

# Q&A: Ruben Vardanyan, Russia's Armenian Financier Turned Philanthropist

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Ruben Vardanyan, who earned his \$950-million fortune in Russia's banking sector, sitting in central Yerevan.

On one side of Ruben Vardanyan's open-plan office hangs a wall-size photograph of an Armenian mountain panorama. If you look closer you can see — in the center of the photo — a tiny figure of a man in a yellow sweater, with his back to the photographer, staring toward the distant peaks.

The man is Vardanyan. "It shows how small you are in a big world," he said.

The photograph was taken by the Tatev monastery in a remote corner of the former Soviet nation. Vardanyan helped pay for a 5.7 kilometer long cable car to the monastery, completed in 2010, which he said gave an economic boost to the region. It is the philanthropic project

of which he is most proud.

Since selling one of Russia's most respected investment banks, Troika Dialog, to state-owned giant Sberbank in 2011, Vardanyan, 46, has retired from banking. He now plows his money — Forbes magazine estimates him to be worth \$950 million — and time into charity projects in both Russia and Armenia, as well as running an investment boutique.

The Russian financier has always been known for his international links — he set up Troika Dialog with two Americans in the 1990s — and he has studied at U.S. universities. But in an interview with The Moscow Times, Vardanyan was reluctant to talk politics or discuss the relations between Washington and Moscow, which have deteriorated to their worst level since the Cold War over the Ukraine crisis. He merely asserted that Russia's isolation is temporary, and that the country has seen worse.

This year, in partnership with Hollywood celebrities like George Clooney, Vardanyan launched the 100 Lives project, to commemorate the centenary of the Armenian genocide through the inauguration of a new humanitarian prize and retelling stories of heroism.

*This interview has been edited for length and clarity.*

**Q: How did 100 Lives come about?**

A: The idea came from the story of my family. My grandfather from my father's side came from Western Armenia, which was part of the Ottoman Empire. He lost his parents during the genocide and he lost many of his brothers and sisters — not all of them, but most of them. He was 7 years old when he fled Turkey and came to Armenia.

It was there that he arrived at an orphanage school that was run by American missionaries. He graduated from the school, started teaching at the school and later became a professor of history. He never talked very much about his story, but I remember very well when he spoke a little bit about his childhood.

I soon realized that I cannot give the same emotional feeling to my son. Today I am a successful person, but this is only because some people from an American missionary organization helped save those kids. We need to say thank you. It doesn't matter how you define what happened 100 years ago — the fact is it was a tragedy, we lost our historical land, our historical culture and heritage and we lost 75 percent of the people living in that place.

Despite all this, we are alive and we are successful. Though the plan was to destroy a nation, we are alive. I thought that it would be good at the 100 year anniversary to talk not only about how many people were killed and raped, but also to say thank you to those who saved our lives.

**Q: Do you know much about how your grandfather escaped?**

A: Not so much. The Russian Army helped him and his mother, who died later from disease, to get out in 1915. But, because he was saved by Americans and he grew up in an orphanage in Etchmiadzin, a religious center, it was never very well received by the Soviet system. That is why he was always quiet about the role of the Americans who helped save his life.

**Q: Have you been to the part of Turkey where your family was from?**

A: Last year I climbed Mount Ararat with my son, but I didn't travel a lot. It was quite emotional to go and to see nothing left. The 100 Lives project was designed to try and help overcome the victimization mood that stems from the surviving and suffering. We are victorious and we are strong and we are saying thank you.

**Q: Do people misunderstand that? There are still a lot of Armenians who are very angry.**

A: But they accept my point. I was worried about this reaction, but the project was very well received. People really think it is the right time to feel differently about what happened. And how we need to react to what happened. What happened is clear: it was genocide.

**Q: How is the current political climate impacting your international projects?**

A: I started my business in 1990 with the Soviet system in place and the Communist Party ruling the country. Nobody understood the difference between the equity and debt markets. I have lived many lives: I lived in the Soviet system, I lived in the 1990s.

Overall, it is not good when you have bad relations with neighboring countries or with European countries. [A key part of] my business philosophy has always been trying to build a bridge between the rest of the world and Russia. Trying to bring investment, experience and knowledge from both sides.

From time to time the relationship changes, and the environment changes. It is not an easy time for anybody to do business in Russia. But I don't think it is long term. It is a short-term trend. You cannot do everything yourself, you cannot live by yourself in a post-industrial society.

**Q: What is the role of your Family Fund?** [Most of 's projects have been gathered under the RVVZ Family Foundation that he runs with his wife, Veronika Zonabend.]

A: The main issue that this fund is trying to address now is what those Russians, the first generation of rich people, who in the next 20 years will get older, will do when they are 65 or 85 years old. They need to think about how and what they leave to their kids. How they will do philanthropy and how they will do business succession.

Imagine you are a wealthy person with a mid-sized company in Russia — not a public company — and you want to leave something for your family. You have some flats, some houses and some money. Do you want to leave the business fully to them, can they manage the business, what is the business succession plan?

**Q: Is this a money-making venture?**

A: Of course it is a money-making venture. But the main goal is creating a culture of respecting and thinking about private ownership. It's also a psychological transformation linked to the future of Russia. It's critical for us to make this project smooth and professional.

I believe the approach to what we are doing needs to be business orientated, or results orientated. It needs to deliver. I don't think charity is just emotions, you need to do something

that is self-sustainable. It needs to be very professional, very systematic and results orientated.

**Q: Are there any common threads to your projects?**

A: There are three major problems in Russia and Armenia and many other former Soviet countries.

Firstly, the level of trust is very low. If you increase the level of trust between people you can increase the efficiency of the business.

The second problem is the lack of long-term planning. And the third is the low level of institutionalization. The goal is to go from personalized to institutionalized infrastructure. Making the rules of the game for everyone more or less equal. At Troika Dialog I had the same goals. To build trust, to bring money to Russia and to build a market economy.

**Q: What is the charity project you are most proud of?**

A: All my projects will continue for many years. But the most developed of all my start-ups is the Tatev monastery project. It is very important that we are not just doing restoration of the monastery, but also creating the mechanism for transforming the economic landscape around it. I am very proud of this — you can see the effect of building the cable car. Nobody believed in this when I started it in 2008, they said no-one will come, that you are wasting money. And now it is a big success, much to everyone's surprise.

This is why I like social entrepreneurship. I like to create a chain reaction. However, it's very important to make it self-sufficient, like a business. Just giving money is not enough; you need to provide execution, execution, execution.

**Q: Is Bill Gates' "Giving Pledge" [where wealthy people commit to donating a certain part of their fortunes to charity] a good model for Russia to follow?**

A: It's one model. Each of us has a very personal approach. For example, in Russia or Armenia I think it will be very detrimental to spend a large amount of money immediately. We are at a stage, in my opinion, where we need first need to invest. I would say I prefer to carry a project out rather than just giving money. I am not retired, I want to be active in the decision-making process. The Giving Pledge is good but I want to be spending not just my money but also my time and effort on philanthropic projects.

**Q: Is it particularly difficult for Russians to think long term?**

A: If you are going to make a prediction about the future, then all things are difficult. This is one of the challenges for us. Don't forget that Russian farmers during winter would never know if they would have enough food to be alive the next year. Short-term orientation is not a contemporary thing, it's traditional.

**Q: What will you leave your children?**

A: It's not a secret. I said to my eldest son when he turned 13 that he will get an education and some real estate, but he will not get a significant sum of money. This will apply to all my

four children. My wife and I will try and spend all the rest of our money in our lifetime doing some good things.

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