

# Driving an all-round Indian proposition for high-end clients

*Edelweiss Global Wealth Management has shunned the oft-trodden route in India of pushing product, trying instead to provide real solutions to targeted groups of HNWI and UHNWI individuals. Anshu Kapoor explains the benefits this is bringing to the firm and its clients.*

A growing number of wealth management players in India – especially the foreign private banks – are seeing mixed results (at best) within their businesses as the cost, regulatory and competitive challenges have mounted.

But in what is an increasingly polarising industry as a result, Edelweiss believes it is bucking the trend.

For example, explains Anshu Kapoor, the firm's head of global wealth management, 2015 was a good year overall for the firm across both wealth and asset management.

Today, AUM across the two businesses stands at the equivalent of around USD9 billion, split roughly evenly.

"We have reached critical mass now," says Kapoor. "I think we are number three today, by any measure, in the Indian market for serving both HNI and UHNWI clients."

## CLIENT FOCUS PAYS OFF

The firm's strategy has been simple: to be completely focused on its clients. "We don't look at it from an output perspective; we think much more from an input perspective," explains Kapoor.

Carefully selecting its client segments to target is a key component of the Edelweiss approach. For example, on the UHNWI side, it exclusively caters to new-generation and next-generation entrepreneurs, rather than servicing any 'old wealth'.

The firm also has a group which caters to family offices and what it refers to as institutional clients. Within the family office client base, it further divides the market into 'evolving' and 'evolved'.

An additional business line provides financing in relation to employee stock ownership plans (ESOPs), which the firm sees as a large and growing category. This involves a combination of



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lending money against the shares that staff own (or will own in the future), plus hedging the exposure and managing the concentration.

“A lot of other wealth managers only do investment management,” explains Kapoor. “Within our client segments, we are focused on their needs, so we have built our value proposition and teams accordingly.”

For instance, in the family office group, clients get serviced by a mix of former traders, investment bankers and institutional salespeople. “This creates a different kind of team, which is able to deliver the solutions that clients need,” he adds, “whether this is capital, advisory, investment, leverage or tax structuring and planning.”

Perhaps the most tangible example of the client focus that Kapoor is keen to highlight is the fact that the firm invites clients to some of its own sales meetings. “There are two clients on our real estate advisory board,” he says. “They help us select real estate projects to be offered to other clients.”

### THE RIGHT PACKAGING

A challenge for any wealth management firm in India stems from the market continuing to be characterised as relatively short on product, yet long on product pushing.

So standing out requires a different approach – one which is more about packaging a solution.

“We help our clients to spot opportunities and trends, and be protected from risks,” explains Kapoor.

With a vigilant regulator which tries to prevent any kind of over-complication or complexity in the product offering for investors, Edelweiss’ approach is to agree an asset allocation with a client and then be smart and nimble in creating opportunities.

For example, on the real estate side, the firm co-partners with clients in distressed deals, as well as buying inventory and underwriting for commercial and pre-leased properties.

At the same time, Kapoor says the firm is very focused on building up its investment platform, especially since this is not something which can be easily replicated. The rationale is, that in addition to be able to provide products via the platform such as structured investments, this also gives the firm certain capabilities to service the client.

### FINDING THE RIGHT TALENT

Despite the opportunities and market potential, one of the drags on growth in Indian wealth management continues to be the availability of talent.

Yet Kapoor says Edelweiss won’t compromise. “We have an internal policy that we only hire what we consider to be ‘A-raters.’”

Such an individual needs to pass a series of tests. This starts with product, then includes an MBA-like analytical test and a psychometric evaluation. Beyond its focus on the quality of intake, the firm then trains and grooms these people over time.

The reward for those who get through the door is an environment of zero politics and opportunity for growth. “We give our people the canvas to paint on,” says Kapoor. “To us it is not important what someone has done before; it is what they want to do in life which is more important.”

Reflecting the ownership and incentivisation structure of the firm, its employees and founders own a combined 55% of Edelweiss.

## Becoming digitally-enabled

*Acknowledging the importance of digital, Edelweiss has forged a partnership with IBM to build a digital infrastructure.*

*On the wealth management side, this involves some big investments, says Kapoor.*

*Salesforce is an example of what’s currently being implemented in terms of customer relationship management.*

*In addition, to stave off the threat from robo-advisors, the firm is in the process of building a simple online tool which its clients can use to invest.*

*This highlights more broadly the role that Kapoor sees technology playing as part of the interface with clients – ranging from digitising account opening to transaction processing.*

### KEEPING IT LOCAL

Notable about India’s wealth management landscape over the past 12 to 18 months has been the fact that some of the foreign players have been unable to grow their operations.

Yet addressing some of the key challenges in terms of capacity and capability, and being able to scale the business, starts by ensuring that it caters to the needs of the local market.

“India is an onshore-only market, very much like the US,” explains Kapoor. “So no player, whether foreign or local, can work on an imported wealth management model.” ■