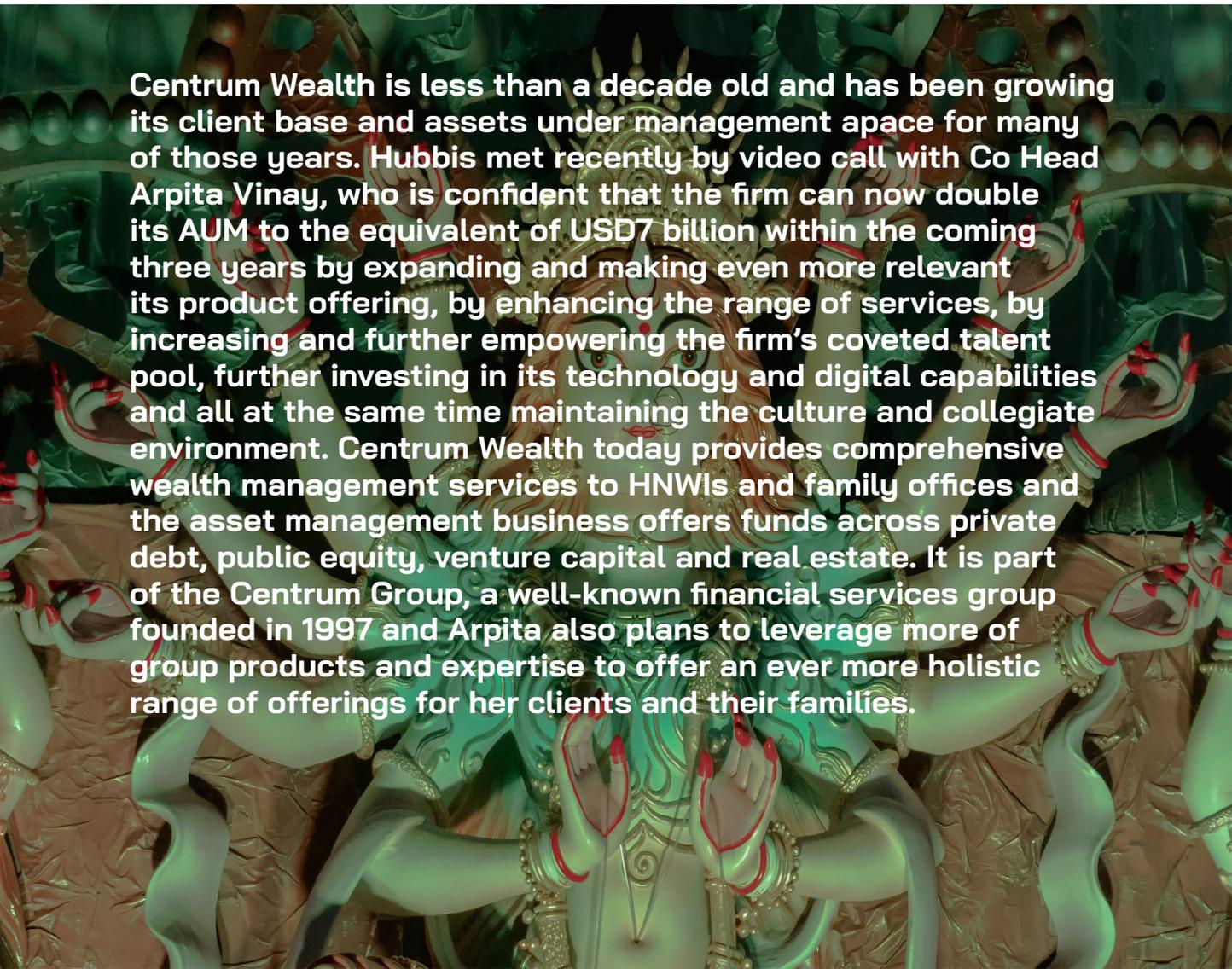


Centrum Wealth Charts a Course to Double AUM and Enhance its Proposition



Centrum Wealth is less than a decade old and has been growing its client base and assets under management apace for many of those years. Hubbis met recently by video call with Co Head Arpita Vinay, who is confident that the firm can now double its AUM to the equivalent of USD7 billion within the coming three years by expanding and making even more relevant its product offering, by enhancing the range of services, by increasing and further empowering the firm's coveted talent pool, further investing in its technology and digital capabilities and all at the same time maintaining the culture and collegiate environment. Centrum Wealth today provides comprehensive wealth management services to HNWIs and family offices and the asset management business offers funds across private debt, public equity, venture capital and real estate. It is part of the Centrum Group, a well-known financial services group founded in 1997 and Arpita also plans to leverage more of group products and expertise to offer an ever more holistic range of offerings for her clients and their families.

