



**Kaylen Moodley**

Retail Client Services Consultant

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## BOOK REVIEW: Timeless Lessons on Personal Finance

For many of us, the end of the South African tax year brings focus to our personal finances. It is a time when we check in on our financial goals and reflect on our financial journey. It is also the opportune time to be reminded of lessons in personal finance – to refuel ourselves on our financial journey and maintain the momentum of achieving our financial goals.

*The Richest Man in Babylon* is a classic book by George S. Clason that does just this - it is a source of lessons on personal finance and wealth building. The book is a collection of parables which follow the lives of various characters living in ancient Babylon around 4,000 years ago. In each parable, Clason provides lessons on how to manage money, save and invest wisely, and achieve financial independence.

The timelessness of the book is captivating and makes it hard to put down. The book being recommended on TikTok (or “BookTok”) is easy evidence to support its timelessness. Each parable was distributed as a pamphlet by US banks in the early 1920s to encourage people to save a portion of their income. The parables were then bound and published as a book in 1926. I find that the lessons in the book are just as relevant today – as they were almost a century ago.

A fundamental theme of the book is that a person's financial success is primarily dependent on their own habits and decisions— financial success is not just about earning money, but also about consistently managing it well. This is illustrated through the story of Arkad – a scribe who could barely afford the necessities of life and my favourite character in the book. He seeks the advice of the wealthy, who teach him their secrets to financial success. Arkad applies their lessons consistently by saving at least 10% of his income every month, investing, and allowing his money to experience the power of compound growth. Arkad also learns the important lesson of living below your means and that you should only spend what you need and save the rest. It is easy to undermine these lessons due to their simplicity, but the success they brought Arkad was astonishing – Arkad became the richest man in Babylon.

*The Richest Man in Babylon* also teaches an important overarching lesson – consistency. The characters in the book significantly differ in their background and jobs. They experience different hardships and grow up with different life teachings. However, they all share the characteristic of consistency and apply it to their approach to money. It is through consistency that the characters become substantial members of Babylonian society and some of the wealthiest. The lesson of consistency is one that is ingrained into our investment approach at M&G Investments. By reading this book, the rewards and success that consistency brings – and why we invest with consistency at the foundation -- can easily be understood.

This book is an essential tool for anyone looking to start their financial journey of success, as it provides classic lessons on personal finance. It is also a great recap for those of us who need to be reminded that consistency is a key driver of financial success. The book's use of parables to convey its messages make its lessons indelible and easy to understand. I appreciated that the advice Clason provides is practical and that it can still be used to manage our finances today – a time vastly different from that of ancient Babylon.

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