

# Banking on India's trust to create a wealth edge

*It is the near-blind faith that Indians all over the country have in State Bank of India (SBI) that gives Nimish Shah reason for optimism in delivering on plans to grow the state-run institution's recently-launched wealth management business.*

It wouldn't be too far-fetched to say that SBI is an institution that the vast majority of Indians would trust with their eyes closed. It owes its origin to the Bank of Calcutta, founded in 1806 in British India. And the name

is a reflection of the trust that Indians have in the institution. It is a reflection of the growing amount of wealth held by individuals across the country.

The key to the plan to benefit from peoples' trust, lies hidden in numbers. India has a population of 1.3 billion

---

**“We have a lot of scope and ready infrastructure, in terms of resident Indians and non-resident Indians (NRIs). Both groups represent huge opportunities available to us.”**

---

itself conjures up the image of a monolith that's backed by the full force of the government.

Yet so far, the institution has failed to capitalise on the head-start it's had over pretty much all other banks, which today

is a reflection of the trust that Indians have in the institution. It is a reflection of the growing amount of wealth held by individuals across the country. The bank has woken up to the potential of tapping the wealthy, both at home and abroad.

SBI's wealth management division is small in comparison; while it currently



**NIMISH SHAH**  
State Bank of India

advises about 10,000 Indians with an average wealth of the equivalent of USD110,000, the bank has over 200,000

clients who can meet the on-boarding criteria for wealth management.

“We have a lot of scope and ready infrastructure, in terms of resident Indians and non-resident Indians (NRIs). Both groups represent huge opportunities available to us,” says Nimish Shah, SBI’s head of investments, research and products.

Also in the bank’s corner is the fact that India has the largest population of people living abroad. According to a UN report, for example, there are 16 million NRIs.

“We are attracting a lot of talent purely from the brand name of SBI,” says Shah.

number of people SBI is able to hire. “The infrastructure is not a problem, and the clients are not a problem... [but finding the] right quality of people is the major focus and challenge,” he adds.

Shah said the bank wants its 100-member team to grow to at least three- to four-fold over the next 12 months.

### **MAKING A DIFFERENCE**

Even if it gets there, how will SBI to stand out in an already-crowded wealth management landscape?

“It’s more in terms of holistic wealth management, which is unbiased and

of the institution has also resulted in it having the largest share of non-performing assets (NPA), or bad loans, among Indian banks. At INR1.12 trillion (USD17.3 billion), it represents 6.9% of gross NPA, according to a stock exchange filing.

The wealth management unit, in that sense, represents baby steps for the bank in the context of its overall business. But it is an important initiative.

“We are building the entire organisation,” explains Shah, underlining the huge task at hand. “Right from creating the product and programmes to the delivery channels, everything is being set up from scratch, so that’s an exciting challenge.”

---

**“We are building the entire organization. Right from creating the product and programmes to the delivery channels, everything is being set up from scratch, so that’s an exciting challenge.”**

---

More specifically in terms of the Shah’s part of the offering, SBI has an investment research team and investment counsellors who are capital market specialists. Plus, there are data analysts who help in asset allocation, portfolio analytics and reviews.

The value proposition has also been bolstered simply due to the retreat or downsizing of many international banks in India, especially in terms of their private banking operations. “So people want to come to SBI,” he adds.

### **GROWTH PATH**

One of SBI’s tasks in achieving its goals is to lure new-to-bank customers from private sector banks that are the country’s largest wealth managers.

This starts with a recruitment drive, confirms Shah, explaining that growing the existing to bank and new-to-bank client base is correlated with the

geared towards what the clients want, rather than what the wealth manager wants to sell” explains Shah, who had a long stint at Citi Private Bank before joining the SBI. That’s how we have differentiated ourselves.”

The bank’s motivation to succeed in its wealth management unit are strong, not least since this would go a long way in proving wrong those sceptics who doubt the efficacy of state-run institutions and corporations.

Among its challenges, SBI must address issues in its main commercial banking division. For example, the size

The bank also employs independent agencies to help it evaluate products, he adds – based on which it selects best-of-breed products for clients. Every product is approved by a cross-functional investment committee of the bank.

Ultimately, the most important thing that Shah – and SBI in general – wants to do, is avoid destroying the ‘trust’ of the bank’s customers.

“That should not, at any point of time, be broken. Our product selection, suitability assessment, method of delivery and commission policies are all geared towards making sure we maintain the client’s ‘trust,’” he explains. ■