

Prominent Bank of Baroda Leader examines Rapid expansion of the Indian Wealth Market

Hubbis has closely tracked the evolution of the Indian wealth management market since 2020, albeit from afar and only through Zoom calls and virtual events, due to the constraints forced upon us all during the pandemic. But on September 7, we staged our first live event in India since 2019. In the first panel discussion of the day, Virendra Somwanshi, Head - Wealth Management, Capital Markets and NRI Business for Bank of Baroda sat as one of our expert speakers, and offered delegates some valuable insights, some of which we have been summarised in this short report.

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Virendra Somwanshi
Bank of Baroda

Where do you see the opportunities in the Indian wealth management market today?

Banking in India is a business of scale and the non-banking boutique houses are in the business of efficiency. In the aftermath of the Covid pandemic and aided by the disruptive advent of technology in the wealth management space, the opportunity to scale up for non-banks in the niche segments and the opportunity for the banks to drive growth in the broad based customer segments is equally true. Key trends that we are observing in the Indian wealth management context are the fact that the industry is experiencing democratization at a swift pace. Not so long ago, bespoke wealth management services were only available to select UHNWIs and HNWI's who had access to a wide variety of wealth management products and a significant information asymmetry existed. In sharp contrast to this, today even the emerging affluent have access to cutting edge wealth products and ability to access the information 24/7.

There is also a paradigm shift in key demographics in the wealth management space with the introduction of new segment of customers like women, millennial and budding entrepreneurs. Since this is the new generation or Gen Z as we fondly call it they need all the information available digitally 24*7. They want to interact with their advisors digitally and are opting for modern ways of executing transactions. No longer does a one-size-fits-all approach work with the new age investor. They expect curated, contextual and bespoke offerings that are closely aligned with their needs. Another major development that the industry is witnessing is penetration across Tier 2 and 3 cities and business is now not restricted only to metro cities which was the phenomenon earlier. This means one needs to be prepared for resources both human and digital to be available at these places to capitalize on

this opportunity. Customers are also turning to non-traditional investment opportunities like Alternate Investment Funds, Private equity investing, Unlisted companies, Non Fungible Tokens (NFTs) carbon credits and are rising above the traditional form of investing. The future of wealth management is a combination of both digital and physical interaction and distribution. While Human connections and personal relationships have been and will continue to be the bedrock of the wealth management industry, the new age investor is also looking for faster, more convenient, and seamless digital experiences like robo-advisors and innovative self-service investment platforms. These trends augur extremely well for a Bank like us as we have a footprint in virtually every city in India and a global presence in more than 18 other countries. Further, the Bank is incrementally investing

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in technology to ensure seamless flow of information and extending execution capabilities directly to the new age investor.

Our overseas presence gives an opportunity for our NRI customers who want to invest in India. There is also a lot of mobility and flexibility in terms of where people want to invest, and we are expanding our capability to deliver products and solutions for our UHNI NRI customers.

What are your biggest opportunities and biggest challenges?

Our challenges in this space are fairly similar to the industry challenges which are scarcity

of talent accentuated by high turnover rates. The dynamic regulatory environment also calls for adaptations to the new paradigms and we will have to be flexible and agile to adopt to the evolving framework. We as a major nationalised bank in India have an advantage of a broader customer base which gives us an edge on the distribution side but to ensure optimal conversion of the business opportunity, investment in technology is a critical aspect. In this space, We are collaborating and partnering with Fin Tech Companies to put in the best-in-class platforms for both investment and insurance products. We're trying to make a seamless RM Assisted journey for all our wealth

customers thereby offering a unique and seamless banking/wealth management experience to our esteemed clients.

At Bank of Baroda, we have a rich history of 115 years of customers reposing their trust in us. We have a legacy of being a corporate bank with access to prominent large/mid corporates as well as MSME customers. Now with our focus on cultivating experienced Wealth Management talent, augmenting the Wealth management product breadth and embracing digital tech, we feel we are well-positioned to address the needs of both UHNW and HNW customers as well as retail clients starting their wealth management journeys. ■

