



development of society. It's been demonized (rightly, in the case of toxic CDOs, etc), when financial innovation is also the bedrock of progress. Palmer does a great job of looking at new ways that access to capital is improving people's lives, from student debt to venture financing to peer-to-peer lending. The ideas are refreshing bold and lucidly argued. Compelling stories keep the pace of the action zipping ahead, and the writing at times is very witty. What's most special about the book is the intellectual courage that undergirds it. Frankly, it's easy to beat up on financiers (and some might deserve it), but it's more challenging and insightful to critique the shortcomings of financial innovation while praising its amazing accomplishments. Palmer found the right balance, and did a great job unveiling the nascent trends in finance.

1 of 1 people found the following review helpful. An excellent and interesting defence of financial innovation

By Peter Gregoire

Andrew Palmer serves up a balanced and robust defence of financial innovation, which has been demonized since the Global Financial Crisis. He takes us on a journey through the history of finance, demonstrating how financial innovation is the truly creative process of bringing together diverse interests, to solve society's problems. The latest innovations are case in point: from social-impact bonds which have helped reduce re-offending rates amongst prisoners in Peterborough, to peer-to-peer lending which assists those on the margins of society obtain credit to build their lives, to catastrophe bonds which help societies with re-construction in the wake of tragedy. These innovations are to be celebrated and encouraged. Palmer is balanced enough, however, to recognize financiers' short-comings. His analysis of how the finance system is set up, so that successful innovative solutions give way to standardization and one-size fits all analysis to cope with ever increasing volumes, resulting ultimately in mis-priced risk, does bear thinking about. The discipline of constant re-assessment certainly needs to find its place in this system, so as to ensure it has the right safety-valves built in. But the conclusion of the book — that we need more financial innovation, not less of it, to solve the problems we face — is something that all those who work in the financial services industry should be proud of and which society as a whole should recognize.

0 of 0 people found the following review helpful. Smart defense

By Bochun Qiu

A highly recommended book by Andrew Palmer, the global business editor of the Economist. The book analyzes the human history of financial innovation and convincingly argues why we need more of this, despite the housing crisis and the anti-banking backlash that followed.

Six years after the financial crisis, investment bankers remain villains in the public mind. But as Economist editor Andrew Palmer reveals in *Smart Money*, this vilified industry is capable of doing great good for society. In this sweeping account of the history, present, and future of financial innovation, Palmer argues that we need bankers today more than ever before. From social-impact bonds that fund safety net programs for the homeless to human-capital contracts that send lower-class youth to college, and from start-ups that invest in cancer research to financial products that encourage people to save more money for retirement, bankers are building better lives for people across the world — and across the income spectrum. While acknowledging the role of complex financial products in causing the Great Recession, Palmer convincingly argues that the financial sector is the nevertheless the source of surprisingly effective solutions to the most intractable problems of the twenty-first century.

New York Times Book