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What opportunity can be found in the growing wealth of China and India?

India and China are both challenging and alluring markets of opportunity for the wealth industry. India is experiencing a billionaire boom, with demand far exceeding supply and infrastructure, while investment of well-earned wealth in China is still relatively in its infancy.

These were the topics discussed:

- *What's the role that Singapore based IAM could play in the future access to China and India wealth?*
- *How can domestic and offshore firms collaborate?*
- *What do clients want from their off-shore wealth management partners?*
- *Is there an opportunity to help with investments as these clients look to diversify?*
- *The globalising of Chinese wealth and trends to watch*
- *How are the different business models evolving in these onshore wealth management markets?*
- *Do Chinese clients have unique expectations around technology, products and service?*
- *Are there any real family offices in China? What do they do? What are their needs?*
- *Do many people view a link with China as 'not very positive'?*

PANEL SPEAKERS

- **Mandeep Nalwa**, Founder, Chief Executive Officer, Taurus Wealth Advisors
- **James Wu,** President / Partner, Triumph Capital International
- **Anshu Kapoor**, Head - Private Wealth Management, Edelweiss Global Wealth Management
- **Tuck Meng Yee,** Partner, JRT Partners

SPEAKING AT THE HUBBIS INDEPENDENT WEALTH MANAGEMENT FORUM on March 8 in Singapore, panellists discussed how they had built wealth management platforms for HNW individuals and families in India and China over the last eight years.

"Staggering is how I would describe the wealth creation taking place in India," stated one panellist

MANDEEP NALWA
Taurus Wealth Advisors

TUCK MENG YEE
JRT Partners

who deals almost exclusively with the ultra HNW sector there. "There are more billionaires now than in Japan. And there seems to be only one possible constraint to growth, namely supply, as demand is not a problem in the foreseeable future."

The panellists were then quizzed about drivers of success as wealth managers. "Talent is the only requirement to succeed in India," remarked one member. "Being selective in putting together wealth management teams is of the utmost importance, as well as ensuring that managers have specific training in their area of expertise, which results in low attrition rates." Another panel member added that the financial rewards of financial advisors must be correlated with customer satisfaction, which in turn

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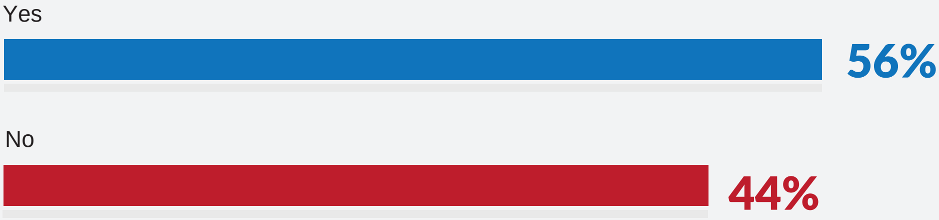
IS THE GROWTH IN INDIAN WEALTH AN OPPORTUNITY FOR YOU?



Source: Hubbis Independent Wealth Management Forum 2018

leads to high success rates, excellent relations and solid client retention.

KYC… or maybe even UYC?

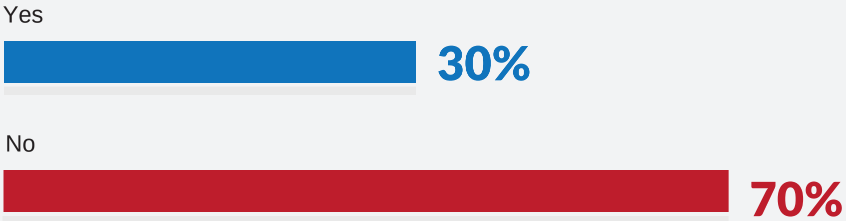
The discussion turned to India's regulators and their expectations of firms regarding the conduct of the Know Your Customer (KYC) process there. "The regulators expect us to KYC, but we go a step further," stated one panellist. "For example, customers used to express dissatisfaction regarding the time it took to set up accounts. But we changed the infrastructure, resources and capabilities, allowing allow us to create accounts in a fraction of the time, thereby increasing satisfaction. In solving small pieces of the client satisfaction puzzle, we build our business. We have moved from KYC to 'Understand Your Customer'."

Regulators in India demand that wealth advisers either charge a client a transaction fee or give them advice and charge them a fee for that. Front-end fees are banned.

"Why do the regulators make these demands, and how have they impacted upon wealth management?" a panellist questioned. Another panel member responded that wealth management in India has traditionally focussed on selling products, regardless of the level of understanding of those products. "Now, as regulation requires," he elucidated, "we are trying to combine advice and sales, which is arguably better for both the customer and the industry at large."

ANSHU KAPOOR
Edelweiss Global Wealth Management

WHEN YOU THINK ABOUT VERY WEALTHY CHINESE CLIENTS, DO YOU AUTOMATICALLY ASSUME THAT THEY ARE UNETHICAL OR POSSIBLY CORRUPT, AND THEREFORE DO NOT WANT TO DO BUSINESS WITH THEM?



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A USD2 trillion target UNHW market!

One expert noted that there are some 150,000 UHNW clients in India, with a staggering cumulative wealth of around USD2 trillion. The discussion turned to regulations that might cover the offshoring of that wealth, in other words moving that wealth into offshore assets, perhaps not to return to India shortly, or indeed ever.

