hubbis

Indian Wealth Management Forum 2019

Post event Supplement

Indian Wealth Management Forum 2019 Post Event Supplement

More than 250 CEOs, COOs, Independent Asset managers and other senior practitioners attended – from a mix of local and international Private Banks, Retail Banks, Insurance Companies, Independent Firms & Family Offices, Asset Management Companies, and IFAs.

Thank you to all of our event partners: Henley & Partners, Swissquote, Infosys Finacle, Union asset management, Casamont, Sun Life Financial, Edelweiss Private Wealth Management, L&T Mutual Fund , Intellect Design Arena, Investors Trust, Motilal Oswal Asset Management, Veritas Legal, Karvy Private Wealth, Props{AMC}, Sanctum Wealth Management and Amicorp Group (Amicorp).

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India's market expansion on track for Growth and Evolution

The Indian Wealth Management Forum 2019 event enjoyed an excellent turnout from more than 300 CEOs and other senior representatives from the key areas of Asia's wealth management industry.

HUBBIS IS DELIGHTED THAT OUR DELEGATES AND SPEAKERS all enjoyed a remarkably positive and insightful day on August 22 in Mumbai, when we hosted our 9th annual Indian Wealth Management Forum 2019

The forum's panel discussions, presentations and workshops produced a remarkable diversity of strategic wealth management ideas and concepts, as well as providing the audience with a broad insight into the state of the global financial markets that will help them manage their high new worth (HNW) clients as a new era of increased volatility and higher debt costs emerge.

India's rapidly growing economy and fast expanding private wealth continue to present an exciting opportunity in wealth management for domestic and foreign players alike.

Experts noted that India's expansion is helped, in general, by having some of the most receptive and forward-looking regulators in the region. The Indian investment culture is ever more global, digitisation will play an even more prominent role, and banks are increasingly focussing on the younger generations of HNWIs.

A total of five panel discussions, a high-level Head to Head interview, seven presentations and four

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workshops provided a diversity of information and opinions and ideas for attendees. Each one gave a unique insight into different facets of the India' nascent wealth management industry, which is enjoying rapid growth as the nation's GDP expansion continues apace and as high net worth (HNW) surges and mass affluence proliferates.

We would also like to extend a note of thanks to our sponsors for the Forum - Henley & Partners, Swissquote, Infosys Finacle, Union asset management, Casamont, Sun Life Financial, Edelweiss Private Wealth Management, L&T Mutual Fund , Intellect Design Arena, Investors Trust, Motilal Oswal Asset Management, Veritas Legal, Karvy Private Wealth, Props{AMC}, Sanctum Wealth Management and Amicorp Group (Amicorp).

We have set out below a snapshot of the talks, presentations, workshops and panel discussions that made August 22 such a positive and informative day. We thank all our excellent speakers and presenters and our delegates and we look forwarding to welcoming you again in August 2020. ■

You can view all the content from the day.
Click here to view the content highlights page.

We asked leading industry experts - what are the opportunities and challenges for the year ahead? Click here to view the combined video highlights, or click on the links below to view the individual videos.

Or you can click on the links below and just listen to specific comments from the following individuals who are in the complete video;

VIDEO HIGHLIGHTS

- Link to Event Homepage
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- I love wealth management
- Abhijit Bhave, Karvy Private Wealth
- Satheesh Krishnamurthy, Axis Bank
- Anupam Guha, ICICI Securities
- Kailash Kulkarni, L&T Mutual Fund
- G Pradeepkumar, Union Asset Management
- Lakshmi Iyer, Kotak Mahindra Wealth Management
- Neha Pathak, Motilal Oswal Private Wealth Management
- Abhijit Joshi, Veritas Legal
- Tariq Aboobaker, Amicorp Group
- Shweta Shah, Edelweiss Private Wealth Management
- Rahul Gaitonde, Cube Wealth
- Sneha Makhija, Sanctum Wealth Management
- Nirbhay Handa, Henley & Partners
- Philip Story, Investors Trust
- Damian Hitchen, Swissquote
- Anand Moorthy, PropsAMC




PANEL DISCUSSIONS

Setting the Scene: India's Wealth Management Market in a Time of Rapid Evolution

A panel of six eminent market practitioners from leading Indian wealth management firms offered their overview of the evolution of the Indian wealth management market, ranging over topics such as the current and future generations of clients, the value proposition, developing a larger portion of recurring revenues, digital transformation, as well as the development of enhanced skills and expertise.

