

Hubbis Award for Excellence in Indian Wealth Management

Edelweiss Private Wealth Management is the third recipient of the coveted Hubbis Indian Wealth Management - Award for Excellence. Anshu Kapoor, the firm's founder and head, recently met with Hubbis to expound what he believes is a unique proposition for the dynamic and rapidly expanding Indian wealth management sector.



Executive summary

Edelweiss Private Wealth Management is the third recipient of the coveted Hubbis Indian Wealth Management - Award for Excellence. Anshu Kapoor, the firm's founder and head, has been instrumental in directing the business to become a leader in the relatively youthful, but enormously high growth, Indian wealth management market.

Edelweiss Private Wealth Management (Edelweiss) has already garnered USD14 billion in assets under management (AUM), with 60% of that figure having been harvested by the firm since 2016. And just 125 major clients account for USD7 billion of the firm's total AUM, underlining how confident those clients are of Edelweiss' capabilities.

But far from resting on his laurels, Kapoor is driving the firm forward to participate to the fullest possible extent in the dramatic growth of the market. Kapoor 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.

Kapoor helped found the wealth management business for Edelweiss in 2010 after he left a private banking role at HSBC. After a difficult few years working out how to make Edelweiss stand out and succeed in the nascent Indian wealth management market, Kapoor and his team discovered both the corporate identity and strategy that have created the success the firm enjoys today.

A rigorous attention to the client and their needs comes first, accompanied by the optimal quality of products and services delivered by the firm's platform and by Edelweiss' rising ranks of advisers.

Edelweiss has a dedicated team that talks to clients regularly to obtain their feedback, positive or negative, following which the firm hones its products, services and the approach of its trusted advisers. This strategy has helped the firm retain and build its client base, as well as keeping and expanding its team of expert advisers and relationship managers.

Drawing new talent to the firm is Kapoor's biggest current priority. Kapoor does not look backwards to past achievements, his mission now is to win a rising percentage of the rapidly expanding market, but whilst also retaining the firm's dedication to individual service and client focus.

A second priority is to expand the products and services the firm offers clients. Innovation and creativity are core to the firm's value proposition.

And a third priority is to hone the client experience to ensure that the client enjoys a simple, intuitive and seamless relationship with the firm; to do so Kapoor is focusing on harmonising Edelweiss' technological expertise with its advisers' expertise.

Kapoor is very evidently someone for whom his work is a passion. He sees wealth management as a means of helping clients articulate and then achieve some of their key financial dreams. His passion for his chosen profession will no doubt continue to drive both himself and Edelweiss forward.

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While Edelweiss Private Wealth Management (Edelweiss) is today a leader in the Indian wealth management market, Kapoor admits that the firm at first struggled to find its identity in the two or three years after it was founded in 2010. But, once Kapoor and the team he assembled had identified both its strategy and key characteristics, Edelweiss began growing apace and assets under management (AUM) now stand at USD14 billion.

As if the USD14 billion figure were not impressive enough for India's relatively youthful wealth management market, Kapoor reports that since 2016 AUM has mushroomed by more than 60% from around USD8 billion. Moreover, the AUM figure continues to grow swiftly.

Edelweiss is clearly one of the fastest growing wealth management firms in India, focusing its broad range of services and products on the country's growing ranks of entrepreneurs, business owners, family offices, corporate leaders and corporate treasuries.

Winning formula forged from early adversity

Edelweiss' winning strategy, forged out of adversity during its formative years, has been to

Getting Personal

Anshu Kapoor, Head of Edelweiss Private Wealth Management, has thus far enjoyed a stellar career. Born in Delhi, he attended Delhi University, before completing his two-year Chartered Financial Analyst qualification from the ICFAI.

By 1997, the year of the Asian financial crisis, he took up his first post as a management trainee with ICICI Bank in Jaipur, Rajasthan, in the north of the country. His next role was with the bank's e-commerce team in Mumbai, helping develop ICICI Bank's internet banking platform, after which he moved to HSBC as part of their internet banking team.

He was then hired to work on HSBC's non-resident Indian (NRI) business as part of a team that set up representative offices across Singapore, Hong Kong, Abu Dhabi, Dubai, and New York.

That role evolved to Kapoor becoming a private banker with HSBC in Dubai for several years before returning to India with Merrill Lynch on their private banking side. There he focused on what was called onshore-offshore, helping create solutions for global customers of Merrill Lynch to invest in India, and Indians to invest overseas. After Merrill Lynch was absorbed into Bank of America, Kapoor joined Edelweiss Group in 2010 to start up the Edelweiss Private Wealth Management operation.

The Edelweiss Group began life in 1995 as an investment bank and today has diversified into over 40 lines of businesses grouped together in four broad categories - credit, financial markets, asset management, and commodities & insurance. The Edelweiss Group, therefore, offered an outstanding platform from which to launch the wealth business.

Married with three children, one core interest outside work and family is street and travel photography. And spare time at home is spent reading, often learning from other entrepreneurs and successful business operators.

For example, he was recently immersed in one book titled *Scaling Up* by Verne Harnish and another, titled *Principles of Life* by Ray Dalio, the founder of private equity firm Bridgewater Associates. Another diversion is travel to fascinating cities such as Prague, Istanbul and other locations offering wonderful architecture and colourful local cultures.



nurture and adhere to the credo the firm advocates of ‘Ideas create, values protect’ in order to build its most trusted adviser relationships with the firm’s clients.

“The client is at the heart of our being,” says Kapoor. “The relationship is grounded in understanding their priorities via a structured process and to develop customised in-house and third-party solutions through our product platform. We recommend only those solutions that are entirely appropriate for the client, having made the effort to fully understand the client’s hopes and expectations.”

