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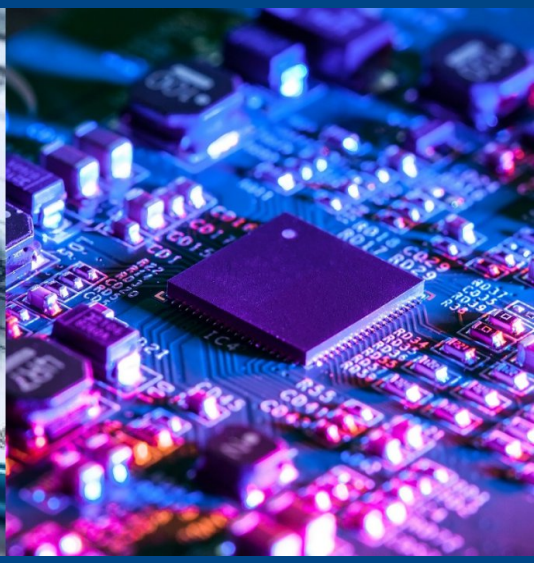

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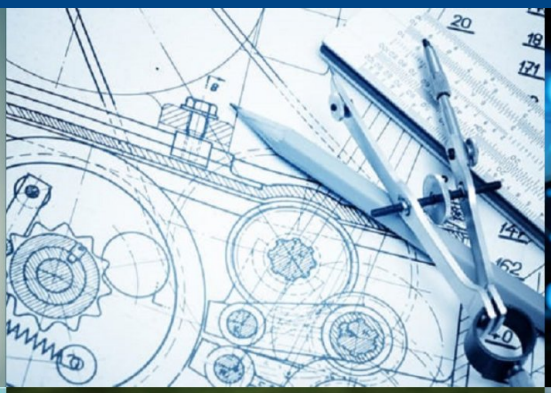

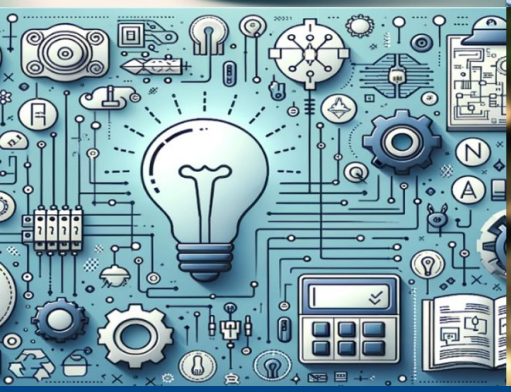

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Exploring the Role of Artificial Intelligence in Real-Time Financial Planning for Indian Millennials

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ABSTRACT: The growing integration of Artificial Intelligence (AI) in financial services has significantly transformed the way individuals plan and manage their investments, particularly among Indian millennials. With increasing digital adoption and demand for real-time financial insights, AI-based financial planning tools are becoming more prevalent. However, the level of adoption varies due to several influencing factors such as financial literacy, trust in AI systems, awareness, and user experience. This study examines the key determinants influencing the adoption of AI-driven financial planning tools among Indian millennials (n = 273) using a quantitative research approach, supported by statistical techniques including chi-square tests, one-way ANOVA, and Spearman correlation. The findings reveal that awareness ($F = 5.385$, $p = 0.0211$), financial literacy ($r = 0.154$, $p = 0.0109$), and prior experience with digital platforms ($r = 0.132$, $p = 0.0291$) significantly influence AI tool adoption. Data privacy (45.4%) and lack of trust (25.6%) constitute the dominant barriers. The study recommends improving financial education, enhancing user-friendly AI interfaces, and building trust through transparent data governance to encourage wider adoption among this demographic.

KEYWORDS: Artificial Intelligence, Financial Planning, Digital Investment, Financial Literacy, Investor Behaviour, Indian Millennials, Fintech, Robo-Advisors.

