

Centrum Wealth's Arpita Vinay on the Surging Demand in India for Professional Estate & Legacy Planning and Solutions

Arpita Vinay is Managing Director and Co – Head of leading Indian wealth management firm Centrum Wealth Limited, and sat as an expert panellist at our December 21 Digital Dialogue event that focused on the immense opportunities ahead in India's increasingly dynamic market. The panel highlighted the main evolutionary trends emerging in India and zoomed in on the incredible potential that the hugely populous country has, especially when its economic growth gets back to its full dynamism in a (hopefully) post-Covid world. Vinay in her observations on world of estate and legacy planning noted that tighter regulations across the globe, the intensifying search for revenues amongst government, the increasing international dispersion of assets amongst wealthy Indian families, and of course the uncertainties caused by the pandemic had driven Centrum Wealth's structuring and planning activities for HNW and UHNW clients dramatically higher. Her incisive observations were well worth recording, and Hubbis has therefore extracted some of those insights for this post-event article.

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ARPITA VINAY
Centrum Wealth

Centrum Wealth is now around a decade old and has been growing its client base and assets under management apace for many of those years. Vinay earlier this year told Hubbis how she was highly confident that the firm could 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 to family offices and the asset management business offers funds across private debt, public equity, venture capital and real estate. It sits as part of the Centrum Group, a well-known Indian financial services group that was founded in 1997 and Vinay told us how she is also leveraging more of Centrum Group products, services and expertise to offer an ever more

holistic range of offerings for her clients and their families.

Seeing the whole picture

Vinay herself covers the full spectrum of wealth management business, from acquiring and then looking after clients to investments, as well as digital transformation and the firm's 'big picture' strategy. For her first comments at the event, she focused on the 'softer' side of client advisory, centred on wealth, estate and legacy planning.

"The past couple of years has seen great uncertainty offering us a significant opportunity to help focus

"There is an increasing cross-border footprint, and that means in areas such as inheritance tax there needs to be a lot more thought going into structuring it all properly. In all these areas, there is a lot more thought, a lot more work and a lot more activity, meaning that our estate planning desk has seen dramatically higher activity levels in the last 18 months."

our clients on estate and legacy planning, which has increased significantly within our business, with the dedicated team having now expanded and their output more than double in the past 18 months what was achieved in the previous three years. Their coverage ranges from advice on creating documents as simple as Wills to far more sophisticated structures for holding assets and for later transitioning wealth amongst the generations and other beneficiaries."

She noted that leading business owner families in India had to sit up and take notice of what she termed a "seminal judgement" in May 2021 by the Supreme Court of India opining that any lenders could

recourse beyond corporate obligors to the personal guarantors.

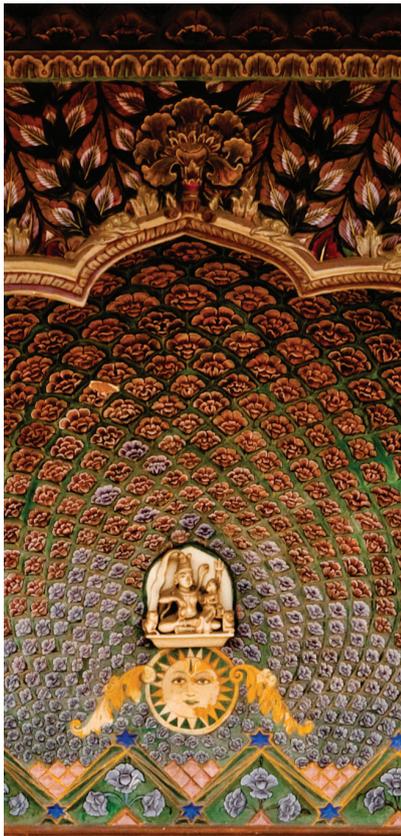
Careful about co-mingling

"That made many promoters review and think a lot more carefully about the way they structure their assets," she reported. "Indian families would in the past co-mingle their private / personal assets and their business assets, but there's a lot more work and thought that's going now into more appropriate structuring." She explained that, accordingly, there is significant progress taking place in overcoming these challenges of compromising personal against business assets.

