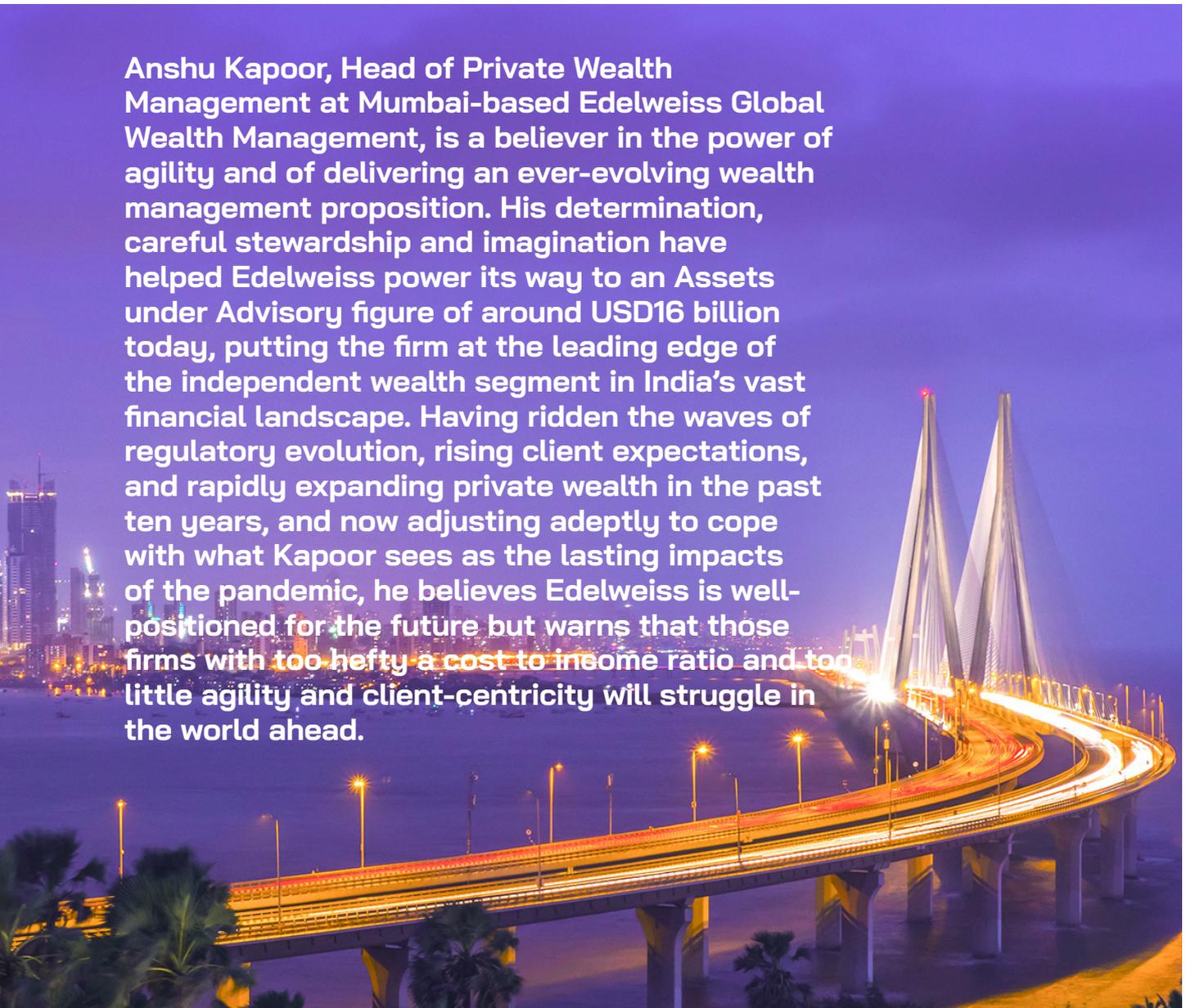


# Anshu Kapoor on Fast-Forwarding the Edelweiss Platform, Technology and Proposition into the 2020s

Anshu Kapoor, Head of Private Wealth Management at Mumbai-based Edelweiss Global Wealth Management, is a believer in the power of agility and of delivering an ever-evolving wealth management proposition. His determination, careful stewardship and imagination have helped Edelweiss power its way to an Assets under Advisory figure of around USD16 billion today, putting the firm at the leading edge of the independent wealth segment in India's vast financial landscape. Having ridden the waves of regulatory evolution, rising client expectations, and rapidly expanding private wealth in the past ten years, and now adjusting adeptly to cope with what Kapoor sees as the lasting impacts of the pandemic, he believes Edelweiss is well-positioned for the future but warns that those firms with too hefty a cost to income ratio and too little agility and client-centricity will struggle in the world ahead.



