

FT: Kabir Sehgal, welcome to So Money, such an honor to have you. Congratulations on your new book.

KS: Thanks so much. It's a pleasure to be here.

FT: Folks, the book is called Coined, as I mentioned in the introduction, The Rich Life of Money and How Its History Has Shaped Us. Kabir, you are a young man. You're 31 years old, super accomplished. We should mention that in addition to, you know, working on Wall Street, having this fantastic book recently published, you also won a Grammy, which we'll get to in a moment. You're making me a 35-year old feel very under accomplished right now. But, just a testament to really, I think, going back to the book, a testament to sort of a diversity that you bring to this book, this sort of diverse mindset which I love, because I love when people write about money from a new and fresher perspective and I'd love for you to take us back to the 'Aha' moment that you had for this book. It's many years in the making, many countries travelled later, where were you, what was the moment, like I want to know because as a writer you kind of have those light bulb moments and it's physically like you're somewhere, you have the idea and then the adrenalin kicks off. So, where were you when this idea came to life?

KS: You know, I started working on Wall Street just a few months before the 2008 financial crisis and I was just so alarmed that what, you know, the devastation that it had caused and I simply wanted to know a question like "What was happening in the brain when we're dealing with money?" And, I remember I was sort of in my apartment and I was reading about this, I found that money activates different regions of the brain and, you know, the reward and the theory areas and the same way someone is when they receive a hit of cocaine and I was like so intrigued about by how the brain activates at the thought of money and I started, you know, exploring this topic. I reached out to a neuroscientist at Stanford University. His name is Brian Knutson and we had a conversation about what happens when the brain is thinking about money and from that conversation I was like "Well, maybe someone should write about this. Maybe someone should write about how the mind processes money and how money starts to shape our entire lives." That was maybe 3 years ago and I just got obsessed with this topic of money in the mind and just started to approach money from all these different aspects.

FT: Right. And, I think at that time what you were thinking about too was sort of approaching money from this behavioral financial perspective which since then there have been several books about kind of the irrational, I've written one about the irrationality that we possess when it comes to making financial decisions but your book takes it to like a whole new level. What I love about the book, one of the things I love about the book is that you say very poignantly that money, no matter whether you're from America, whether you're from Senegal, whether you're from Turkey, whether you're from Russia, whether you're, you know, Jewish, whether you're whatever your culture, whatever your raise, whatever your ethnicity, money almost in every situation and every, you know, and every culture is equal to value and as long as that is what it represents, it will always be something that people will want, will want to have control over.

KS: That's right.

FT: Why do you think that is? Where did that all begin? Because money is just money, right? It's just paper currency in most cases. How did it become, how did we attach such emotion to it?

KS: Well, money is really is, I define it throughout the book it's a symbol of value and what is a symbol, a symbol is really something that has an emotional value. They look at, I looked at some developmental psychologists and they said they started to look at how symbols are formed in the brain. And so, for instance, very early in life our brain starts to wire and attach symbols with meaning. So, when you see your mother, you don't I mean if you see your mother just as someone a lady with like a tall lady with brown hair, that's probably not developing your brain isn't developing the right way. You should start to see her as someone who gives love and attention and nurturing. She's not just a woman, she's your mother. Similarly, money isn't just, you know, a piece of paper with George Washington on it. It's an item that has really emotional meaning. Money is something where you give, if you want to insult someone you give someone too little of a tip. Money is something that you get rewarded with if you work hard. So, very early in life, you know, when were infants almost, we start to get meaning, attach meaning to symbols and as money is probably the most important I think symbol or powerful symbol, one of the most powerful symbols in our life, it starts to intrude in all aspects of our life and we start to define this symbol in many different ways. It's very much a sort of a neurological aspect. You know, when they take money and they show pictures of money, people destroying money and then they scan people's brains, the part of the brain that activates is the same part of the brain that activates when you make tools. And, see now when people see money is a tool, well, there's actually kind of a neurological basis for it and you can go back even to an evolutionary aspect that one of the first things that man made was called a hand ax and it's like a stone ax and that's the same part of the brain, when you make a hand ax, that's the same part of the brain that fires when you make money so money is sort of deeply evolutionary and it's a symbol that we think of as a tool that we need to survive in the world.

