

The Quest for Talent in India's High Growth Wealth Management Market

A team of wealth management leaders gathered at the Hubbis India Wealth Management Forum to analyse the skills that firms will need to boost their proposition in the years ahead, especially as the private wealth market in India expands rapidly and is becoming ever more sophisticated.

These were the topics discussed:

- How can learning and professional development help you add value and differentiate your offering?
- Why is improving skills so important today?
- Trusted adviser - what does that even mean?
- What's critical to ensure business ownership and input in developing the best learning and development programmes?
- What must we do to improve competency assessment for leaders and advisers today?
- What works and what doesn't?
- Does anyone take learning and competency seriously in India?
- Why have we not set a higher bar?
- What's the role of the regulator?



PANEL SPEAKERS

- **Ashish Gumashta**, Managing Director & CEO, Julius Baer India, Bank Julius Baer
- **Ashish Shanker**, Head - Investment Advisory, Motilal Oswal Private Wealth Management
- **Sachin Taneja**, President and Head, Wealth Management, Systematix Group
- **Kailash Kulkarni**, Chief Executive - Investment Management, L&T Mutual Fund
- **Anand Varadarajan**, Head of Global and Alternative Asset Management, NJ Global Invest
- **Sagar Khandekar**, Executive Director - Client Relations, Kotak Wealth Management
- **Gaurav Arora**, Chief Investment Officer, ASK Wealth Advisors
- **Arpita Vinay**, Whole Time Director, ED - Family Office and New Initiatives, Centrum Wealth Management

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THE KEY TAKEAWAYS

Client demand driving change

Although regulatory requirements on skills in the wealth management industry are not yet extensive, investor awareness and investor demand are rising, so the most skilled and committed RMs will do best in the years ahead.

Be committed, be passionate

Three qualities considered essential for a good private banker are network and networking skills, content/knowledge, and a considerable passion to grow alongside the clients over the longer-term.

Change is accelerating

The financial and regulatory environments globally and within India are evolving so fast that professionals must keep learning. Those who do not realise this risk failing.

Learning is both external and internal

There are two types of learning vital for growth in this industry, one is external, or institutionalised and the second is self-learning, and both are required for success.

92% say more skills required

Some 92% of the delegates believed competency standards in wealth management need to be raised in India. To do this, regulation must encourage greater skills, organisations should spend more time and effort on training and individuals must embrace the need to keep expanding their knowledge and soft skills.

Younger generations taking the wealth wheel

The driving force for the future of wealth management in the country will be the younger wealthy, who are either inheriting or making India's existing and future private wealth. Many of them have been educated overseas and have considerable knowledge and greater demands on their advisers. Advisers need to be able to manage the clients as much as manage their investments.



A sweet spot of opportunity

GDP and private wealth expansion are both taking place very rapidly, but one expert estimated that the wealth market is currently serving only perhaps as little as 10% of the potential market across the length and breadth of India.

A team approach

As some of the wealthiest investors broaden out their investment horizons to start-ups, private equity and a host of alternative areas, as well as looming ever more globally, wealth management institutions need to broaden their skills and include more niche areas of expertise.

An eye on regulation

Turning to regulation, a panel member highlighted the need for transparency of fees, the suitability of product for the client and understanding of the product by the client, all of which should shape the business ahead.

An eye on the economics

Turning to the economics of the industry, panellists said costs must be kept under control as there is increasing pressure on pricing ahead, even though the size of the opportunity in India is so very large. There is a vital need to balance off the need for revenues with transparency, but the outlook overall is good due to the rapid underlying market growth.





ASHISH GUMASHTA
Bank Julius Baer

“THERE MIGHT NOT YET BE REGULATORY DEMANDS ON STANDARDS of professionals here,” began one expert, “but the growing level of investor awareness makes it natural that those relationship people who are up the curve in terms of product knowledge, actually end up surviving and getting more business.”

Another guest opined that he sees three qualities essential for a good private banker, namely network, content, and passion. “I think this is also a profession which requires a long-term time-frame, the ability as you grow older to build more relationships, and therefore make more money, but many people do not have sufficient patience for that.”

Another panellist agreed, adding that the financial and regulatory environments change so fast that professionals must keep learning. “If not, they are soon extinct,” he warned.

“From my perspective,” said one guest, “the central need for a wealth manager is to be remarkably well informed, very smart and up to the mark on conceptual basics, content, and the regulatory changes. If so, you will put your investors at ease.”

A panel member remarked that there are two types of learning, one more institutionalised and the second self-learning, which is a vital characteristic he said of the more successful advisers. “An individual has to be inherently curious on a daily basis because there is



ASHISH SHANKER
Motilal Oswal Private Wealth Management

information overload today,” he said. “There is so much noise around, so you must be capable of hearing and analysing these signals.”

A panel member noted that a survey during the Forum had highlighted how 92% of the audience believed competency standards in wealth management need to be raised.

