FINANCIAL MANAGEMENT

Financial Planning and Investment Practices

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Abstract

This study examines financial planning and investment practices through the knowledge gained during a summer internship in the Banking, Financial Services and Insurance (BFSI) sector. It aims to understand how financial goals, available resources, risk tolerance, liquidity requirements and investment time horizons influence the consideration of investment options. The study follows a descriptive qualitative approach based on internship learning, training, interaction, weekly progress reports and relevant secondary information. The topics covered include banking and insurance products, taxes, Systematic Investment Plans (SIPs), mutual funds, portfolio management, and the use of Net Asset Value (NAV), Internal Rate of Return (IRR) and Extended Internal Rate of Return (XIRR) in investment analysis. A simple comparison of two publicly available NAV observations for the HDFC Nifty 50 Index Fund – Direct Plan – Growth scheme is included as an illustration. The findings highlight the importance of goal-based planning, assessing risk and return, diversification and periodic portfolio reviews. Since confidential client information and complete transaction records were not available, the study does not evaluate actual client portfolios or the organisation's investment performance.

Keywords: financial planning; investment; BFSI; mutual funds; NAV; IRR; XIRR; portfolio management

1 Introduction

Financial planning considers people's financial needs and how they can best manage their income, savings, investments and risk, to meet both current and future goals. Within investment planning, appropriate investment options for individuals can be identified by considering the goals, time horizon, liquidity requirements and risk tolerance.

Within the BFSI industry, individuals can manage their deposits, risk, investments and wealth. Within banking, individuals can save money. Within insurance, individuals can protect themselves from financial risk. Within investment, different products offer different levels of returns, risk and liquidity. Mutual funds allow individuals to invest in a range of assets. Financial analysis may be useful in providing knowledge on products and investment outcomes.

Within this study, knowledge gained within the company from the completion of the internship has been analysed. Knowledge on banking, insurance, taxes, SIPs, mutual funds, and NAV, IRR, XIRR, and portfolio management within this internship has been gained. However, knowledge on confidential processes within the company has not been gained, and evaluation of client portfolio's has not been carried out. The purpose of this study was to understand how concepts related to financial planning and investment have been applied in practice.

2 Concepts and analysis

2.1 Financial planning and investment options

In order to create effective financial plans, individuals should decide on their goals (emergency liquidity, cost of education, long term wealth increase). From knowing the goals, individuals can calculate what amount of money they can invest, and what commitments they may have. Individuals should know how much money is required, and within what timeframe, and their risk tolerance. Finally, investment options can be considered. By following this process, investment options may not be chosen solely due to recent performance or a great promotion. (Reserve Bank of India, 2024; Securities and Exchange Board of India [SEBI], n.d.-a).

Depending on individual goals, different investment options may be more appropriate. Within banking, deposits may be more appropriate depending on desired stability and liquidity of the investment. Within insurance, individuals can protect themselves from financial risk, however some products may include investment features. Equities and debts have different amounts of market and credit risk. Mutual funds allow individuals to invest in a range of assets, and are professionally managed. It is unlikely appropriate investment options for every individual can be identified. Therefore, to identify appropriate options for individuals, consideration must be made of individual circumstances and investment options.

2.2 Risk, return and diversification

Return from investments are gains made from an investment. Risk refers to uncertainty in returns, and potential losses. When identifying appropriate investment options, it is important to consider expected returns and risk. Liquidity, costs, time frames and risk tolerance in volatile returns should also be considered. By understanding past performance of an investment can be useful in analysis; however this cannot be assumed to indicate future performance. (SEBI, n.d.-b).

Within investment portfolios, diversifying investments can reduce risk by spreading the risk in different assets/ investment types. However, market risk will still occur, and profit may not be made. Regular review of investment portfolios may be required as market conditions, financial goals and personal circumstances may change. (SEBI, n.d.-b).

2.3 Mutual fund performance

The Net Asset Value (NAV) determines the value of one unit in the fund. It can be calculated by dividing the value of assets minus liabilities, by the number of outstanding units. However, whilst useful in understanding how the price of units has changed, simply analysing the change in NAV does not fully reflect the returns of individuals. (Association of Mutual Funds in India [AMFI], n.d.-a).

To find an interest rate which balances the present value of cash inflows and outflows, IRR can be used. If cash is paid and/or received at irregular time-points, XIRR should be used. If regular deposits and/or withdrawals have been made, or irregular time points of transactions have occurred, the annual return may be better calculated using XIRR. Which measure to use depends on the pattern of the cash flow, and available data.

2.4 Outline of concepts

Throughout the internship, the following concepts have been organised in this order:

- Goals and requirements for financial planning.

- Resources.
- Investment options.
- Risk and return.
- Use of financial measures (NAV, IRR and XIRR as appropriate).
- Decision to Invest.
- Regular Review of Portfolios.