FT: We're going to transition soon and talk about what money means to you, Kabir. But, before I get to that, just curious you've visited all these different countries, what was the one country that you appreciated the most in terms of how they kind of observe and value and use money? I guess, what was the most interesting anecdote that you could share with us?

KS: I think in all my travels, the most fascinating experience that I had was in Japan because money is often, they see money as the, it is really a debt, a social debt. I mean, what is money? Money is really a measurement of debt, I believe at least, and when I was walking through Japan, meeting my friends, I learned it was so difficult to give a Japanese person a gift. For example, I had some wonderful delicious grapes that I was giving to friends in Tokyo and they all initially rejected the grapes and the ones that eventually accepted the grapes, they hid behind the walls so they wouldn't be seen as receiving a gift.

FT: Wow.

KS: Yeah, and the word 'Arigato', thank you, Japanese translates to a quote, "the burden is too difficult". So, in Japan it matters how you tie a knot on a wedding present. Like, if you tie a knot that's too loose, maybe it's sending the signal that you don't think the marriage will last. Japanese Department stores won't let you wrap a present because if you do so, if you do a poor job, it will reflect poorly on their image. So, I realized this sort of a gift giving is like very, very intricate and complex in Japan and how does that relate to money? Well, gifts are really a currency and when you give someone a gift, you're not just tying, you're not just wrapping the present with paper and ribbon, you're also tying the recipient to an obligation. So, like you kind of owe me if I give you this

gift. And, in Japan is a very sort of complex system of beliefs. I go into this a lot in Chapter 3 of my book about sort of gift giving and how that shapes, how that sort of an initial force for the equation of money.

FT: That is really interesting and I can see how that, some of that even trickles its way to Western culture, in our culture, you know, where, yeah, if someone gives you a gift and you don't got nothing for them, you feel a little weird and awkward and you're probably going to go buy something but, you know.

KS: That's right. That's right. I mean you look at the Trojan horse, right, that was a gift that conquered the city. It conquered the civilization so gifts are very powerful.

FT: Yes. Yes. Alright, Kabir, I would love to pick your brain now and kind of get behind the mindset of the author here. Tell us what is your greatest financial philosophy and I'm curious to know this because after traveling so far and so wide and then getting all these different perspectives, how has that maybe shaped the financial philosophy that you live with today?

KS: There's something that's sort of a mantra I sort of live by which is, you know, 'greatness is giving us something good today or something great tomorrow' and writing a book after so many years, I mean it took 4 years to write this book and you really have to sort of defer your gratification. I really believe that the people who are often very successful can like give up the immediate for the long term. And so, it's rather trying to say save for success but there really is something in that that if you can sort of, you know, do away with the immediate and you don't have to seek immediate financial rewards or in any kind of reward and say, "Listen, I'm in it for the long run." That pays incredible dividends. Now, listen, there's probably, going back to the brain, there's probably some neurological or genetic reasons for why some people are able to do this, some people are not able to do this but for me I found it incredibly helpful to be like, you know, just focus on something. This book, for example, I'm just going to focus on this book for 4 years and now this book is, I guess paying dividends in terms of the attention or the money it could possibly make in the market.

FT: Yeah, absolutely. It's like, you know, going to school sometimes too, going and getting your degree and going for 2 years, 4 years but, you know, at the end of that, at the end of that tunnel is maybe a better job or more financial security, of course, assuming you didn't take out ton of loans.

KS: Good.

FT: That's a good one. I like that. Okay, in your 31 short years of life, tell us what is a financial failure that you've experienced that has somehow shaped the way that you go about making decisions today, because I think, you know, we all have failure and, but out of that sometimes breeds success. So, what was it maybe a failure that you experienced in your life that was financial and that you wouldn't mind sharing?

