.) Dilogini Sangarathas
Senior Lecturer,

Page 8

# **Empowering Communities:**

## Participatory Budgeting in Developing Nations

This article attempts to discuss integrating behavioural nature into the discipline of accounting, which in turn contributes to the empowerment of individuals and society. Moreover, it emphasises the capacity of accounting for social change by employing a participatory democratic and approach. Finally, this article discusses the PB implementation challenges available in developing countries, including Sri Lanka and the way forward, particularly in the Sri Lankan context.

Many accounting practitioners focus more on the technical side of accounting than the behavioural side. Therefore, it is argued that accounting should be further defined to shift the focus away from solely technical aspects to consider behavioural and critical aspects of accounting. As such, accounting scholars define accounting technical. moral. and which practices support organisations, individuals, and society by promoting sustainable resource distribution and implementing transparent and accountable Manv international mechanisms. funding organisations, such as the World Bank, USAID, and NGOs, have promoted participatory approaches in developing countries. Their focus is localising public services, which is vital to social development. Further, this approach aims to foster grass-roots democracy, reduce racial, ethnic, and gender discrimination, and encourage social entrepreneurship. Accounting as a participatory approach promotes various perspectives, allowing for

multiple voices to be heard. It has the potential to spark a democratic revolution and bring about socioeconomic emancipation. In particular, Participatory Budgeting (PB) is an accounting innovation gaining momentum globally, especially in local government contexts, with the backing of international funding organisations.

#### What is participatory budgeting?

In 1989, PB emerged in a Porto-Alegre municipality in Brazil to distribute public funds to help impoverished individuals and underdeveloped communities. International organisations have adopted different strategies in transferring PB to the rest of the world, considering the context-specific factors associated with participants. More concretely, PB is a democratic approach involving organised and non-organised civil society groups and citizens in the decision-making process distributing public funds at the local government level. In this regard, the involvement of citizens in a specific decision-making process is likely to transparency accountability. Moreover, PB has the ability to enhance administrative efficiency political and boost development; it increases confidence in institutions. generates a favourable climate for reinforcing social justice and local democracy, empowers political and social emancipation, and diminishes the negative aspects of patronage, clientelism, and corruption.

# PB implementation challenges in developing countries

PB implementation in developing and emerging nations has varied. This implementation is a opportunity for developing countries bring greater accountability, transparency, social justice, and local democracy by involving non-elected citizens. Scholars argue that PB implementation raises numerous challenges, specifically in the context of developing and emerging nations. One of the challenges is the lack of a well-established institutional framework for implementing PB. This can be seen in most developing and emerging countries, including Sri Lanka, where weak administrative systems, corruption by officials, uneducated local politicians, rules and regulations that are relics of the past, funds are utilized inappropriately, no transparency exists in the disbursed funds, and personal financial benefits are attained from the implementation of projects. The local-level political struggle is also challenging for most PB processes in developing and Local-level emerging nations. continuously politicians contest against one another for power and resources, manipulating their position in the government to ensure that the interests of their supporters are privileged. Equally, such political actors mobilize political agendas like winning elections and mobilizing resources, undercutting opponents, or even building coalitions and realizing election pledges for re-election. In addition, politicians have used PB to pursue vested interests and not local democracy, deploying its use for strength domination of other actors, which constitutes symbolic violence, corruption, and political patronage extended to an elite nature of PB

implementation. The proliferation of these unethical behaviours can be attributed to the lack of robust and engaged citizen involvement developing and emerging environments. As such, successful PB implementation may be undermined due to these challenges. In the Sri Lankan context. the implementation of PB occurred in 2012. However, it had occurred in several local government contexts before that. All the challenges discussed are experienced in the Sri Lankan local government context. More importantly, political dominance severely undermines the advantages of PB implementation, i.e. local democracy and social iustice. especially in the Sri Lankan context.

#### Way forward

This article focuses on how accounting practices can improve development, empowering people and society through a democratic and participatory approach. i.e. implementation. Adopting and implementing PB in developing and countries emerging has challenged because PB's benefits have been undermined in specific contexts. Therefore, it is better to pay attention the way forward of implementation in the Sri Lankan context. As discussed above, the Sri Lankan context lacks an institutional framework. This urge to develop a legal and institutional framework for PB implementation is the first major requirement here so that the process is adopted uniformly by all local governments to take forward PB in Sri Lanka. Besides, it needs much greater public awareness and education on PB get active participation from through capacity-building workshops and digital platforms.

These initiatives will promote the youth be involved generation to participatory decision-making. addition. transparency and accountability are ensured through monitoring and auditing practices, with detailed fund allocation and project outcome reports made accessible to the public. To do away with political interference over PB, there is a need for independent oversight and civil society participation to guard PB from being manipulated. Furthermore, using technology to submit project proposals and online voting to select projects can further provide participation transparency in the PB process. Finally, continuous monitoring and evaluation will be required to assess effectiveness of the PB project implementation and ensure subsequent improvements. Therefore, the local government decision-makers need to develop context-specific accounting practices to monitor the PB process, particularly fund distribution, which must be more transparent accountable. This will result in the successful implementation PB. catalysing social transformation bv revitalising local democracy and social political promoting and emancipation.

