

The rapidly evolving wealth management offering in India

An elite gathering of top professionals in the field of Indian wealth management analysed the challenges facing the fast-expanding industry and concluded that investment in people and technology are essential to help create client-centric information, ideas and product flows and to thereby differentiate their offerings.

These were the topics discussed:

- *Is the euphoria in the wealth management business justified?*
- *Where will the continued growth come from?*
- *What are your priorities?*
- *What is your client acquisition strategy?*
- *How have you built a unique value proposition? What do you stand for?*
- *How can you increase your Net Income?*
- *How can you future-proof your business model?*
- *How do the different players - private banks, banks, family offices, IFAs - compete or complement each other?*
- *What changes are we seeing in client expectations and behaviour?*
- *Talent acquisition and retention - a big problem?*
- *Regulation and compliance - what are the challenges?*

PANEL SPEAKERS

- **Nitin Singh**, Managing Director & Head, Wealth Management, Standard Chartered Bank
- **Feroze Azeez**, Deputy Chief Executive Officer - Anand Rathi Private Wealth Management, Anand Rathi
- **Anshu Kapoor**, Head of Private Wealth Management, Edelweiss Global Wealth Management
- **Abhijit Bhawe**, Chief Executive Officer, Karvy Private Wealth
- **Atul Singh**, Chief Executive Officer, WGC Wealth
- **Satheesh Krishnamurthy**, Senior Vice President, & Business Head - Affluent & NRI, Axis Bank
- **Anupam Guha**, Head, Private Wealth Management, ICICI Securities
- **Sandeep Jethwani**, Managing Partner & Head of Advisory, IIFL Wealth and Asset Management





SANDEEP JETHWANI
IIFL Wealth and Asset Management

EXECUTIVE SUMMARY

A group of nine experts began proceedings at the first panel of the Hubbis India Wealth Management Forum, focussing their collective expertise and insights on the future direction of the rapid-growth wealth management industry in India. The panellists cogitated on how firms can differentiate their businesses and thereby future-proof their current successes. They also debated where India's growth will be centred and how to deliver products, services and consistency across the breadth of the market.

A vital concern for the relatively youthful Indian wealth management industry is the competency gap due to India's relatively young economy and as the country is still developing its financial markets expertise. It takes time and skill to train wealth managers, so the industry is investing in digital augmentation to help bridge the gaps, as well as focusing intensely on the training of talented individuals from the deep ranks of India's educated classes.

ONE EXPERT BEGAN "THE INDIAN WEALTH management industry has blossomed in the last 10 years,". "The top 20 players are managing USD163 billion, growing assets under management at over 50%. The mutual fund industry, alternative investment assets, discretionary and non-discretionary portfolio management services, these did not exist in any meaningful form in India 10 years ago, but are evolving fast," the expert expounded.



NITIN SINGH
Standard Chartered Bank



ANSHU KAPOOR
Edelweiss Global Wealth Management

As to the best strategy for acquiring new clients and continuing that growth, one guest referred to other markets as reference points. “We can extrapolate from the Chinese and US markets that entrepreneurs will create about 50% of the incremental wealth increase in the next 10 to 15 years in India,” he offered. “Our focus is to put in place the capabilities to take a meaningful share of that entrepreneurial-driven growth.”

A roadmap towards new opportunities

“India has 300 cities that house huge wealth and that are all growing rapidly,” added another expert. “The key to growth is knowing where to target and having a physical presence on the ground. We should also not overlook the Middle East and the non-resident Indian population there. In addition, it does not help to be snobbish about the pyramid of wealth management. I predict that a lot of growth will come from the mass affluent segment.”

The discussion turned to the main priorities required over the course of the next 12 months to maintain a leadership position in the Indian financial advisory sector.

“We are focussing upon the training and development of our team, and maintaining digital relevance,” commented one panellist. “We believe in what we call ‘fearless’ advisory. People generally know what they want but not what they need. In addition, transparency is paramount to building and maintaining trust. We must also deliver advice in a way that is sensitive to the feelings of the client, and that manages their expectations realistically.”