This shows the relationship between financial planning and decision to invest, and monitoring. Additionally, it means that knowledge from the internship can be understood without assuming that advice was given to clients, or investments were managed.

3 Methodology

3.1 Research design

This is descriptive qualitative research. This means that it aims to describe and understand concepts and processes within financial planning and investment in the internship, without attempting to find statistical relationships or causality. This relates to knowledge gained from the internship at the organisation from 26 th June 2026 to 24 th August 2026.

3.2 Information sources

Primary sources of information are knowledge gained from the internship, training, interaction and learning activities. Weekly progress reports have been recorded to demonstrate knowledge gained within banking and insurance products, financial planning, taxes, SIPs, mutual funds, investment analysis, portfolio concepts, excel and professional communication. Secondary sources from the internship report include historical NAV from the AMFI site. Historical NAV data for the chosen mutual fund scheme from HDFC can be found. In addition, fund facts can be found from the HDFC Asset Management Company. (AMFI, n.d.-b; HDFC Asset Management Company Limited, n.d.).

3.3 Data analysis

Data from weekly progress reports and relevant financial knowledge has been organised. Descriptive analysis has been carried out. Concepts have been grouped into groups such as financial planning, investment options, mutual fund analysis, risk and return, portfolio management and technology. A simple return has been calculated from two public NAVs. As no statistical survey, sample of investors, detailed client transaction data or overall business performance data was available, percentages of client preference, returns within client portfolios or business outcomes are not reported.

3.4 Limitations

As this study is based on knowledge gained in the internship, information contained within this study is limited to the topics covered. The internship was of short duration meaning knowledge of confidential data within clients and businesses was limited. The level of responsibility within this internship varied depending on actions. The legality and services provided by the organisation were not independently confirmed meaning simply knowledge from recorded learning within the organisation is discussed. The NAV data from an external mutual fund is very distinct from the observations made during the internship. As such, it should not be assumed to represent investment within the organisation.

3.5 Ethical issues

No confidential data from clients is shown. No independent transactions, financial advice or portfolio management has been implied to have occurred from within the internship records. The NAV data from an external source has been included merely to provide examples of calculation methods. These ethical issues are important to ensure that accurate conclusions have been made.

4 Overview of internship and knowledge gained

Knowledge on various topics within the BFSI sector has been gained. Topics include banking and insurance products, financial planning, taxes, SIPs and mutual funds, portfolio management and financial analysis. Microsoft Excel and digital financial data has been used. This experience has demonstrated links between knowledge from classes and how financial products and analysis is considered in practice.

- Banking and insurance products
- SIPs and Mutual Funds
- NAV, IRR and XIRR
- Portfolio Management
- Microsoft Excel and Digital

5 Analysis

5.1 Financial planning

It can be seen that goal driven financial planning is an important factor. According to resources, time horizon, liquidity requirements and tolerance to losses, appropriate investment options for individuals can be selected. Regular consideration of financial planning may need to occur if goals, income source or market conditions change.

5.2 Understanding investment options

It can be seen from analysing banking, insurance and investment products that different investment options meet different financial needs. Due to differing risk, liquidity, security, cost and time frames, it cannot be directly compared in terms of returns between deposit accounts, insurance products, equity, debt and mutual funds. Choosing products with greater potential for returns may mean there is greater uncertainty, whereas choosing relatively safe options may mean long term growth goals cannot be met. Therefore investment options should be considered according to requirements.

5.3 Mutual fund analysis

There has been extensive analysis of mutual funds in this internship. The NAV within mutual funds indicates the value of units. An example of analysis using external data was carried out in the internship report. The change in NAV from 31 st Dec 2024 to 31 st Dec 2025 in the HDFC Nifty 50 Index Fund – Direct Plan – Growth scheme can be calculated. However, this does not reflect an actual investment for clients, or performance of the business. (AMFI, n.d.-b; HDFC Asset Management Company Limited, n.d.).

NAV (31 December 2024) = ₹227.4628 (initial NAV)

NAV (31 December 2025) = ₹253.8755 (final NAV)

Total change in NAV = ₹26.4127 (253.8755 − 227.4628)

Percentage change in NAV = 11.61% ((253.8755 − 227.4628) / 227.4628 × 100)

It can be seen that in this period, the price of each unit within the fund has increased by ₹26.4127. This is a simple percentage change in NAV, between initial and final values. It was based on two values from public data. However, as the date of individual investor cash flows, tax, exit fees and additional charges were not considered, this does not reflect a total return or XIRR. Past performance does not guarantee future performance.