#### K G P V Gunarathna

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# Role of Financial Inclusion in Empowering Rural Women in Sri Lanka

Sri Lanka, with its rich tapestry of culture and diversity, has made commendable strides in economic development. However, despite progress, rural women in the country continue to face unique challenges that hinder their empowerment. The pivotal role of financial inclusion in addressing these challenges and fostering the empowerment of rural women cannot be overstated. This article delves into the multifaceted aspects of financial inclusion and its transformative impact on the lives of women in Sri Lanka's rural landscape.

#### Understanding the Landscape

In the picturesque villages of Sri Lanka, where the rhythm of life is attuned to the cycles of paddy fields and tea plantations, women have long been the unsung heroines, contributing significantly to the rural economy. However, they often find themselves at the periphery of financial systems, facing barriers that limit their access to crucial financial services.

#### Challenges Faced by Rural Women

- 1. Limited Access to Banking Services: Rural areas often lack sufficient banking infrastructure, leaving women with limited access to basic financial services. This isolation from formal banking institutions denies them the means to save, invest, and plan for the future.
- Gender Disparities in Financial Literacy: Traditional gender roles and societal norms contribute to disparities in financial literacy. Many rural women may lack the knowledge and skills necessary to navigate the intricacies of financial management, making them vulnerable to exploitation and limiting their economic agency.
- Lack of Collateral for Credit: In a predominantly agrarian society, access to credit is vital for agricultural activities. However, rural women often face challenges in providing collateral, limiting their ability to secure loans for farming or entrepreneurial ventures.
- 4. Limited Participation in Decision-Making: Financial exclusion exacerbates existing gender inequalities, restricting women's involvement in economic decision-making within their households and communities.

#### Financial Inclusion as an Empowerment Tool

Financial inclusion serves as a powerful catalyst for transforming the status quo. By bringing financial services within reach of rural women, it opens avenues for economic independence, entrepreneurship, and improved well-being.

- 1. Access to Banking Services: Initiatives promoting financial inclusion strive to establish banking services in rural areas. Mobile banking, agent banking, and the expansion of rural bank branches help bridge the gap, ensuring that women have a secure platform for savings and transactions.
- 2. Microfinance for Entrepreneurship: Microfinance institutions play a pivotal role in empowering rural women by providing them with microloans for small-scale businesses. From handicrafts to agriculture, these loans enable women to pursue entrepreneurial ventures, generating income for their families and contributing to community development.
- **3. Financial Literacy Programs:** Targeted financial literacy programs are essential in enhancing the capacity of rural women to manage their finances effectively. Workshops, training sessions, and educational campaigns contribute to breaking down barriers related to financial knowledge and empower women to make informed decisions.
- **4. Innovations in Digital Financial Services:** The advent of digital financial services has been a game-changer in rural empowerment. Mobile money platforms and digital wallets enable women to conduct transactions, access credit, and save money conveniently, overcoming geographical constraints.

#### Success Stories from Sri Lanka

Several initiatives in Sri Lanka exemplify the positive impact of financial inclusion on rural women. Women's cooperative societies, supported by microfinance institutions, have flourished, empowering members to engage in sustainable agriculture and cottage industries. These success stories underscore the transformative potential of financial inclusion in uplifting rural communities.

#### **Government Policies and Collaborative Efforts**

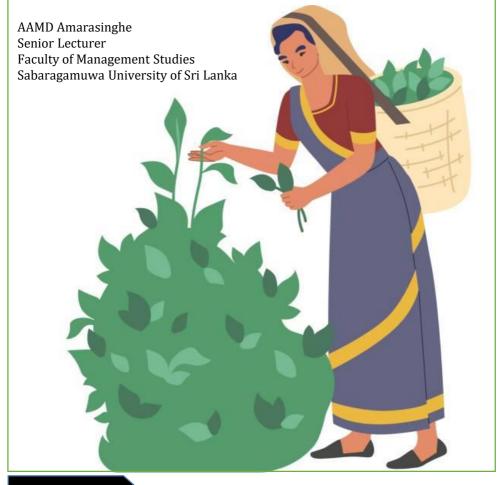
The Sri Lankan government, recognizing the significance of financial inclusion, has implemented policies to promote access to financial services in rural areas. Collaborative efforts between government bodies, financial institutions, and nongovernmental organizations have facilitated the development of inclusive financial ecosystems.

#### **Challenges and Opportunities**

While progress has been made, challenges persist. Infrastructure gaps, cultural barriers, and the need for continuous financial education pose ongoing challenges. However, these challenges also present opportunities for stakeholders to collaborate on innovative solutions that cater specifically to the needs of rural women.