“Digitisation is one of the most cost-effective ways of scaling up and reaching a large customer base,” added



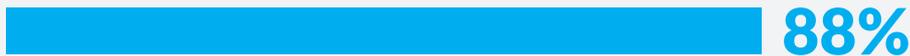
ABHIJIT BHAVE
Karvy Private Wealth



FEROZE AZEEZ
Anand Rathi

IS THE EUPHORIA IN THE WEALTH MANAGEMENT BUSINESS JUSTIFIED IN INDIA?

Yes



No



Source: Indian Wealth Management Forum

another attendee. “There is such opportunity in the mass-affluent segment that can be accessed through providing easy digital channels of communication.”

Future-proofing the industry - diversification amidst the growth

“Wealth management in India has been growing fast in recent years, and the mindset is currently more focused on growth and creation than protection. “We are not a preservation economy,” said one expert. “Whereas Europe is in its fifth generation of wealth creation, we have clients whose mentality is predominantly driven by growth. This mindset seeks trends, ideas and opportunities.”

Another expert noted that with so many facets of growth in the country it is essential to broaden out and have multiple conversations with the clients, from capital-raising, financing, to strategic advice, asset and geographic diversification, to risk management. “This helps to add as much value to the business and clients as possible,” he explained, “so we focus intensively on making sure our ideas and solution sets are very wide and not led only by investment products.”

Offshore conundrum - keeping it simple

A panellist raised the subject of offshore investments, asking for views on whether local firms should partner with foreign companies to offer clients the best range and quality of investment opportunities.

“An investor in India has different needs and priorities to a client in Singapore or Dubai,” a panellist commented. “Indian clients have not been so exposed to offshore markets as yet, so they need to be catered to differently. We cannot simply pass them on to



ATUL SINGH
WGC Wealth



SATHEESH KRISHNAMURTHY
Axis Bank

IS DIGITAL BECOMING MORE IMPORTANT THAN EVER?

Yes



No



Source: Indian Wealth Management Forum

offshore advisors; we need to be advising our clients here and working with offshore companies to execute investments in order to serve them in the right way.”

Another expert added that the industry must start and end with understanding clients and their requirements. “We do not begin by trying to sell an offshore product,” he explained. “We might instead have a client who wishes to invest in a foreign stock, so we try to engineer that possibility in the most customised way possible. The typical Indian investor is looking for simple offshore diversification solutions such as exchange-traded funds or fixed income opportunities rather than complex ideas, so we should be creating a pool of execution vehicles outside India for those offshore options.”

The competency gap – how to bridge that chasm?

Panellists agreed that a key challenge is the competency gap seen in the financial advisory industry in India. “Wealth managers in India are currently wildly overpaid, given their modest experience and the value proposition they bring to their clients,” opined a delegate.

A guest offered his response. “Firstly,” he said, “to put those compensation levels in perspective, in India, wealth management is in its nascent state, so the demand for wealth management professionals is currently outstripping supply. Ten years ago, we could not just go to campuses and recruit for wealth management training, as it was practically unheard of as a profession. This all means that market conditions dictate that it will be a while before salaries adjust to reflect the true value of the individuals.”



ANUPAM GUHA
ICICI Securities

Another guest added that wealth management is not something people can learn in a classroom. “We need what amounts to apprenticeship and in the interim, to bridge the competency gap we need to invest further in digital augmentation to help relationship managers to deliver consistent advice based on information flows, ease of access to data and customer profiles and accurate analysis of that data.”

In conclusion, panellists agreed that with the wealth management industry in India is not only thriving, it is growing exponentially, there is a risk that talented wealth advisers will hop around firms to bid up their incomes and potentially create a bad impression for the industry at large. Instead, they should focus upon developing the niche skillsets needed to become true team players in the wealth management industry, serving the new generation of Indian entrepreneurs and raising the bar for future generations of advisers. ■

DO WEALTHY FAMILIES UNDERSTAND THE NEED TO DO SUCCESSION PLANNING?

Yes



No



Source: Indian Wealth Management Forum