

The ABCs of EFG

Jean Pierre Cuoni has for several decades been a lead wolf on the prowl for private banking opportunities. Now, the mountain-climbing Chairman of EFG International has re-invented private banking for a sophisticated clientele who value independent advice.

By **KANNAN CHANDRAN** in Zurich



Daniel Jauchin (foto)

Thirty years ago, when Jean Pierre Cuoni was a private banker with Citibank, the corporate bankers said to him, “Ha! By 2000, banks will not need people like you because clients will have their computer-aided programs to help them invest.” Cuoni is tickled by the recollection. “They couldn’t have been more wrong. Today, you need an adviser more than ever, because of the complexity of the markets. People need private bankers to help them make sense of things,” he says.

But not just any private banker. After working several decades in private banking, Cuoni discerned the need for a new breed of advisers. In 1995, he conceived of a plan that would become EFG International,

He put his life savings of US\$3.5 million on the table and started EFG International with his colleague of 20 years, Lawrence (Lonnie) Howell, an American banker who is known for his meticulous scrutiny of every detail in operations, strategy and execution. Cuoni also had the full support of his wife, Yvonne, whom he considers as “50 per cent” of his career.

Cuoni, Howell and a team of private-banking friends approached Greek shipping, real estate and banking magnate Spiro Latsis with the idea to start EFG.

Maverick Model

The plan was simple. Cuoni had visions of creating a private bank that would offer sophisticated personalised services for

as a business unit in the bank, supported by the bank’s back-office infrastructure. The client relationship officers (CROs) are remunerated according to their profitability, just as entrepreneurs are. Most important of all, their clients would be theirs to recruit, manage and maintain.

“We want to position all our CROs as advisers, not sales people,” Howell explains.

Cuoni says most banks find this relationship too precarious. “Most banks do not want to accept that private banking is a three-way relationship between the CRO, the bank and the client. Instead, they take the view that ‘We pay you [the banker], therefore clients belong to us [the bank]’. They ask CROs to introduce clients to other

In traditional private banking, the bankers had a sales target and were often treated like employees. Hence, it can be argued that traditional private bankers may not necessarily have the clients’ best interests at heart as the sales target takes precedence. The EFG model, in contrast, seeks to align bankers’ and clients’ needs more closely by eradicating the sales target. EFG’s bankers are entrepreneurs in their own right and each banker is viewed as a business unit in the bank, supported by the bank’s back-office infrastructure. The CROs are remunerated according to their profitability, just as entrepreneurs are. Most important of all, their clients would be theirs to recruit, manage and maintain.

Switzerland’s third largest banking group by Tier-1 capital today.

At that time, Cuoni was pushing 60 and was about to retire from his position as CEO of Coutts and Co International Private Banking. He felt that he could contribute more to private banking, even though he was the person who started global private banking at Citibank in Switzerland. So, instead of opting for retirement and quiet contemplation of the mountainous terrain he likes to traverse, he embarked on another career-extending trek.

individuals with US\$1 million and more in spare cash. But it would be a private bank with a difference.

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departments, which is something they hate,” he states.

Indeed, larger institutions that have investment banking, corporate banking and private banking businesses have tried in recent years to cut a seamless path through them all for the sake of ‘cross-selling’. But it has sometimes created conflicts of interest and loss of focus.

Cuoni speaks from experience, having spent 20 years as a relationship manager in the early stages of his career. He sought to create a different atmosphere at EFG.

“We are building a bank that provides

a nurturing environment for CROs. We accept that if they leave, the chances are that many of their clients will follow. The trick of course is to make sure they don't leave the bank," he says with a laugh.

EFG has about 630 CROs worldwide and only a "handful" of the profitable ones have left the bank. In contrast, the industry is thought to have a 5-10% turnover of private bankers.

Cuoni thinks EFG can keep its performers because they are treated like entrepreneurs and are subjected to a transparent remuneration standard. Most of the senior staff and CROs also have an equity interest in the bank.

It wasn't easy getting them to join EFG in the first place. "All the people we recruited, at the beginning at least, were very happy in their existing jobs. We had to convince them that here, at EFG, they have an exciting long-term future. They're going to be compensated well because they're rewarded with the fruits of their own efforts. They're coming in as stakeholders."