KS: Sure. When I started my career, I started a company in India, it was like an online social network company and my, one of my best friend from America and I, we moved to India, built the company, it was doing well and then we ran out of money. We didn't have much money to begin with but so I took a job at an investment bank and I actually cried on my first day because I felt like this is not...

FT: Did you cry on the job?

KS: I did. I remember very vividly going to training and going to the restroom and like crying and I was like, I cannot believe that I'm sort of, you know, working at a place that I never thought I would work at. I had, you know, visions that I would be an entrepreneur and I would help build an amazing startup company, which I was doing. So, I started sending my paychecks to my friend in India to bootstrap this company, bootstrap this company and then we ultimately failed. I mean we had a great offer. Someone wanted to partner with us and acquire us. We sort of, we should have take it and it's one of my regrets today. I should have taken that offer but I failed and he said, "You know, Kabir," and I got angry at myself, you know, how did I misfire and I just realized that, you know, looking back it's good that I went through that experience because now I'm smarter about I didn't do any analysis in terms of, which I didn't size market, I didn't think about a business plan. I just went for it. Now, I'm a little more, I guess thoughtful about which projects I take on. I try to do some analysis before I just jump into it.

FT: How did the friendship workout?

KS: Friendship's good actually. We're actually still very good friends today and he eventually sort of worked for another startup company and started his own web consultancy. So, we're actually really good friends. But, there were some very, very trying moments, very heated moments while we were going through it.

FT: I actually skipped a question. Before I talk about failure, I like to talk about memories and growing up, Kabir. Did you think that you had a very strong foundation in financial, kind of at least financial confidence? You know, I think it's not enough, it's not like maybe a lot of us had like literacy growing up but I think there is something to be said about kids who grow up feeling financially confident and capable to make, you know, some relatively basic decisions on their own as adults because they might have had a good foundation growing up. What was childhood like for you with respect to money?

KS: I remember my first memory of sort of making money, I was in kindergarten and I guess every quarter or so the parents would come in and have a parent day. And so, I grew up in Atlanta and during the fall there was a, there's a lot of leaves like in autumn there're leave everywhere. So, I collected all the rocks on the playground and I convinced everyone that they should clear pathways so when the parents come they could walk nicely. And so, all these kids were clearing paths in leaves and I would pay them in rocks and that's sort of the currency because I think I had gotten all the rocks. And then, when the parents showed up I'd charge them all a dollar to walk on the path. So, I was making this spread between a dollar and a rock and once my mom caught wind of it she was horrified that I was, you know, sort of doing this and I remember I had to talk to the Principal when I talked to them, to my father and so forth. But, I think from a very early age I recognized the value of making a margin between your cost and your revenue.

FT: Did you talk about this during your interviews on Wall Street? That's very impressive.

KS: I didn't but maybe I should have. I maybe would have gotten a better offer if they would have seen that I was more of a capitalist, they would have seen me as more of a capitalist.

FT: Well, as an insider on Wall Street I think a lot of us and listeners are curious to know what is it like, like what's the culture like today? Is it still very much kind of the glamorous indulgent lifestyle is

depicted, you know, in several movies but I know things have maybe calmed down a little bit since the crisis in 2009, 2010. But, what do you think of it? Like, what is the behind the scenes, take us there a little bit? Indulge us.

KS: Well, you know, I've only worked professionally in Wall Street so I have very little to compare it to but I mean if I compare it to like the Wolf on Wall Street, it's not that and I'll also say that Wall Street's going through a very structural change. I mean, listen, like I mean it's public knowledge that a lot of the compensation, the bonuses are down, people are working harder or working more and getting paid less. And, even though the overall compensation is still pretty good compare to what the median person makes on a relative basis, people feel like "Man, with all the regulation and all the different sort of rules coming into place it's difficult to make it work. And so, sort of the insider basis, if you go, if you talk to sort of the average banker, you know, on the street this isn't exactly [inaudible] a growth in the industry, right. It's not like how do you make this particular organization 10 times bigger and saying "No, no, no." People are talking about splitting up corporations. People are talking about boosting more, about raising more capital. So, it's not a very like aggressively growing company and there're a lot of people leaving, who want to try and go to startups, trying to go to the asset management business but it's definitely not the picture of like what Michael Lewis wrote about in the and I think in the 90s with Liar's Poker. It's more compliance driven so it's, and listen, I'm just a small man on a totem pole so that's my perspective.