#### Conclusion

In conclusion, the role of financial inclusion in empowering rural women in Sri Lanka is pivotal for sustainable development. By breaking down financial barriers, fostering entrepreneurship, and promoting financial literacy, we can catalyze a positive ripple effect that not only transforms the lives of individual women but uplifts entire communities. As we navigate the path towards a more inclusive and equitable society, the empowerment of rural women through financial inclusion stands as a beacon of progress, embodying the spirit of empowerment and resilience that defines Sri Lanka's rural landscape.







# Cryptocurrency and Blockchain Unveiling the Future of Finance

The rise of this innovative technology of cryptocurrency and blockchain is revolutionizing traditional financial systems by providing unprecedented levels of security, transparency and efficiency. A good understanding of these innovative technologies and their impact on future financing can be obtained by going through this.

Cryptocurrency is a New Paradigm in Digital Finance. The digital or virtual currency known as cryptocurrency—which is represented by Bitcoin—uses cryptography to ensure its security. Cryptocurrencies, which use blockchain technology to operate on decentralized networks, differ from traditional currencies issued by central banks. The first cryptocurrency, known as Bitcoin, was released in 2009 under the pseudonym Satoshi Nakamoto. It is still the most well-known and valued cryptocurrency. The main attraction of cryptocurrencies is their decentralization, which does away with the necessity for middlemen like banks. Transactions are kept on a blockchain, a public ledger that is kept up to date by a decentralized network of computers called nodes. There are various benefits to this decentralized system some of them are, Security and Fraud Prevention, Transparency, Low cost, Financial Entries.

Blockchain serves as the foundation for cryptocurrencies. The underlying technology that drives cryptocurrency is called blockchain. A distributed ledger known as a blockchain keeps track of every transaction made via a network of computers. The integrity and immutability of the entire ledger are guaranteed by the cryptographic links between each block in the chain, which each carries a list of transactions. Blockchain technology has many uses in banking and other areas outside of the cryptocurrency space. Some of these include supply chain management, smart contracts, decentralized finance (DeFi), etc.

When adoption of cryptocurrency and blockchain technology faces several challenges. First one is Regulatory Uncertainty. This means Governments from all around the world are debating how best to control blockchain-based businesses and cryptocurrencies. For laws to be widely adopted, they must be clear; nonetheless, excessively strict regulations may hinder innovation. Second one is security Risks. Although the blockchain technology is safe, there is a chance of fraud and hacking in the larger ecosystem, which includes wallets and exchanges. Sustaining confidence in these technologies depends on implementing strong security protocols.

With their improved security, transparency, and efficiency, blockchain technology and cryptocurrencies have the potential to completely change the financial industry. Even though there are still obstacles, continued innovation and legislative changes will probably solve them and allow for widespread use. These technologies have the potential to develop into a more secure, safe, and inclusive financial system that will help people and companies all around the world. The future of finance is undoubtedly digital, and cryptocurrency and blockchain are at the forefront of this exciting revolution.

# CRYPTOCURRENCY AND BLOCK CHAIN UNVEILING THE FUTURE OF FINANCE

Over the past decade, the world of finance has undergone a seismic shift, driven by the advent of cryptocurrencies and block chain technology. These innovations promise to redefine our financial landscape by providing unprecedented levels of security, transparency and efficiency. As we are on the cusp of this digital revolution, it is imperative to understand how these technologies are transforming finance and what the future holds.



Satoshi Nakamoto

Cryptocurrency was born in 2009 with the introduction of bitcoin under the pseudonym Satoshi Nakamoto. Bitcoin was conceived as a decentralized digital currency, free from the control of any central authority, secured by a revolutionary technology known as blockchain. This innovation marked the beginning of a new era in digital finance leading to a host of other cryptocurrencies such as Ethereum, Litecoin and Ripple.

#### The Power of Blockchain Technology

Blockchain technology, the heart of the cryptocurrency is a distributed ledger that records transactions across multiple computers in a way that ensures security and transparency. Unlike traditional centralized systems where a single entity controls data, blockchain is decentralized and highly resistant to fraud and hacking.

Blockchain's potential extends beyond cryptocurrency. Its applications span a variety of

sectors including supply chain management, health care, real estate and in particular finance. By enabling secure, transaperent and immutable record keeping, blockchain has the potential to streamline processes, reduce costs and eliminate the need for intermediaries.



Page 18

One of the most significant developments in the cryptocurrecy space is the rise of decentralized finance or DeFi is a growing ecosystem of financial applications built on blockchain networks. These application aim to reinvent and improve traditional financial systems providing services such as lending, borrowing trading and investing without intermediaries such as banks or brokers.

The advantages of DeFi are manifold. First, it democratizes finance by giving access to financial services to anyone with an internet connection regardless of their geographic location or socioeconomic status. Second, it increases transparency as all transactions are recorded in a public ledger. Third, it reduces costs by eliminating intermediaries and automating processes through smart contracts- self executing contracts with conditions written directly into code.



