



[HEROES: WHAT MATTERS MOST]

VALERI BELOKON: MONEY SIGNIFIES BELIEF. ALL OTHER THINGS ARE MERELY MYTHS

Yelena SHEININA

Ten years have passed since the owner of Baltic International Bank Valeri Belokon gave his first extensive interview to our magazine. A lot has changed since then in Latvia, at the Bank, and in his own life. In 2018, BIB will be celebrating the 25th anniversary of its foundation. Together as a nation, we'll be celebrating the centennial of our country's statehood. So, it would be quite appropriate to assess what has been done and to catch a glimpse of the future.



Valeri Belokon maintains a long-lasting friendship with His Royal Highness Prince Charles of Wales. As a member of the Board of Trustees of the Prince's Foundation for the Built Environment, Valeri Belokon has been engaged in managing the Prince's assets during three years.

"Everyone who has ever enjoyed the luxury of human communication (to be more precise, a confidence-based communication encompassing personal finances) will never refuse from it. You should feel pleasure of human interaction".

You've been running your bank at a stretch over 25 years, and you have never intended to transfer it or to hand over the reins to anybody else. Could you tell me frankly, are you a dictator by nature?

I wouldn't say so. Admittedly, I highly appreciate managerial and decision-making skills. I'll tell you even more: many people are able to make decisions. But alas! Not everyone is prepared to assume responsibility for the decisions. In principle, I could hand over the wheel. Moreover, you should get that done to keep moving forward. Because I wish the bank survived me. Firstly, everything has its time. Secondly, you should be waiting for someone who is worth your trust. We obtained our banking licence 25 years ago. Our then-current share capital totalled 25 thousand of Latvian Lats (the equivalent of nearly US\$ 40 thousand).

And we set out ourselves the goal to become a truly great bank. We had six rooms and 19 dedicated and ambitious employees. They were opened up to the world and strongly believed that everything is going to be superb. Something like 100 banks operated in Latvia at the time. But that was not the point. Importantly, we then articulated our purpose:

WE ought to become a BANK! And no matter how many banks remain operating, even if only two of them are left in the banking landscape.

In this regard, nothing had changed since then. I look only forward, never back. You shouldn't chase after the past. Otherwise the future will slip away. Those are my principles. For me, the future is more interesting and more important.

What is Baltic International Bank today?

I would like to compare it with a human being or, to be more exact, with the stages of human being's development. Humans termed as "homo habilis" (handy man), "homo ergaster", "homo neanderthalensis", "homo sapiens"...

If homo sapiens has learned to make fire, used stone axes, could deal in gold

and money, and now humans can deal with new technologies, it means that "bank sapiens" has also underwent its evolutionary change

Like any civilised European bank, we can operate at any place in the world today. We can offer new products that are suitable for any western, eastern, southern and even northern customer. A quarter-century ago, we had other mentality!

At that point in time, we were not able to acquire customers having a vast experience of dealing in the global markets. Although we had a clear view of the situation and knew their requirements, they were not ready to bank with us. But we continued to grow, grew together with our customers and rapidly evolved our business. And we continue to grow at a skyrocketing pace. Today, deposits of our EU-based customers make up 49.8 percent of the bank's aggregate portfolio.

The banking industry is increasingly prone to reshaping their business and adopting innovative strategies. As banks become more sophisticated, human intervention becomes less necessary in a digital landscape. It may look paradoxical, but the financial environment is becoming more schematic and clear while getting more sophisticated. What do you think about evolution of the attitudes towards money? Does this "simplification" mean that once you'll return to your six rooms?

It seems unlikely that in reality we'll return there. No, no. I expect the effect to be the opposite of that. Now, we are much closer to having six buildings in the Old Riga rather than six rooms. And the situation is irreversible. But the evolution is really underway.

Financial mechanisms are constantly changing. A variety of alternative instruments appear. Today, cryptocurrency is a trendy topic in the financial world.





Valeri Belokon and Vilori Belokon, the brothers and the owners of Baltic International Bank



About the future of Baltic International Bank

“There is one thing we can be absolutely certain of: ours will be a great bank!

This will be a bank of truly international calibre, a bank that can boast of super professional team, and a bank serving international customers at any place around the world. I don't want to sound pompous, but we have very ambitious goals. The paths to our goals are inevitably filled with challenges. And we're ready to take up any challenge”.