- Panel Members
    - *Feroze Azeez, Deputy Chief Executive Officer, Anand Rathi Private Wealth Management*
    - *Anshu Kapoor, Head of Private Wealth Management, Edelweiss Private Wealth Management*
    - *Satheesh Krishnamurthy, Executive Vice President & Business Head - Affluent & NRI, Axis Bank*
    - *Himanshu Kohli, Founder Partner, Client Associates*
    - *Abhijit Bhave, Chief Executive Officer, Karvy Private Wealth*

Platforms & Technology – The Role of Digital Transformation in Wealth Management

A panel of technology and fintech experts, as well as wealth management users/clients, discussed the need for India's wealth management firms to embrace digitalisation. They cast their eye over the challenges to be faced and gave some invaluable insights on how wealth management firms can enhance their digital platforms and systems to be both more competitive and more responsive to the needs and expectations of clients.

- Panel Members
    - *Kunal Bajaj, Head of Digital Wealth Management, MobiKwik*
    - *Sharad Singh, Chief Executive Officer, Valuefy*
    - *Damian Hitchen, CEO Singapore, Swissquote*
    - *Anupam Guha, Head of Private Wealth Management & Equity Advisory Group, ICICI Securities*
    - *Rahul Gaitonde, COO, Cube Wealth*
    - *Anand Moorthy, Founder & CEO, PropsAMC*
    - *Shobhit Mathur, Senior Director & Head - Advisory, Kotak Investment Advisors*

Curating the Right Solutions for India's HNWI Clients in Today's Environment

A panel of experts debated the key trends on wealth structuring and wealth planning for India's wealthy private clients and discussed how the industry should best engage and retain younger generation clients, as more and more wealth is transferred to the next generations.

- Panel Members
    - *T.P Ostwal, Managing Partner, T. P. Ostwal & Associates LLP*
    - *Ashvini Chopra, Senior Vice President, Times Group*
    - *Shweta Shah, Head, Wealth Structuring and Tax, Edelweiss Private Wealth Management*
    - *Sneha Makhija, Assistant Vice President, Wealth Planning Specialist, Sanctum Wealth Management*
    - *Rishabh Shroff, Partner, Cyril Amarchand Mangaldas*
    - *Neha Pathak, Senior Group Vice President, Trust & Estate Planning, Motilal Oswal Private Wealth Management*
    - *Tariq Aboobaker, Managing Director, Amicorp Group*

India and Women in Wealth Management

A focused panel of prominent female wealth management experts from India gathered to assess the role of women in wealth management, from the viewpoints of both the end-clients and the firms that serve them. The panellists ranged over the need to attract more women into the profession, the growing wealth of women in India, the question of whether these clients have particular investment needs or preferences, and the quest to offer better advisory propositions to them.

- Panel Members
  - *Swetha Manot, Associate Director – Private Wealth Management, Anand Rathi Private Wealth Management*
  - *Lakshmi Iyer, Chief Investment Officer (Debt) & Head Products, Kotak Mahindra Wealth Management*
  - *Ruchi Sankhe, Managing Director, Origination and Client Coverage, Waterfield Advisors*
  - *Nithya Easwaran, Managing Director, Multiples Alternate Asset Management*

The Quest for Talent in India's High Growth Wealth Management Market

A team of wealth management leaders gathered at the Hubbis India Wealth Management Forum to analyse the skills that firms will need to boost their proposition in the years ahead, especially as the private wealth market in India expands rapidly and is becoming ever more sophisticated.