Since the first days, Cuoni had aimed for EFG to go public and to encourage employees to own a piece of the company. "We came up a little short — it took us 10 years and one month! We opened in September 1995 and we went public in October 2005 (on the Swiss Exchange), with CHF40 billion (about US\$36.4 billion) in assets under management (AUM), and about a third of the profit we're making today," he says.

In the course of EFG's short journey on the stock exchange, its stock went as high as CHF60, but the credit crisis sent it down to CHF35. "It's fluctuating these days," Cuoni says, hands raised in exasperation. "It can go up anything from 10% a day, or down, it's crazy."

But the efficacy of EFG's maverick business model is perhaps best articulated by its profitability. In the 2007 financial year, revenue margins were 1.19% while margins in the industry are generally 1%. EFG's target is 1.1%.

In the first half of 2008, while many major banks were dented by the credit crisis, EFG posted a record CHF 4 billion in net new money, and reported a net



Jean Pierre Cuoni and Lawrence (Lonnie) Howell

profit of CHF178.7 million, an increase of 13% over the same period last year. While market turbulence has had its impact on the bank's business, with many of the well-heeled showing restraint in their investment activities, clients' AUM breached the CHF100 billion mark, rising 16% since June 2007, to CHF 100.9 billion.

Complexity Of Simplicity

The EFG business model, while simple, is also demanding to execute. "You [CROs] have to produce," he insists. "You are not given any clients, so you must act as an entrepreneur and bring in your clients." Once the clients are in, CROs are given controlled freedom to manage and advise clients as they see fit.

"This philosophy is basic to our success. It's also basic because as you know, a client never just banks with a bank, they also bank with a banker. And it is more difficult for a client to find the right banker than it is for the bank to find a client."

Cuoni appreciates the simplicity of

his business model. But he says it will only work if you're starting a new bank from scratch, which is not a frequent occurrence. "If you say, I'm going to turn my bank, which is 150 years old, into the EFG business model, it's a lot more difficult than it might look," says Cuoni.

"If you are starting a new bank, and you would like to adopt our method, you must have a backbone of quality CROs. We knew good people, with a sound track record and ability to perform. With this group of people, we were able to get over the first five years. That is a crucial time frame. If you're building a bank, you have to get over this time with enough money to run the business.

"Private banking is not something like credit or investment banking. You can build a bank on credit, you then give out loans to people. And the first day you give money everybody comes and takes a loan from you. And then they pay interest, and as of day one, you sort of make money. In private banking you've got to get a client, you've got to move his assets over

to the bank, and that could take a lot of convincing. So, the bridge financing in private banking is longer than any other banking business, and therefore you've got to have invested money," Cuoni explains.

"And if it doesn't work, you'll only find out a few years down the road, by which time you've spent a lot of money and you close with a huge loss. I've seen many of those," Cuoni adds.

Reaching Out To The Reclusive

When they first started out, Howell and Cuoni between them had about 100 potential CROs to approach. This was vital in the discussion with the reclusive Latsis, who had the physical bank and the capital to bankroll the venture.

"Clearly, we had the most important thing. We had the people," Cuoni states. "The rest you can get — the bank, the capital, the computer systems..."

In Latsis, Cuoni saw a strong partner that would inspire confidence in the potential clients. "All our clients are used to big banks with big bank accounts, so we needed some powerful partners. Having interviewed many others, we decided that Latsis was the right way to go because he is an intelligent businessman, and he makes decisions on the spot. You talk to him for half an hour and he makes a decision there and then."

Latsis was impressed with the model and the fact that the founders were willing to put their own money into the venture.

"The fact that we came with money, and that we didn't need every CRO to invest in the business, meant that he was immediately captivated by our model — more so than anyone else I talked to. Also, it was the best fit because the Latsis Group already had a bank, Banque de Dépôts, which came with computers, staff and bank offices. But they were lacking clients."

The good fit has since transcended into a good business relationship. "Latsis has always supported us. Most of the proposals we brought to him, he accepted. In some instances he felt it was not so smart to do this or that and we didn't do it and he proved to be right. I think I've never had

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Cuoni reckons Latsis is "happy as a clam" with how things have shaped up in the short 12 years since EFG was formed. For an investment of less than US\$100 million, he has a controlling interest in a bank with market capitalisation of around US\$4.7 billion.

The growth of the business has been staggering, even to the originator of the vision.

"Frankly, I didn't think it would result in the level of success that we have today," Cuoni admits.