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Arpita begins with an elaboration of the firm's DNA, culture and strategy. She explains that Centrum is now nine years into the development of its wealth platform, with the core of the team including herself moving over from some very large organisations.

"Each one of us in the core team has had an experience of at least a couple of decades across large formats. We saw a great opportunity and wanted to build a boutique platform around bespoke client requirements and importantly we did not want to be product-led or take a one size fits all sort of an approach. With this background, we came together and have been able to engineer a platform that blends very well, the processes and controls (which the core team members have imbibed and worked with in their previous roles and that underpin the solidity of large organisations) and at the same time the platform is nimble, responsive and contemporary – traits that are typical to entrepreneurial energy" she reports. "Wealth management fitted perfectly within Centrum's boutique financial services eco system along with investment banking, institutional equities and the lending businesses."

Staying together

She reports that nearly a decade later, almost the entire core team is still with Centrum. "With a long-term approach, with the right talent and empowerment and the right alignment, we have not needed to micromanage or pressure; so our people have been able to chart their own professional paths within the firm with an entrepreneurial or owner mind-set and with dignity and responsibility. Although we've obviously grown very robustly and

have ambitious growth plans, we have instilled a culture that we believe helps people get the best out of themselves and therefore offer their best to the firm. And that is why we have stuck together so well."

And that, Arpita explains, has resulted in loyalty amongst the clients and without any significant

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marketing activity, the wealth management business has enjoyed strong and consistent growth in AUM, in numbers of clients and in referrals from those clients. We have steadfastly focused on growing share of wallet and building a strong pipeline of referrals from existing customers. Over the last five years, compound annual growth has been around 40%, which is a remarkable performance," she adds.

She points out that the buildout of the platform has been carefully anchored in meeting client needs and requirements and the approach has always been solutions-oriented. She states, "I can say with confidence that each element of the proposition and delivery has been crafted with the customer need at the centre

and has been sharpened over time based on customer feedback and validation. We are extremely grateful to our customers to have chosen us and to have grown their engagement with us over time as part of our journey. More so considering that the wealth market has had a reasonably long history in India and wealth relationships date back long periods of time."

Building the franchise

She states that across all the products and offerings that Centrum's wealth team provides, from plain vanilla equities and fixed income offerings to private and alternative assets, structured products, real estate offerings and extending further to some other key adjacent areas, there is a depth of expertise and experience in the team that she believes is extremely formidable in her business.

"We are not a big brand, but we have been successful in attracting talent from the bigger banks and financial firms on the strength of our culture within the firm – that is entrepreneurial, nurturing and collaborative and the opportunity for them to realise their potential by being a part of us. This, I believe has encouraged the best talent to



ARPITA VINAY

Centrum Wealth

join and partner us in building and growing our franchise” she reports. “We have been very successful in building this deep domain of expertise and experience.”

“Today we find ourselves extremely well placed in terms of domain strengths, skills and capabilities across asset classes – both traditional and alternates, public and private market offerings and in conceptualising and structuring products. We have also invested in and developed credible proficiencies in adjacent areas like taxation support, estate and succession planning, family-business advisory and offshore. With a solutions oriented approach, we constantly strive to deliver on customer needs and requirements on the back of both our proven in-house strengths and capabilities as also leveraging our long-standing and valuable

professional partnerships and associations,” she adds.

The roughly 250-strong Centrum Wealth team operates today from 16 locations, including Singapore, and handles AUM equivalent of around USD3.5 billion.

