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## BOOK REVIEW

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### Abstract:

**Book review of:** Silver, N. (2017). *Finance, Society and Sustainability: How to Make the Financial System Work for the Economy, People and Planet*.

**JEL classification:** G00

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The book "*Finance, Society and Sustainability: How to Make the Financial System Work for the Economy, People and Planet*", authored by Nick Silver and published by Palgrave Macmillan, offers the readers a critical analysis of the financial system from the savings channel perspective. The author views the current financial system as a life support system that needs radical change. The book tackles an interesting topic, arguing that the financial system is palpable and capable of causing more social and ecological damage to the world if not handled well. The book offers the financial system's sustainability and divides it into three perspectives. Most importantly, the book critiques the value system that characterizes the actors in the current finance sector, intending to unlock the potential it may embody for sustainability.

Nick Silver organized his book into eleven chapters, all building on one another. Chapter One describes the four key functions of finance and how the allocation of capital in the economy is currently problematic. By asking archaeological questions, the author provides a good vantage point for understanding whether future civilizations will go the way the previous ones collapsed, given the huge scarce resources allocated to them. Chapter Two discusses the actors in the buying and selling of financial products in the capital markets and demonstrates how the asset management industry fulfills the needs of the state and the saver on a huge corrosive scale to both. Chapter Three investigates whether capital markets are really free markets, how they are indeed conduits of the state dictates, and whether or not the asset owners and financial intermediaries are meeting the needs of the state, savers and society.

Chapter Four discusses whether the capital market, which is private-sector led, is delivering benefits to the pension savers in particular. The author discusses the role of government in encouraging people to save for their pensions and whether savers ultimately get a decent pension. Chapter Five discusses whether the financial services industry benefits the economy. The author contends that asset managers do not actually invest huge proportions of pension savings as envisaged, thus harming sustainability. Chapter Six discusses how banks, as a savings channel, have been misusing their power to create money through lending and allocating it to the wrong sectors, thereby not meeting the economy's and society's wants and needs.

Chapter Seven explains how the financial system manipulates financial flows for its own benefit, the outcome of which is a derisory price to the economy demonstrated by 'financial weapons of mass destruction' through leverage, financial innovation, colonization, and intellectual hegemony. Chapter Eight discusses the collateral damage to the society and the environment occasioned by debt levels through the direct and indirect incentives set by the finance sector in connivance with governments. Chapter Nine describes how finance theory and practice in capital markets characterized by pay inequalities and debt embody decision-making. Nick Silver argues that there is no guarantee that the society's capital is allocated in the best interests of the economy and society. The author critiques the current system values embedded in the actors' regulation, behavior, and culture.

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Chapter Ten explains that while the finance sector is at the centre of resource allocation, it does not, unfortunately, make investments as expected. Rather, its sole purpose is perpetual profit maximization. While providing various remedies to the current financial problems, the author demonstrates that fintech could be the potential solution to replace the traditional finance model. Nick Silver uses a case study of a government-supported pension in Sweden to demonstrate how savings should be managed to create sustainable social and environmental benefits. Chapter Eleven discusses the corrosive impact of finance in the form of inequality, debt, and blockage on society and the environment. According to the author, finance is one of the sectors hardest hit by technology. Thus, while the future of finance is uncertain, the author argues that new financial technologies can be used as a positive force by the sector to rediscover itself and avert human suffering, environmental crises, and perpetual profit-maxima.

While there are many competitor books on fintech, such as Sironi (2021), that focus on insightful massive changes already underway, and Thompson (2021), focusing on embedding daily activities and decision-making in green and sustainable products and services in banking, investment and insurance, Nick Silver's book makes a significant contribution to explaining how new financial technologies could potentially and sustainably impact all of the four functions of the finance services industry. Readers should remember that Nick Silver's book requires solid investment analysis and portfolio management background knowledge. Interested readers may refer to the works of Goetzmann, Elton, Gruber, and Brown (2014), that focus on investment analysis of individual and portfolio securities to understand and interpret technical and fundamental analysis issues raised in Nick Silver's book. Nick Silver's book is an essential read for investment/asset managers, regulators, investors, entrepreneurs, and fintech professionals.

## REFERENCES

- [1] Goetzmann, W. N., Brown, S. J., Gruber, M. J., & Elton, E. J. (2014). *Modern portfolio theory and investment analysis*. John Wiley & Sons.
- [2] Sironi, P. (2021). *FinTech innovation: from robo-advisors to goal based investing and gamification*. John Wiley & Sons.
- [3] Thompson, S. (2023). *Green and sustainable finance: principles and practice in banking, investment and insurance* (Vol. 7). Kogan Page Publishers.

## Statements and Declarations

On request, reviewed *Finance, Society and Sustainability* with authorization from BookReview, Springer by Daniela Rohmann, Book Review Coordinator on 29/04/2023.



## About the Author

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Justus Biryomumeisho is a postdoctoral student as well as a senior lecturer at the department of Accounting and Finance, Gulu University, Uganda. His main research interests are in investment analysis and portfolio management, corporate finance, and corporate governance