Cryptocurrency has transitioned from a niche curiosity to a mainstream asset class. Institutional investors including hedge funds, banks and publicly traded companies are increasingly including cryptocurrencies as a potential means of deflation, a store of value and significant returns. Bitcoin, often referred to as "digital gold" has gained particular appeal as a store of value. Its

limited supply of 21 million coins makes it immune to the inflationary pressures that plague fiat currencies. Ethereum, on the other hand, is celebrated for its smart contract capabilities, enabling developers to build decentralized applications (DApps) on its platform.

#### Regulatory Challenges and Opportunities

Despite its potential, the cryptocurrency and blockchain space is not without challenges. Regulatory uncertainty is a significant obstacle. Governments and regulatory bodies around the world are grappling with how to classify and regulate cryptocurrencies. While some countries have embraced the technology, others remain skeptical, citing concerns about fraud, money laundering and financial stability.

However, regulation also presents opportunities. Clear and supportive regulatory frameworks can foster innovation, protect investors and facilitate mainstream adoption. For example, regulatory clarity in countries like Switzerland and Singapore has helped establish them as a global hub for blockchain and cryptocurrency innovation.

#### Financial Future

As we look to the future, it is clear that cryptocurrency and blockchain technology will play a major role in reshaping the financial landscape. With the advancement of blockchain technology, the proliferation of digital assets will lead to a more inclusive, efficient and transparent financial system. One potential development is the rise of central bank digital



currencies (CBDC). Several central banks are exploring their digital currency issuance using blockchain technology to improve the efficiency and security of payments. CBDCs can coexist with cryptocurrencies, providing a bridge between traditional finance and the growing digital economy.

Moreover, the integration of blockchain with other emerging technologies such as artificial intelligence (AI) and the Internet of Things (IoT) can open up new possibilities. For example, AI can improve the security and efficiency of blockchain networks and IoT devices can use blockchain for secure and transparent data exchange.

As a conclusion, the advent of cryptocurrency and blockchain technology marks the beginning of a new era in the financial sector. These innovations promise to democratize access to financial services, increase transparency and streamline processes across sectors. While challenges remain, particularly in the realm of regulation, the potential benefits are immense.

As we stand on the edge of this digital revolution, one thing is clear: cryptocurrencies and blockchain are not just passing trends, but fundamental shifts that will redefine the future of finance. Embracing these technologies can open up new opportunities, foster innovation and create a more inclusive and resilient financial system for generations to come.

Ishani Danushika Department of Accountancy & Finance Faculty of Management Studies Sabaragamuwa University of Sri Lanka



#### INNOVATIVE STRATEGIES IN FINANCIAL MANAGEMENT

Financial management entails strategically planning, organizing, directing, and controlling financial resources to meet an organization's goals. It includes activities such as budgeting, financial reporting, investment management, risk mitigation, managing cash flow, controlling costs, and securing funding. By aligning financial operations with long-term objectives, financial management ensures an organization remains liquid, maximize profits, and generates value for stakeholders, supporting overall stability and growth.

In Financial Management, innovative strategies involve creative and forward-thinking methods for handling an organization's financial resources to boost profitability, efficiency, and competitiveness. Theses approaches might include using cutting-edge financial



technologies, applying new investment strategies, reimagining budgeting and forecasting processes, and utilizing non-traditional techniques to optimize cash flow and manage risks. The objective is enhancing financial performance, adapt to market shifts, and effectively meet the changing needs of the organization and its stakeholders.

For businesses to maintain their competitiveness, adjust to shifting market conditions, and make the most use of their resources, financial management innovation is essential. Here are a few innovative strategies in financial management.

**Fintech Integration,** accept fintech (financial technology) solutions to optimize workflows, boost data analysis, and facilitate better decision-making. This entails introducing blockchain technology for safe transactions, embracing digital payment methods, and putting AI-driven algorithms to use for investment analysis and risk assessment.

**Data Analytics and Predictive Modeling**, utilize predictive modeling and big data analytics to learn more about risk factors, market trends, and consumer behavior. Financial managers can make better decisions about investments, pricing schemes, and resource distribution by evaluating massive datasets

**Risk Management Techniques,** to successfully reduce financial risks, use sophisticated risk management approaches including scenario analysis, stress testing, and dynamic hedging strategies. This entails recognizing possible risks to the financial stability of the company and creating preventative strategies to lessen their effects.

**Strategic Partnerships and Collaborations,** to promote financial management innovation, form strategic alliances with academic institutions, industry peers, and fintech companies. Working



together can result in the creation of new goods, services, and business plans that cater to the demands of developing markets and benefit all parties involved.

Agile Budgeting and Forecasting, adopt flexible and adaptive budgeting and forecasting procedures that can be adjusted

in response to shifting market conditions. This entails dividing yearly budgets into more manageable, smaller chunks and routinely assessing and modifying financial plans in light of performance data obtained in real time.

