

Kristal.AI CEO & Founder Asheesh Chanda on Serving the Rapidly Growing Mass Affluent and Emerging HNW Wealth Market

Asheesh Chanda is the CEO and Founder of Kristal.AI, a global digital private wealth platform for comprehensive wealth management solutions for accredited investors. He oversees all company operations and spearheads strategy and product development, as well as client acquisition and company growth. Chanda also personally oversees the Kristal Founders Fund, a high-performance hedge fund strategy that manages money for Kristal.AI founders and key clients. He co-founded the firm in 2016 along with Vivek Mohindra, who is today Kristal's Responsible Officer in Hong Kong, as well as Vineeth Narasimhan, CTO. With long experience in the wealth industry at leading name institutions, Chanda describes himself also as a 'quasi-techie' at heart and is, for example, fluent in Python open-source programming and has completed a course in machine learning. Kristal.AI started as a tech platform, then obtained licenses in Singapore, Hong Kong and India, and is in the process of opening in the Middle East. The target market spans mass affluent and emerging high net worth clients, meaning anyone with USD1 million to USD5 million to invest. This is a rapidly growing segment that Chanda reports is underserved, as these clients are too big for robo advisory and too small for the private banks.

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ASHEESH CHANDA
Kristal.AI

Chanda says the market for investors with investible assets of between USD1 million and USD5 million is both robust and expanding rapidly. “These clients are beginning their real investment journeys, and the key problem that we are solving is to provide advice and access to certain investments that otherwise would normally be for the true HNW or UHNW clients,” Chanda reports. “We offer a hybrid approach, roughly 80% digital and 20% human.”

A growing field in which to play

He has almost 20 years of experience in the financial industry and explains he established Kristal.AI in 2016 to bring personalised wealth management to the mass affluent class. “We set out with the aims to cater for a segment that has traditionally been overlooked by banks, and as the threshold for onboarding clients in the private banks has risen over the past several years, we now cover what we can call the emerging HNW segment as well, spanning all the way from assets of around USD1 million to around USD5 million.”

Chanda explains that for those clients with significant wealth above USD5 million, many prefer the human-first private bank models – which of course are expensive to deliver – and therefore they head to the major banks.

Kristal’s many appeals

“But Kristal provides efficiency and cost-effectiveness, and we are even able to manage individual

to a pre-IPO or private asset opportunity. Mass affluent investors are now able to participate in these deals with a much smaller ticket size like USD50,000.”

Although Kristal is a digital platform, the firm needs offices on the ground to obtain their licenses and also for the presence in-country and the trust that gives to clients in its markets.

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accounts down to USD100,000, whereas the minimum cut-off for most private banks, which used to be perhaps USD3 million, is now USD5 million and above. This has opened up an even bigger market space for us to compete in, and where we appeal due to our combination of the ease of DIY platforms combined with the added value of smart curation, greater access and more personalised advice.”

Expanding access

He reports that Kristal also offers access to assets that would otherwise be outside the remit of the firm’s target customers. “We can fractionalise investments, we can make advisory available in a hybrid manner, so access and advice are the two key appeals for clients,” Chanda elucidates. “When I refer to fractionalisation, I mean we provide customers with small size access to various funds that otherwise would need clients to write a cheque for USD2 million or much more, and that is the special access, perhaps

Partners for growth

“Moreover,” he reports, “the trust is both the end client and the partners we work with to get access to those clients. In Singapore, most clients come directly to us, but in India and soon the Middle East, our go to market strategy is to expand through partnerships. We access our target clients through a myriad of other smaller wealth managers who already have the trust and assets of their clients but who want to deliver a broader and more comprehensive proposition, retaining their clients and not feeling threatened by potential competition. That is us exactly. This is our version of the B2B2C model, and as it has worked well in India, we are now extending it to the Middle East.”

He reports that the firm has assembled over 100 partners in India alone from amongst the huge array of independent wealth managers, IFAs, distributors, and even sometimes regional or local banks. These are Channel



Partners of Kristal. Even though they're strong in onshore offerings, their global portfolios only make up 2% of the total AUM. Kristal opens doors to global investment opportunities for their clients.

A pure advisory and facilitation platform

He also explains that Kristal does not provide custody solutions for any assets; all that is handled via external partners like Saxo Bank, Interactive Brokers and DBS.