- Panel Members
  - *Ashish Gumashta, Managing Director & CEO, Julius Baer India, Bank Julius Baer*
  - *Ashish Shanker, Head - Investment Advisory, Motilal Oswal Private Wealth Management*
  - *Sachin Taneja, President and Head, Wealth Management, Systematix Group*
  - *Arpita Vinay, Wholetime Director, Centrum Wealth Management*
  - *Kailash Kulkarni, Chief Executive – Investment Management, L&T Mutual Fund*
  - *Anand Varadarajan, Head of Global and Alternative Asset Management, NJ Global Invest*
  - *Sagar Khandekar, Executive Director – Client Relations, Kotak Wealth Management*
  - *Gaurav Arora, Chief Investment Officer, ASK Wealth Advisors*

PRESENTATIONS & WORKSHOPS

Global Citizens, Global Residents: Trends and Developments in Investment Migration
Dominic Volek, Managing Partner, Head Southeast Asia at investment migration consultancy Henley & Partners, along with Nirbhay Handa, Henley Director, presented a detailed and thought-provoking Workshop to delegates at the Hubbis India Wealth Management Forum in Mumbai. Their talk highlighted just how many viable alternatives there are for Indian HNWIs seeking alternative citizenship or residence options around the globe.
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The Rise of the Digital 'Neo' Banks and the Impact on the Future of Wealth Management
Swiss platform/custody provider Swissquote serves its entire global client base of more than 300,000 customers entirely through a digital interface. Damian Hitchen, CEO for Asia based out of the firm's new Singapore office and armed with the new CMS licence there, presented a fascinating Workshop to delegates at the Hubbis India Wealth Management Forum, explaining in considerable detail about the arrival of the digital banks in Asia and how the digital revolution is picking up steam. He warned that those in the wealth management industry who do not embrace change face possible extinction as smarter, bigger and more resourceful entrants pile in.
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India's Wealthy Investors Turbo Charge India's Expanding Professional Investment Market
G Pradeepkumar, Chief Executive Officer of Mumbai-based Union Asset Management (UAMC) told delegates at the Hubbis India Wealth Management Forum how India's wealth clients are becoming more influential in the mutual fund industry, how their appetite for equity has been evolving and why the country's capital gains tax on debt investments seems to be having an impact on the holding pattern.
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Infosys Finacle on Accelerating a Modular Digital Wealth Management Offering
The wealth management industry must, many believe, play catch up. If players in the industry are to both survive and thrive, they require front-to-back digitisation to meet customer expectations, regulatory demands, enhance staff efficiency and satisfaction, and to improve cost efficiencies and boost revenues. Importantly, they need to prepare for competition from new entrants, from smaller FinTechs to Big Techs entering some of their market niches. Jagdish Joshi, Principal Consultant of Finacle Wealth Management Solution for Infosys Finacle gave his insights to the front-end world of empowered digital financial advisory and how Finacle can also provide the robust digital core wealth management engine for mid and back-office operations.
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Boosting Revenues via Intellect Design Arena's RM Office - 2020 Advantage

Stanzin Tsesdup, AVP, Wealth Cube, at Intellect Design Arena, offered a fascinating presentation to delegates in Mumbai on the firm's 2020 Advantage digital product, which is designed to significantly enhance the performance of relationship managers in the wealth management industry.
View Slides

Investors Trust Assurance Highlights How the 2019 Investment Scene Remains the Same

Philip Story, Head of Distribution for EMEA at Investors Trust Assurance (ITA), told delegates at the Hubbis India Wealth Management Forum how the 2019 global investment story is more of the same, following on from a rather volatile and unpredictable 2018. But he also highlighted the India opportunity, explained how global issues are creating opportunities for offshore investment diversification, and advised the audience how they might work with ITA to access a world of global investment opportunities across multi currencies.
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Edelweiss Fast-Forwards India's Wealth Management Market Towards Infinity

Anshu Kapoor, Head of Private Wealth Management at Mumbai-based Edelweiss Global Wealth Management, gave an animated talk at the Hubbis India Wealth Management Forum in August to offer his view of the future of the industry. The twin drivers of regulatory necessity and client expectations will, he believes, alter the landscape irrevocably, but the future is bright for those who look ahead and adapt.
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Infosys Finacle and Client Validus Present Theory and Practice in Harmony

Abhra Roy, Head, Finacle Wealth Management Solution at Infosys Finacle and his client, Atul Singh Chief Executive Officer of Mumbai-based Validus Wealth double-teamed for a fascinating presentation on future-proofing the wealth management business with a truly digital platform. Delegates were left in no doubt as to the theory of dynamic change, and the practical results that follow.
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Casamont Highlights the Appeals of Cyprus' Residence and Citizenship Programme for India's HNWIs

Ioannis Ioannikiou, Client Advisor for Casamont Cyprus, is a regular presenter at Hubbis events this year and has a fascinating proposition for the Asian wealth management market. He was in Mumbai for the India Wealth Management Forum to highlight the attractions of the Cyprus Investment Programme for Asia's HNWIs. He focused on the benefits of citizenship and tax residence in Cyprus, which is part of the European Union, and the consequent advantages for structuring wealth in an increasingly appealing real estate investment market.

