

War and Peace (of Mind)!



NIYATI KHANNA

CFP® Professional, CA, MBA (Finance & Strategy)
representative of Alman Partners Pty Ltd,
Australian Financial Services Licence No: 222107



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THIS WEEK, we take a break from the current series of demystifying investment mths to talk about something that on the surface has nothing really to do with investing or finance. However, as I have often noted, investing and managing your finance is as much about investing as it is about managing human behaviours and emotions.

The current environment has been very confronting and if anything highlights the need to be able to park (some-what) our emotions to make decisions.

We have not seen the end of COVID yet (and may not for some time) and here we are now facing the consequences and harsh realities of war.

Understandably, the world is reeling from this development.

Almost everything, some more than the others, leaves a mark and almost always, the world reacclimatises and then carries on.

The “new” very quickly become the norm – this is a testament to the survival instinct of human beings as a species.

We have all seen or heard about the heartbreaking developments in Ukraine. The loss of life, destruction of buildings with historical significance, the disruption of normal life, the cost of war to those directly involved is enormous. However, it also comes at a significant cost to those not directly affected by it.

Do you find yourself seeking the latest updates on this situation?

Do you listen to news bulletins, read all information in newspapers and social media, talk to your friends and colleagues about this?

At the end of this, do you find your research leaves you distraught with the futility of the war or filled with anger about the unfairness of the onslaught on innocent lives?

In conversation with clients, I have noted most admit to feeling quite emotional about the news from Ukraine.

Some admitted that they could feel the frustration rising in them and wished they could do something.

While there is no denying the huge

loss of life and property, it is important for you to identify the human bias at work here - it is called the “Negativity Bias” i.e., our proclivity to attend to, seek and learn more from negative information.

Human brains are hard-wired to seek out negative and dangerous news. This goes back to our days as hunter/gatherers – where negative information (for instance an animal that could attack us) was critical for our survival.

What does that mean in the modern-day – you are likely to keep reading and wanting to dwell on the news around war, loss of life and other threats.

And while the emotions around this could well be justified, it is important that you understand that the consumption of this information is not assisting you (other than keeping you informed) – if anything, some may feel a sense of despair and feel out of control.

We often forget that more information does not equal sound decision making in this case.

While we must acknowledge what is happening around the world, being a mere spectator and recipient of information with little or no way of altering the outcome can make one feel “out of control.”

This can result in adhoc or abrupt decision making while seeking that sense of control. Often what helps in this regard is to name the emotion/feeling, identify what is causing it and note that this may be something not in our control.

Given the destruction caused by the war, while you may not be able to make a direct contribution to alleviating the situation, could you perhaps focus on causes closer home? Something that allows you to experience a positive emotion that is associated with working for a larger cause and making a difference?

“We can choose to be affected by the world or we can choose to affect the world.” - Heidi Wills