Today, EFG International's group of private banking businesses operates in 55 locations in over 30 countries, with around 2,000 employees. It has enjoyed an unbroken track record of growth, with clients' AUM now exceeding CHF100 billion. It is a member of the wider EFG Group.

"We have a business which is highly stimulating from a growth perspective, and my mission in life, along with Lonnie, is to determine where to apply more

capital and where to find and hire new people. It's stimulating, and it is fun," says, a beaming Cuoni.

The American Dream

Cuoni had dreams of becoming a banker early in life.

The youngest child of four, he had made up his mind at the age of 17 that he would become an important banker. His father, a teacher turned politician, wanted his son to take up law, but the younger Cuoni had his own ideas.

It was a decade after World War II, and like many youths growing up in Switzerland, Cuoni had dreams of making it to America. "I was sort of tired of going to school and I told my father one day, I want to work for a bank."

Cuoni had his strategy mapped out. "Those days, Switzerland had 500 visas per annum for people to go to America. But in order to get a visa, you needed to get a job. And in order to get a job, you needed to get a visa.

"It was a catch 22 situation. But I was

adamant that I wanted to go to America, and I wanted to be a banker. I believed that if I could work for an American institution, my chances of going to America would be enhanced. That was my plan; one of the wisest decisions I've ever made in my life," he laughs at the memory.

He joined American Express Bank, which "Americanised" him for two years, before he did his two-year stint of national service in the Swiss army.

The intrepid banker then headed for Paris, where he joined Citibank. His gift of the gab and ability to communicate in English found him in client-related affairs. Before long, he was on a three-

Cuoni recalls. When we were in Citibank Switzerland in the early '70s, we financed US corporations that were expanding in Europe. At that time we had fixed exchange rates. Since the Swiss Franc was a much cheaper currency to borrow than any other European currency or the US dollar, Americans often decided to borrow Swiss Francs, convert them to any currency required and finance their expansion," he explains.

Citibank Switzerland made billion-dollar loans to big American corporations, collecting a tidy sum in the process. However, the day President Nixon decided to quit the Bretton Woods Agreements (a post-World

have some money in Switzerland.

"We figured that within the worldwide Citibank network, there must be a lot of local clients who have a bank account in a Swiss bank. If these local bank branches would help us, we could have access to some of these clients in Switzerland and induce them to come to Citibank Switzerland. The plan was to hire 10 people who would travel around Citibank's branch network, tasked with generating business. Over time, it would build up into a meaningful business."

This was the first strategic plan for global private banking, where the banks would go out and actively look for business. The Swiss banks, in contrast,

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Friends at work and play – Cuoni and Howell speed boating in Scandinavia

year executive trainee programme.

When Citibank opened its Geneva branch, Cuoni was sent back to his homeland. Being the only Swiss member of the bank, he found himself opening Citibank Zurich as well. It was in 1967 that he finally made it to America. Three years in New York opened his eyes to new experiences, which he brought back home.

"I came back from New York and had this great idea to create global private banking for Citibank."

The Beginnings

"The first element of this model was probably created in 1972 in Citibank,"

War II obligation for each country to adopt a monetary policy with a fixed exchange rate), the business vanished, almost overnight.

"They didn't need Citibank Switzerland anymore since there was a floating dollar. Customers repaid their Swiss Franc loans and took up loans directly in New York or Paris or Frankfurt. The comfortable living we made was kaput.

"We were sitting here in front of nothing, and asking ourselves what are we to do when my Swiss colleague and I had the idea that we should do what the Swiss private bankers do. Essentially, they just catered to rich people around the world who want to

were happy to wait for customers to come in by word of mouth recommendation.

"But we knew at Citibank that we would not get any clients just sitting here, we had to go out and knock on doors, which we did. And eventually we were 10, 20, 30 guys, with me as the leader of the pack, going and knocking on doors."

At EFG, Cuoni is no less ravenous. This time, he is hungry for recognition as a leading global private bank. He concludes, "This is to be based on empowering individuals, providing a conducive environment for them to flourish in, and enabling them to provide clients with the level of service they expect and deserve."

No Credit Angst

The recent credit crisis has largely sailed by EFG International.

“From a client point of view, we have not suffered since we have not been involved in any sub-prime instruments, either for our own account or for the accounts of clients, says Jean Pierre Cuoni, Chairman of the private bank.