I. INTRODUCTION

Wealth distribution across generations has become increasingly unequal, creating a noticeable financial divide between older and younger populations. While earlier generations accumulated assets through stable income growth, affordable housing, and structured retirement systems, today's millennials face a starkly different reality. In the Indian context, this divide is intensifying as millennials — those born between the early 1980s and late 1990s — enter their peak earning years. Despite being more educated, digitally aware, and career-oriented than preceding generations, many struggle to achieve meaningful financial stability.

India is simultaneously witnessing a rapid digital transformation in financial services. The rise of fintech platforms, mobile banking, and digital payment ecosystems has made financial management more accessible. However, accessibility alone does not guarantee effective financial planning. Many individuals still lack personalized guidance, timely insights, and strategic decision-making tools aligned with their dynamic financial lives. This gap presents a critical opportunity for Artificial Intelligence (AI) to redefine financial planning for this generation.

AI-driven systems possess the capability to analyse large volumes of financial data in real time, identify spending patterns, predict future financial trends, and provide personalized recommendations. Unlike traditional financial planning methods — which are often static and periodic — AI enables continuous monitoring and dynamic decision-making. Robo-advisors, AI-powered budgeting tools, and predictive analytics platforms are increasingly being deployed to offer tailored financial advice based on individual risk profiles, income patterns, and financial goals.

Despite its potential, AI-based financial planning in developing economies like India remains nascent. Most existing applications focus on basic functionalities such as expense tracking or investment recommendations, without providing a fully integrated financial planning ecosystem. This study aims to bridge this gap by investigating the key determinants

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of AI adoption in financial planning, the barriers hindering uptake, and the statistical relationships between awareness, financial literacy, and actual usage behaviour among Indian millennials.

II. REVIEW OF LITERATURE

Financial planning is widely recognized as a structured and continuous process through which individuals manage their financial resources to achieve both short-term and long-term goals. According to Susanto, Setiawan, and Ariyanto (2022), effective financial planning requires a balanced approach that integrates disciplined saving with strategic investment decisions. Traditionally, individuals depended heavily on financial advisors and banking institutions for guidance. However, the rapid advancement of digital technologies has significantly transformed the financial planning landscape, making financial tools more accessible and user-friendly (Vidani, 2016).

This transformation has been largely driven by the rise of financial technology (fintech), which has revolutionized how financial services are delivered. Fintech includes a wide range of innovations such as mobile payment systems, robo-advisory platforms, peer-to-peer lending, and digital investment applications. As highlighted by Dhingra (2024), fintech enhances efficiency, reduces costs, and enables personalized financial services at scale. In India, the widespread use of smartphones, affordable internet, and government- driven initiatives promoting digital payments have accelerated fintech adoption, with UPI-based applications and digital wallets becoming integral components of everyday financial transactions.

Financial literacy remains another critical dimension of effective financial planning. Rodriguez, Labong, and Palallos (2024) found that financial literacy significantly impacts spending and saving behaviour, but only when individuals can translate knowledge into practical action. In the Indian context, although financial information is widely available through the internet and social media, it is often fragmented and sometimes misleading, contributing to poor financial decisions even among digitally literate millennials.

AI has emerged as a transformative force in this landscape. Jana (2024) highlights that digital financial services have expanded access to banking, credit, and investment opportunities even in semi-urban and rural areas. However, challenges such as limited digital literacy, inconsistent internet access, and regulatory concerns persist. The extant literature indicates that while fintech has improved access, it has not fully addressed the challenges of personalization, behavioural alignment, and real-time adaptability — gaps that AI is uniquely positioned to address (Vidani, 2018, 2019).