And debates are flaring about the stability of cryptocurrency and eligible collaterals used as security. What is the 'security' for Leonardo da Vinci's Salvator Mundi (Savoir of the World) recently auctioned for \$450 million at Christie's in New York?! Apparently, it was 'secured' by our belief in the sublime beauty or artistic value of the masterpiece.

Amidst enormous global changes, one principle remains unchanged at all times. **Money signifies belief! All other things are merely myths!**

If we speak objectively, today money is not actually backed by any cache. Yet, a moneyless world seems pretty impossible. Money works like the blood and keeps the economy alive. Government cannot function without money, and society cannot work without money. Financial relationships exist as long as people believe in their country that mints money and in the country's financial system that handles and keeps the money.

What really matters is how you build the relationships! Regardless of all gadgets and computer technologies, there are and there will always be people for whom the personal touch is extremely important, especially in a sensitive and delicate sphere such as finance. It's pretty obvious. At Baltic International Bank, a private banker has always been serving as the direct link between customer and Bank. As far as gadgets are concerned, a gadget is only a communication device.

In the internet environment, people deal with figures, products and instruments.

In face-to-face communication, you feel emotions. Emotions are very important for many people.

But we focus not only on our bank and not only on money. The words 'handmade', 'handcrafted', 'artisanal' signify something that is certainly better, classy items, products that are esteemed to be of the highest quality, be it a tailor-made suit, a car or a yacht. Fine hand sewing is a characteristic of high-quality tailoring. Nowadays, the term 'tailor-made' goes far beyond the tailoring universe.

A BOSS suit is renowned for its perfect fit to the body. Nevertheless, a BOSS suit and a bespoke suit from London's Savile Row tailors are not the same thing.

Everyone who has ever enjoyed the luxury of human communication (to be more precise, a confidence-based communication encompassing personal finances) will never refuse from it. You should feel pleasure of human communication.

Today, cars are widely used and hansom cabs are no longer in high demand. But a certain number of horse-drawn vehicles are still needed! Someone really needs them! Tastes differ, and people are not alike. That is why it is so important to pinpoint “our people”.

How would you describe “our people”?

They are those who highly appreciate a personalized approach, services and products tailored to their individual needs and “handmade work”. You know, a car assembly line is not an exception.

Mass-production techniques currently provide impeccable quality. Still, many people choose to purchase Aston Martin or Bentley brands not because they are pricey but because of their bespoke handcrafted luxury. The car owners prefer pay big money specifically for the human touch.

Do we want to make money at any cost? 25 years ago we said no. When our peer banks were ready to accept five dollars from any occasional depositor, we set the minimum deposit requirement of US\$ 10 000 per depositor. And future events proved we were right. In 1995, many banks were hit by the financial crisis. We disclosed our accounting books to our customers who had already earned US\$ 10 000! You know, we saw no any runoff. We succeeded to retain our faithful customers.

We are relationship people. We and our likeminded customers highly value relationship built on mutual confidence and sharing of common interests and goals. To become a family bank like a 350-year-old private bank C.Hoare & Co., the oldest bank in the United Kingdom, we need to be customer-centric. Founded in 1672, C.Hoare & Co. remains family-owned and is currently managed by the 10th and 11th generations of Hoare's direct descendants. We should choose the customers we will work with in the same way as they choose us. It's always a two-way street.

Look at this picture. I remember a customer who entered this room, saw the picture, immediately took out his iPhone and started to show me „the Dutch”. We talked about paintings for some time. Later, his company transferred a few millions to their accounts held with our bank. Paintings were not necessarily the main point. But we must always understand that we're all living in the same world, in the same coordinate system. We and our customers are aware of the importance of being on the same wavelength, thinking alike and having a deep understanding of each other.

WE ARE OF THE SAME BLOOD, WE AND OUR COUNTRY!

Next year, not only our bank will celebrate its jubilee. Our country will celebrate its anniversary. The centennial is a pivotal, epoch-marking event in the history of the country. Your business is essentially international. You maintain very close ties with the Great Britain. And yet, Latvia remains central to your life. What does this country mean for you?

Maybe my words will sound somehow pathetically but quite honestly. People live by their feelings. I can experience versatile and pleasant feelings and emotions while in Britain, USA or Japan. But I'm living in Latvia and enjoying my life here, in my homeland. And my choice is absolutely deliberate. Well, that's exactly my point.