5.4 Understanding NAV, IRR and XIRR

As each value provides different insight, care must be taken to pick the correct value. NAV provides a snapshot of the value of units. If cash flows have occurred in the correct time frame, IRR can be used to understand returns. If the timing of cash flows was irregular, then XIRR can be used. Therefore, despite positive change in NAV, it cannot be assumed all investors will have made returns. Returns will differ depending on when units were bought, additional contributions/withdrawals and what charges apply.

5.5 Risk, return and portfolio management

It can be seen that in making investment decisions, risk and returns should be carefully considered. Just because a product has performed well in the past, this does not mean that it will be suitable for all investors. Depending on time horizon, liquidity requirements, financial position and tolerance of fluctuations, a product may be suitable for one individual but not another. Balanced decisions should consider the structure of products, costs and reliable information.

Diversifying a portfolio can help prevent over concentration in certain assets/types. However, complete risk removal cannot be achieved. Effective management of a portfolio requires regular reviews to ensure that the right balance of assets is in-line with original aims, and to consider changes in investments' situations. Concepts of portfolio management have been understood from the internship records, however it cannot be assumed that a live portfolio was independently managed by the student.

5.6 Using technology and financial information

Using digital resources, and spreadsheets, financial information can be organised and analysed effectively. Within this internship, Microsoft Excel and digital financial resources have been used/ mentioned to support learning, and organisation. Although useful in calculating and comparing information, outputs depend on quality of inputs. Therefore, outputs in spreadsheets should be verified with the source data and calculations.

5.7 Key findings against objectives

- BFSI Industry: Knowledge on aspects of Banking, Financial Services and Insurance.
- Banking and Insurance Products: Features, uses and relevance to financial requirements.
- Investment and Mutual Funds: Knowledge on SIPs, different mutual funds, NAV and investment performance.

- Financial Analysis and Portfolio Management: Knowledge on NAV, IRR, XIRR, risk and return, diversification and review.
- Academic knowledge linked to practical applications: Link between financial concepts and digital tools and practical application.

5.8 Key findings

It can be determined from this study that goal driven financial planning is important. Investment options should be considered in terms of risk, returns, liquidity and time horizon. Although useful in providing information on the value of units in mutual funds, NAV does not give a complete picture of returns made by individuals. IRR and XIRR can be useful in understanding returns from investments depending on the patterns and timing of cash flows. Diversification of investment portfolios, and regular reviews are important. These conclusions have been made based on knowledge and analysis. They do not provide statistical conclusions on client or portfolio performance for the organisation.

5.9 Recommendations

In future, record when, from where and how activities were completed. Compare investment options over similar time periods. Include relevant costs and risks. If possible perform analysis on data from the organisation which is not confidential, with approval. Clearly separate knowledge gained from work in the organisation from independent work.

6 Conclusion, implications and future research

6.1 Conclusion

This study is based on the Summer Internship completed from 26 June 2026 to 24 August 2026 and examines the knowledge gained about financial planning and investment in a professional BFSI environment. The internship provided exposure to banking and insurance products, taxes, SIPs, mutual funds, financial analysis and portfolio management. It also helped connect academic concepts with practical considerations relating to financial products and investment decisions.

The study concludes that investment decisions should be considered in relation to an individual's financial goals, resources, risk tolerance, liquidity needs and investment time horizon. NAV, IRR and XIRR provide different types of information, and the appropriate measure depends on the timing and pattern of cash flows. Diversification and periodic review are also important considerations in portfolio management. The NAV comparison presented in this paper is a simple illustration based on two publicly available observations; it does not represent an investor's actual return or the performance of the organisation. As complete transactional and confidential client data were not available, the conclusions about the organisation are limited to the learning and observations recorded during the internship.

6.2 Implications

For students, this study shows the importance of relating financial theory to real world data in careful interpretation. Within financial service learning, it shows the importance of verifying sources of information, and providing clear calculations. It also shows the importance of clearly distinguishing between features of products, past performance and individual investor outcomes. For individuals

making investment decisions, it shows the importance of considering goals, risk tolerance, liquidity requirements and time frames.

6.3 Future research

Comparisons between different financial products, or samples of investment portfolios could be carried out using non-confidential data with mentor approval. It should be clearly indicated what sample was used, where data was taken from, the time period and formulae used. Like for like observations should be compared. A survey could be carried out to understand what investment preferences a clearly defined group of people have. Questions asked, sample size and analysis should be clearly documented. Further research could be completed on mutual funds. Comparisons could be made between different types of mutual funds, using published NAV data or total return. If dated cash flows are known, annualised returns or XIRR could be calculated.

6.4 Limitations

Limitations of this study include the short duration of the internship, limited access to confidential data, many activities relating to knowledge, and no full transactional data for the organisation. As this study is only specific to one organisation, it would be inappropriate to generalise to all BFSI companies. The NAV data from an external source only provides simple data between two points. It does not consider individual cash flows from investors or charges.

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