The era of Wall Street domination is over.

It may take ten years, or fifty years, but the signs are clear. A relative few committed investors are driving the shift to an entirely new approach to working with money.

If today's capital markets can be described as complex, opaque, and anonymous - based on short-term outcomes, we are beginning to see more and more financial transactions that are direct, transparent, and personal-based on long-term relationships.

* Exotic hedge funds - out.
* Investments that contribute directly to community health and self-reliance - in.

In the years to come, there will be significant growth of…

* Small-scale community banks
* Holding companies for privately held, triple-bottom-line businesses
* New funds that re-define venture capital and the notion of "exit strategy"

And much more…

Who will be the most powerful change agents in this emerging financial system?

Women, including these three who have personally inspired me:

Judy Wicks first coined the term "living" return, as opposed to maximum return. Owner and founder of Philadelphia’s 25-yearold White Dog Café and cofounder of the Business Alliance for Local Living Economies (BALLE), Judy is a role model and national leader in the local, living economies movement. She is also president of White Dog Community Enterprises, a non-profit 501c3 dedicated to building a local food system and living economy in the greater Philadelphia region. For more information go to http://www.smallisbeautiful.org/publications/wicks_06.html

Leslie Christian has re-imagined the purpose of a corporation as the Chair of Upstream 21, an innovative holding company model designed to build natural, social, and economic capital within
communities. Right in the corporate charter, Leslie and her colleagues defined the "best interests" of Upstream 21 to include consideration of employees, the environment, long-term as well as short-term interests of shareholders, customers and suppliers, and the communities in which the company and its subsidiaries operate. For more information go to http://www.upstream21.com

Penelope Douglas is a pioneer in channeling funds to small businesses in low-income communities. Co-Founder and President of Pacific Community Ventures, Penelope launched PCV's community development investment assistance model. She also founded the first community venture fund on the west coast, and was founding chair of Juma Ventures, a nonprofit organization that develops and operates businesses designed to provide job opportunities to economically disadvantaged teens. For more information go to http://www.pacificcommunityventures.com

We can only hope that more women reach the leadership ranks of financial institutions. It may be our best plan for the future. The fact is: women have a more advanced intuitive understanding of the challenges we face as a species - ecological stewardship, food and energy security, the widening gap between rich and poor, education reform, community health, etc.

Thankfully, more women are demanding that their values be reflected in their investments. They have been served poorly by brokers and bankers over the years:

* 59 percent of women feel misunderstood by food companies
* 66 percent of women feel misunderstood by health care companies
* 84 percent of women feel misunderstood by financial services companies

By 2010, it is estimated that women will account for half of the private wealth in America - approximately $14 trillion. This number is projected to climb to $22 trillion by 2020. And women control 48 percent of estates worth more than $5 million. (Data from 2007 survey, Buying Influence, Inc.)

My friend Sallie recently moved from California to a small town in upstate New York. Soon after arriving, she was contacted by a Merrill Lynch broker wondering if she had considered shifting her investment portfolio based on current market conditions. Sallie said, "Yes, in fact I was thinking about making a small direct loan to the local family farm that runs our CSA - over and above what I pay them annually for the vegetables. I think it's a good long-term investment in my community. And it will provide an even stronger relationship with a key source of our food. How would I do it? Any ideas?" The broker discouraged it; then gave her a sermon on diversification in public equities and bonds.

Should Sallie pay close attention to the risks associated with this potential investment? Of course. But what would it look like if she and others invested a set percentage of their assets in local, triple bottom-line businesses, effectively creating a new asset class? Why should this be a crazy idea?
At RSF Social Finance, we're encouraging our clients to take a closer look at investing in their own communities, in their own regions. International microfinance is drawing a lot of interest this year from U.S. investors. For good reason, it's great to see direct investment going to small, growing entrepreneurial ventures in the developing world. But what about our neighbors? As the wealth divide continues to widen in this country, both in urban and rural areas, we are asking ourselves at RSF, "How can our clients best support small and medium-sized, privately held companies in the U.S. that have strong community development and ecological sustainability goals?"