A day or two ago, we celebrated the 18th of November. Every year, we invite people for

whom the 18th of November is not merely a date. For me, it's a celebration of a free thought. The concept of freedom is fundamental for me, and I emphasized that 10 years ago.

I would say we, I and this nation, had chosen each other. And there is a striking coincidence between us. And I absolutely know that this country is not something abstract but concrete: we ourselves are the country.

I witnessed lots of processes in Latvia and saw politicians come and go. Also, I know how the others emerged in the political arena. I myself got engaged in some of the processes. Admittedly, we were very naive and therefore made a plenty of mistakes. But we are well positioned to remedy our mistakes and to continue building our nation.

I agree that it's always difficult to fight, especially if you stand up against red tape or servants who believe they will hold their posts forever. But they are wrong! Very often the nation is perceived as lacking competence because all of the regulations are drafted by ordinary people who lack competence. That is why you can't sit on your hands! If we do nothing to alter the situation, then the nature will alter it. We are the revolution, and the nature is the evolution!

But it seems that most people prefer to go abroad rather than to fight, no more waiting for the revolution. How are you going to fight against the outflow?

The problem certainly exists. I myself was close to those people who shaped the policy and were able to resolve of to have resolved the problem. Apparently, I have not outlined and explained my stance clearly enough and have not persuaded them to take action. If the population outflow continues, it will affect our bank as well. No doubt about that. It's not a question of shrinkage of our customer base. It's a question of „natural selection”. Who goes away? The best and courageous people and those whom we want to bank with us!

To tackle and stop the outflow from the country, the government should create an enabling environment! As for me, I'm working and paying taxes. I have created 270 workplaces at my bank — isn't it an impressive number?!

The government should provide support to businesses, and the businesses should create more workplaces.

For example, we have embarked on financing extremely interesting projects. We and Mottra (Latvia-based caviar producer) have joined our efforts to build a fish breeding plant in Piebalga. Mottra has a vast experience and its own work patterns.

The plant will be the largest in Europe. We are planning to launch the plant next year. And this is not the only example of successful cooperation.

People do not want to live here, but they must do. And we must help them. Our projects are aimed at bringing benefits to people.

You sound like a socialist!

Never ever! I'm not an idealist.

Only with respect to the nation you are...

UNITED WE STAND, DIVIDED WE FALL

How much of a patriot you are?

By patriotism I mean a particular form of belief. You can't exist without any belief. Belief is imperative in all aspects. Firstly, you should believe in yourself. Many people lack belief in themselves. What people really need is to believe in their own mind. Quite often people also lack determination and strength of will.

Some time ago I took my sailing hobby to a new serious level. A few thoughts from my experience: here is the calm after the storm, situations change one after another. But you should definitely know that you must steer successfully through the storm. And you should believe that you will cope with the challenge. You cannot go sailing without being up for the task.

The same refers to business. For example, we had to part with some very smart and well-educated top managers just because they saw only insurmountable barriers and were not able to believe in a favourable outcome. Likewise, in the dispute with the shareholders of Blackpool FC, I was offered to accept that my claims are at the level of £800-900 and to end up the litigation. But we have not abandoned our standpoint and have won 31 million pounds in October.

Do you think that business is a team sport rather than the first person's individual will?

As far as our bank is concerned, business is a team sport – if the team is competently managed by the first person (*Laughing.*) At Baltic International Bank, we take human resources quite seriously. A young girl (born in 1996) has recently joined our team. And I thought: but for her, our bank has always existed! From today's angle, this project is already longer than her life until now. To build our future, we make emphasis just on young, ambitious and self-confident staff members. Nobody knows what the future holds.

Nevertheless, I have already said: There is one thing we can be absolutely certain of: ours will be a great bank! It will be a bank of truly international calibre, a bank that can boast of super professional team, and a bank serving international customers at any place around the world. I don't want to sound pompous, but we have very ambitious goals. The paths to our goals are inevitably filled with challenges. And we're ready to take up any challenge.

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Cryptocurrencies have emerged... Are you ready for a new challenge? Are you ready to deal with another type of virtual money that has popped up? We know that banks today operate substantially with virtual money.

