

# Is Indian wealth management ripe for disruption?

*There is great potential for digital advice and online investing in the country given the number of investors yet to be tapped. To make the most of this, constant improvement is needed in areas such as the client experience, user-friendliness, security and privacy.*

When looking at the potential for the digitisation of advice and investments in India, some speakers believe that the industry hasn't yet begun to scratch the surface.

At the moment, there are 15 million mutual fund accounts or so, but the country has roughly 1.3 billion people.

Even discounting half of them for being below the required income level, there is still a significant population to access.

To date, penetration isn't yet more than 2% or 3%, so online and digital channels seem to be a good answer to the question of how to reach this next generation, say industry practitioners, given that India's wealthy are relatively young and tech-savvy.

More broadly, digital has potential within Indian wealth management to generate significant cost reduction through robotics and automation, as well as to change business models with digitally-assisted advice and drive gains in market share through digital acquisitions and servicing of clients.

Ultimately, the ability to leverage digital technology to attract new clients will be critical to a firm's profitability for the future.

These were some of the take-aways from the 7th annual Hubbis Indian Wealth Management Forum 2017 in Mumbai.

## INCREASING PENETRATION

A lot of the enablers are already in place for digital advice to penetrate the market in a more meaningful

## Panel speakers

- **Satheesh Krishnamurthy**, Senior Vice President, & Business Head - Affluent & NRI, Axis Bank
- **Kanwar Vivek**, Senior President - Head Wealth Management & YES First Branch Banking, YES Bank
- **Anupam Guha**, Head, Private Wealth Management, ICICI Securities
- **Bhavesb Sanghvi**, Executive Vice President & Head Wealth Management, Aditya Birla Finance
- **Kunal Bajaj**, Founder, Chief Executive Officer, Clearfunds



Satheesh Krishnamurthy  
Axis Bank

way – it is a matter of them working together. This is starting to happen.

For instance, Aadhaar – the 12-digit unique identity number issued to all Indian residents based on their biometric and demographic data – is now almost universal.

And over the last few months, each Aadhaar has been tied to an individual's tax number.

So as the universe of people filing income tax claims rises as a result of demonetisation and other initiatives, speakers believe it is possible to authenticate the KYC of an individual nearly in real time.

As payments and the KYC processes become more electronic and simpler, practitioners sat that there is no reason for transactions to remain offline.

With the building blocks are in place, there is strong belief that the market will grow healthily in terms of penetration.

Various platforms have already made a mark, especially on the channel engagement side.

But the wealth platform is yet to evolve, according to several speakers, who say this stems from one of the biggest challenges for firms when addressing the revenue and profit dilemma: how to effectively leverage digital technology.

To help resolve this, there is a need for constant improvement of technology in line with market requirements.

This includes the personalisation to make it user-friendly for clients.

Such an approach is also important in a market like India, where clients are used to face-to-face conversations when it comes to their banking and investment needs.

As a result, a mix of digital and offline communication is ideal – and both will exist going forward.



Kanwar Vivek  
YES Bank



Anupam Guha  
ICICI Securities

While the younger generation is an easier target for robo-advisers, it will be more challenging to change the habits and mind-set of HNIs. This ties in to the biggest fear of these types of clients when using digital: security and privacy.

If the wealth management industry can address this, it will go a long way in building client trust, believe speakers.

At the same time, however, some speakers add that a trustworthy human adviser is not so easy to find.

**75%**  
**Respondents who think that technology to disrupt their business in the next 5 years – with a similar percentage predicting that robo-advisory will be successful in India over this timeframe.**



Kunal Bajaj  
Clearfunds

### A NEW MIND-SET

One of the key things missing when it comes to platforms, is demonstrating how the wealth manager is adding value to the client portfolios.

Within this new landscape, some speakers suggested that the role for wealth managers and financial advisers is about doing asset allocation and product selection.

What can be done better online, is to use the data to continue asking questions to profile customers more quickly than is possible offline.

There are also other systems, solutions and other tools that can make a difference in the client experience, according to speakers.

For example, providing quick and simple tools on-the-move are making the difference to the overall client experience – especially given that HNIs use multiple digital devices, in some cases for between four and five hours a day. ■



Bhavesh Sanghvi  
Aditya Birla Finance