

Towards a digital future for investment advice in India

In a video interview, Kunal Bajaj of Clearfunds explains the growing potential for digital advice and investing in India.

When looking at the potential for the digitisation of advice and investments in India, Kunal Bajaj, founder and chief executive officer of Clearfunds, says the industry hasn't yet begun to scratch the surface.

There are 15 million mutual fund accounts or so, but the country has roughly 1.3 billion people. Even discounting half for being below the required income level, there is still a significant population to access.

To date, penetration isn't yet more than 2% or 3%, so online and digital channels are the answer to the question of how to reach this next generation, says Bajaj.

INCREASING PENETRATION

Further, a lot of the enablers are already in place for digital advice to penetrate the market in a more meaningful way – it is a matter of them working together, says Bajaj. And this is starting to happen. For instance, Aadhaar – the

12-digit unique identity number issued to all Indian residents based on their biometric and demographic data – is now almost universal. And over the last few months, each Aadhaar has been tied to an individual's tax number.

So as the universe of people filing income tax claims rises as a result of demonetisation and other initiatives, it is possible to authenticate the KYC of an individual nearly in real time, explains Bajaj.

As payments and the KYC processes become more electronic and simpler, he believes there is no reason for transactions to remain offline. With the building blocks are in place, he predicts that the market will grow healthily in terms of penetration.

A NEW MIND-SET

Within this new landscape, the role for wealth managers and financial advisers is about doing asset allocation and product selection. What can be done



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better online, says Bajaj, is to use the data to continue asking questions to profile customers more quickly than is possible offline. ■