We are not going to ignore the challenge, that's for sure.

Most likely the government will harmonise the virtual currency sector. What is a problem that virtual currencies are facing today? The matter is that they are still in a grey zone. So, they may arouse interest in those who somehow operate in a grey zone. Uncertainty hangs over cryptocurrency because it's not quite clear by what commodity the currency is backed.

But sooner or later the owners of cryptocurrencies will show their willingness to legalise, pay taxes, conduct transparent transactions, and the like. They will need someone who will provide them with relevant tools.

We are working on this issue because in the future cryptocurrency will be dominant in the financial world.

We must therefore be prepared to work diligently. We are not going to be the bellwether, it's true. But our explicit intention is to be the most literate, competent and prepared well!

Imagine that the time has come to transfer business, to hand over the reins? So, what will happen thereafter?

There is nothing extraordinary about that. Sooner or later that moment will come. Meanwhile, I do not specifically focus on the transfer. I really prefer to postpone it until later.

I haven't yet 'painted' a transferee to whom I could leave the things I've worked hard for in life. And I want to enjoy my own creation. The bank is my life's work! I cannot yet abandon it.

For me, it is important what I leave behind. I work to assure that my undertaking, my life's work continues into tomorrow. And I understand what the tomorrow would look like. Management techniques may vary. But I bear the ultimate responsibility for the decisions made by my people.

What if it turns out that the father's suit looks oversized and does not fit the children properly or does not correspond with what's called "natural stance"?

You know, we arrange annual conferences for our customers. Donald Trump John Jr. attended our conference as a guest speaker. That was one of the best conferences that we had ever been to. Just these aspects were discussed during the event.

The attendee feedback was truly awesome! Wealth succession is not a new topic. All you need is to create the mechanism that sooner or later gets into the right hands. The right person whom the "suit" will fit perfectly will emerge! If not in the second, then in the third generation.... My guess is that we'll be able to find the "safe hands" pretty earlier.

Our preparations are well underway. We've embarked on preparing a new home for our bank! We've undertaken a five-year project that envisages the construction of five new buildings. Functionally, the initiative implies the expansion of the bank's activities, including the creation of a finance museum possessing private collections and of commercial infrastructure. Now, the site qualifies as a degraded area. But in the history of Riga, it has been the starting point! The modern Riga has begun its creation from the construction works in this area. There was a lake, formed by the Ridzene River, in the place where Albert's Square is situated today. There was a port, and ships stood here where we're sitting and talking.

There is a definite symbolism in all that stuff, which is important to me. When we embarked on the project, I didn't know anything about that.

A LITTLE BIT ABOUT SYMBOLS AND SIGNS FROM THE UNIVERSE

Do you believe in any signs from the Universe?

I do believe. The signs and messages are everywhere, but the interpreting can be the most challenging.

BOOK PUBLISHING COMMITMENT

Valeri Belokon is always surrounded by very different books while being very choosy about them. He relishes the opportunity to publish books.

A patron of the arts and culture, Valeri Belokon implemented a few publishing projects. He said all of the projects were associated with something inherently new and were needed just at that particular point in time. The publications range broadly from encyclopaedia to folios. The biographical encyclopaedia *Who is Who in Latvia* was started from scratch. Valeri Belokon was a trendsetter at the time. Nothing of the kind has ever been seen in the country. Baltic International Bank sponsored the republishing of the unique historical album *Terra Mariana* (see the picture). The original copy of the album was printed in 1888 in Riga and thereafter presented to Pope Leo XIII. In the Baltic States, there are no equal-value analogues of the unique album in terms of concept, content and design. The project took several years and was completed in 2014. Special thanks should be extended to Archbishop of the Riga Roman Catholic Archdiocese of Riga and Metropolitan Zbigneu Stankevich with whom Valeri Belokon maintains long-standing and particularly close relations and whom he characterises as follows: „His thought goes far beyond Latvia. For me, he is a great person who is thinking geopolitically on a countrywide scale”.

Currently, a new book about Latvian heraldry is underway. The book seems likely to become as rare as *Terra Mariana*.



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“I believe in a „banker’s karma”: we are responsible for the money entrusted to us by people, responsible even more for the trust itself. Somewhere in the very depth of my heart I know: if anything goes wrong, I will bear my burden of responsibility over a quite long period of time. And I will be accountable for my actions not only to the supervisory authorities.