“While I have said earlier that we may not be as big a brand in terms of vintage or awareness, we have always been focused on building it the hard way - the manner in which our customers experience our proposition through our people. It has been extremely satisfying to see so many of us during the course of this journey work so hard in investing ourselves, grow in stature and competence, try and keep pace with the evolving customer situations and the contours of the customer engagement with us, stretch ourselves to enhance our skills and capabilities and rise admirably

in delivering on customer expectations in an extremely competitive market environment.”

“I think this has greatly helped in establishing Centrum Wealth as a credible brand – also made possible on the strength of the sheen of so many ‘individual’ brands that are part of us. We feel very proud about this and are totally committed to supporting and building these ‘individual’ brands - through ongoing training and upskilling engagements as also periodic interventions like constituting cross-functional project teams, recognising and mentoring emerging leadership and formal one-one coaching to work on personal and professional areas of development. This has naturally led to a strong sense of ownership, collaboration and the desire to contribute beyond conventional role definitions within the firm. We are very committed to this critical

area and we are working on some key initiatives to take this to the next level," she explains.

Navigating the 'new' normal

Arpita acknowledges that 2020 was "one heck of a ride" with extreme panic setting in around March and then a remarkable turnaround later in both sentiment and asset values. The difficulty today, she observes and notes that India is far from alone in this regard, is the anaemic yields for conservative investors and the volatility and valuation related concerns for growth investors.

"With such low rates and unmatched levels of liquidity globally and fears of impending volatility," she observes, "we need to pay much greater attention to and thus work with significantly enhanced rigor and caution while looking at markets, products and portfolios. While there are likely to be challenges with the assumptions and the intrinsic framework, the need for discipline with regards to asset allocation is probably the highest in today's times. All this, while trying to contend with and optimise higher risk inclinations as clients seek returns," she comments. "Accordingly, we are seeing and anticipating a lot more activity in the growth space and also in alternative assets in 2021, as these are not mark-to-market assets and hold out the potential for better returns over the longer term than in public markets."

"There has always been phenomenal potential and opportunity in the Indian wealth management arena based on whichever angle you want to look at it – be it the huge demographic advantage, the untapped and latent growth potential of the

economy or just the robust wealth creation witnessed over the years. I tend to agree with the emerging view that this could well be India's decade and there are several factors that seem to point towards India doing extremely well over the coming years. I am very excited about the very high and growing levels of investor interest in India and many positive trends and signals that can be seen and evidenced. I think we are extremely well placed to harness this huge opportunity," she opines.

A third key trend she observes is consolidation in the wealth industry, partly driven by competition and partly by regulation. "The economics of the business today are such that if you don't have a minimum size, survival might be tough," she comments. "So we are witnessing consolidation amongst the smaller individual or lower-scale advisors."

Scale required, ongoing consolidation

Moreover, she observes that clients are driving this consolidation to some extent as they want access to a broader universe of asset classes and products and to take a more holistic view of their portfolios. Before the pandemic, a typical larger client with upwards of USD10 million to invest might have had at least three to five advisors. "But they are now increasingly inclined to consolidation towards one core expert or one team anchoring the overall relationship and helping to evaluate their portfolios and inputs, ideas and contribution across product and providers as also other advisors, to gain a more holistic perspective."

Arpita also observes that the platforms today must be more



nimble, better equipped to add value beyond simple product delivery, and therefore more capable of delivering relevant and tailored solutions.

“All these trends were evolving before the pandemic but would have taken some years to emerge to this degree,” Arpita comments. “And so too digitisation, which universally has been adopted at far great speed by providers and clients alike, out of necessity. A lot has been said on this subject – I think it has been transformational for all of us. The opportunities and efficiencies, both the realised and potential opportunities are just mind boggling.”

Key Priorities

Arpita describes her key mission ahead as building more and better solutions to fit the key trends she had expounded. “We want to double AUM within the next three years, we want to build the team by another roughly 25%, and in terms of propositions and businesses, the multifamily office space, alternative assets, expansion of the Singapore office and also further building out the asset management business, providing enhanced portfolio solutions in a cost-efficient, aligned, compliant and transparent manner.”

Another key mission is to work more intensely to leverage the expertise, reach and products that Centrum as a financial services group has to offer.