**Sustainable Finance Initiatives,** to encourage sustainability and ethical investing, incorporate environmental, social, and governance (ESG) considerations into financial decision-making procedures. This entails funding green energy projects, assisting with community development programs, and following moral business conduct guidelines.

**Digital Transformation,** accept digital transformation projects to boost operational effectiveness, automate monotonous work, and increase the general customer experience. This could entail digitizing paper-based procedures, deploying robotic process automation (RPA) tools, and putting cloud-based accounting software into place.

**Continuous Learning and Development,** to stay up to date with industry best practices and technological breakthroughs, financial management professionals should be continuously trained and developed. This entails offering workshops, certificates, and training courses to improve the abilities and know-how of staff members.

Organizations must embrace innovation in finance management if they are to prosper in the fastpaced business climate of today. Businesses can improve their financial performance, reduce risks, and seize new opportunities by implementing cutting-edge strategies like fintech integration, data analytics, risk management tactics, strategic partnerships, agile budgeting, sustainable finance initiatives, digital transformation, and continuous learning.

Financial managers are able to make better judgments, optimize resource allocation, and expedite operations by integrating technology, advanced analytics, and strategic collaborations. Organizations can also support long-term value generation and societal impact by supporting ethical investing and implementing sustainability concepts.

Staying ahead of the competition is just one goal of innovation in financial management; other goals include generating value for stakeholders and promoting long-term growth. In light of this, businesses that place a high priority on innovation in their financial procedures are better equipped to negotiate ambiguities, grasp opportunities, and accomplish their strategic goals in the dynamic marketplace.



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#### **Emerging Trends in Financial Management**

In the ever-evolving world of finance, staying ahead of emerging trends is crucial for businesses and individuals alike. As technology advances and societal values shift, the financial management landscape is undergoing a transformation. From digital currencies to sustainable investing, the trends shaping the future of finance are dynamic and far-reaching. Let's explore some of the most impactful trends that are redefining financial management today.



#### The Rise of Digital Currencies

The concept of money is evolving. Digital currencies, particularly cryptocurrencies like Bitcoin and Ethereum, are gaining traction as viable alternatives to traditional flat currencies. Unlike traditional currencies issued by central banks, cryptocurrencies are decentralized and operate on blockchain technology, offering a new level of transparency and security.

These digital versions of national currencies aim to combine the benefits of digital transactions with the stability and trust associated with traditional banking systems. For instance, China's digital yuan is already being tested in several cities, while other countries are in various stages of research and development.

#### Shift Towards Remote and Digital Banking

The COVID-19 pandemic has accelerated the shift towards remote and digital banking. With lockdowns and social distancing measures in place, consumers turned to online banking and mobile apps to manage their finances. This shift is likely to be permanent, as digital banking offers convenience and efficiency that traditional banking methods cannot match. Digital banks, or neo banks, are emerging



as formidable competitors to traditional banks. These banks operate entirely online, offering services like checking accounts, savings accounts, and loans without the need for physical branches. Neo banks leverage technology to provide seamless, user-friendly experiences and often offer lower fees than traditional banks.

#### **Blockchain and Decentralized Finance**



Blockchain technology is not just the foundation of cryptocurrencies; it also has the potential to revolutionize financial management through decentralized finance. This platforms use blockchain to create decentralized versions of traditional financial services, such as lending, borrowing, and trading. By eliminating intermediaries like banks and brokers, this platforms can offer more efficient, transparent, and accessible financial services. Smart contracts, self-executing contracts with the terms of the agreement directly written into code, play a crucial

role in Decentralized Finance, automating processes and reducing the risk of human error or fraud.

#### Artificial Intelligence and Big Data

Artificial Intelligence (AI) and big data are transforming financial management by enabling more accurate and efficient decision-making. AI algorithms can analyze vast amounts of data in real-time, identifying patterns and trends that human analysts might miss. This is particularly valuable in areas like risk management, fraud detection, and investment strategy. For example, AI-driven predictive analytics can forecast market trends and identify investment opportunities. In risk management, AI can analyze credit scores, transaction histories, and other data points to assess the creditworthiness of borrowers more accurately.

#### Sustainable and Responsible Investing

The financial world is increasingly recognizing the importance of sustainability. Environmental, Social, and Governance criteria are becoming essential components of investment strategies. Investors are no longer focused on financial returns; they are also concerned about the impact their investments have on the world. Sustainable investing involves selecting companies that meet high Environment, Social, Governance standards, promoting practices that benefit society and the environment. This trend is driven by a growing awareness of climate change, social justice issues,

and corporate governance practices. As a result, ESG-focused funds are attracting significant capital.

Considering above factors the financial management landscape is in the midst of a profound transformation, driven by technological advancements and changing societal values. As digital currencies gain acceptance, sustainable investing takes center stage, and fintech innovations and inc.