FT: Well, thanks for sharing. You know, there was that book called Young, I think it's called Young Wall Street or Young, I forget what it was called but...

KS: Young Money.

FT: Young Money, right, Young Money. Now, it's being turned into a TV series on FOX I think. Just sort of about how the culture of indulgence and exuberance is still well and alive in particularly with the younger set of Wall Streeters and it's sort of like, you know, nothing's changed and I don't know, it's interesting. You know, I think everyone's perspective is different but I think what you're saying is true. I mean like what you're saying is public knowledge. Like, you're right, the companies, they're a lot of them are downsizing and people are leaving and so it's interesting to say the least. What about, you know, we talked earlier about failure. If we get to flip it, Kabir, what is a financial success that you experienced that you're extremely proud of that you think really exemplifies some hard work, intuition, all that good stuff that maybe listeners can learn from?

KS: I think my writing career. My first book, I was in college, I wrote this book I think on education, the future of education. I was really happy with it and then I [inaudible] it to many, many different publishers and I probably got 35 rejections. I mean, you name the publisher, they rejected it. I was really down and out and so I said "I'm going to start over again." And so, I wrote another book, my first book, my first published book and it was on another topic and I then shopped out around and I got a small independent publisher in California that said 'yes' to it and they gave me some money to be able to publish it and I was so excited that someone would want to publish one of my books like I was like 22 and I was very excited and so from there I got a lot more confidence in my writing and this is now 4 books later that I'm with this sort of a top tier publisher, Grand Central Publishing. And so, I guess the lesson there is that if you're really passionate about something and I'm just really passionate about writing, sort of stay at it and but also you really got to sell it. I met so many people and it was through networking and asking who knows who and talking to everyone. You have to

really hustle to get your to work scene and once it happens it's not going to be a huge success at once. It was a small financial success. I didn't get a lot of money. And then, you have to build on that.

FT: What do you think about self-publishing? I think people who really want to become authors the likelihood that they're going to get a top tier publisher, you know, there are only so many publishers right and there are way more authors who want to write books. So, why perhaps you didn't go the self-publishing route or would you in the future?

KS: I could, yeah, the thing about self, I mean I'm all for self-publishing. I think the more voices we have out there, freedom of speech the better. For me, I wanted to publish with a publisher just because of the distribution capacity. I'm not really, I should be more into the social media and sort of brand building. I'm not that good at it. I prefer the writing aspect to it. So, I like that the publisher can handle at least some aspect of the sales. But, in the future, sure, I'm totally open to that aspect of it. In fact, right now, I'm having to write a lot of different content to promote the book and this is actually published in different blogs and different journals so I feel that, but I feel like, listen, increasingly people are self-publishing. Some great self-published works are landing on the New York Times best seller list and just what happened to the music industry is happening to the book industry. I think it's a good change.

FT: Well, speaking of the music industry and speaking of success, Kabir, talk about your Grammy win. How does that happen, first of all, like you have so much going on, you're writing a book, you're working, you're promoting a book, you're, you know, you're 31 by the way, tell us, take us back like you obviously have this great musical talent and like 'Hello, surprise, I won a Grammy.'

KS: Yes, it's very exciting and I'm still in shock from it. This goes back to sort of that mantra of sort of deferred gratification. So, I was a Jazz bass player growing up. I toured, I played, and while I was in college I met a man named Arturo O'Farrill, who's a great Latin Jazz musician, and a few years ago we decided to work on an album together and the album is called the Offense of the Drum and it has 28 types of percussion and many, many guest artists, there's a hip hop track, with DJ and turntables. And, this was, yeah, I think 3 years ago we went into the album, we went into the studio and over the course of the last 2 years we have been promoting it and we got the Grammy nomination and this past Sunday, a week ago, we were named the best Latin Jazz album of the year and after you win the Grammy they bring you up, then John Waters presented the Grammy which was kind of cool and so we shook his hand. I got to make an acceptance speech and then after you're taken backstage and then there's a Grammy official that's assigned to you and they're like okay, this is going to be a person, they're going to escort you through like 6 different interviews and photo ops and I saw like Blake Shelton walking backstage and there was a choir. So, we were like in the catacombs of the Staples Center in Los Angeles. But, overall, again, 2 years ago, just like this book I mean you take a long time to do this projects and then, 2 or 3 years later, you start to see sort of the rewards from it.