“We curate the best-in-class products and solutions, and we firmly believe in our fiduciary duty to optimise selection from what is a whole world of choice. So, what I call advice is in effect our ability to analyse, to filter, to select and thereby to optimise investment choices for clients.”

Chanda explains that this therefore means customers can access not only all the typical funds and products available on these major platforms, but at a lower investment minimum. Kristal's fractionalisation is meant to democratize access to a wider array of premium products which would be otherwise out of reach for the mass affluent. And the custody is provided by those external platforms and institutions.

Kristal also has direct relationships with top tier fund houses worldwide which manufacture and supply funds on the platform. Clients can freely choose from over 200+ products which have been carefully curated by Kristal's Investment Committee. Also, the platform does not favour any institution or product as there is no incentive for bias.

Curating quality solutions

“It is all about simplification,” he says. “If you need advice as well as easy access, if you want to invest in private assets and alternatives, these are areas where we really come into our own. We curate the best-in-class products and solutions, and we firmly believe in our fiduciary duty to optimise selection from what is a whole world of choice. So, what I call advice is in effect our ability to

analyse, to filter, to select and thereby to optimise investment choices for clients.”

He reports that Kristal has an investment committee that boasts over 150 years of experiences combined within hedge funds, investment banks and asset management. These staff are typically ex bankers from top tier banks such as JP Morgan. The committee scrutinises each and every product on the platform to give clients extra confidence to invest.

The globalisation of portfolios

Aside from the growth of the mass affluent and emerging HNW segments, Kristal is also riding another wave, namely the globalisation of investment portfolios. “Across the region, and in particular in a market such as India, smaller wealth managers and advisors might

be experts in their domestic markets but have little knowledge of global markets or the requisite analysis to support the gradual diversification of their clients' portfolios globally," Chanda explains.

He offers the example of a customer of a smaller EAM in

India who has only 2% of their AUM in offshore investments. He says they will benefit hugely from Kristal's platform, and the overall infrastructure and advisory input. "They end up with a differentiated and high added value offering for their clients," he says. "And for us,

we have hundreds of partners, each bringing perhaps very small international allocations that we can help build from a low base. That starting point for them and their end clients becomes a treasure trove for us, as it all adds up and snowballs." ■

Getting Personal with Asheesh Chanda

Prior to founding Kristal.AI, Asheesh managed investment portfolios at KrisCapital, a Singapore-based global macro hedge fund that he co-founded to invest across multiple asset classes. He led decisions on asset allocations and developed both systematic and algorithmic trading strategies to optimise sharpe ratios and minimise drawdowns.

Asheesh comes from India originally but has made Singapore his home. He started his career in finance with a position in Citibank India, where he worked in FX and fixed income structuring in the Sales and Structuring team within Global Markets. He then joined BNP Paribas as its Vice President, where he oversaw institutional sales and structuring.

Following that, he entered JPMorgan Chase in Singapore and became the Head of FX/Rates/Credit Solutions for South and Southeast Asia. Nearly six years later, he took on the role of Head of FICC Sales to Private Banks, where he delivered fixed income and currency solutions to private banks and boutique asset wealth managers for JPMorgan Chase.