View Sildes

Fair Value and the Guide Maps of Investing: Seeking Better Metric for Market Valuation

Vinay Paharia, Chief Investment Officer of Union Asset Management Company Private Limited, the Investment Manager to Union Mutual Fund, believes that we must all become smarter at reading the signs that point us towards value in the equity markets. He presented a lively and informative Workshop at the India Wealth Management Forum to explain his views on the fallacy of the index PE multiple, the strengths of the fair value approach to investing, and how to better map, plan and time market activity.

View Sildes

Investing in Debt and Equity in the Current Local Market Conditions in India

Ankur Thakore, Chief Distribution Officer of L&T Investment Management in Mumbai addressed delegates at the Hubbis India Wealth Management Forum to offer his views on the Indian capital markets and how wealthy investors should be positioning themselves. He conceded there are several important domestic and global concerns, but believes the right strategies and a longer-term perspective on returns will produce solid and sustainable returns.

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Indian Wealth Management Forum 2019

Video Highlights

At the Hubbis Indian Wealth Management Forum 2019 in Mumbai on August 22nd, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

Click here to view the video highlights.

We hope you enjoy this summary – it's packed with content from the forum.
Click on the Speakers Name to view their BIO.
You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we interview?

Abhijit Bhave
Chief Executive Officer
Karvy Private Wealth
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Satheesh Krishnamurthy
Executive Vice President & Business Head - Affluent & NRI
Axis Bank
Watch Video

Anupam Guha
Head of Private Wealth Management & Equity Advisory Group
ICICI Securities
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Kailash Kulkarni
Chief Executive - Investment Management
L&T Mutual Fund
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G Pradeepkumar
Chief Executive Officer
Union Asset Management
Watch Video

Lakshmi Iyer
Chief Investment Officer (Debt) & Head Products
Kotak Mahindra Asset Management
Watch Video

Neha Pathak
Senior Group Vice President, Head of Trust & Estate Planning
Motilal Oswal Private Wealth Management
Watch Video

Abhijit Joshi
Founder
Veritas Legal
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Tariq Aboobaker
Managing Director
Amicorp Group
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Shweta Shah
Head, Wealth Structuring and Tax
Edelweiss Private Wealth Management
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Rahul Gaitonde
COO
Cube Wealth
Watch Video

Sneha Makhija
Assistant Vice President, Wealth Planning Specialist
Sanctum Wealth Management
Watch Video

Nirbhay Handa, IMCM
Director - GSAT
Henley & Partners
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Philip Story
SEO and Head of Distribution, EMEA
Investors Trust
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Damian Hitchen
CEO Singapore
Swissquote
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Anand Moorthy
Founder & CEO
PropsAMC
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Abhijit Bhave
Chief Executive Officer
Karvy Private Wealth
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India has just sent a satellite to the Moon and to Mars, so the sky is no longer the limit. It is much beyond the sky. I think these are fantastic times, and the opportunity is there because the sheer creation of wealth, in terms of number of NRIs, in terms of the wealth of NRIs is just fantastic; Whether it comes to the wealth created just in tier one cities, tier two cities, tier three cities. As far as I'm concerned, the next five years, next 10 years are going to be fantastic. Now, in terms of challenges, the biggest challenge to my mind is that, as a wealth management firm, is that if you are not completely client centric within the right essence of it. For example, at Karvy Private Wealth, we don't define the value proposition through talking about products. We define the value proposition as seen from the client's perspective; That is where we define the four Es of client experience, which are E for earnings that the client has had, E for ease, E for the exposure across asset classes and across durations, and E for the education that the client needs to achieve that. In terms of challenges, I would just say one thing. Challenges were there, challenges will remain and whatever you can't change, you don't think too much about it. Look at yourself, be innovative, believe in kaizen, keep on improving every day and life is good.