2.1 Research Gap

The existing literature reveals three principal gaps that this study addresses. First, most research has examined general fintech adoption factors without explicitly investigating AI-driven capabilities such as real- time monitoring and adaptive recommendation systems. Second, Indian millennials as a distinct cohort have received insufficient scholarly attention, with most studies combining them with Generation Z or studying broader, non-India-specific populations. Third, there is limited empirical research evaluating whether AI-basedfinancial tools actually lead to improved financial stability, better investment decisions, or enhanced savings behaviour among Indian users. Concerns relating to data privacy, trust in AI systems, and user adoption remain underexplored in the Indian setting.

III. THEORETICAL FRAMEWORK

This study is grounded in five complementary theoretical frameworks. The Technology Acceptance Model (TAM; Davis, 1989) explains AI adoption through perceived usefulness and perceived ease of use. The Unified Theory of Acceptance and Use of Technology (UTAUT; Venkatesh et al., 2003) extends TAM by incorporating social influence and facilitating conditions. Behavioural Finance Theory (Kahneman & Tversky, 1979) acknowledges that financial decisions are shaped by psychological biases including loss aversion, overconfidence, and herd behaviour — all of which AI can potentially mitigate through real-time nudges and alerts. The Life-Cycle Hypothesis (LCH) provides a framework for understanding how individuals plan finances across different life stages — a framework that AI can adapt dynamically when income patterns become irregular. Finally, Financial Inclusion Theory contextualizes AI as a mechanism for democratizing access to professional-grade financial advice at scale, with particular relevance for India's large underserved population.

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IV. RESEARCH METHODOLOGY

4.1 Research Design and Sample

This study employs a descriptive-analytical quantitative research design. Primary data were collected from 273 Indian millennials (aged 18–35) through a structured online questionnaire consisting of multiple- choice and Likert-scale items. Convenience sampling was used to reach participants via digital platforms. Secondary data were sourced from academic journals (Google Scholar, ResearchGate), Reserve Bank of India reports, World Bank publications, and fintech industry analyses. Data collection was conducted during the academic year 2025–2026.

4.2 Variables of the Study

Variable	Type	Description
Use of AI-based Financial Tools	Independent	Measures usage of AI-powered apps and their influence on financial decisions
Financial Planning Behaviour	Dependent	Captures budgeting, expense management, and planning effectiveness
Saving Habits	Dependent	Analyses regularity of saving and AI tool influence on savings behaviour
Investment Decisions	Dependent	Evaluates confidence and quality of investment choices
Financial Awareness	Dependent	Assesses increase in financial knowledge through AI tool usage
Age / Gender / Income / Occupation	Control	Demographic controls to isolate AI-specific effects

4.3 Statistical Analysis Techniques

Four inferential statistical methods were applied: (1) Chi-Square tests of independence to examine associations between categorical demographic variables and financial behaviour; (2) One-Way Analysis of Variance (ANOVA) to compare mean usage frequencies across groups defined by AI awareness; (3) Spearman's Rank Correlation to measure relationships between ordinal variables including financial literacy, app usage, and AI recommendation intent; and (4) Descriptive statistics including frequencies, percentages, and means to profile the sample and present data distributions.

V. FINDINGS AND DATA ANALYSIS

5.1 Demographic Profile of Respondents

The survey captured 273 valid responses distributed across three age groups. The 18–25 cohort dominated with 138 respondents (50.5%), reflecting the natural affinity of younger Indians for technology- driven financial tools. The 26–35 cohort comprised 84 respondents (30.8%), and the Above 35 group contributed 50 respondents (18.3%). Male respondents formed the majority at 59.7% (n = 163), female respondents at 33.7% (n = 92), and 6.6% (n = 18) preferred not to disclose their gender. By occupation, students constituted the largest segment (51.5%), followed by salaried employees (33.8%), self-employed individuals (9.9%), and others (4.8%).

