

Wealth as a Service: Synpulse's Yash Shah looks beyond the 'Crazy Rich' to India's Mass Affluent Market

Global wealth managers are investing heavily with a laser focus on capturing the growing HNWI population in Asia's emerging markets. The local universal banks are revamping their client segments to provide tailored advisory services to the wealthy. But are the resources being allocated towards the correct target client base? Are they missing the accelerated growth of a particular wealth segment that might overshadow the HNWI wealth base in the near future? Yash Shah, Partner at Synpulse, says let's look beyond Asia's crazy rich and understand how wealth managers are gearing up with innovative wealth operating models to capture, service and retain the underserved and rapidly expanding mass affluent markets of Asia. His comments were directed specifically at delegates attending the Hubbis India Wealth Management Forum in Mumbai on August 30.

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YASH SHAH
Synpulse

Yash opened his presentation by highlighting the dynamic growth and expansion in India and highlighting the immense opportunity the country's wealth management industry faces.

"Why should we all be focusing here?" he pondered. "What are the opportunities, and what potentially are the pitfalls, and how does Synpulse as an organisation consider that we can help the

cost of serving such clients has gone above the cost of acquiring a new client," he explained. "It has become easier to build business with these clients, but harder to make a return on doing so."

Digital adoption surges

He explained that, simultaneously, there is rising digitisation in the social environment, with India soon to register more than one billion smartphone users in the next few years. Second, there is still plenty of investible cash swilling around since the lockdown years of the pandemic. Additionally, people have a bit more time these days, and they are increasingly financially literate. All of these factors are driving increasing investment by these entry-level and mass affluent type clients.

Nevertheless, for wealth managers, the returns have gone down, as customers benefit from the dual regulatory and competitive pressures to cut commissions on

with the platform, but good quality and relevant advice. "Yes, there is a reluctance to pay for advice now, but we believe this will change going forward," he commented.

Faced with these opportunities and challenges, how then do wealth managers potentially extract the required margins? Yash said that Synpulse had analysed this and determined that organisations could be made highly efficient if specific models were followed.

The more efficient and smarter the technology and systems, the better the operational processes, and the easier it is to deliver high-quality advice, to build strong relationships and offer greater differentiation for the higher-segment wealth clients, whilst at the same time delivering a highly efficient and standardised and cost-efficient offering for the middle and lower segments of wealth.

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wealth industry grasp the immense growth of what will soon become a trillion-dollar AUM market?"

But he reported that a key issue is how under-served so many investors or potential clients are in Asia. "Across the region, most of the investors here are underserved and underbanked, and India is one of those markets," he stated. "The mass affluent segment is increasing tremendously, but at the same time, since 2021, the

brokerage and execution, Yash reported. FinTechs and other new entrants are part of the increasingly hectic competitive environment across Asia.

Evolving the model, overcoming the challenges

Given all this, Yash explained that the wealth industry needs to make a shift in their models where they are not just providing the end client

Wealth as a Service

He told delegates that Synpulse's solution is 'Wealth as a Service' and presents the wealth industry with the means to unlocking this potential, leveraging technology, processes and human capabilities to produce an efficient and scalable business with an intense focus on a very personalised approach to the clients, and he proceeded to explain to delegates how Synpulse can help deliver those solutions.



Seizing the opportunity

In order to optimise the potential of the mass affluent market and its growth, all layers of the banks and wealth firms must improve with technology, from the IT system bottom layer to the middle operational level (compliance, risk management, operations teams, settlement, payments, and so forth) and then the top layer where the institution interfaces with the clients and where they deliver their value proposition.

Shah cited the example of a wealth manager with around 8000 clients and a total of USD2.8 billion in AUM and selling a fairly simple suite of insurance, FX, equities, fixed income and funds, and with some 80 advisors. In the middle and back office, this business has some 33 people looking after those clients and the AUM.

In that typical scenario, Wealth as a Service, or WaaS, is ideal for such a business. Technology, in the form of core wealth platforms, can enable the decoupling of back-

office operations from client-centric processes, giving rise to a new realm of business opportunities.

Many advantages

In taking this type of approach, the bank or wealth firm can achieve operational stability, lower operating costs (with a target of 10 to 15bps per annum in operating costs) and more stability, as well as market advantages such as greater operational flexibility, more cost predictability, the ability to offer new products and services within shorter cycles, and access to advisory and execution services through omnichannel distribution networks.

He summarised these points by reiterating the massive demand, the need for digital access to an increasingly digitally-adopted clientele, the need for more points of interface and touchpoints, the thrust towards operational efficiencies and standardisation of the middle and back-office functionalities, and then a more client-friendly front end.

Synpulse – your wealth technology partner in Asia

Yash closed his presentation by talking briefly about Synpulse, noting that it is relatively new in India. He explained that Synpulse a global management consulting firm focusing primarily on banking and financial services and even within the BFSI space, with a very strong focus on private banking and wealth managers.

“We are proud to say that nine out of 10 of the largest global private banks are our clients,” he reported. “We are present across Asia in 10 locations, with 800 consultants in the region. And today have over 1,300 consultants worldwide in 20 locations. For some of our tier-one clients, we run their wealth platform, their entire private banking platform. We consider ourselves the wealth industry’s transformation partner, taking clients from strategy to implementation, and driving the highest value in a rapidly changing regulatory, technology and consumer landscape.”

The firm offers a full suite of solutions across their clients’ value chain, and in 2022 launched Synpulse8, their technology powerhouse. Synpulse and Synpulse8 combine in-depth financial services expertise and IT know-how, including software development, under one roof. ■

Getting Involved

Interested in being part of the discussion? Be sure to save the date of our India Wealth Management Forum 2024, which is taking place on Wednesday August 28th, 2024.

Want to find out more about how you can take part? Get in touch at events@hubbis.com.