

Sanctum Wealth Founder on the Vast Potential of India's Fast-Growing Wealth Industry

Shiv Gupta, Founder & Chief Executive Officer of Sanctum Wealth, is not only a veteran of the Indian wealth management scene but also a colourful and articulate personality with plenty of forthright views on the evolution of the domestic wealth market. He joined as one of our expert speakers on the opening panel discussion at the Hubbis Indian Wealth Management Forum in Mumbai on August 31. He highlighted the numerous opportunities ahead, including the market's stellar growth, regulatory evolution, the rapid expansion of the product, advisory and service universe, the ongoing thrust to digital transformation, and the growing sophistication of the client base. But at the same time, he also pointed to compliance complexities and competition driving costs higher and fees lower, the need to keep investing heavily in digital solutions, and the drive to encourage greater technology adoption by team members and clients, as well as the often-immense difficulty in locating and hiring experienced talent.

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SHIV GUPTA
Sanctum Wealth

“Before we look at the major themes and trends that are driving wealth management in India right now, we should first acknowledge that this is a rather exciting time for this industry, as it is for the wider economy,” he told guests. “Scale and sophistication are simultaneously setting in across the board. The opportunities are outstanding.”

As to the regulatory environment, Shiv explained that this is a double-

and legacy planning, and cross-border solutions,” he explained. “The toolkit that a typical wealth manager has in India today is expanding apace, and the direction of travel is accelerating.”

He cited, for example, the rapid growth of Alternative Investment Funds, or AIFs, which have registered a tremendous 80% CAGR over the past decade. “And most importantly, the growth potential is huge, as the economy grows so robustly, and as private wealth and client needs increase so significantly.”

Technology is another key area of focus, one that Shiv considers both an opportunity and a threat. He said wealth managers have a long way to go to deploy technology to its full extent to improve both the quality of advice and the quality of service, and therefore significant investment is needed. At the same time, without the right investment and a smart approach

to digitisation, some players could find themselves left behind.

As to the competitive environment in India, he observed that this needs to be viewed alongside regulatory intensification. “Both competition and greater compliance needs are causing margins to erode, but we are lucky in that there is such growth and scale to be achieved that it is manageable,” he explained.

He added a word of caution that competition should drive better behaviour and practices, not encourage short-termism in approaches, or short-term type thinking.

The panel moderator pushed Shiv for more detail on the challenges he sees ahead in India. “Yes, there are huge tailwinds, but also it is fair to say there are some significant headwinds, as I have intimated. The most pressing issue relates

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edged sword. On the one hand, it can often be quite clunky and disruptive the way policy changes take place. But, on the other hand, if it standardises a set of governance tools, then the wealth industry builds more trust amongst parties and clients.

The third theme is the product universe expansion. “We are talking about the broad spectrum of products and advice here, from capital markets choice to estate





to competition and growth and is the shortage of talent," he reported. "If you just look at the size of the market, and extrapolate to the number of people that are going to be required, we face an estimated 80 per cent shortage of skilled individuals."

This means that private banks and wealth firms need to take a good long look at how they invest in human talent development over the next few years, notwithstanding all that they can do with technology. "It is little short of a war for talent," he said, "with all the associated consequences. I

can say it sometimes it feels like a race to the bottom."

Another major challenge relates to regulation and the manner in which policy changes are being expedited. "Sometimes, we find that rules-based regulation rather than 'spirit-based', or self-regulation, has actually been quite difficult and disruptive for many people," he observed.

However, on a more encouraging note, he also noted that some of the themes that the authorities have been pursuing for the last few years are near the targets they themselves had set. "In short, I do

think the most significant changes are coming to an end, for now," he commented. "My final word on this is that nevertheless, regulation remains something of a constant that we all have to contend with, and changes can and will keep emerging ahead."

And finally, Shiv expanded on his earlier comments on technology deployment. "I do not think the industry has done anywhere enough to actually use the full extent of the technology that is now available to provide better service, better solutions, better productivity and better outcomes within each bank or firm," he commented.

He said from his own experience and from what he hears anecdotally, changing people's habits and introducing new technology internally is tough.

"It can be excruciatingly difficult," he warned. "People urgently need to think with their transformation hats on to work out how they can get people in their firms to adopt these technologies. Why? Because these solutions produce results and create value for the firms and the clients. And finally, some clients actually need to be more receptive to change, so they need to be carefully encouraged to see those advantages." ■

For further reading on Shiv Gupta and his insights into the dynamic world of Indian wealth management, see these recent Hubbis articles:

[Sanctum Wealth's CEO Surveys the Dynamic World of Indian Wealth Management](#)

[A Wealth Market Update on India by Shiv Gupta, Founder of Sanctum Wealth Management](#)