**Kapoor's mantra for** the past decade has been to fast-forward Edelweiss to a world where wealth management is delivered almost like a subscription service, with clients able to easily enter and exit at will, and with minimal documentary and fee impediments. He has for some time believed that if wealth management providers offer service and quality similar to the Big Tech firms in their respective fields, focusing on the client and building the proposition from there, then the future is bright.

### A leader

Edelweiss is today a leader in the Indian wealth management market, founded in 2010 and now with assets under management (AUM) of USD 15 billion. Kapoor recently told Hubbis that since 2016, AUM has mushroomed by more than USD7 billion from around USD16 billion today. He and the firm are dedicated to serving the needs of India's leading entrepreneurs, CXOs and family offices.

"I am driven by a vision of creating the most customer-centric wealth management business in India, one that can be judged by global standards, and the results thus far speak for themselves," he reports. "We have grown Assets under Advice (AuA) more than 15-fold over the last seven years to USD16 billion, making us India's fastest-growth firm in this sector and among the top three in the industry."

### Award-winning

Edelweiss itself has won many key awards in recent years, and Kapoor was the recipient of the coveted Hubbis Indian

### Kapoor's Priorities

Infinity, he reports, is the key mission ahead. "We are really building out the client base for Infinity," he reports, "and as they adopt our offering our revenues become more predictable and their solutions become simplified and more effective, so it is a win-win.

The second priority is building talent form within and recruiting more talent. His third priority is product innovation and curation, and the fourth priority is to continue to invest in and enhance the firm's technology.

Expanding on the further mission, Kapoor explains that although on the cloud and well advance in tech terms, Edelweiss has not yet fully automated workflows. "This next phase for further driving fully digitally processing of transactions will boost our efficiency and client satisfaction," he reports. "We have already digitised the front-end, but the internal workings are next, essentially the elements the client does not see."

Wealth Management - Award for Excellence in 2018 and has a deep and intuitive understanding of the development of the market in India. He is energised by the market's evolution as India's economy and the country's

### Into Infinity

A major initiative that saw the light of day in 2019 is the new and trend-setting Edelweiss 'Infinity' offering, which is a digital, flat fee platform solution aimed at cutting the costs of wealth management services by up

**"Infinity is at the cutting edge of our aim to be a one-of-a-kind wealth management solution, and to do so we began with listening, then offering unbiased advice, unbiased products. This is why we created our Infinity offering, which designed to provide a holistic perspective and numerous possibilities, rather than just offering a series of products that purportedly added up to a portfolio."**

total personal wealth both head towards the USD5 trillion figure, although the exact economic and personal wealth fallout from the pandemic has yet to play out.

to 25%. Infinity does not charge fees for transactions, but the customers hold their portfolios across all asset classes in the Infinity platform for a recurring, but a cancellable fee.



**ANSHU KAPOOR**  
Edelweiss Financial Services

“We always aim to offer products, services and ideas that are beyond the ordinary and are truly innovative,” Kapoor explains. “Infinity is at the cutting edge of our aim to be a one-of-a-kind wealth management solution, and to do so we began with listening, then offering unbiased advice, unbiased products. This is why we created our Infinity offering, which designed to provide a holistic perspective and numerous possibilities, rather than just offering a series of products that purportedly added up to a portfolio.”

**Comprehensive solutions**

As a subscription service, Infinity, he explained, was therefore designed to side-step client decision-making that is excessively influenced by the biases of their RMs or advisors. “It is designed to be managed by a team of experts,” he elucidates, “and at modest cost to make it as competitive as possible, so with a flat fee, and we estimate this saves the clients more than 25% compared with handling these portfolios themselves. We largely target the HNWIs and ultra-wealthy segments.”

**Getting Personal with Anshu Kapoor**

Born in the biggest state in India, Uttar Pradesh, he attended university in Delhi and then completed his CFA studies, also in Delhi. He joined ICICI Bank, when it was one of the earliest private sector banks in the country, before moving to HSBC, working initially on internet trading, a new innovation to India at that time.

“I then moved to the HSBC Private Bank in Dubai for two years, a great experience, before returning to India to join Merrill Lynch, and then actually back to HSBC here,” he reports. “I love the world of wealth management, it is in my bones.”

Kapoor is married with three children aged almost 18 and nearly 17 and then the youngest is now four. “We are doing it all over again,” he jests, referring to the youngest member of the family.