"Trends in Financial Mahabana"

Trends in Financial Mahabana reshape the industry, the future of financial management promises to be more dynamic, inclusive, and efficient. By being compliant to these emerging trends, businesses and individuals can



# Developing Patterns Forming the Future of Money related Management

The world of fund is experiencing a transformative move, driven mechanical progressions, changing client inclinations, and the require for prominent productivity dexterity in the confront of worldwide challenges. As the budgetary industry navigates the post-pandemic scene, a few key patterns are rising that will the future of monetary administration. In this article, we will investigate five of the most noteworthy rising patterns and their suggestions for back experts and organizations.

#### Frameworks Modernization

The occasions of 2020 uncovered the confinements of obsolete frameworks in money related teach, as numerous battled to handle the surge in exchanges and the move to farther operations brought on by the COVID-19 widespread. This has driven to an expanded center on frameworks make modernization strides to effectiveness operational and resilience

Modernizing monetary frameworks includes receiving unused and rising advances such as cloud computing, counterfeit insights (AI), and machine learning (ML). These innovations empower monetary teach streamline forms, upgrade decisionmaking, and give superior client encounters. Cloud computing, illustration, permits for adaptable and adaptable foundation, decreasing the require for expansive capital consumptions equipment on

empowering teach to rapidly adjust to changing requests.

Al and ML can analyze tremendous sums of information in real-time, giving experiences that can drive more educated choices and make strides chance management.

For fund experts, picking up hands-on encounter with these cutting-edge instruments and stages is getting to be progressively critical. Capability in AI and ML can offer assistance experts computerize schedule errands, reveal covered up designs in information, and create prescient models that improve arranging. Moreover. understanding cloud computing standards and their applications in back will be pivotal as teach proceed to move their operations to the cloud.

#### The Rise of FinTech Partnerships

The development of Advanced Back and Advanced Cash (DFDM) has driven to the rise of FinTech companies, which are presently seen as perfect accomplices for conventional banks.

FinTech firms offer imaginative, techenabled managing an account items administrations. such computerized wallets. peer-to-peer loaning stages. and computerized speculation admonitory administrations These associations offer assistance conventional banks keep up with innovative headways and meet the advancing needs customers.

FinTech companies bring deftness and advancement to the table, permitting banks to upgrade their advanced offerings without having to create these capabilities in-house. For case, a conventional bank might accomplice with a FinTech firm to offer a portable managing consistent encounter. total with account highlights like moment installments, personalized money related counsel, and real-time extortion detection.

budgetary administration's As advances. bank-FinTech scene organizations getting to be are progressively common. Back experts must get it the unused ways of locks in with mechanically adroit clients and comprehensive pick up а understanding of DFDM to flourish in changing environment. This includes remaining upgraded on the most recent FinTech developments. understanding administrative suggestions, and creating the capacity to coordinated FinTech arrangements into existing managing an account infrastructure.

#### **Blockchain and Cryptocurrency**

Another noteworthy slant is the developing appropriation of blockchain-based exchanges and monetary administrations, too known as cryptocurrency. Cryptocurrencies like Bitcoin, Ethereum, and Swell are picking up footing as businesses investigate choices to conventional cash and budgetary systems.

Blockchain innovation. the fundamental innovation behind offers cryptocurrencies. decentralized and straightforward way to record exchanges. This can decrease hazard of extortion. exchange costs, and increment the speed of budgetary exchanges. For illustration, blockchain can streamline cross-border installments, which are regularly moderate and costly when prepared through conventional managing an account channel.

The potential of blockchain expands past cryptocurrencies. Savvy contracts. which are self- executing contracts with the terms of the assertion specifically composed into code, can robotize complex budgetary exchanges and decrease the require for middle people. This can lead to critical taken a toll investment funds and expanded productivity in regions such exchange back, protections, and resource management.

Worldwide investing on blockchain arrangements is anticipated to reach around \$16 billion bv 2023. highlighting the developing significance of this innovation. As a result, information of cryptocurrency blockchain innovation will be pivotal for future fund experts. Understanding how to use blockchain for different money related applications remaining educated approximately administrative improvements in the cryptocurrency space will he fundamental skills

#### **Detailing and Information Analytics**

Technological progressions are empowering quicker and more open detailing, with financial specialists get picking up real-time to information through progressed analytics. Money related educate are progressively utilizing AI and capabilities to empower upgraded information investigation, back more progressed analytics, and provide bits of knowledge in real-time.

Data analytics is revolutionizing the way monetary educate work. tackling the control information, educate can pick up more profound bits of knowledge into client behavior. showcase patterns, operational effectiveness. For case. prescient analytics can offer assistance banks recognize potential defaulters, permitting them to take proactive measures to moderate hazard. Essentially, real-time analytics can give experiences into advertise developments, empowering more educated exchanging decisions.

The request for back experts with encounter in information analytics is anticipated to surge as companies recognize the esteem of data-driven decision-making. Aptitudes in zones such as information visualization, prescient modeling, and information narrating will be exceedingly looked for after. Back experts who can decipher complex information sets and display significant bits of knowledge to partners will be important in this data-driven era.