Table 1: Age Group and Gender Distribution of Respondents

Age Group	Gender	Count (n)	% of Total
18–25	Male	81	29.7%
18–25	Female	50	18.3%
18–25	Others	7	2.6%

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26–35	Male	50	18.3%
26–35	Female	27	9.9%
26–35	Others	7	2.6%
Above 35	Male	31	11.4%
Above 35	Female	15	5.5%
Above 35	Others	4	1.5%
Total	—	**273**	**100%**

5.2 Financial Behaviour and Digital Tool Usage

A substantial majority of respondents (71.8%, n = 196) confirmed adherence to a monthly budget, indicating a higher-than-expected level of financial discipline within the sample. Financial planning self- efficacy was also positive: 41.8% rated their skills as 'Very Good' and 34.1% as 'Good', meaning 75.9% of the sample reported at least good financial planning competence. App usage was similarly high, with 70.7% (n = 193) actively using financial apps. Among tool categories, investment apps were the most popular (26.9%), followed closely by budgeting apps (26.5%), expense trackers (24.3%), and robo-advisors (22.4%) — a near- equal distribution suggesting holistic, multi-dimensional financial engagement rather than single-purpose adoption.

Table 2: Type of Financial Tools Used by Respondents (n = 268)

S. No.	Type of Financial Tool	No. of Respondents	Percentage (%)
1	Investment Apps (e.g., Zerodha, Groww, Upstox)	72	26.9%
2	Budgeting Apps	71	26.5%
3	Expense Trackers	65	24.3%
4	Robo-Advisors (AI-powered)	60	22.4%
—	**Total**	**268**	**100%**

5.3 AI Awareness and Biggest Concerns

Approximately 63.7% (n = 174) of respondents were aware of AI-based financial tools, while 36.3% (n = 99) were not. When asked about their primary concern regarding AI financial tools, data privacy emerged as the dominant barrier at 45.4% (n = 124), followed by lack of trust (25.6%, n = 70), complexity (20.1%, n = 55), and no concern (8.8%, n = 24). Collectively, trust-related concerns accounted for 71% of responses, constituting the single largest barrier to AI adoption in financial planning among this cohort.

Table 3: Respondents' Primary Concerns Regarding AI Financial Tools (n = 273)

S. No.	Concern Category	No. of Respondents	Percentage (%)
1	Data Privacy	124	45.4%
2	Lack of Trust	70	25.6%
3	Complexity / Usability	55	20.1%
4	No Concern	24	8.8%
—	**Total**	**273**	**100%**

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VI. HYPOTHESIS TESTING AND STATISTICAL RESULTS

6.1 Chi-Square Test: Age Group and Investment Status (H_{01})

A chi-square test of independence was conducted to examine whether age group significantly predicts financial app usage as a proxy for investment engagement. Cross-tabulation revealed a mild upward trend in app adoption across age groups: 18–25 (67.4%), 26–35 (72.6%), and Above 35 (78.0%). However, the chi- square value of $\chi^2(2) = 2.167$ ($p = 0.3383$) was statistically non-significant at the $\alpha = 0.05$ level, with a Cramér's V of 0.089 indicating only a weak association. The null hypothesis (H_{01}) was therefore retained, indicating that age alone does not significantly determine AI-based financial tool adoption. This suggests that adoption is driven by factors other than generational affiliation.

6.2 Chi-Square Test: Occupation and Monthly Budgeting Behaviour (H_{02})

A second chi-square test examined whether occupation type predicts budgeting behaviour. Observed frequencies showed notable variation — 'Others' (92.3%), self-employed (81.5%), students (70.0%), and salaried employees (68.5%) — yet the chi-square value of $\chi^2(3) = 4.663$ ($p = 0.1982$) was statistically non- significant, with Cramér's V = 0.131 (weak association). The null hypothesis (H_{02}) was retained. Notably, salaried employees — despite having the most predictable income — displayed the lowest budgeting adherence, suggesting that income stability may paradoxically reduce perceived urgency to budget, a phenomenon consistent with behavioural finance literature on complacency bias.

