

Driving innovation in India's Fast - Growth Wealth Management Industry

Edelweiss Private Wealth Management recently became the third recipient of the coveted Hubbis Indian Wealth Management - Award for Excellence. Anshu Kapoor, the firm's head, sees dynamic opportunities ahead in India for those firms that can innovate and deliver a differentiated offering

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KAPOOR TOLD THE AUDIENCE
“I am delighted to be the recipient of the Hubbis award, but my mission today is to talk about innovation in an increasingly crowded market, as more and more people focus on developing a wealth management business. How do we position ourselves to be winners in the future? My answer is that there is no other option but to innovate.”

Kapoor noted that everyone in the room knew how great the opportunity is in India. He expects the number of high net worth (HNW) individuals with more than USD5 million of investible assets to grow dramatically from around 150,000 strong today to over 500,000 by 2025, while India's GDP is at the same time expected to double to more than USD5 trillion.



ANSHU KAPOOR
Edelweiss Private Wealth Management

“We estimate that less than 25% of the total wealth in this country is organised or advised by professionals,” he reported. “In about seven years we could be looking at wealth under advisory of about USD1 trillion. To win a share of that market innovation is required, and here it is not only technology, it is innovation across the board, from product creation to product and service execution and delivery.”

Entrepreneurial fever

Kapoor turned to the key trends that need to be understood in order to help firms position themselves accurately. He explained that Indian entrepreneurs will create the maximum amount of wealth. “The total wealth of the ultra-wealthy individuals now stands at about USD5 trillion,” he said, “and about half of the growth is coming from entrepreneurs.”

Secondly, he noted the vast consumption of products and services, and an equally vast supply of information, but also a significant lack of attention to this information. “How do we attract attention?” he asked rhetorically. The answer he said could be gleaned from examples such as Xiaomi, the mobile phone company, which had created the ‘Me Club’, the ‘Me Community’, comprising about 2.5 million Indians.

“Communities are a big way of attracting clients or holding them,” he observed. “In our industry, revenues will remain driven by products, but in the future, we see a trend towards subscription. Charles Schwab in the US now runs something called Schwab Intelligent Portfolios, a subscription model.”

Teaching the best to be better?

Kapoor then focused on the drivers, enablers and capabilities

needed to build for the future. “It is not easy,” he said. “To give an example, if we target entrepreneurs it is like trying to coach one of the greatest cricket batsmen of all time Sachin Tendulkar on how to bat.”

“The entrepreneur is individual, driven and successful,” he continued, “so we need to understand our target market and adapt to win him over as a customer, even in a crowded market. We know he has certain attributes. First, he is a new

“COMMUNITIES ARE A BIG WAY OF ATTRACTING CLIENTS OR HOLDING THEM,”

generation entrepreneur typically, whereas in Europe they are more like fifth generation. Secondly, we know he is very impatient, wants control, and is an opportunity seeker wanting new ideas and solutions. And he also wants what I call ‘affiliation’ which is recognition, to be known for his success.”

Refining the proposition

Accordingly, Kapoor told the audience that, armed with these insights, Edelweiss made a great effort to hone its proposition, its language, its people to the nuances of these clients. “And we looked at the breadth of strategic ideas and solutions we could bring to the table. For example, we are perhaps the only wealth manager in India to have a dedicated 30-member research team, and this team brings us insights and concepts aplenty in a host of areas, from mainstream assets to renewables and everything in between.”

“In terms of people,” he elucidated, “we have built a talent pool from corporate bankers, investment bankers, tax experts, legal experts, economists and others to create an amalgamation of traditional wealth management expertise with many of the other

skill sets that help us to serve our customers and to secure a better and bigger wallet share from the customer. In short, if you do not have multiple hooks in your customers you are undifferentiated and not likely to succeed beyond the short-term.”

Kapoor also highlighted the value of an excellent platform enabled largely by technology. “This allows us to listen, respond, to match needs,” he explained. “This helps us in so many ways,

essentially creating an online virtual marketplace. Whatever the client needs we endeavour to match it using technology, from investments to partnerships to sourcing materials and deal-making between our customer set.”

Listen and learn

Careful attention to customer feedback is also essential, Kapoor reported. “We espouse and maintain an overriding focus on customer satisfaction,” he reported. “An independent team within Edelweiss is, for example, responsible for engaging with customers to collect their feedback. We listen carefully, and we focus on their requirements and any areas we must address in the way we service those needs. Our client satisfaction scores are recently up from seventy-eight per cent to ninety-two per cent. The result is that we have very strong retention rates for both our clients.”

Kapoor concluded his talk by returning to the concept of innovation. “This pervades everything we have done and everything we continue to focus on today. The result is client success and people success.” ■