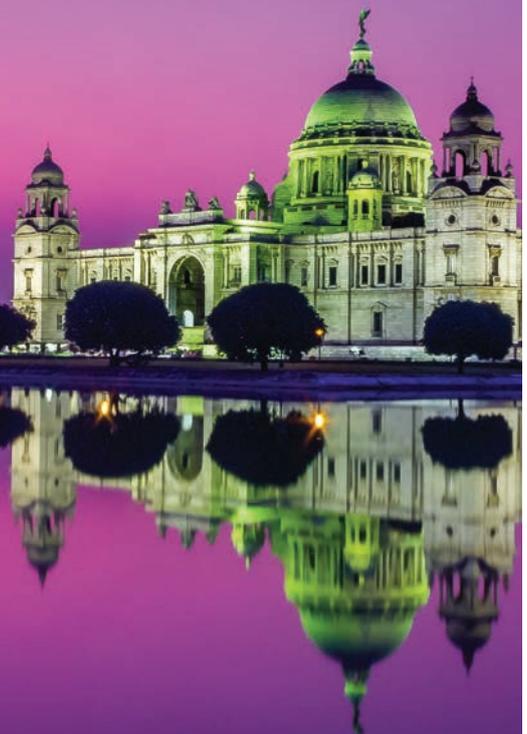


The Vital Importance of Trust in India's Wealth Management Market

Shiv Gupta, Founder & Chief Executive Officer of Sanctum Wealth Management, is now three years into the building of what he believes will be one of the core private wealth management businesses in India, once the market fully settles down. He met with Hubbis in Mumbai recently to explain his vision of wealth management and to highlight the principles on which he and colleagues have been building the Sanctum proposition.



GUPTA AND HIS MANAGEMENT TEAM FOUNDED Sanctum Wealth Management (Sanctum) in 2016. Three years later, having already doubled in size, he says the firm is poised and ready to realise strong growth now that all the building blocks have been put in place, and as India's economy, financial markets, private wealth creation and politics are all appearing solid and conducive to long-term expansion.

But Gupta sees a variety of challenges ahead, including regulatory changes, intensifying competition, the hurdle of effective service integration architecture, and even the threat of technology to the business model.

"There are these and other headwinds, but they are set against a powerful wave of growth in the market itself," he comments. "Moreover, there are structural changes taking place alongside, which also add to the attractiveness of the market, particularly from the standpoint of a wealth management services provider. The key trend is the 'financialisation' of wealth that has been so widely discussed here in India."

A more diversified approach

He explains that India is rapidly moving from a position of over-allocation to real estate assets and a heavily cash-based economy to one in which structural changes and reforms initiated by the current government are creating a more formalised and digitised economy that is helping create more growth in financial assets and capital markets.

"And alongside this, the regulatory direction of travel should result in an expansion

of the product universe," he reports, "so we have seen alternative investments surge to about USD40 billion from less than USD10 billion a few years ago. And growth in the segment continues apace."

Looking far ahead

"Our approach," Gupta comments, "is to try and look ahead a few years and consider the platform and tools that a firm of scale would need, and which clients will value, and accordingly build capacity and create the product and operating architecture."

As to new technologies and the new ways in which people start consuming wealth management services, Gupta concedes that translating that into each firm's operating architecture is still quite challenging.

"This is actually an industry-wide challenge," he notes, "so there is a lot of thinking being done about how to deploy technology for better client experience, for better organisational efficiency and productivity."

Nurturing talent

As to talent, Gupta reports that high calibre people are becoming more expensive, but that general skill levels are also rising.

"Looking at the talent pool in India," he observes, "there are plenty of people interested in joining this industry, so there isn't really a supply constraint. But there is a lack of a culture of training and developing people to be very good wealth managers. I believe that those who shine at developing younger wealth managers will set themselves apart from the market within the next decade." As to hiring talent who come without large existing books of business, Gupta notes that there are plenty of examples

Key Priorities

"First", he explains, "having established a robust platform, and seeing an initial burst of growth, we are focused on further accelerating growth in the frontline and client base; secondly, we wish to focus assiduously on customer experience, and third, continue to deploy technology to give us a competitive advantage. We launched three years ago, and we are at the stage where everything we need is in place, from the regulatory side, the people side, the platform, the expertise and so forth. Now, we can really leverage the platform and focus on growth."

In the years ahead, he expects some foreign firms to return to India, or some new ones to enter the market, as they truly grasp the growth potential. "We saw many foreign players leave the market in 2013 to 2016 as they were more focused on other markets, or at home," he notes, "but here we have robust growth, a stable government implementing some far-reaching structural changes, and financial markets which are relatively solid. We are in a phase of evolution from which I think we will emerge into a more ordered wealth management market, with a realistic number of competitors, as some players thrive and others weaken and possibly fold or are consolidated."

of people who successfully grow their books of business in their new firms.