6.3 Chi-Square Test: Financial Planning Skill and App Usage (H_{03})

This test examined whether self-rated financial planning skill predicts the use of financial apps. App adoption rates were: Average (75.5%), Very Good (71.1%), Good (69.9%), and Poor (53.8%). Despite the visible pattern of lower adoption among respondents with poor financial skills, the chi-square value of $\chi^2(3) = 2.401$ ($p = 0.4934$) was non-significant, with Cramér's V = 0.094. The null hypothesis (H_{03}) was retained, suggesting that self-assessed financial skill is not a statistically reliable predictor of app usage.

Table 4: Chi-Square Test Results Summary

Test	χ^2 Value	df	p-value	Cramér's V	H_0
Age Group vs. App Usage	2.167	2	0.3383	0.089 (Weak)	Retained
Occupation vs. Budget Behaviour	4.663	3	0.1982	0.131 (Weak)	Retained
Financial Skill vs. App Usage	2.401	3	0.4934	0.094 (Weak)	Retained

6.4 One-Way ANOVA: AI Awareness and Usage Frequency (H_{04})

A one-way ANOVA was conducted to determine whether AI awareness significantly differentiates usage frequency of AI financial tools. Usage frequency was measured on a 5-point ordinal scale (1 = Never to 5 = Always). Respondents aware of AI tools recorded a mean usage frequency of M = 3.39 (SD = 1.04), compared to M = 3.09 (SD = 1.00) among those unaware. The ANOVA yielded $F(1, 271) = 5.385$ ($p = 0.0211$), which was statistically significant at the $\alpha = 0.05$ level. The null hypothesis (H_{04}) was rejected. The effect size ($\eta^2 = 0.0195$) was small but meaningful in behavioural research terms, confirming that AI awareness translates directly into increased engagement — a finding with significant practical implications for awareness-driven adoption strategies.

Table 5: ANOVA Results — AI Awareness vs. Usage Frequency

Source	SS	df	MS	F	p-value
Between Groups	5.6749	1	5.6749	5.385*	0.0211
Within Groups (Error)	285.6071	271	1.0539	—	—
Total	291.2821	272	—	—	—

* Significant at $p < 0.05$; $\eta^2 = 0.0195$ (small effect size); Mean Difference = 0.30 (Aware > Not Aware)

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6.5 Spearman Correlation Analysis (H_{05})

Spearman's rank correlation was employed given the ordinal nature of most variables. Three statistically significant correlations emerged at $p < 0.05$ from the full 6×6 correlation matrix.

First, Financial Planning Skill and Willingness to Recommend AI Tools ($r = 0.154$, $p = 0.0109$): The strongest and most statistically confident correlation in the matrix. Individuals who perceive themselves as financially capable are significantly more likely to endorse AI-based financial tools, suggesting that financial literacy amplifies advocacy behaviour — a finding with direct implications for word-of-mouth adoption dynamics.

Second, Use of Financial Apps and Recommendation of AI Tools ($r = 0.132$, $p = 0.0291$): Existing app users are significantly more inclined to recommend AI-driven tools to peers, confirming that hands-on experience with digital financial tools builds familiarity and advocacy intent. This aligns with Rogers' (2003) Diffusion of Innovations framework, in which observability and trialability accelerate adoption diffusion.

Third, AI Awareness and Usage Frequency ($r = 0.138$, $p = 0.0227$): This correlation corroborates the ANOVA finding from a different methodological angle, reinforcing that awareness is a direct predictor of behavioural engagement. For policy and marketing purposes, this confirms that investment in awareness campaigns yields measurable uptake in AI tool usage.