Kapoor and family love travel when lockdowns do not prevail, having enjoyed trips to favoured places such as Phuket and Scotland in recent memory. Scotland, he reports, is a favourite with Indians due to the scenery, the air and of course the single malt whiskies. “I visited the Talisker distillery three times, it is a wonderful place and so too is the whisky!” he remarks, jovially.

And aside from a long love affair with photography, he also enjoys the gym and then a quiet read at home. “And these days, due to the pandemic, I even turn my hand to a bit of cooking, especially my favourite curries, and later enjoy a nice single malt whisky at home in the evening,” he jokes, “which helps me concentrate on my current mission to learn more about machine learning and artificial intelligence.”

Kapoor explains that Edelweiss has significantly expanded the offering over the last year, to the point where it provides very comprehensive solutions to the customer. “If, for example, a client wants to invest only in mutual funds, they can,” he reports. “Or if they want to build a direct equity portfolio, they can do that, or access the first global Indian bond product, something we launched in 2019, that too is available. Infinity is our frontrunner in offering clients a very institutionalised facility, and I can report that through this year despite the volatility, the portfolios

and Infinity itself have both performed rather well.”

He explains that when bringing clients onto Infinity, he and colleagues sit down with them, jointly work up the investment policy statement, create a portfolio in the client’s risk-return image, and then the portfolio can be viewed, alerts can be delivered, and it can be rebalanced on a 24/7 basis. “It is tailored, customisable, and scalable,” he says.

The guidance is provided by the Edelweiss Global Investment Advisory Committee, comprising

roughly 10 experts who oversee the Infinity portfolios. “With the flat fee approach, we are really trying to democratise high-quality advice,” Kapoor explains.

### Forward-thinking

Despite rapid growth in AUM in recent years, Edelweiss has continued to be forward-thinking. The firm formed a strategic partnership in February 2019 with Bank of Singapore, a leading Asian private banking group. The concept is to combine Bank of Singapore’s wide range of global investment solutions offered through its open-architecture platform and Edelweiss’ robust wealth solutions and investment opportunities in India.

This partnership was designed to allow Bank of Singapore to significantly raise its profile in one of Asia’s fastest-growing wealth markets through Edelweiss as one of India’s leading industry players. The partnership also offers Edelweiss’ clients the opportunity to access Bank of Singapore’s product platform, creating a powerful global investment proposition.

“This has been progressing well, but is somewhat on hold due to the pandemic, as considerable personal interface was required to move it forward,” Kapoor reports. “We have enjoyed a lot of exchange of knowledge between us, we have access to all the resources, knowledge and research, and product ideas from their side, we have been building the international product offering in partnership with them. They have helped us execute at the backend, but naturally it has slowed down for the moment, but will accelerate again in more normalised times. The experience of clients thus far has been very

encouraging especially in relation to the directional move by Indian family offices to set up offshore family offices.”

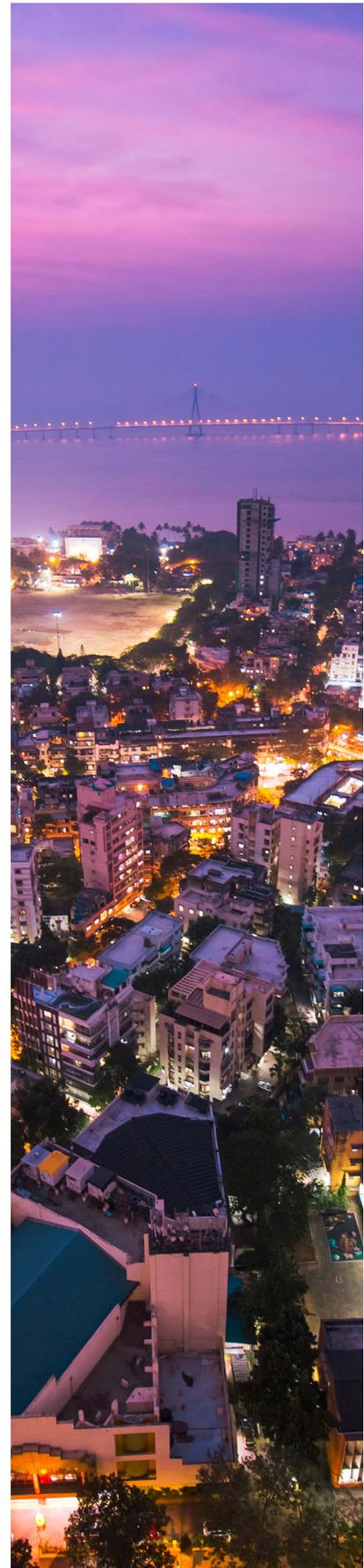
### Surveying the market

Kapoor then shifts the conversation to the wealth management environment and the financial markets in India, remarking that India is now in a bear market for credit, adding that while equities have long been volatile, few were ready for such fixed-income turmoil.

