

Life with elephants: wealth management in India

TP Ostwal talks to Hubbis about pace, regulation and the secret to staying afloat in the industry.

As the old (vaguely grim) idiom goes, the only sure things in life are death and taxes. And where there are taxes, there's a need for chartered accountants.

This is what TP Ostwal does at his firm, TP Ostwal and Associates, where he serves as partner.

It also offers consulting services, business aid and help with regulation processes. So, what's the first step to understanding these processes in India?

According to Ostwal, thinking of the country as a nation separate from the Asian market is the starting point.

“Don't compare India with other Asian countries. We are a giant and we run with our own speed. The country is an elephant, not a tiger.”

Tax processes in India have their own quirks, and Ostwal and his Mumbai-based team help clients file both international and domestic taxes.

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TP OSTWAL

TP Ostwal and Associates

Currently, the application of regulation processes within wealth management are “quite slow” in India, especially

within smaller companies. For larger companies, the cost of compliance is very important.

“They don’t bother about the cost of compliance. They charge fees that are a little bit higher, and they also pay higher fees,” says Ostwal.

Though other companies might not have corporation-level types of spending, Ostwal believes that following the same type of process, combined with picking the right people with the right advice, can help them catch up.

DOWNSIZING TO BE ABLE TO UPGRADE

According to PwC’s 2016 wealth management report, the industry in India is experiencing significant changes: patriarchs are passing on, or getting ready to pass on, their wealth to younger generations.

This next generation, meanwhile, is expecting quicker advice, supplemented by the transparency offered by online resources. In fact, customers generally want more personalised advice.

When it comes to the advice needed, Ostwal says the trend in India right now is to continue structuring and restructuring companies to be more compliant with regulations internationally, which require greater transparency.

This also lends itself towards growth in more boutique advisory firms, believes Ostwal, to deliver a more bespoke service.

Much like the start-up boom in India, which saw – and continues to see – engineers from large corporations like

Microsoft leaving to launch firms like Flipkart, Ostwal suggests that advisers and professional services practitioners will increasingly leave larger firms for smaller ones.

On the flip side, the key to keeping good talent from jumping ship is easy, he adds: pay them enough and don’t fall into the temptation of greed.

“[Many firms] want to retain more and more rather than paying their employees, consultants, or competent personnel. And if the person is competent, he must after achieving some competency, create a network,” adds Ostwal.

He believes that the regulators [in India] should instead be using greater oversight themselves.

For his firm, one of the challenges Ostwal says he faces in India is customer acquisition.

It’s a slow process, which takes on average around a year, from first meeting to sealing the deal. Prior to those meetings, the search for new customers can take around six to eight months, he explains.

“The process involves a lot of time and effort,” says Ostwal.

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CHALLENGES IN THE REGULATORY PROCESS

While Ostwal sees that the wealth management industry in India moving towards greater transparency, dealing with regulatory institutions is still a big challenge.

The regulators are mobile themselves, merging and changing, he explains.

“Today, what regulators are doing is copying the laws of various countries,” adds Ostwal.

“And it’s a delicate process that involves cost negotiation, lawyers and proving the firm has the know-how to do their jobs well.”

Luckily, a process so complicated doesn’t have to take place in-house.

“You need to have a network,” explains Ostwal.

“You need to have people known to you who are handling and create a network between yourself and them.” ■