He adds that of the CHF100 billion managed by EFG, only about 16%-19% are in equity. The rest are in time deposits, structured products often with capital protection, hedge funds, and alternative investments.

So our equity exposure, and I’m talking client money, is relatively limited. Therefore, it is not — hitting our clients and our investments’ performance in an enormous way.”



Private Banking’s Future Prospects

“Prosperity!” is Cuoni’s vision for the future of private banking. “The world needs banks and banking systems. Strong banks,” he emphasises.

“And right now governments and central banks are doing their best to stabilise things, with a banking system that is vital to the world economy. The good news in this crisis has been that governments and central bankers have (so far at least) demonstrated that they are capable of managing a big crisis.

The prospects for private banking are brilliant, he says. Wealth creation is sustainable for years to come, even if we have fluctuations in the market — and you may have good markets and bad markets; good years and bad years. But the long-term trend is up.

He explains: As markets become more and more sophisticated, the products and services we’re offering become extremely complex. All the more, there is a need for high-quality advice to put things in context.”

Growing Everywhere

EFG International has a globally diversified business strategy with sizeable businesses in Switzerland, the UK, Scandinavia, the Americas and Asia. The business has expanded to 55 locations and Cuoni is chuffed that he hasn’t seen any flops.

“We’re not losing any money in any of the places, other than those still in the start-up phase. Every unit is growing, with most of them growing at about 20% to 30%.

We’ve made about 20 acquisitions, and each of them has grown its business. We’ve maintained the clients and the revenues and to a large extent, also the CROs.

The CRO who likes to hide behind colleagues in a big organisation will not be comfortable here. He has to be an entrepreneur, and performance is highly transparent.”

Cutting Red Tape

Bureaucracy doesn’t stand a chance against Jean Pierre Cuoni. It’s the arch enemy of the client-centred banker, and something he will battle to be rid of.

Although EFG has grown into a sizeable entity, Cuoni still finds that a sense of family prevails. “There is a family feeling around the world. We meet regularly and I know the top 500 in the company. I consider it one of my main duties as the Chairman of this organisation to have that contact with the front-line people. I’m the self-appointed custodian of our model, and of our philosophy.

“And I talk about it constantly each time I have an occasion to address our CROs — the model, the philosophy and our culture, which is basically a culture of entrepreneurs.

The key word in my speeches is entrepreneurship. And I want everybody to stay an entrepreneur. My fear is that as we grow we will become more bureaucratic. I do get signals of bureaucracy here and there all the time. And I fight tirelessly to eliminate it.”

Budgets

“Our budget is very simple. It takes about half an hour to establish it. The budget assumes that CROs will, on average, deliver an average of CHF30 million in clients’ AUM per annum, with a 110 basis points margin.

We have over 600 CROs, so combined with the above, this broadly gives us our revenue budget. On the cost side, it is a question of taking the cost for the current year, and building in inflation and a growth factor.

It’s painless. And you know what? We’ve met the budget all the time.

Our targets are stretching, and we will never exceed them by 50% or 100%. I think if you do that, you’ve failed because you didn’t have a good target or a good budget. Other companies are doing this, and unfortunately, the market honours them for having exceeded low expectations. Our expectations are challenging but realistic, and our track record of meeting our goals speaks for itself.”



TWO FOR THE ROAD

In more than three decades together, the two founders of EFG International have developed a strong bond to bank on.

Sitting between luxury boutiques Prada and Tiffany's, EFG International occupies a choice spot along Zurich's main shopping stretch, Bahnhofstrasse. The bank's reception is manned by smiling staff who whisk clients along carpeted pathways lined by works of art.

A Picasso vase shares space with the works of Swiss sculptor Yves Dana and the deliberately inaccurate rendering of the city, *Zurich*, by Polish artist Edward Dwurnik. It's a modest gathering of pieces that would be dwarfed by the museum-quality work that constitute The JPMorgan Chase Collection or Deutsche Bank's *Art at Work* series, probably the

world's largest corporate collection of art.

But it has its role in the larger scheme of things. It allows EFG to sponsor up-and-coming artists, and it creates the right environment for the discerning clients who walk these floors.

In stark contrast to the client areas, the Chairman of EFG, Jean Pierre Cuoni, has less flashy personal tastes.

Unlike other chairmen who occupy cavernous offices, Cuoni sits in a snug room in a building a few doors away from EFG International's elegant headquarters. A bowl of fruit keeps him on dietary track, along with a pitcher of water. An open-door policy ensures there's constant dialogue as the senior management team flows in and out to discuss issues of the day.

