



MINDFUL FINANCE – Reconnecting to the Heart of Finance

by the Mindful Finance Institute (MIFI)
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Summary: The time is right for change in the finance industry. Powerful societal forces are exerting pressure on the old way of doing things. This points to a need to re-invent the finance industry by updating the way financial decisions are made. It is not so much the WHAT but the HOW that needs to change to re-invigorate finance. This change will reconnect the industry to the heart of value creation – trust.

Financial innovation has created huge prosperity in the last 200 years. This has made created immense amounts of wealth, and has also contributed to lifting billions of people out of poverty. A short reflection on fundamental financial principles reminds us that value creation arises from trust and collaboration. If these are absent, then financial interactions become dubious.

Trust can be established in part through control and policing. The financial sector has come far in this respect – some would say too far, others not far enough. But underlying trust is the actual human behaviour of the actors at the centre of financial decision making. The challenge is to engender trustworthy behaviour and decision making.

The solution, put simply, is for finance professionals to become more mindful. Which is to say thoughtful, reflective, human-centric decision makers. The open, aware state of mind that defines mindfulness is the perfect container for the rigor and clarity which benefit financial decision making. Inherent human wakefulness, “mindfulness”, offers antidotes to the current finance industry challenges. Mindfulness is trainable.

A paradigm shift is needed in the financial industry. At its core, the finance industry creates value by furthering human interactions. It exists to support human cooperation and collaboration. This purpose can be incredibly dignified and can unleash human creativity. Mindfulness facilitates the best of finance: people coming together for mutual benefit.

Finance is Facing Fundamental Change

a) **The demand for a finance sector that reflects long-term thinking and responsible action is growing.** Indicative of this demand is the interest from professionals and the general public in ethical banking, socially responsible and impact investment, and a large number of other initiatives aiming for finance to become a creative force of positive societal transformation. The need for change is also stressed by the financial sector leadership: *„The challenge for management of embedding values, behaviors and desired conduct throughout banks cannot be overestimated, but it needs urgent action primarily from the banks addressing both the WHAT and HOW of their culture”* (Group of Thirty, p. 23).

b) **Work in finance has become dehumanized and uninspiring.** Leaders and employees in the financial sector are burdened with stressful jobs, an ever increasing load of ineffective compliance busy work, and the lack of promise for a brighter future. Human needs for community, socialization, care, nature, and fun are devalued in finance sector work environments. There has been widespread adoption of a bureaucratic, fear based, mistake avoidance culture. As opposed to a focus on business innovation, operational excellence, and value based leadership.

c) **New technologies and new entrants are driving change** - The emergence of new technologies, products and competitors, combined with declining growth in many sectors, means there is also a great imperative to innovate and find new avenues of doing business. Financial sector leadership will have to balance these competing demands: building an engaged leadership culture, while being extremely risk aware, and still leading the business successfully.

Mindfulness is an Attitude and is Trainable

In the financial services and banking business, as in any business, value is increasingly created through knowledge and innovation - people working primarily with their minds. Collaboration across teams, countries, and partners is becoming more important. In this environment, there is a need for individuals to improve their skills of self-care and self-management. It is unlikely that the pace of demands will slow from outside.

Companies need to cultivate collaborative leadership styles, and emphasize provision of a corporate atmosphere conducive to engagement and learning. Mindfulness can be very helpful in this by improving people's well-being and motivation, and in supporting the development of a collaborative innovative culture.

Mindfulness is an inherent human quality characterized by a gentle, non-judgmental awareness of the present moment. This type of attentiveness reduces stress, counteracts automatism, and restores agency to the person in the mindful state. Consequently people feel more connected to their own vision for their lives, have more empathy and connection to others, and their decisions come from a more reflected and ethical foundation.

Meditation practice is the most reliable and commonplace method of training used to arouse and stabilize mindfulness. The growing body of academic support for the effectiveness of

meditation and mindfulness to deliver myriad positive results is impressive. Many of the world's biggest tech companies have been leading the way with regard to bringing mindfulness techniques into the workplace. Interest and adoption is growing quickly, one significant demonstration of this is the [Mindful Nation UK report](#).

Creating a container of mindfulness around financial matters is the practice of Mindful Finance.

The New Approach

The external and internal societal forces that are bringing change to the finance sector provide a huge opportunity. People and organizations that can usher in the future of finance will be rewarded, both financially and non-financially.

The Mindful Finance approach acknowledges the fact that matters related to money and finance involve highly stressful, emotional issues. These natural, human reporting mechanisms provide invaluable information for understanding how to be more inspired and successful. In this way, mindfulness allows our personal experiences, narratives, and emotions to become valuable tools rather than distractions.

Mindful Finance provides the psychological requirements to create the finance industry of the future. Generally speaking, the finance industry has been slow to adopt mindfulness techniques. This is notable because the benefits available are particularly high for finance industry companies. For example, mindfulness practices are effective at addressing: stress, burnout, communication, leadership skills, behavioral finance pitfalls for traders, ethical lapses, external perception of the company, and other issues pertinent to finance industry.

The Mindful Finance Institute (MIFI)

The Mindful Finance Institute (MIFI) exists to contribute to a paradigm shift in the finance industry. MIFI provides information, resources, and community so that a rigorous approach to finance can be combined with the “noble purpose” of allocating resources for the highest good of society and human creativity.

MIFI promotes the application of mindfulness in business, leadership, and work in the financial sector. **MIFI charts a path for individuals and organizations that wish to engage in discovering, and conscientiously building, the finance sector of the future.** Initiating research on mindfulness applications in finance is an essential MIFI role. The core of our work rests on being rigorous in understanding the human mind and decision making processes. We apply a scientific approach to our understanding of the soft side of decision making and hard side of systems and controls.

MIFI espouses the belief that it is best to equip leaders and frontline actors with mindfulness and awareness capacities. This will enhance the ability to notice business risks and opportunities, and create a more open and innovative business culture. This mindful

ecosystem provides a solid framework for responsible behaviour, and business success.

By facilitating the transformation of finance into a more purposeful, human instrument, MIFI pursues a social objective. By providing commercial services MIFI creates income that will be used in conjunction with donations to magnify and accelerate the Mindful Finance effect on the finance industry.

Engaging Mindful Finance

The Mindful Finance Institute offers:

- Consulting and advisory services for institutions in the finance sector seeking cultural change and/or wishing to implement a Mindful Finance approach.
- Training programs and workshops for executives, staff and members of financial institutions in Mindful Finance.
- Lectures and courses in Mindful Finance at universities and other schools.
- Financial education within the financial literacy movements for mindful and responsible dealing with finance and money for a broad public.
- Research assistance, partnerships, and grants for studies on the intersection of mindfulness and finance.
- Publications, articles, and other writing services.
- Community organizing efforts and resources for Mindful Finance community members.
- Partnership opportunities are welcome!

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