“Centrum has a foot in the door in all the relevant areas of financial services, whether lending or investment banking, corporate finance, insurance, and so forth,” she reports. “We can work even more closely and more collaboratively to become

so much more relevant to clients on both their personal and corporate requirements.”

Additionally, digital solutions remain a priority. She explains that in 2020 the firm launched iConnect, an internal collaborative platform for internal teams working together. And Centrum also launched ‘One Paper Lane’, for paperless onboarding of clients, as well as ‘360-degree view’, which gave the RM and the clients in one click the entire access to portfolios. “These launches were fast-tracked,” she explains, “and in normal circumstances might have taken more like three years. This year we will continue to make a priority of further enhancing our digital experience, for internal and client needs and requirements.”

Reaching out

Arpita takes great personal interest in the wealth planning and family business advisory areas. She has personally invested time out of her busy schedule to enrol and complete international professional courses in estate planning, cross border taxation, family business governance and advisory as also negotiation and arbitration. She is a member of the London based Society for Trust and Estate Practitioners (STEP). She draws the discussion towards a close by commenting on the growing role of the next generation in client families. “I work very closely with many client families and this is an area I have a strong personal interest in,” she explains, “and we can see many of the key global trends on family business and wealth planning playing out here. In fact, many of the topics and case studies I went through in my courses are helping me with client situations here in India and I have a

strong interest in this myself.”

She observes that typically in India, many in the younger generation do not want to take on the reins of the traditional family businesses, they want to create their own footprints and the older generations find it difficult to relinquish control. This scenario results in several key trends. “Some of the largest families entice their foreign educated next or younger generations to return and help establish and manage their family offices and thus institutionalising the approach to their portfolio investments. And by the way, these nextgens can then be quite bold in exploring and venturing into newer investment arenas. Then, we find that perhaps one or two of the siblings might be interested in the family business operations, while others want to pursue and develop their own ventures, leveraging the pools of investible capital and creating activity in these areas. And we also find that the younger generations are far more adept at conducting their own research, getting very hands on in understanding detail and complexity as also have a deep interest in newer domains. These engagements with the Nextgens is extremely energising and pushes one to be stay contemporary in terms of knowledge and awareness as also keep pace with the emerging trends and opportunities.”

All these, she concludes, offer wealth managers challenges as they need to focus on these areas, to build their capabilities and connect to these nextgens. And of course, these trends result in great opportunities for the advisors as well. Add to the trends and developments I have outlined, I firmly believe we are in for some good years ahead.” ■

Getting Personal

With more than two decades of experience in Financial Services across Wealth Management and Private Banking, Arpita has been part of the core team that set up Centrum Wealth. An Electrical Engineer and MBA, Finance, from Faculty of Management Studies (FMS), Delhi, she also holds the STEP Professional Postgraduate Diploma in Private Wealth Advising which focuses on cross border succession, international taxation and family business advising.

Prior to Centrum, she was the Head of Premier Banking at HSBC and was responsible for managing one of the largest affluent banking propositions in the country. She left HSBC to be part of the founding team of Centrum Wealth Limited. At HSBC India, she was rated among the top 3% of employees with an EDC (Executive Development Centre) Ranking of 1 in 2010 and identified as a part of the Country Talent Pool.

As Co-Head of Centrum Wealth, she has been responsible for providing strategic direction to the firm and taking the firm to a leading position in the business. She is also credited with conceptualizing and successfully executing some of the very significant growth initiatives and an array of proposition enhancements at the firm.

Most notable among them include Centrum's Family Office Business that provides a comprehensive one-stop investment management, wealth planning, administration and structuring, tax and legal advisory, corporate solutions, philanthropy and CSR opportunities. Centrum Wealth was recently chosen by Private Banker International (PBI) for the prestigious Best Family Office Award at their 30th Annual Private Banker International Global Wealth Awards 2020.

She seeded the Structured and Alternate products business line, an area where the firm has established solid credentials and where the business has grown manifold in the firm's short existence. She set up the offshore businesses for Centrum Wealth office in Singapore. As an Executive Director on the company's board, she has helped to steer the firm from the venture to growth stage in the very competitive wealth management space. She is also an Independent Director on the board of the West Coast Paper Mills Ltd (WCPM), one of the largest paper manufacturers in the country.