Once Kapoor and his team had identified its key strengths and strategies, great effort was made to fine-tune the platform and to fine-tune the client experience and the product solutions. Kapoor explains that today, acknowledgement by clients and

industry talent is the powerful reinforcement that he and his team at Edelweiss are on the right track.

Clients as well as wealth management talent warm to Edelweiss

“In the early years, clients would question why they should deal with us and potential hires would question why they should bring their talents to our firm,” he recalls. “But we broke through these barriers and both we and our clients are now reaping the rewards. The next phase of expansion is all about scaling up, while also retaining our personalised approach and character.”

Kapoor estimates the high net worth (HNW) and the ultra-HNW population of India will balloon from about 150,000 to around 500,000 individuals by 2025, while India’s GDP is expected to double to about \$5 trillion.

But he notes that the top three wealth managers in India only control assets equivalent to about 2% of India’s GDP, whereas for China the equivalent figure is already around 6% and for the US a lofty 40%.

A world of opportunity

“By every measure market growth is clearly going to be dramatic,” he says, “and clearly our greatest challenge and our greatest opportunity is to participate in as much of that growth as possible. But we must do so whilst retaining our focus on the individual client needs and our highly personalised approach to this business.”

With India in such a fertile phase of economic and personal wealth expansion, Kapoor knows that a key constraint on Edelweiss’ growth is the ability to bring in additional talent and

expertise to its ranks.

“By our estimates, the top 10 wealth managers in this country have not yet reached more than about 25,000 of the current 150,000 customers and those customer numbers, as I mentioned, are growing very fast,” he reports. “The key challenge for us now is how do we manage to scale up and still personalise our solutions when we will have dramatically more clients.”

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Three priorities for continued success

Bringing in new talent to the firm is, therefore, the biggest priority for Kapoor. “Where we are now and where we have come from is irrelevant,” he observes. “Where we are going is the key. We constantly seek the skills that our customers need, whether that is structuring, taxation, credit, family office expertise, prop trading, fixed income and so forth. We are ceaselessly hunting out talent as well as building talent within the firm.”

Kapoor has previously told Hubbis that he believes diversity

is a key goal in building a winning team of exceptionally talented professionals. “We have a very intensive hiring procedure that focuses on creative thinkers and builders,” he explains, “and when with us we then focus heavily on further building their skills and personal abilities. An organisational culture based on a philosophy of collaboration between the individuals and different departments plays a vital role

in the success of the team.” Giving an example of such a collaborative effort, Kapoor says that at the launch of the company’s Delhi office, the top advisers from the Mumbai office would fly there every week to help convert clients and solve any issues, and without any expectation of a share in revenue.

Innovation and creativity

A second priority is the proposition on offer. “Product innovation is a major priority,” Kapoor explains. “How can we provide clients with access to solutions which are not only unique but add a lot of value to their portfolios? Product innovation and the management

of those are essential priorities.”

Kapoor knows that despite the firm’s rapid expansion and success, humility is essential. “We recognise that we need to keep learning to be better and improve in areas where competitors might be better than us, or from companies outside our sphere, such as Google, Apple, Amazon, Cognizant and so forth. We are continually in search for ideas or processes that we can adapt to our market. It is in our firm’s DNA to be open to new products, concepts and practices.”

Kapoor says the firms always aims to be innovative, for example by offering the first capital-protected structure on an actively traded equity portfolio and being one of the first firms to give clients access to infrastructure assets, pre-IPO opportunities, and distressed assets.

“The Indian wealth market is increasingly sophisticated and also ever more receptive to new asset classes and structures,” he notes, “with these developments having also been encouraged by gradual liberalisation from the regulators.”

Keeping it simple

The third priority is the simplification of the client experience. “Simplification also includes intuitiveness, intelligence, making a more seamless interplay between technology and between what we offer to the customer.” All these priorities exist within an overriding focus on customer satisfaction. An independent team within Edelweiss is, for example, responsible for



ANSHU KAPOOR
Edelweiss Private Wealth Management

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,” Kapoor reports. “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.”

Satisfaction results in trust

Kapoor reports that around USD7 billion of the total USD14 billion AUM the firm currently boasts comes from the top 125 clients. “This clearly highlights

the trust these HNW and ultra-HNW client place in us,” he says.

Edelweiss also continues to broaden and further professionalise its skills, for example, the firm now has a Chief Digital Officer, a Chief Risk Officer, a Head of Learning and Development and a Head of Investment Advisory.

“Technology will play an increasingly important role in the company’s growth,” Kapoor comments, “so we have also been investing heavily in building our digital expertise to improve efficiency and the client experience.

We have been working with IBM, Salesforce and Infosys to develop a customer relationship management toolset, financial advisory tools and a client reporting platform.”

One area that Kapoor would like to see improved in India is greater regulation on who can become a financial adviser. “We believe the bar should be higher from a regulatory perspective,” he states.

Moreover, we would like to see a more accurate and more flexible definition of a qualified investor that better recognises the scale of HNW and UHNW wealth today, allowing greater room for product creation and innovation.”

India’s wealth market, and the clients continue to mature

Kapoor comments that he remains fully energised by the creativity and drive of the clients he works with. “What drives me is the creation of ideas and solutions,” he says. “India is not in preservation mode, it is in full-on growth mode, driving towards a better and wealthier tomorrow. It is exciting.”

But he also notes that the HNW and UHNW segments of India’s vast population will increasingly give back to the nation.

“We are in fact already seeing more structured philanthropy,” he reports. “The culture of giving is actually very ingrained in the Indian psyche, but it has never been so visible. You will see platforms emerging over the next five years only for philanthropy and it is already happening.”

Kapoor concludes by reiterating his vision of wealth management. “Some see his as all about providing investment solutions, but I see wealth management as helping clients achieve their dreams, that is my passion and that is why I am in this business.” ■