She also pointed to the increasing globalisation of the larger Indian business families. "There is an increasing cross-border footprint, and that means in areas such as inheritance tax there needs to be a lot more thought going into structuring it all properly," she explained. "In all these areas, there is a lot more thought, a lot more work and a lot more activity, meaning that our estate planning desk has seen dramatically higher activity levels in the last 18 months."

Seizing the opportunities

Vinay expanded on these views, remarking that Centrum Wealth had opened a Singapore office some four years ago, and also works closely through partnerships



and collaborations in other jurisdictions as well, with most wealthy Indian clients having a footprint in the UK and in the US.

“There is a great opportunity in all these areas, and as Indian clients spread their financial and immovable assets worldwide, as they need to consider inheritance, their next generations and therefore need to address a wide variety of structuring and estate planning issues. And it is not easy, look for example at the UK, where in recent years the whole concern about domicile has impacted matters hugely. For example, you could have been an Indian national, essentially living in UK but not subjected to the global inheritance taxes but all that has become a very real concern now.”

“The final advice and the delivery centre on the RMs who will continue to play a major role for us. In our key HNW and UHNW markets, we will continue to see a good combination of high touch, and whatever can be, communication and engagement, but with a lot more productivity supported by technology, while in the broader mass affluent market, the primary engagement will be led primarily by technology.”

Inheritance issues in the forefront of planning

She explained that the location-agnostic thinking amongst wealthy families had therefore shifted inheritance and structuring requirements for clients to centre stage. “That means a huge opportunity for us with our focus here. It is all very encouraging.”

Vinay also took the occasion to address the concerns about the

relative lack of talent in the local wealth industry, compared to the potential growth in the market that surely lies ahead.

Attracting and nurturing top talent

“The talent pool and the cost structure are really important problems facing us,” she reported. “Firm-specific attrition rates have been very actually and perhaps up to 60% of employees are at their firms or banks more than five years, and all in all it is difficult to find the right people. When you look at talent, there are two key things that you pay for, firstly the access to the client, and then the RMs’ skills and their understanding of markets and their behavioural and emotional

tenacity to handle matters for their clients. The readymade talent is therefore someone who is at another private bank or firm who has enough access and who has enough experience. That is the kind of talent everyone is running after, and two-thirds of our talent comes from that pool.” But it is of course costly to bring that sort of talent over to any competing bank or firm

Agility and flexibility

She expanded on these comments, noting that there might be people in other sectors, for example the high-end luxury market, with the right access to clients but without the expertise in private banking. Similarly, there might be those with the right understanding of the financial markets and discussions but who do not have the necessary access to the clients out there. "It is a challenge," she said, "but we are also prepared to experiment in the way we hire. We are prepared to take on RMs with the right access and then spend two to three years taking them up the curve in our industry," she said. "And we also

have some excellent performers this year from an investment banking and corporate banking background, and we help them expand their connections with the clients. In short, we are imaginative and flexible, and combined with low attrition rates at the firm, we are quite well positioned."

A personal business

Her final comments centred on the firm's commitment to digital transformation, noting that across the HNWI and UHNWI segments, the firm focuses on omnichannel with a rising level of RM interface the higher the wealth of the clients.

"The communication interface, transaction processing, even equipping the clients with detailed analytics reports occur at the touch of a button," she explained. "But the final advice and the delivery centre on the RMs who will continue to play a major role for us. In our key HNW and UHNW markets, we will continue to see a good combination of high touch, and whatever can be, communication and engagement, but with a lot more productivity supported by technology, while in the broader mass affluent market, the primary engagement will be led primarily by technology." ■