In that ceaseless flow of activity, the 71-year-old EFG chairman keeps an eye on the business, supported by a management team that makes up a mini-United Nations. The chief executive is a 55-year-old American citizen who moved homes 24 times by the time he was 14. Lawrence (Lonnie) Howell's father was from Florida, his mother from Germany, and his wife is Swiss.

Deputy CEO, James Lee, is a Hong

Kong-born banker who you wouldn't think was 60 until you add up his track record with UBS, Bank of America and Citigroup.

The other directors and officers range in age from 33 to 67, offering a broad scope of perspectives to help the bank as it charges along, building a business and a reputation that has been viewed by the competition with interest.

Friends And Bankers

For Cuoni, the relationship with Howell is an important one.

"Lonnie was important, particularly given my age. I was 58 [when the two started EFG] and I knew that for this to be successful, you need 10 years. Support was therefore critical," Cuoni says.

By the time they started EFG, Howell

"When we started the business in 1995, it was based on a desire to apply some of our insights, and to see if there was a better way of doing it," Howell says, in measured fashion, his rich, deep voice filling the client meeting room.

"We had very little capital, we didn't have a special product, we didn't have a long history," Howell lists the challenges that faced the start-up venture.

On the plus side, he shared Cuoni's vision to set up a private bank with a difference. (See *The ABCs of EFG*).

The difference lies in the mindset of the client relationship officers (CROs). They are not treated as employees. Instead, they are selected for their entrepreneurial potential and are encouraged to treat their activity as their own business. In

One of the reasons could be the shared bonhomie. "Jean Pierre has a highly developed sense of humour which enables him not to take himself too seriously. We spend a lot of time laughing," Howell observes.

Laugh And Learn

Even when things go wrong, Howell adopts a practical approach. "The reality of business life is you get stuff wrong all the time. How do you deal with these problems? You sort them out. There are organisations that take people out and shoot them for a mistake. My fundamental philosophy is that mistakes are an essential ingredient in the process of intelligence gathering about the marketplace.

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and Cuoni had already worked together for 20 years and in Cuoni's eyes, they were just a perfect team. "We have now worked together for 30 years, and our relationship has gone through various stages."

Now, Howell is the CEO, and in charge of the day-to-day activities of the bank.

Cuoni is content to take a back seat, discussing matters on a daily basis, without getting involved in the minutiae. "Without him, I wouldn't have done it," Cuoni states.

For Howell, the venture into EFG was a departure from the big corporations he had been with since 1978. His time spent with Citibank and Coutts, as well as a spell with McKinsey and Co as a consultant for financial services companies, gave him insights into what works and what doesn't quite work in large businesses.

this sense, each CRO is a business unit and EFG provides the infrastructure and administrative support.

"We don't have quarterly meetings. I get financial data every morning at nine. It's a list of 600 people and their production since the first day they joined. So we are very close to the performance of the individuals.

My mission in life is to figure out where to apply more capital and where to find and hire new people. It's fun, exciting and stimulating," Howell says.

Howell can't quite put his finger on why his relationship with Cuoni has been successful over three different organisations. "Whatever it is that Jean Pierre and I have done together, it's invariably worked. When we've tried working with other people it hasn't worked so well. We don't know why it's working, but why stop it?"

"If you don't move, then you don't know if the process is right or wrong. But if you move but it's not right, then you'd better know in a hurry to adjust," Howell explains.

In their view, having an unshakable conviction gives them the courage to allow for the possibility of mistakes. "In big organisations, changing direction is viewed as a mistake. And since a mistake is viewed as a bad thing, you don't change direction. With Jean Pierre, I have a very open relationship. He is very comfortable with the reality that we are constantly trying to get on a better track," Howell says.

But thus far, they think they have not made significant mistakes in EFG's acquisitions and other major activities. Their journey, they say, has been about avoiding complacency and identifying things they can do better.

CLEAR MESSAGE TO CAUSES

EFG's Chairman, Jean Pierre Cuoni, demands from his philanthropic beneficiaries the kind of transparency and integrity that investors require.



Daniel Jacutin (dja)

When Jean Pierre Cuoni, 71, was growing up in post-war Switzerland, charity was not a way of life. “It was a different world. We did charity in a modest way, often as a community in times of need,” he recalls.