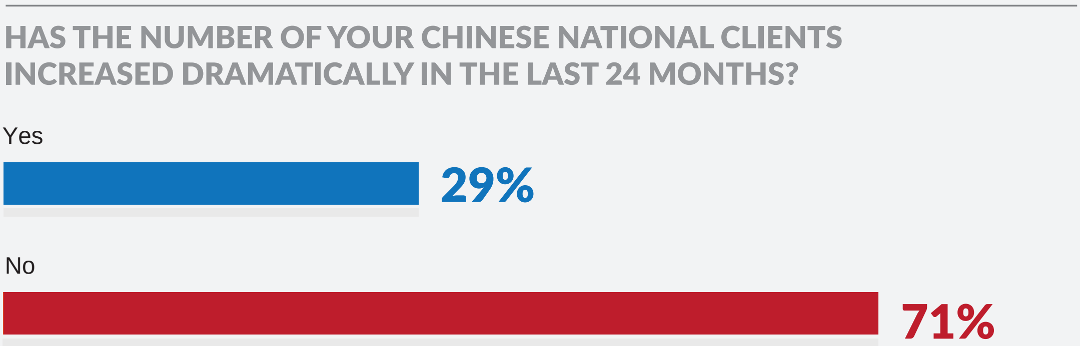
"Each individual can remit USD250,000 per year," one panellist clarified. "So, if working together, families can club together and buy property overseas, for example, London, Dubai, Singapore or New York. Indian entrepreneurs and wealth, in general, there are increasingly global in their outlook."

Another panellist wondered how an HNWI in India could 'enthusiastically shuffle his money' to become more proactive in offshoring wealth. "We need offshore partners that provide superior quality advice and solutions," responded another expert. "However, there is a lot of friction, which is trying for the customer. We are trying to make things smoother for the clients."

There are several target HNW customer segments in India, according to one expert in that market. They comprise domestic Indian customers, the non-resident Indian investors and the existing clients. "Whichever sector you are working with," cautioned the panellist, "it is essential to ensure that there is alignment between any onshore and offshore advisers involved, to provide a holistic service."

JAMES WU
Triumph Capital International

"IT IS ESSENTIAL TO ENSURE THAT THERE IS ALIGNMENT BETWEEN ANY ONSHORE AND OFFSHORE ADVISERS INVOLVED, TO PROVIDE A HOLISTIC SERVICE."



Source: Hubbis Independent Wealth Management Forum 2018

One panel member quipped that it is a typical stereotype that the wealthier the Indian, the less they like paying fees. "But if we build up sufficient trust, they are willing to pay for good advice," observed one expert.

China – a gigantic wealth market in the making

Moving on to discuss Chinese wealth management, a panel member described the market as relatively, or even brand new, using the word 'neonatal'. But there is an immense opportunity, especially with wealth in China at an estimated more than RMB16 trillion, spread between bank deposits, products managed by the banks, mutual funds, private equity and hedge fund money.

"We now have in China a situation where equities are so expensive, properties so expensive, and the interest rate is at the historic low," one expert observed. "So, we are seeing more and more HNW and UNHW clients thinking about global asset allocation. And as the wealth management and asset management companies in China chase revenue driven by product sales, we believe most of the HNW and UNHW families are still underserviced in terms of global wealth diversification.

Accordingly, there are great opportunities for Hong Kong and Singapore to engage with the Chinese market, which is going to boom in the next ten years." However, another panellist remarked that compared with Hong Kong, Singapore is seen as a more transparent, friendly independent jurisdiction, with advanced technology and appealing tax breaks.

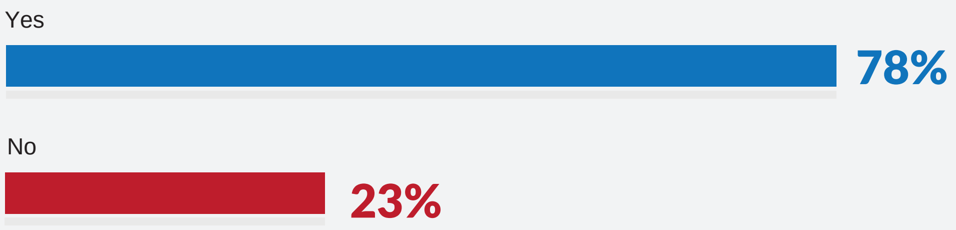
Appearance is everything

Another panellist added that wealth management involves advising on cultural assimilation when doing business in Europe and the US. "Education is important, for example, we can advise clients on the right schools for their offspring, ensuring they have the right cultural influences."

To conclude, panellists were asked to predict the trends in Chinese and Indian wealth management over the next ten years. "Chinese asset management companies currently have an advantage as they have the infrastructure and client databases," explained a panel member, "but the challenge they face is setting up sophisticated teams to handle the UHNW clients wishing to invest globally, to compete with more established offshore asset management companies and their long-established global brands."

Another panellist commented that India is all about trends and opportunities, growth, risk and entrepreneurship. "The total wealth of around USD5 trillion will grow to USD10 trillion within about eight years, and more than half of that will come from the entrepreneur segment." The panellists ended the discussion in agreement that in both the massive, populous and rapid growth markets of India and China, being on the ground within the countries themselves is beneficial. Demand, it seems, is not a problem, but building and keeping access to clients is a major challenge. ■

DO YOU THINK CHINA IS A BIGGER OPPORTUNITY THAN INDIA?



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