Satheesh Krishnamurthy
Executive Vice President & Business Head - Affluent & NRI
Axis Bank
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There are many opportunities in this industry led by the new wealth that is getting created. So, the wealth is getting created into two parts - The existing affluent customers are getting wealthier with every passing quarter; they are getting income through multiple asset classes, whether they invest in real estate in the past or gold. So, there is a lot of money that is getting created from their existing assets. So, that needs to be deployed. And there is a lot of new wealth that is getting created as entrepreneurs take strong foundational steps in our country. So, the entire gamut of products and services which consumers need to manage their wealth is really turning out to be a huge and ripe opportunity for us in this country. So, that is on the opportunity. The challenges that confront the industry today is on the people and the talent pool that we have today. I think there is an immense (amount of) work that is required to create enough talented, knowledgeable people who can live up to the expectations of consumers today, as they expect their wealth managers to be fully, thoroughly exposed to all the financial market product and the opportunity. So, I think that people, talent build out is a big challenge. We need to put a lot of energy on that. The second big challenge is applying technology around serving the needs of the customers. There are a lot of ad hoc technology service providers, but how do you actually make sense of that to make consumer life simple? I think that's the second big challenge.

Anupam Guha
Head of Private Wealth Management & Equity Advisory Group
ICICI Securities
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From an opportunity perspective, obviously, we all know that structurally, I think, India's in a great place, right? There's a lot of wealth creation that's happening, a lot of first-generation entrepreneurs coming in. So far,

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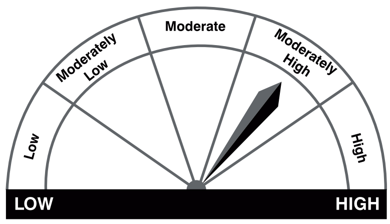
• Long Term Capital Appreciation • Investment in equity & equity related securities including equity derivatives upto a maximum of 30 stocks across market capitalization	 Investors understand that their principal will be at moderately high risk
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for people like us who are in this industry, there's a big opportunity to really capture that pie. And I think, as the country's developing, there are many steps that we need to take to really capture the imagination of, you know, our investors. From creating the right platform, to giving the right advice, to really helping customers daily in their journey of wealth creation, right? I think we have many steps to take. From an opportunity perspective, that's the big piece. From a challenge perspective, I think, as all industries that are evolving, there is a shortage of talent. We transitioned from a physical mode of engagement to a quasi-digital, figital engagement. So that's the journey that I think all of us will have to look at, with the margins coming down, which is good for our investors. And I think that will help ensure that the pie growth. I think we will all have to be more cost-conscious, and really, scale will become important for all of us; some of us who are industry leaders here working in aspects so as to follow these challenges.

Kailash Kulkarni
Chief Executive – Investment Management
L&T Mutual Fund
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The biggest challenge for the industry today is to manage the sentiment given the current environment where both on the fixed income side, as well on the equity side, you have different kinds of challenges. On the fixed income side, it's mainly the credit related issues. On the equity side, it's the markets, which haven't been performing now for what, about a year, year and a half? It's managing the sentiment. It's trying to keep the people on track. I think those are the challenges. Unfortunately, I think a dime a dozen given the corrections in the markets. We actually feel that the markets are now much better valued and given that the growth story in India is still intact, all of a sudden they disagreed with that statement. I still believe that this is the place to be, and it's a great opportunity to make some good money over the next three to five years.

G Pradeepkumar
Chief Executive Officer
Union Asset Management
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The market offers excellent opportunities for asset managers as of today. First of all, it's hugely under-penetrated, as of today, so there is a lot of scope for reaching out to new investors, particularly in some of the smaller towns and cities, so that's a great opportunity. As far as challenges are concerned, I would say that that itself is a challenge as well, because India is a geographically worse country: different cultures, different languages, so reaching out is not all that easy. If we can manage or put in place a distribution mechanism and a model which will allow you to reach out to a larger number of investors, I think the market offers tremendous opportunities.

Lakshmi Iyer
Chief Investment Officer (Debt) & Head Products
Kotak Mahindra Asset Management
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I think the biggest challenge that the asset management industry is likely to face over the next few years is that of polarization, which means a good bit of consolidation

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happening with the mutual fund manufacturers. On the investment side, we see a good bit of alpha generating challenges, specifically on the equity side, so how to really co-exist, active versus passive. And, of course, last but not the least, within the fixed income, how to reposition high yield funds or credit funds, and bring back the investor confidence, which is shaken a bit. I think these are the immediate concerns and the challenges the industry is likely to grapple with in the months and weeks ahead.