She has received several awards and recognitions for her work and contribution. She was featured among India's Top 100 "Women in Finance" - 2019 presented by AIWMI. She was a winner of the Women Super Achievers Award in the field of Finance by the World Women Leadership Congress in Feb 2017. Arpita was appreciated by the Business Sight Magazine as one of the "BS the 10 Successful Business Women to Watch In 2019 for her contribution in Indian Business".

She takes active interest in estate and succession planning and is a member of the Indian chapter of STEP, an international body of trust and estate planning professionals and the International Tax Planning Associates (ITPA). She is also a regular speaker in wealth management, family office and alternative product forums and seminars.

She grew up in Bokaro, an industrial city in the state of Jharkhand and which houses one of the largest steel plants of SAIL. "Post my engineering studies, I first worked as an engineer for Tata Steel at their Jamshedpur plant before taking my MBA. I literally started out on the shop floor and was one of the very few women in the steel plant then. I handled a team of about 40 employees, almost all roughly double my age or more. I think that was amongst the best experiences in leadership that I could ever have had. Women were not and perhaps are still not greatly welcome in those types of plants. It was challenging, but actually rather interesting and exciting."

After her MBA, she joined HSBC as a management trainee and rose through the ranks rapidly to head up the Premier Banking team. And she has been with Centrum since 2011.

In 2018, studying remotely for a two-year course, she obtained her Postgraduate Diploma in Family Business Advisory, cross-border succession and international taxation. "That diploma is affiliated to Oxford University, and was tough to get through, but really worthwhile," she explains. "And the most recent learning I went through was a professional certificate in something called Commercial Arbitration, which is helping solve disputes. I enjoy the learning and all of these skills are helpful in my working life and life in general actually."

Life at home, she reports, involves spending a lot of time with her daughter, Keya and out of lockdown times, with her daughter's friends. "Officially," she enthuses, "I am known by them as a 'cool' mum, as I am open to discussions on all sorts of subjects- including the matters of the "heart"!"

Travel is another passion for her, when pandemics and time permit. She shares her passion for travel with her husband Pritesh Vinay, a finance professional and who is part of the senior management team of a large Indian conglomerate. They avidly collaborate on researching destinations and come up with travel plans right down to the minutest detail. He has been her constant travel companion over the years and together they have explored over 50 countries. She jokes that her travelogues are extremely popular with friends and family and many of them tell her that they plan their vacations just looking up some of that." Trips to far-flung places such as Bolivia, Peru, Zambia, Latvia, Lithuania and Iceland are amongst the many countries she has visited. "There was this place I remember in Peru, which has the floating islands where civilisation is pre-Inca, their homes float on the water, and there are no societal rules in the way we understand it now. That was a real eye opener, I love having my horizons widened with travel."

She also used to love trekking. She remembers Bachendri Pal who was the first Indian woman to have scaled Mount Everest, and with whom Arpita had gone on a month long trek in Himachal. "I was jokingly referred to as the mountain goat because I could go up and down so swiftly and surely," she quips. "But that was before, I have not trekked in the last seven to eight years."

She also loves reading, anything from philosophy and history to her current favourite named The Daily Rituals, which catalogues the daily rituals of people like Beethoven and Karl Marx and many others. She remarks, "I found Daily Rituals fascinating. To borrow from the book, while the title suggests ordinariness and even a lack of thought, to follow a routine is to be on autopilot. The book also makes very interesting reading in terms of the quirks, habits and routines of people who have been legends or geniuses. I had a few personal takeaways - I agree with the author when he says that in the right hands, it can be a great tool of taking advantage of a range of limited resources – time, the ever precious and most limited resource for all of us! What stood out for me was this absolutely brilliant and useful insight – 'a solid routine fosters a well-worn groove for one's mental energies and helps stave off the tyranny of moods.'"

"But mostly on a lazy day," she says on closing the conversation, "it is me, my daughter and our pet Maltese – Jimmy Chew; its great fun, a great combination and a great way to fully de-stress."