“Thankfully for us and for our clients,” he reports, “we had a view that credit in India via the fixed income mutual funds structures were not priced well for the risk the client was taking, so we had a sell call on those products right from 2018. Out of USD16 billion of AuA today, only about USD30 million were in credit funds when the crisis hit. Looking ahead, with rates falling, there are opportunities now in the hunt for yield for clients to lock in some long-term yields.”

### Reaching out

The pandemic and market volatility have given Edelweiss compelling reasons to reach out to clients to evaluate their portfolios. “We need to look forensically at the construction and through this crisis we estimate we have as a group conducted some 10,000 client engagements, from one-on-one digital meetings, to webinars,” Kapoor reports. “This mission has been to remove or reduce risk, and largely from fixed income side. At the same time, we aim to help seize opportunities that are out there – for example bank deposits today are just over 5%, but yields on the same bank’s bonds might be 7%, so capturing those openings is a priority.”





The result, he reports, is that even in complete lockdown, Edelweiss has been adding net new assets, and adding clients. “This underscores how, with a brand and reputation for quality service, with a leadership profile, one can win market share,” he comments. “The expectation therefore is that a lot more consolidation lies ahead in this industry in India.”

### The technology drive

He explains that technology has been a leading component of the firm’s proposition for some years, and has been leveraged to great effect during the lockdown. “For example,” he reports, “when a leading mutual fund decided to shut down their schemes in India, this happened on a Friday evening, so our phones were ringing off the hook, but by midnight that day, I had all the data, all the analysis on the entire USD16 billion portfolio as to which client was invested where, and we knew the advice we would put out, and exactly how we would execute. As we are fully on the cloud, we had the technology, the data and the resources to react with remarkable speed and accuracy, leaving many competitors straggling behind.”

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Looking ahead, Kapoor believes that technology and scale can combine to produce efficiency and cost-effectiveness for clients. “We might indeed see a whole new way of working ahead,” he adds, “and those cost savings from virtual meetings and time management should be passed on to the clients.”

He believes that Indian clients, albeit very control driven historically and by inclination, value good advice at the right price, and will pass over some elements of control. “Those who can solve customers’ needs and expectations more holistically – not just investment management but a more 360-degree perspective on their wealth and planning – will win wallet, providing of course they have the best platforms. Advisors have finite time and capacity, but the platform led by technology and data can boost productivity. The winners are those who can consolidate all these missions.”

### Great potential ahead

The wealth management industry continues to be relatively low penetration in India, Kapoor reports, meaning that directionally there is great growth potential even if wealth stayed constant for a period. “The biggest issue,” he reports, “is the historically low interest rates, with government bonds collapsing from 9.25% in 2013 to 5.6% today, causing considerable fallout. The result is that there is a greater need for advice and strategy around fixed income, which still account for

the largest allocation amongst private investors. The other key trend is the internationalisation of portfolios, from a low base; this is noteworthy and a priority for us in terms of diversification of product and opportunity for our clients.”

In a 2019 interview with Hubbis, Kapoor had given estimates that

the high net worth (HNW) and the ultra-HNW population of India will balloon from about 150,000 to around 500,000 individuals by 2025, while India's GDP is expected to double to about USD5 trillion. And that figure of USD5 trillion is roughly what Boston Consulting Group expects private wealth to reach in less than three years. "We do not yet know how this pandemic will affect all those numbers," he says, "but the growth was certainly there before, and I am sure will return robustly once this pandemic can be brought under control."

Moreover the potential for the wealth industry is immense - by his estimates, the top 10 wealth managers in the country have not yet reached more than about 25,000 of the current top wealthiest 150,000 customers, and those customer numbers had been growing very fast. "Accordingly," he states, "there is a world of opportunity for firms such as Edelweiss."

### Keeping it simple

Kapoor closes the discussion by highlighting the need for transparency of advice and fee structures and above all, simplicity, which he says is exemplified in

the firm's Infinity offering. "And we must focus on the younger generations of clients as well, ensuring that we maintain and even build relationships with the patriarchs, but also extend our connections more deeply into the families, and understand what their motivations are, and what their expectations will be of us, including investments and help with their own business objectives and funding. A holistic perspective on family wealth and succession planning, and of course on philanthropy for the wealthier families, these are all core to the future proposition." ■