Overcoming current market negativity

Gupta addresses concerns that India’s fixed income market has become somewhat compromised. “Regarding the implications for wealth management,” he comments, “all parts of the capital markets ecosystem must function properly, based on appropriate regulation but also on the way features are explained and advice is delivered to clients. We do have examples of inadequate disclosures and unsuitable products, but again the regulator has been very clear that they want to create greater transparency, greater levels of disclosure and that there is going to be more attention in this area. We are therefore moving in the right direction towards greater transparency and accountability.”

Sanctum’s proposition

Gupta explains that Sanctum aims to offer the broadest array of expertise available in the market, with an open architecture and product specialists in each discipline. “We have about 110 people at Sanctum today, with many experts in each of their fields, whether

helps them free up time to go out and do what they do best, nurture client relationships and win new customers.”

Sanctum clearly prides itself on being able to offer Indian HNWIs and their families an all-embracing approach to their wealth management needs. “We act as a sounding-board

“We act as a sounding-board for establishing their goals,” he explains, “and then use a very large tool kit to construct the solutions that would help them achieve those objectives. We see ourselves as partners with our clients in this endeavour.”

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Trustworthiness and advice

“The client must see us as both a trustworthy custodian and an orchestrator of solutions,”

he comments. “Clients need a broad array of relevant solutions that often need to be stitched together and for which they see value and are willing to pay appropriate fees. What we must do as an institution is to keep investing in delivering quality and maintaining a culture where the client feels that the institution is trustworthy rather than just another firm trying to sell products to them.”

“Ultimately,” he says, “the components of good advice are a great understanding of the customer, sound specialist knowledge of the subject matter, and relevant recommendations driven entirely by what is suitable for the customer. We are basically advising clients on how they should manage their assets optimally given their objectives and individual attributes; it is really that simple.”

“Sanctum is all about implicit trustworthiness,” he says, “and a reputation like that can be worth its weight in gold in our business. If we can achieve this objective of always acting in the client’s best interest, whilst being competent, consistent and dynamic in our approach to products and markets, clients will engage with us, we will win a larger share of the client wallet, and greater longevity of the relationship. Thinking longer-term is vital.”

Three degrees of differentiation

Gupta closes the discussion by reiterating his three core principles for success. “Differentiation,” he concludes, “will rest on us being seen by our customers as being implicitly trustworthy, offering a dynamic platform of ideas, and providing a truly responsive customer experience.” ■



Getting Personal

Born in the northern Indian state capital of Lucknow, Gupta then moved around India regularly as his father was a civil servant. Schooling was at a boarding school named Lawrence School Sanawar in Himachal Pradesh, a well-known public school in north India, set up originally by a Britisher, Henry Lawrence, as the Lawrence Royal Military Asylum. "The school was focused on the all-round development of the individual," he recalls. In terms of his experience, "it seemed quite regimented at the time, possibly even harsh, but they actually did a quite good job of balancing a range of development goals for which discipline was essential I feel."

He later attended Delhi University to study Economics and then, following a stint with the national executive of a students' organisation, AIESEC, he started work at the Citibank Private Bank in Switzerland. "It was supposed to be a stopgap before my postgraduate studies, but it quickly became clear that this was going to be my career. I then moved on to Singapore with Citibank, and by then it really did not feel as if I should be doing anything else."

Gupta looks back with some fondness on his earliest days in Private Banking, noting that his boss at Citi there ran Investment Services for EMEA region, and under his guidance Gupta rapidly flourished in terms of learning and development as also demonstrating capability and acumen.

"For a young trainee, it was a wide-ranging role that gave me exposure to the workings of the whole organisation," he recalls, "and that experience really set me up as a general manager later in my career. I still use some of the foundational principles from that time and apply them in the way we think about the architecture of the business. It was a very good period in my working life. I then moved to Singapore with Citi, before joining Coutts."

That experience provided the platform in 2009 for a return to India as country head for the ABN AMRO wealth management business that RBS had acquired. "That was soon after the global crisis," he recalls, "and frankly it was tough going at the outset, but then with elements of focus and fortitude it started working out quite well. And in 2016, I then felt it was the right time to branch out and create Sanctum, and since when we have never looked back."

Married with an 11-year-old daughter and a 9-year old son, Gupta is content with life and business in Mumbai and ready for the next set of challenges.

A quiet evening reading at home is a delight. "I recently read Hilary Mantel's Wolf Hall, which is about Thomas Cromwell in the court of Henry VIII! Fascinating." Other spare time is spent with the occasional game of golf, badminton, or listening to what he describes as an eclectic range of Indian and Western music.