Additionally, the capacity to utilize progressed analytics devices and

stages, such as Python, R, and SQL, will be basic for back experts. These apparatuses empower experts to control huge information sets, perform complex examinations, and create custom calculations to unravel particular trade problems.

#### **Digital Transformation**

The financial industry is undergoing a significant digital transformation, with banks and financial institutions striving to become more technologically agile. As customer preferences and lifestyles evolve, companies must examine the value of their operations and adapt accordingly.

The COVID-19 pandemic has accelerated the need for digital transformation, highlighting the importance of digital channels for customer engagement and service delivery. Digital transformation involves rethinking traditional business models and processes to leverage digital technologies fully. This includes adopting digital banking platforms, enhancing online and mobile banking services, and integrating Al-driven chatbots for customer support.

For finance professionals, staying upto-date with the latest technology and understanding the risks and challenges involved in implementing digital solutions will be crucial. This includes understanding cybersecurity threats and implementing robust security measures to protect sensitive financial data. Additionally, professionals must be able to manage change effectively, guiding their organizations through the complexities of digital transformation. Digital transformation also requires a customer-centric approach. Finance professionals must understand customer needs and preferences and design digital experiences that enhance customer satisfaction and loyalty. This involves using customer data personalize services, offering seamless omni-channel experiences. continuously iterating on digital solutions based on customer feedback.

#### Conclusion

The financial industry is at crossroads. COVID-19 with the pandemic serving as a catalyst for change. As banks and financial institutions navigate the postpandemic landscape, they must embrace emerging and trends technologies to remain competitive and relevant. Systems modernization, FinTech partnerships, blockchain and cryptocurrency, data analytics, and digital transformation are all set to shape future of financial the management.

To succeed in this rapidly evolving environment, finance professionals must be adaptable, technologically savvy, and data-driven. They must also possess strong analytical and problemsolving skills, as well as the ability to collaborate with cross-functional teams and communicate effectively with stakeholders.

As the financial industry continues to evolve, it is clear that the need for highly educated and versatile finance professionals is more important than informed about ever. By staying emerging trends and continuously developing their skills. finance professionals can position themselves for success in the years to come. Embracing these trends and adapting to the changing landscape will be crucial for both individual career growth and the overall success of financial institutions in the future.

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# Empowering the Future: Financial Literacy among Young Adults in Sri Lanka

In an era marked by rapid economic changes and global uncertainties, the importance of financial literacy cannot be overstated. As we navigate through the complexities of the modern financial landscape, it becomes imperative to equip the younger generation with the knowledge and skills necessary to make informed decisions. In the heart of South Asia, Sri Lanka is no exception to this global need, with the call for enhanced financial literacy resonating strongly among its young adults.

#### Understanding the Landscape

Sri Lanka, with its rich history and diverse culture, is a nation on the rise. The youth, as the torchbearers of the country's future, play a pivotal role in shaping its economic destiny. However, despite this potential, there exists a concerning gap in financial literacy among young adults. Many enter adulthood without a solid understanding of budgeting, investing, or even the basics of banking.

#### Challenges Faced

One of the primary challenges in promoting financial literacy in Sri Lanka is the limited inclusion of personal finance education in the formal education system. While traditional subjects are crucial, the absence of practical financial knowledge can leave young adults vulnerable to the pitfalls of poor financial decision-making.

Moreover, the lack of accessible and relatable resources often hinders the learning process. Young adults need information that speaks directly to their

experiences and aspirations, making it imperative to bridge the gap between financial theory and real-world application.

#### **Initiatives for Change**

The good news is that Sri Lanka has recognized the need for financial education, and various initiatives have been launched to address this gap. Nongovernmental organizations, financial institutions, and the government itself have begun to invest in programs aimed at enhancing financial literacy among young adults.

One noteworthy initiative incorporation of financial literacv modules into school curricula. introducing basic financial concepts at an early age, the hope is to instill a sense of responsibility and awareness regarding money matters. Practical workshops, seminars, and interactive sessions are also being organized to engage students actively in the learning process.

Furthermore, digital platforms and mobile applications have emerged as powerful tools for disseminating financial knowledge. These platforms offer interactive learning experiences, allowing young adults to grasp complex financial concepts in an accessible and engaging manner. Mobile designed for budgeting, saving, and investing have become particularly popular among the tech-savvy youth, providing them with hands-on experience in managing their finances.

#### The Role of Technology

Technology has become a key enabler in promoting financial literacy among young adults in Sri Lanka. With the widespread adoption of smartphones and internet connectivity. platforms offer a scalable and costeffective means of reaching a large audience. Gamified learning apps, online courses. and informative webinars have become integral components of the financial education ecosystem.

In addition to educational tools. technology has also facilitated greater access to banking services. Mobile banking, online transactions. digital wallets are becoming commonplace, simplifying financial processes for the vouth encouraging them to take an active interest in managing their finances.