Do you make your decisions while relying on figures or being guided by intuition? Do you prefer being guided by your sixth sense or even seventh sense?

You know, it’s the seventh one. For me, it is more important than figures. Because I look forward and see the future -- in the broad sense of the word.

I believe in a “banker’s karma”: we are responsible for the money entrusted to us by people, responsible even more for the trust itself. Somewhere in the very depth of my heart I know: if anything goes wrong, I will bear my burden of responsibility over a quite long period of time. And I will be accountable for my actions not only to the supervisory authorities.

Either positive or negative energy can fuel work. Would it make any difference to you? Or the final result is all that matters?

In fact, I’m absolutely convinced that human thoughts can materialize in the future: if you pursue something good, you will get it. I personally prefer to be put in tune with and to stick to positive constructive energy that would embrace a lot of people and that would be shared with them and that would make them happy. We therefore readily support charitable projects. Financially capable people should feel inspired to go out and lend a helping hand to the needy ones. We’re not talking about taxes because taxes are paid on the mandatory basis and boost government coffers. Taking action and doing good things for society this is what we’re actually talking about.

Importantly, I should take an active role and feel engaged into the entire process! I’m harvesting energy from the process. That’s it.

STEERING THROUGH THE WIND

You can get energy from somewhere else, right? Let’s talk about your latest hobby, I mean your yachting lifestyle. What does the hobby give you?

It brings about absolutely new and very strong feelings. A sailing yacht is associated with being close to nature, subduing its elements and feeling its power. It’s not the same as a motorboat.

I’m doing my best to skipper my yacht in a variety of weather conditions. When you are offshore, the number of subordinates you have left on land and the reality of your on-land routines no longer matter. You live up to the code of the sea. And the size of a yacht left onshore doesn’t matter at all. Just imagine you meet a huge tanker and you need the weather info. Be sure the tanker crew will help you out. And the fact that you are sailing just a tiny yacht would be wholly irrelevant. Relations between people are the only thing that really matters.

Traditional maritime countries such as Scandinavia, UK, France and Spain have always lived according to marine rules. They formed the crews and formulated

their laws so as to assure that the crews come safely back ashore.

A ship without a captain cannot sail. A ship must be monitored continuously. That’s why the wise laws of the land and of the water were formulated likewise. The sea gave people the understanding of certain common values of mankind.

Everyone seeks his own ways of discharging adrenaline. As for me, I would like to steer through and control wind, to stay alone with nature, to feel the power of the sea, and to feel just that felt by ancient seafarers. I have four years of yacht-sailing experience. One of the things that come to mind is the waves I’ve encountered with for the first time. It’s quite funny. But each subsequent voyage brought new feelings and new experience. I choose new sailing spots and destinations and go sailing in different boats.

I have challenged myself to undertake a transatlantic crossing, and not as a passenger but as a fully-fledged and a worthy member of the team. Mastering that challenge is very important to me. I also believe that sooner or later I will be able and ready to undertake a round-the-world voyage. The voyage will take nearly a year and a half or two years, and it looks very problematic indeed. Finding time is hard. Well, it’s not exactly the right moment!

Just imagine yourself in a fantastic situation. Like Robinson Crusoe, you find yourself stranded on a remote desert island. All the stuff you have is on you. No credit cards, no cigars, and no your cell phone. For what will you be still vigorous enough?

For life! The same one! I’ll be able to enjoy the same feelings, the same satisfaction and pleasure from life.

While driving in my car this morning, I’ve recalled our last interview. You know what I thought? As a person, I feel freer than ten years ago. Probably, I still have any skeletons in my cupboard. But they do not scare me. I do think if I touch them, they will break up. So, it’s better to leave them untouched.

Wherefrom do you draw your strength?

All people draw strength from the love! It is the same with me too. I mean love from your dear ones, love for thrill, for this table that should be perfect and beautiful (the editor’s comment: The custom-made table mentioned here has been made by a skilful Latvian artisan. The table is not only functional. It is symbolic in a certain sense.)

What is a driving factor behind what people do? Love! Love cannot endure indifference. Love reshapes itself over time. It grows stronger, more powerful and deeper. It makes us better and gives us strength. Love is a chemical reaction. It’s just the way life works, and it’s the way things are set up. And we need love.