

# Karvy taps into India's wealth sweet-spot

*As one of the country's top firms in its segment, Karvy Private Wealth has set its sights on expansion at home and abroad, riding on the current wave of growth, outlines Abhijit Bhave.*

Abhijit Bhave's Twitter bio reads: "Been a boring banker for many years. Now in an exciting place, where we believe our clients' wealth will keep growing."

Indeed, his life has been anything but boring since joining Karvy Private Wealth in Mumbai two years ago as the Indian firm's chief executive officer.

His stint to date has been marked by tangible accomplishments across the business. For example, Karvy's AUM and top line have doubled, staff strength has increased and, to match its new vision of the future, it even has a new motto: 'Learn and Earn'.

What's more, the current buzz will grow louder if he can make his next goal come to fruition – a desire to reach new markets, both in India, including the semi-urban parts of the country that are heralded as the next frontier in wealth management, as well as overseas.

"We have short-listed locations where we are going to launch our services this year," says Bhave.

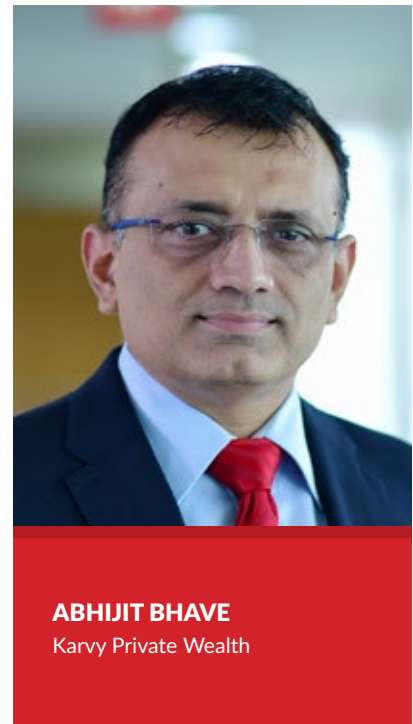
"We have also finalised our Vision 2022, which lays the roadmap for massive growth across the top-line, bottom-line, AUM and our client base."

## SOLID FOUNDATIONS

Although a relatively new entrant in the competitive world of wealth management in India, Bhave's optimism is well-founded.

His rosy view of the future is rooted in the country's robust economic growth numbers and the rapid rise of entrepreneurial wealth over the past decade.

For instance, India's current growth expectations, of 7.2% for 2017/18 and 7.7% for 2018/19, outpace expected global GDP averages of 3.5% in 2017 and 3.6% in 2018, according to the IMF's World Economic Outlook report.



**ABHIJIT BHAVE**  
Karvy Private Wealth

"India is in a sweet-spot, and the number of HNIs and UHNIs will make a lot of money," explains Bhave. "We will ride

the curve to take advantage of that, sell the right products and make money for our clients first and then make money for all of us.”

The competition is not a big worry for him, largely due to the size of the market’s potential at the moment.

“The opportunity is so huge that more and more competition coming in will not really impact the growth prospects of any of us,” he adds.

### **BUILDING BLOCKS**

Yet there is clearly a need to stand apart from the crowd wherever possible.

For Karvy Private Wealth, its product strategy is key to this. It revolves around the ability of the firm’s money managers to identify market-beating opportunities and take contrarian bets to outperform their peers. “We want to be ahead of the curve to make extra returns and generate alpha,” says Bhave.

As a result, he has stepped up the focus on training and innovation. The rationale is to ensure its front-line staff are better equipped to advise clients, to bring more conviction in terms of the value of products they might not have been interested in previously.

For instance, sectors that are reeling, such as IT, pharma and real estate, hold promises of great returns according to Bhave’s investment plan.

Within real estate, for example, good returns can be found in niche areas such as student housing and warehousing, where rental yields are typically higher than the average.

Another crucial component of its products and services offering of where

Karvy Private Wealth is looking to add more value to clients is via its estate planning and family office services.

Although demand for professional advice on such solutions remains relatively low for the time being in India, there is certainly pick-up in the acceptance among clients of the need to deal with these matters.

And Karvy wants to be well-positioned for the subsequent growth it expects to see over the coming decade.

### **CHALLENGES OF SCALE**

Yet he is also realistic about what can be achieved – and how quickly – as he strives for growth.

So in looking to expand the firm’s footprint, Bhave is aware of the need to plan for likely pitfalls along the way.

For one, he knows he must ensure a uniformity in terms of the client experience and the quality of his staff across the multiple offices – including Mumbai, New Delhi, Bengaluru, Chennai, Hyderabad, Kolkata, Chandigarh, Gurgaon and Pune, amongst others.

“It’s easier said than done to standardise this, but that is where training and grooming come in, along with our onboarding,” he explains.

Another hurdle stems from the pressure on fees. This is even more acute as some wealthy clients increasingly go directly to fund houses rather than the distributor for their investment needs.

“The commissions that we earn are not paid, so the NAVs are higher,” says Bhave. “This is something a lot of HNIs are doing.” However, he is confident the wealth management industry can

### **4Es on the Karvy wish-list**

*Bhave defines his four customer-focused priorities by what he calls 4Es of customer experience – customer earnings, customer ease, customer exposure, and customer education.*

*In terms of earnings, instead of considering these on model portfolios, he wants to increase customer earnings on actual portfolios, post-expenses.*

*For ease, he wants to make it faster and simpler for customers to invest by reducing the paperwork involved.*

*Bhave says that asset allocation is always the key higher risk-adjusted returns and the customer exposure to risky investment products needs to be in line with the risk profile.*

*And when it comes to education, he is focused on creating more awareness among customers about financial products. But he wants to go beyond the entry-level efforts that are currently the industry norm. “I want to focus on clear client communication on sophisticated products in terms of expected returns and the risks involved.”*

counter these threats by adding tangible, incremental value to clients. As it is, in his view, not too many customers will opt for the direct purchase route for all products. ■