FT: So, now what? You got the Grammy, what happens after? It's like everybody's curious like after you win an Oscar, after you win an Emmy there's like all these other offers that come your way. Have you been fielding numerous offers to work with different people now because of this amazing, amazing award?

KS: I have. I mean they say that you win a pie eating contest and the reward is more pie. So, I mean a lot of musicians have been reaching out for me to work with them but I think, I have a great, a fun project planned. Last December, I helped bring over 40 people to Cuba with Arturo O’Farrill and we were there while President Obama made his announcement about normalization between Cuba and America. We were actually performing at the U.S. Ambassador, we don’t have an ambassador, he’s the head of mission, but we were at the residency performing just hours before the announcement and we were making an album called Cuba, The Conversation Continues, about American musicians and Cuban musicians playing together and sure enough we’re there while the diplomatic conversation continued. So, we’re excited that this album will come out later this year and it should be a great sort of symbol of cultural diplomacy of musicians speaking together and ultimately politicians speaking together.

FT: So wonderful, congratulations again.

KS: Thank you.

FT: How about a financial habit, Kabir, share with us maybe a financial habit that you practice daily perhaps less frequently but it is something that you do consciously that helps to keep your personal wealth growing and where it needs to be.

KS: I use American Express, I guess the account management, when you log on to the Amex website there’s that pie chart about what you’re spending your discretionary income on. So, my big like I tend to spend a lot not on like physical things but on experiences so going out and eating with friends and I tend to spend way too much money on like eating out. I don’t cook so I’m always eating out. So, I try to look at that. I try to make the pie chart, I look at the discretionary item and I say, “Oh, I need to eat at like less expensive places and increase in like, okay, I’ll go to Halo and Hardy or some cheaper restaurants.” But, I’m constantly looking at that pie chart to make sure that I’m spending less of my income on going out to eat and paying exorbitant amounts for food.

FT: Yeah, so basically visualization is a habit of yours that helps to keep you at least within 1 aspect of your budget, you know, keeping that under wrap because I know living in the city, in the big city it is not a coincidence that so many of my guests who live in New York say that eating out is probably their biggest discretionary spend.

KS: Yeah, totally. Yeah, visualization is so key to, because otherwise the money just goes away. You don’t really know, so I mean Mint.com has [inaudible – 25:33] but Amex does a really good job at it.

FT: Well, you know, that makes me curious to learn what your perspective is on this entire shift, this like, you know, technological shift that’s happening with money where now we barely don’t even use dollar bills anymore, everything is electronic. Everything is either a swipe or a beep or a, you know, we’re paying with our phones. I wonder, psychologically, how that negatively impacts our kind of relationship with money and our value towards money.

KS: Yup. Well, you know, there’s, Apple got into some problems because, you know, they store your credit card and I think some kids are, you know, racking up huge fees on their iPads or iPhones buying songs or games. And so, when you don’t have to see the money or you don’t have to see your credit card, it doesn’t trigger the part of the brain that can be triggered when you use money is amygdale or the fear center. And so, when you don’t see it, it feels like there’s not as much like

neural activity in the fear center of the brain. So, I think Apple had to pay, I think, a fine because of this. But, you know, money will be increasingly mobile but amazingly 85% of the world's transactions are still in cash. And so, it may feel like, you know, here in America that we're sort of at the forefront but even in like developed nations like Germany, credit card penetration is very, very low because there is a cultural attitude that, you know, in Germany the word for debt is Schuld which means sin and even in China, yeah, so even in China same thing. It's very hard to use credit cards. So, yeah, here in America there's beeps, there's swiping, almost everywhere on the world is not like that.