#### The Way Forward

While significant strides have been made in promoting financial literacy among young adults in Sri Lanka, there is still work to be done. Collaboration between educational institutions. bodies. financial government institutions, and tech innovators is crucial for creating a holistic and sustainable approach to financial education.

Encouraging a cultural shift towards recognizing the value of financial literacy is equally important. Parents, teachers, and community leaders must play a role in fostering a mindset that views financial knowledge as an essential life skill. By creating an

environment that values financial education, we can empower the youth to make informed decisions and contribute to the economic prosperity of Sri Lanka.

In conclusion, the journey towards enhancing financial literacy among voung adults in Sri Lanka is a collective effort that requires collaboration, innovation, and a commitment to the future. As we invest in the financial education of the youth, we are not only shaping individual lives but also contributing to the overall economic resilience and success of the nation. The time is ripe to empower the next generation with the tools they need to navigate the complexities of world and financial emerge informed, responsible, and financially savvy citizens.

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## Innovative strategies

In the ever-changing corporate world of today, finance managment are essential to the success of an organisation. They are required to drive financial strategy, streamline procedures, and offer insightful analysis in addition to maintaining the books' balance.

According to 27% of participants in our recent survey, there is a lack of innovation when it comes to suggestions for improving the performance of their finance workforce.

Finance management must always look for new and creative ways to improve their performance if they want to remain competitive. We'll look at a few creative strategies that finance management can use to improve productivity and effectiveness in this blog.

#### Embrace Automation

By eliminating manual labour, cutting down on errors, and freeing up time for strategic endeavours, automation is completely changing the financial industry. Finance departments can use automation solutions to handle processes like reconciliation, invoice processing, and data entry. They can then concentrate on more worthwhile tasks like forecasting, financial analysis, and strategy planning.

# Implement AI-Powered Predictive Analytics

Artificial intelligence (AI)-powered predictive analytics can give management teams important insights into potential trends and hazards in the future. AI algorithms

can assist in forecasting cash flow, consumer behaviour, and market trends by evaluating past data. Finance managers can use these information to reduce any financial risks and make well-informed decisions.

#### **Enhance Data Visualization**

Effective communication of financial information is crucial for informed decision-making. Finance managers can use data visualization tools to create interactive and easy-to-understand dashboards and reports. These visuals can help stakeholders quickly grasp financial trends and make strategic choices

#### **Emphasize Continuous Learning**

The finance sector is always changing. with new laws. innovations, and industry practices appearing on a regular To keep current, finance should place a high management priority on ongoing education. This entail enrolling in courses, going to conferences in the sector, or earning credentials in subjects like data analytics and financial analysis.

# Promote Cross-Functional Collaboration

Teams in charge of finances shouldn't operate in silos, and the advantages of finance business partnership as a crucial competency are becoming more apparent. Better financial results can result from fostering collaboration with other areas, including operations, marketing, and sales. Finance management may help the organisation make better decisions by exchanging data and insights.

#### Invest in Cybersecurity

Cybersecurity is becoming increasingly important as financial data becomes more digitalised. charge of management Groups in finance must make significant investments cvbersecurity in safeguards to safeguard confidential data. Preventing data breaches and cyberattacks can also be achieved by regular training on cybersecurity best practices.

#### **Optimize Cash Flow Management**

Any organization's ability to manage its cash flow effectively is essential to its financial stability. To maximise cash flow, finance management might use cutting-edge techniques including supply chain finance. dynamic discounting. and cash forecasting models. These methods can improve liquidity and lower the need for working capital.

# Implement Sustainable Finance Practices

Incorporating environmental, social, and governance (ESG) factors into financial decision-making is one way that finance management can support sustainability efforts. Other ways include assessing the financial impact of sustainable initiatives and reporting ESG performance to stakeholders. Sustainability is no longer just a buzzword.

#### **Embrace Blockchain Technology**

Blockchain technology offers efficiency, security, and transparency, and it has the potential to revolutionise financial operations. Finance management can investigate blockchain applications in domains

such as smart contracts, supply chain financing, and cross-border payments. Finance departments may lower the risk of fraud and streamline procedures by implementing blockchain.

#### Foster a Culture of Innovation

Financing management should, last but not least, encourage an innovative culture inside their division. Financial performance can be revolutionised by pushing team members to challenge procedures, established trv technology. and exchange ideas. Continuous development can he encouraged praising bv team members' contributions and rewarding creativity.

#### Conclusion

The key to improving the performance the finance department innovation. Finance management may improve their performance and make a major contribution to the success of their organisation by embracing automation. AI-powered analytics. data visualisation, and other cuttingedge techniques. In addition, finance management may adjust to the shifting business environment and continue to be an invaluable resource for their company by keeping up to date, working with other departments, and strong emphasis placing a sustainability. In the end, innovation is more than just a catchphrase—it's the secret to opening doors and attaining financial success.

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