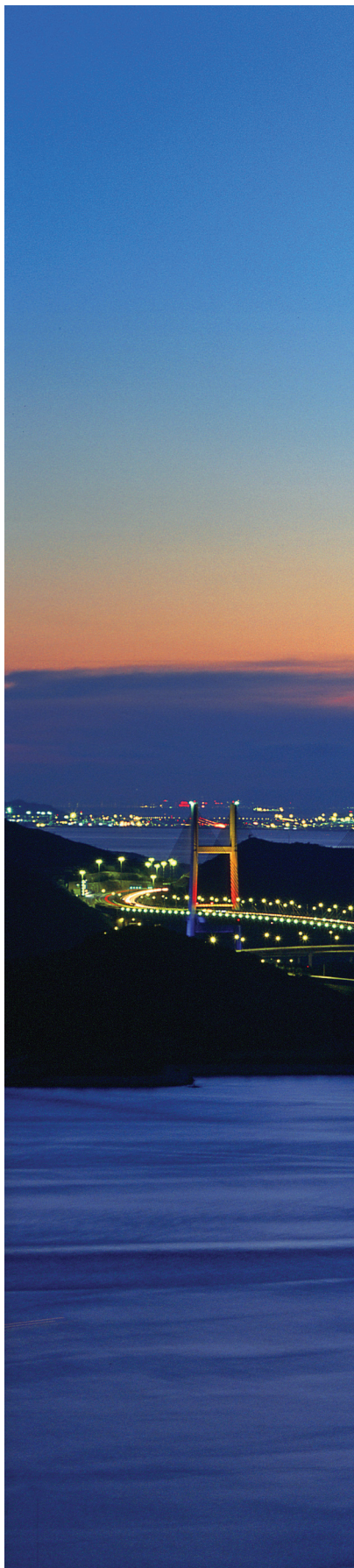
As well as being as he says a 'quasi-techie' at heart, proficient in coding and machine learning, he was recognised as an 'Outstanding Achiever' by the Hong Kong Securities and Investment Institute and holds a NISM-Series-X-B: Investment Adviser (Level 2) Certificate.

Chanda graduated from the Indian Institute of Management Bangalore with an MBA in Finance. He holds a Bachelor's degree in Computer Science and Engineering from the Indian Institute of Technology, Delhi. "To found Kristal, I partnered with an old classmate from IIT days back in 1996," he reports. "Co-founding a company some 20 years after we first met was a great bonus."

He explains that when working with JPMorgan on sales and structuring for private banks, he learned a lot about how wealth management works, getting a bird's eye view. And then his experience of running a fund offered him the buy side perspective on managing money. "Although I was earning good money in those years, I could also see and feel where I could seize on opportunities to be more of a game-changer and achieve real financial freedom through my own venture. That offered me the insight, the drive and the confidence to take the plunge to get Kristal started."

Chanda is married with three children ranging from 16 to four. He enjoys social tennis and long walks. And of course, watching India play cricket on cable.

He closes the discussion by noting that he also has a love of technology and coding. "In more recent years, I have re-ignited my love of programming, and am now highly proficient in Python, which is an open-source programming language. Actually, when we started Kristal, my co-founder and I wrote our early programmes ourselves; we are rather proud of that."



Key Priorities

Chanda says that in their central USD1 million to USD5 million segment, it is very tough to acquire new clients digitally, but partnerships and referrals can work wonders.

“Our intention is that whatever the preferred market model in a particular country, we must first understand the culture over there, the market dynamics and then we go and reach out to the end customer in the best possible ways,” he says. “We therefore need to be highly partner-friendly. I can say we want to appeal to these partners like Robert Downey Jr, offering them their own Ironman suit, so that they feel in some ways more powerful, more capable, even superhuman for their own clients.”

Another key mission is to improve the recommendations through the platform, much like Netflix or Amazon hone their suggestions based on past usage.

“We strive to improve the chances of clients accepting product recommendations from our advisors. This means we need a tighter, sharper data-driven approach,” he reports. “This is technology-driven and data-driven and manifests itself with information and nudges to the customers. Here I mean of course both the end clients and also our partners, as we strive to make both their respective journeys more relevant and seamless.”

Thirdly, Chanda is aiming to boost the firm’s product curation and widen access. “Our expansion could be in the areas of bringing more structured notes to the platform, or offering digital assets and cryptos, or perhaps life insurance solutions, possibly even access to leverage,” he says. “In short, we are increasing the depth of the financial products and solutions, expanding our horizons and greatly widening the choices available for customers.”

For example, he reports Kristal is using technology to expand APIs and deliver more private markets opportunities, using blockchain technology to also bring liquidity to illiquid assets. They are increasingly active in the pre-IPO space, delivering access for clients to opportunities such as Grab, SpaceX, Dunzo, Byju, Meesho, Klarna, Kraken, and many more. And they are establishing a pre-IPO fund, as well. “Many of these newer opportunities are available due to our ability to leverage technology innovation,” he reports.

He closes with an observation that the market segment in which Kristal operates offers such immense potential as it is expanding rapidly in both numbers and the needs and expectations of the clients themselves. “We are riding multiple waves as the sheer volume of clients we could serve continues to grow apace, and as their sophistication rises and the confidence they have in diversifying their portfolios also grows.”