FT: Can you imagine if we substituted the word debt in our culture for sin?

KS: Wow.

FT: That would be a radical change, I think, in debt levels.

KS: Yeah, exactly.

FT: Okay, Kabir, you've been awesome and lots of fun and before we wrap up, I want to go through some rapid questions or actually they're Fill in the Blanks where I start a sentence and you finish it and the first thing that comes to your mind, don't over think it. If you won the lottery tomorrow, if I won the lottery tomorrow, say a hundred million dollars, the first thing I would do is?

KS: Invest it.

FT: In what?

KS: Probably some real estate. Whenever I travel around the world I ask taxi drivers 'what would you invest in' and from like Mongolia to Singapore, they're always like "I would invest it in real estate." I mean everyone gets that, try to make your money work for you.

FT: Yeah, I wonder if cab drivers in the US would say that though.

KS: I should ask, yeah.

FT: I don't think they would because I think we have a whole like these days, you know, the idea of real estate is kind of a shaky prospect. The one thing that I spend money on that makes my life easier or better is _____.

KS: I put a lot of money in books. I just read, I'm a very [inaudible] reader. And so, my Amazon account like has gone crazy.

FT: What are you reading right now?

KS: I'm reading a book called The Rational Optimist. It's sort of about this idea of evolutionary economics and about how sort of we exchange to survive and the next book I'm reading, sorry, and I just finished Tom Wolfe's, The Bonfire of the Vanities which is...

FT: Yes.

KS: [Inaudible]

FT: Classic. My biggest guilty pleasure that I spend a lot of money on and this is probably in addition to your eating out budget, but what's another guilty pleasure that you spend a lot of money on?

KS: Oh, I spend a lot of money on music as well. So, I stream it but I end up buying a lot of songs on iTunes. That's how I write. I mean I can't really write without listening to good music and it's usually, for me, it's Jazz music.

FT: Nice. One thing I wish I'd known about money growing up _____.

KS: You know, I wish I knew more about the market, stock markets, my folks aren't really into the markets and so the stock market was sort of a very, I guess a foreign idea for what it is. So, I wish I knew a little more about like company fundamentals, what moves the stock earlier in life. I mean even in high school would've been nice, taking on an economics course, which I didn't.

FT: Were your parents relatively good models for you when it came to money?

KS: Yeah, I think so. They were really, you know, I grew up in an Indian household and they really put a premium on education so they would always spend money on either it was like a tutor or an afterschool education activity, there were no questions asked. And so, that's probably where I got my focus on work and sort of education. When it came to some things, a little more like trivial, clothes, I don't know, having fun, so they would hold back on that.

FT: Fun?

KS: Yeah, exactly. Tiger mom, right?

FT: Yeah. I can relate, in an Iranian household, similar, similar. We had a lot of Indian friends, let's just put it that way. We all shared a lot of similarities. When I donate money, I like to give to _____ because _____.

KS: I like to give to charities that have a lot of transparency like Charity Water Princess when you give them a dollar, they'll show you where that money is going to. It's going, they say, a hundred percent to the mission at hand and I like I mean that's ultimately when you give money to charity you want to see impact. You don't want the money going to like staplers and office plants, you want it to go to a cause. So, any organization that could show me transparency where my money's going to.

FT: Fantastic and GuideStar.org is a great site among others that can tell you kind of where the money goes and they rank charities based on that being a huge factor, you know, the transparency. And, finally, Kabir, I'm So Money because _____.

KS: Because I got invited to have breakfast with you.

FT: Oh, yes you did. Kabir and I will be having breakfast shortly this month and I look forward to meeting you in person and congratulations on the book. Congratulations on the Grammy. This is just the beginning for you and I'm honored that you're on the show and thank you for adding such value to listeners as they are on their commute to work, from work, at the gym, wherever you are guys, thanks so much for tuning in and thank you, Kabir.

KS: Thank you, really a pleasure.