

Why advisers shouldn't fear tech advances

Financial advisers who fear being disintermediated by digital tools and channels should instead embrace technology's potential to create better and more efficient ways of doing business, believes Chetan Pandya of Intellect Design Arena.

Debate over the use of new technology and related tools is nothing new in India's financial services industry, says Chetan Pandya, senior vice president at Intellect Design Arena.

The current concern is that digital will disintermediate advisers. However, he believes this fear is misplaced, just as those in the past have been.

electronic and again when India moved to dematerialisation of the market. People who changed with the times have done very well, but those that did not have stagnated and now are perishing also."

Indeed, Pandya believes the tech-based development of the country's financial markets is one of the things Indians can



CHETAN PANDYA
Intellect Design Arena

“There is a fear in the market among financial advisers that they will lose their livelihoods.”

“There is a fear in the market among financial advisers that they will lose their livelihoods,” he says.

“This is something that happened [with brokers] in 1995 when the market went

be most proud of. “I entered the market at the same time as SEBI (the Securities & Exchange Board of India) was becoming a powerful regulator and have seen the way it has gone about changing the structure of the market,” he explains.

“The capital market development has been safe and is technology-oriented. There are margins, checks and micro structures in the market that protect

investments, and these are what gives investors confidence.”

RAISING THE BAR

In the advisory space, he believes there is now a substantial opportunity for players to move up the value chain by adopting technology and making advice more “process oriented”.

Those that do not do this, whether large players or boutiques, could find it difficult to scale their businesses, and might go the same way as brokers who did not adapt to the technological evolution of India’s stock market. Pandya notes that as well as technology, new regulatory developments are supporting the advisory model, particularly since the introduction in 2013 of Registered Investment Adviser (RIA) certification by the securities regulator.

“The market is there for advisory and a very healthy margin is available subject to getting the business right,” he adds.

“The trend is towards some kind of discretionary approach, not only in equities. This is where there is very aggressive interaction between the client and the portfolio manager.”

The move away from a distribution-based market towards an intermediary-based one means that record keeping will become increasingly important in product sales, particularly as data from multiple sources needs to be centralised, Pandya believes.

“You also need a set of repeatable tasks you can do for the customer, and a standard against which the customer can measure you, so you can continue to deliver a better experience. This is where technology becomes very important,” he adds.

INTELLIGENT SALES

It will also become a vital part of the entire sales process, as he says: “Currently the sales is an island with limited ability to manage the transition from prospecting to engagement as the client moves through various parts of an organisation. By the time you move a client on to the system it should be a seamless process for the salespeople.”

For its part, Intellect Design Arena aims to serve these needs via its integrated front- and back-office platform which is targeted at domestic and global private banks, advisory firms and IFAs, among others.

“We are in a brand-building phase to get our name in front of people in the industry, from CEOs of mutual funds to their sales staff, and from advisers to the regulator,” Pandya says.

The need to offer a much wider range of products will generate further demand for technology that can help advisers do a better job, particularly as Indian investors start to move away from physical assets to financial ones.

A shift towards mutual funds is the first element of this, according to Pandya. “There is a lot of retail money going into mutual funds – almost everyone knows

“Design thinking is a skill that allows a designer to align what people want with what can be done, and produce a viable business strategy that creates customer value and market opportunity.”

“We subscribe to the idea of ‘design thinking,’” explains Pandya.

“Design thinking is a skill that allows a designer to align what people want with what can be done, and produce a viable business strategy that creates customer value and market opportunity.”

The platform’s key features include the ability to view an entire client relationship across multiple accounts; prospect- and client-management functions; portfolio monitoring and analysis; and an adviser workstation that can be accessed across internet, intranet or mobile platforms.

somebody who is putting in good amount of money month on month through SIP,” he says. “The money is moving rapidly from other assets such as gold and real estate.”

The second factor is advisers providing for their clients’ various financial needs at every stage of their lifecycle.

“This includes covering life, theft and general insurance, and even extends to being a client’s car insurance agent,” he explains. “[Advisers] are dealing with almost everything that could be a financial instrument. People are becoming more interested in this kind of service.” ■