Table 6: Significant Spearman Correlation Coefficients ($p < 0.05$)

Variable Pair	r (Spearman)	p-value	Strength	H_0
Financial Planning Skill — Recommend AI Tools	0.154	0.0109*	Weak Positive	Rejected
Uses Financial Apps — Recommend AI Tools	0.132	0.0291*	Weak Positive	Rejected
AI Awareness — Usage Frequency	0.138	0.0227*	Weak Positive	Rejected

* Statistically significant at $p < 0.05$

VII. DISCUSSION

7.1 Trust as the Primary Adoption Barrier

The most consequential finding of this research is that trust and data security constitute the single largest barrier to AI adoption in financial planning among Indian millennials. With 45.4% citing data privacy and 25.6% citing lack of trust as their primary concern, a combined 71% of respondents harbour trust-related reservations. This finding is deeply consistent with Behavioural Finance Theory's Prospect Theory dimension: respondents weight the potential downside of financial data exposure more heavily than the upside of smarter financial guidance. For fintech companies and AI developers operating in India, this translates into a clear strategic imperative — transparent data governance, robust privacy infrastructure, and plain-language explanations of how AI systems operate are not peripheral features but foundational prerequisites for mainstream adoption.

7.2 Demographics as Weak Predictors of AI Adoption

A counterintuitive but important finding is that traditional demographic variables — age, gender, occupation, and self-rated financial skill — do not significantly predict AI financial tool adoption in this sample. All three chi-square tests returned non-significant results (all $p > 0.19$), suggesting that AI adoption is becoming increasingly age-agnostic and occupation-neutral. This finding challenges conventional marketing assumptions that AI financial tools are primarily for younger or more formally educated users, and implies that adoption campaigns should focus on behavioural enablers — specifically awareness, trust, and usability —
rather than demographic targeting alone.

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7.3 Awareness as a Statistically Proven Behavioural Driver

The ANOVA and Spearman correlation results jointly confirm that AI awareness is not merely a soft informational metric — it is a statistically significant predictor of actual usage behaviour ($F = 5.385$, $p = 0.0211$; $r = 0.138$, $p = 0.0227$). This finding has immediate practical relevance: for every additional unit increase in AI awareness, a corresponding and statistically verifiable increase in usage frequency is observed. Policymakers, financial educators, and fintech marketers should treat awareness campaigns as direct investments in product engagement rather than peripheral brand-building exercises.

7.4 Financial Literacy as an AI Advocacy Multiplier

The most significant correlation in the study — between financial planning skill and willingness to recommend AI tools ($r = 0.154$, $p = 0.0109$) — reveals a virtuous cycle: financially literate individuals are not only better positioned to use AI tools effectively, they also become ambassadors who drive organic adoption through peer recommendation. In India's relationship-driven society, where financial decisions are heavily influenced by trusted peer networks, this social influence dynamic is particularly powerful. Financial literacy programmes, when integrated with AI tool exposure, can generate compound adoption benefits.

7.5 The Robo-Advisor Opportunity

The finding that 22.4% of respondents already use robo-advisors — inherently AI-powered tools providing automated, algorithm-driven financial advice — represents a significant and underappreciated milestone. This figure indicates that AI-assisted investing has already crossed into mainstream usage territory among this cohort, predating what many industry observers assume to be a future adoption curve. The near- equal distribution of usage across investment apps, budgeting apps, expense trackers, and robo-advisors further signals that Indian millennials engage with financial technology holistically, making them an ideal target demographic for integrated, all-in-one AI financial platforms.

VIII. RECOMMENDATIONS

8.1 For Fintech Companies and AI Developers

- Implement transparent data governance frameworks with real-time privacy dashboards, user- controlled data opt-in/opt-out mechanisms, and plain-language privacy disclosures to directly address the dominant trust deficit.
- Invest in intuitive, friction-reducing UX design to convert occasional users (34.8%) into habitual daily users (currently only 11.4%), closing the engagement gap between app download and routine integration.
- Develop integrated AI platforms that consolidate budgeting, expense tracking, investment management, and advisory services — consistent with the near-equal tool distribution observed in the data.
- Leverage the existing user base of app users as referral advocates through community-based engagement features and incentivized peer recommendation programmes (supported by $r = 0.132$ correlation).