It's part of our True Wealth campaign. We are creating a learning community that asks hard questions about money and how we use it, acknowledging that money is simply a form of energy that creates relationship between human beings. What is true wealth, for me? How would I describe it? What is the right balance between investment and philanthropy in my situation? Do I need to achieve "market rate" returns on all my investments?

And we are asking ourselves at RSF...

* What does it look like to re-imagine money to serve our highest aspirations?  
* What, specifically, will it take to develop a network of risk and liquidity appropriate financial vehicles that are completely different from the products of Wall Street?

Since 1984, RSF has made hundreds of direct loans to businesses and non-profit organizations that create significant positive impact in society. Last year alone, we made $28 million in new loans to social enterprises.

We work with entrepreneurs who are changing industry practices:
Jeff Mendelsohn, New Leaf Paper, is creating a regional supply chain for recycled paper  
Stephanie Odegard, Odegard Carpets, is creating living wage standards for the carpet industry  
Priya Haji, World of Good, is creating new distribution channels for artisans in the developing world  
Scott Leonard, Indigenous Designs, is creating a network of weaving cooperatives for organic, fair trade clothing  
Ahmed & Reem Rahim, Numi Tea, are creating new standards for organic tea

In addition to for-profit companies, we also make loans to nonprofit organizations such as:  
* Waldorf schools, designed to address the intellectual, emotional, aesthetic, and social needs of the whole child.  
* Green building projects, such as the David Brower Center, a LEED platinum-rated building and multi-tenant non-profit center for environmental work.  
* Human services organizations, such as Community Homestead, where individuals with disabilities live in extended family households.

We have three focus areas for our lending activity: Sustainable Food and Agriculture; Education and the Arts; and Ecological Stewardship.
We also facilitate $6-10 million in grants each year to over two hundred non-profits through our Donor Advised Funds. While these funds reside at RSF, they are invested in 100 percent mission aligned portfolios of fixed income and equity holdings.

After 24 years, RSF has defined a clear position on the leading edge of social finance, consistently making innovative loans and launching funds that are the first in the market to address critical gaps in financing for mission-oriented enterprises. We also know there are many smart and principled people working toward similar objectives. So we strongly support financial vehicles that are developed by our partners - through investment of time, energy, and money.

For example, we are working actively right now to help create several start-up banks, all of which are place-based and focus on serving the needs of their local communities in completely unique ways. We see ourselves as a hub-a trust holder-in the broader ecosystem of institutions that share our values, constantly pushing to bring new initiatives to market. Toward this end, we have a long history of supporting networks and events that build connections: BALLE, Social Venture Network, Investors' Circle, Bioneers, etc.

Above all, we remain in a reverent state of inquiry. As a non-profit public charity, we will always be mission-led. As indicated, we seek to ask challenging and timely questions about the nature of money and the ways in which it can genuinely transform each of us, and we invite others to do the same.

One of the major questions right now: what does it mean to take social impact "to scale"? From our perspective, bigger is not necessarily better, especially if it requires growth that dilutes principles. We believe there are many excellent companies and many excellent investment opportunities emerging right now-for example, Organic Valley's preferred stock offering for non-voting shares of the farmer-owned cooperative-that generate steady long-term financial value and social/environmental returns without forecasting big year-over-year growth.

Another of our ongoing questions: How can we harness the striving energy and entrepreneurial drive of the American people to move more towards collaboration and partnership, instead of maximum individual gain, while honoring the power of free markets? We look forward to working with all of you on these important questions in a spirit of service.

*Article by Don Shaffer, President and CEO of RSF Social Finance* ([http://www.rsfsocialfinance.org](http://www.rsfsocialfinance.org)).

Inspired by the work of Rudolf Steiner, RSF has made over $145 million in loans and over $65 million in grants since 1984 to organizations in the areas of Food and Agriculture, Education and the Arts, and Ecological Stewardship. This year RSF is launching a new mezzanine fund for social enterprises seeking growth capital, and a program related investing (PRI) fund for foundations seeking to make charitable loans. Contact Don at [don.shaffer@rsfsocialfinance.org](mailto:don.shaffer@rsfsocialfinance.org)