“I am a bit surprised the answer is not 99.99%,” said one guest. “There are three levels required in my view. First, standards mandated by regulation, which is gradually increasing, for example, certain

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advisory examinations that the private bankers are supposed to clear. The second is what is mandated by the organisation for which a private banker or a wealth manager works. The third is self-realisation, or the skillset that oneself would want to achieve and maintain.”

“My own feeling,” he continued, “is that there is an inherent fiduciary responsibility for private bankers, and from a regulatory standpoint I think there should be a more broad-based and more rigorous learning requirement.”

As to the organisations, he added that many are good at the soft skills development, but they also must be right up there in their technical skills, and while Indian bankers are quite accomplished, there can be more done in this regard in terms



SAGAR KHANDEKAR
Kotak Wealth Management

WOULD YOU ENCOURAGE YOUR CHILDREN TO JOIN THIS INDUSTRY?

Yes



No



Source: Indian Wealth Management Forum 2019

of organisational-driven training. “Finally,” he remarked, “self-improvement must be constant, so if we want to see the 92% number drop to 50% or below in such a survey, we need all three aspects of learning and development to improve.”

An expert highlighted the evolution of private wealth in India and the rise of the Millennials. “They are driving more and more of the investment decisions of many families, they are well educated and demanding and more knowledgeable,” he observed. “We run our own programme focusing on financial literacy and skills, and we stress how important it is to have clear segregation between product development and investment advisory. We explain that advisers should be managing the investor, not managing the investment, and that is where the opportunities lie.”

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“I think we are actually in a sweet spot in India,” said another guest, “because GDP and wealth are expanding so fast and we are not so advanced as overseas markets in the transition from active to passive management, so we see many asset managers highly valued on the market. Private wealth and AUM are expanding so fast here, and wealth management is in a good place.”

“Yes, if you look at the 1.2 billion people here, maybe 200 million people already have some level of serious money,” came another voice. “If you take mutual funds and alternate assets and others, all put together, we just have barely 25 to 30 million individual investors actually investing in serious investment products, so the amount of wealth which is there in tier two or three cities is



GAURAV ARORA
Continental Group



ARPITA VINAY
Centrum Wealth Management

still not being tapped by most of us. But today, I think we lack advisers, so we need more, and we need better.”

“So how do we get more people involved in this industry,” queried a panellist. “You have to build people in this business, and quality, and that takes time,” an expert answered. “Training and education take time.”

“The first generation, especially the second and younger generation promoters, are becoming more knowledgeable and getting a lot less emotional

“SO WE NEED FINANCIAL ADVISERS WHO ARE SKILLED AND RELEVANT BUT ALSO WHO HAS EMPATHY, ESPECIALLY WHEN HANDLING THE WEALTH PLANNING SIDE OF MATTERS FOR CLIENTS. IN SHORT, WE NEED TECHNICAL AND SOFTER SKILLS TO HARNESS THE GREAT POTENTIAL OUT THERE.”

about investments,” said another expert. “So we need financial advisers who are skilled and relevant but also who has empathy, especially when handling the wealth planning side of matters for clients. In short, we need technical and softer skills to harness the great potential out there.”

A fellow panel member highlighted the demands of the very wealthy investors in India, who are increasingly focused on early-stage alternative investments and incubating new businesses, which requires another set of skills for wealth managers to have in order to help those HNWI’s and their families.

“The kind of skill set that you require here is very different from the skillset that you require when you advise other clients,” he said, “so for these top wealthy clients and family office type investors, we need to look at maybe a team of from a legal background, from an investment banking background, from a private equity or a corporate banking background, to achieve an all-around kind of skill set and build the type of trust that these families need.”

Turning to regulation, a panel member highlighted the expectations of the regulators in India, namely SEBI. “Transparency of fees,



ANAND VARADARAJAN
NJ Global Invest



SACHIN TANEJA
Systematix Group

the suitability of product for the client and understanding of the product by the client, these are the three key requirements, as we see it,” he observed. “These should be the three parameters we have to shape our business ahead, especially as this industry moves more to an advisory model.”

“I agree,” said another guest, “we must be aware of understanding the client context, product suitability, we must be transparent, aligned, the client must be fully informed, and there must be value.”

Turning to the economics of the industry, a guest noted that costs must be kept under control as there is increasing pressure on pricing ahead, even though the sheer size of the opportunity in India is so very large.

“You can make up some of the yield through volumes,” he remarked, “but from a regulatory standpoint people need to move to greater transparency, whether it comes to fees, whether it comes to disclosure, so we need to be able to transparently communicate to the client what value we are bringing to the table. If you are going to build a business sustainably over 10 to 20 years, you need to business for the future.”

The final word went to an expert who highlighted the dramatic expansion of billionaires



KAILASH KULKARNI
L&T Mutual Fund

and seriously wealthy HNWI's in India. “I think a lot of firms need to get more innovative and start going after professionals, business owners, small business owners, the future millionaires and billionaires,” he said. “The pie is huge, but we also need to be patient and to look ahead at the future wealth of the country that will drive this business. This is also a game of patience and organisations need to demonstrate that.” ■