8.2 For Financial Institutions

- Embed AI-driven financial planning features directly into existing mobile banking applications, capitalizing on the established trust relationship between millennials and their banks to reduce adoption friction.
- Develop salary-linked AI planning tools that automatically analyse income patterns and provide real- time financial recommendations at the moment of payroll crediting.
- Work collaboratively with regulators to establish publicly visible, industry-wide data privacy standards specific to AI financial services.

8.3 For Policymakers and Financial Educators

- Integrate personal finance and AI literacy modules into undergraduate and postgraduate curricula across Indian universities to build foundational AI financial competency at scale.
- Commission targeted AI awareness campaigns reaching semi-urban and rural millennials, given that 36.3% of the current urban-skewed sample remains unaware of AI financial tools.
- Establish enforceable regulatory frameworks mandating algorithmic explainability, data minimization, user consent, and accountability in AI financial applications to systematically reduce trust barriers.

IX. CONCLUSION

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This study set out to investigate the role of Artificial Intelligence in real-time financial planning for Indian millennials, and the findings present a picture that is simultaneously encouraging and instructive. The data confirms that Indian millennials are not a financially passive generation: 71.8% follow monthly budgets, 70.7% use financial apps, 63.7% are aware of AI financial tools, and 75.9% rate their financial planning skills as good or very good. Critically, 22.4% have already adopted robo-advisors — evidence that AI-assisted financial planning has crossed into lived experience, not merely aspirational awareness.

Statistical analyses consistently identify AI awareness as the primary behavioural driver of usage (ANOVA: $F = 5.385$, $p = 0.0211$; Spearman: $r = 0.138$, $p = 0.0227$), financial literacy as the key advocacy multiplier ($r = 0.154$, $p = 0.0109$), and hands-on app experience as a trust-building pathway ($r = 0.132$, $p = 0.0291$). Simultaneously, the research is equally candid about the barriers: trust and data privacy concerns (71% combined), complexity (20.1%), and a significant awareness gap among more than one-third of the sample.

The theoretical frameworks of TAM, UTAUT, DOI, Behavioural Finance, and Financial Inclusion Theory all find meaningful validation in these findings, jointly confirming that AI adoption in financial planning is as much a human and institutional challenge as it is a technological one. Realizing the transformative potential of AI in Indian financial planning will require fintech companies, financial institutions, policymakers, and educators to work in concert — building awareness, earning trust, simplifying experiences, and empowering a generation that is already more financially capable than commonly assumed.

9.1 Limitations

The study's key limitations include: (1) a convenience sample of 273 respondents that is skewed toward urban, educated, and digitally connected individuals, limiting generalizability to semi-urban and rural populations; (2) self-reported data introducing potential social desirability bias in financial skill ratings; (3) the cross-sectional design, which cannot capture the rapidly evolving AI adoption trajectory over time; (4) absence of income level as a measured variable, which may have revealed additional predictive relationships; and (5) the heavy student representation (51.5%) and male majority (59.7%) constraining broader demographic generalization.

9.2 Future Research Directions

Future research should expand the geographic scope to include semi-urban and rural millennials, adopt longitudinal designs tracking adoption behaviour over three to five years, and incorporate mixed-methods approaches combining surveys with in-depth interviews to capture psychological drivers unmeasurable through quantitative instruments alone. Gender-specific studies into AI financial planning behaviour, and policy-focused research examining how India's evolving data privacy regulatory framework shapes millennial trust and adoption, represent particularly high-value research directions for the field.

Declaration of Originality

This research paper is derived from an original Master Thesis conducted at CMS Business School, JAIN (Deemed-to-be University), Bengaluru, India, by Sweta Kumari (USN: 24MBAR0255) under the supervision of Dr. Vinoth S., Associate Professor – Finance, during the academic year 2025–2026. The original thesis was submitted to plagiarism detection (Turnitin Similarity Index: 12%). No portion of this paper has been submitted for the award of any other degree or qualification.

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