Whenever there was a catastrophe — an avalanche, flooding, fire — the Swiss population would chip in. “Today, we are well off as a country, so I would think that a sizeable majority of the population here, if confronted with a world disaster somewhere, would have the urge to do something to contribute, or donate money.”

But Cuoni is wary of causes that lack transparency and accountability.

“When you are charitable on a relatively bigger scale — we’re talking \$100,000 to millions of dollars — like we are, I’m going to insist on it being done right. And to do it properly takes a lot of time,” he says.

He rattles off examples of aid that has wound up in the pockets of corrupt officials, and in so doing explains his philosophy of giving.

“I only do things when I know the people will get the money. I give to the organisation Friends Of India because I know the woman who runs it, a former schoolteacher who has devoted her life to

such causes.

“I did this, not because I like the village of Arni, where the money is being channelled to; not because I like India, but because this woman gave me the impression she is putting her blood and heart into this project. She knows what it is she needs — my support — because she is a 65-year-old woman who needs to do this. She’s created schools and devoted her life to building schools in India.

“Wow, great! But the day she stops

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doing this, I may stop giving to this cause should I feel the people running it do not have the same commitment and level of integrity.”

Cuoni indulges in “a lot of charity” through EFG and his own foundations.

The bespectacled veteran of the private banking industry is a board member of Right To Play, a Toronto-based humanitarian organisation led by Johann Koss, the Norwegian speed skating legend. Right To Play operates in disadvantaged areas of the world and uses sport and play programmes to improve health, develop life skills and foster peace among children and communities.

The international organisation uses high-profile athletes to champion its causes. Among the athlete ambassadors

Cuoni says that businessmen make superior charity administrators. “Businessmen run charities like a business, that is, they make an investment and they expect a return. But it’s not a return in terms of money but in terms of getting a report that a thousand people used my school in the last year, for instance. I don’t think we have to preach and kick and shove for attention. It’s expected within the community that if you are doing well, then it should be shared with the community.”

Entrepreneurs’ Piggy Bank

Together with his long-time business collaborator and co-founder of EFG International, Lawrence (Lonnie) Howell, he has also planted the seed for Banking-on-People, which gives entrepreneurs

now for the future. We are going to put a good part of our wealth into this organisation. It could be a multi billion-dollar business in 15 to 20 years.”

Cuoni says he’s “grandfathering” this project, and he anticipates that 55-year-old Howell will eventually want to take over the reins.

Meanwhile, Cuoni is testing the project. “We’ll dip a toe in the water here and there to gain some experience in the next two to three years. That way, when it’s time to take off we would have had some experience under our belt.”

When it’s up and running, he intends for Banking-on-People to be a “modest-profit” organisation. “It is a foundation,” he insists. “The deals can make profit, but the profit goes into the foundation and can never be distributed. It can only be

“For instance, bring us young entrepreneurs who could benefit from \$100,000 because they could drill a water well in a country that could be sold to 1,500 families. Our objective here is not to be greedy and enhance our lives, but to enhance other people’s lives and the communities they live in. It hasn’t become active, but it’s something that we’re thinking a lot about now, for the future. We are going to put a good part of our wealth into this organisation. It could be a multi billion-dollar business in 15 to 20 years.”

are seven-time Tour De France winner, Lance Armstrong and ice hockey legend Wayne Gretzky. The bulk of the projects are in Africa.

In Asia, Right To Play has projects supporting those affected by the devastating 2004 tsunami in Thailand, Indonesia and Sri Lanka. It also has activities in Azerbaijan, Pakistan and China.

“I spend a lot of time as Vice President of Right To Play Switzerland, and I will spend more time in the future,” Cuoni declares. He is often found organising activities for the outfit and building awareness of its activities.

US\$50,000 to \$100,000 to build their own businesses. This is not a charity, but more an opportunity to help budding entrepreneurs gain access to funding that will help their start-up operations.

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re-invested into businesses.”

Individuals seeking funding can take a loan, which has to be repaid with nominal interest. In some cases, Cuoni says the organisation may take equity participation in the business.

“The basic philosophy is that this is a business to create a better world out there. So we are not going to impose conditions that will discourage success. “We will be very lean and very generous. The main thing is not to think like a bank and not simply to get back the money. The main thing is to get the projects off the ground, to facilitate successful ventures that would not otherwise occur.”