Neha Pathak
Senior Group Vice President, Head of Trust & Estate Planning
Motilal Oswal Private Wealth Management
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When we are talking about the wealth management industry, specifically for the estate planning industry, the biggest challenge that we face at this point of time is the uncertainty with the HNI or the ultra HNI. The problem is that they are not sure whether they want to do the estate plan, they don't want to do the estate plan, or where they want to go with the estate plan. There is a lack of clarity or the objective that they want to move forward with; that happens to be the biggest challenge. Plus, the tax structure, of course, happens to be dynamic in our industry. It keeps changing on any yearly basis. So, we need to be ready with a tax structure which can suit the requirements of the future generation as well as the current generation.

Abhijit Joshi
Founder
Veritas Legal
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The opportunity, especially for India, is tremendous for two or three reasons. There is an amount of political uncertainty, there is the possibility of estate tax and this conventionally results in a fair amount of inquiry, if not mandates; that's what we are seeing. So that's the opportunity The challenge is: I don't think the industry has as much depth as you would see in the Western world. That's a challenge that we have to meet but think both will go together and eventually we will arrive there.

Tariq Aboobaker
Managing Director
Amicorp Group
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Currently, I see this industry is revamping and there is a huge amount of opportunity that's going to come our way, especially, from the way I look at it, the trust business that we are in, the markets have opened up in a big way. There has been a huge amount of acceptance in the market, and people are more and more willing to move towards the trust route, which was not the case previously.

Shweta Shah
Head, Wealth Structuring and Tax
Edelweiss Private Wealth Management
Watch Video

This is a very nascent industry in India as compared to global industries. Globally, estate planning, wealth structuring is at a very-very large scale as compared to what India is today. So, there is a huge opportunity. As per various wealth reports, there are around two lakh-odd millionaires

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in India, which is estimated to rise quite substantially in the next five years. So of course, with the growing wealth, the opportunity for this space is going to be much-much more. At the same time, I would say the challenges are the diverse culture in which India operates as compared to its global counterparts. So for example, in the US, I would say, the culture would be defined as more individualist as compared to India; you can say it's (India) still an honor culture where you still respect authority, where you still respect your patriarch. It may happen, sometimes, that the individual who deserves or who has the merit does not get the authority because he's not senior enough. So, of course, there are challenges which a family faces and therefore they may not be very open. Though that changing a bit. But, of course, that's a challenge: I think that, as a culture, India needs to become more open towards the services.

Rahul Gaitonde
COO
Cube Wealth
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So, the biggest opportunity we have here, of course, is the growth of what we call the "mass affluent" class. We have this group that (consists of), depending on who you count, anywhere between 45 to 70 million. These are people who have been exposed to, effectively, services around the world, meaning from social media, to what they see is "the best" in wealth management. They're going to have the same sort of expectations of similar providers in India. That actually brings us to the most immediate challenge, which is that their expectations are sky high. Someone who's used a social networking app is going to want the same sort of experience from their wealth management. So, they're going to want the same sort of smooth, frictionless service. They might want it deliverable via, say, an app. We don't know. We don't have to provide that. But at the same time, they're going to want to retain the sort of personalized service that they've gotten to be used to from their wealth advisor, their wealth manager. Providing those two in combination is both the biggest opportunity we have, as well as the biggest challenge we're going to have to tackle.

Sneha Makhija
Assistant Vice President, Wealth Planning Specialist
Sanctum Wealth Management
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The challenges, in a way, lead to the opportunities in the industry. The very fact that the industry is at a very nascent stage when it comes to wealth planning; people are beginning to realise the importance of it and understand that they need to do something about it, and have at least a basic plan in place is something; that they are increasingly looking at to ensure that they have a basic plan. The challenges being that the regulatory changes happen at a pace which is much faster than the (rate at which) plans are being put into action. So, the idea being you need to ensure that you go up the curve and you're always on top of what's happening with regulatory matters to ensure that you give a very evolved solution to the client. At the same time, the fact is that if you are able to provide that to the client it becomes a good source of opportunity as well to you.

Nirbhay Handa, IMCM
Director - GSAT
Henley & Partners
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There are many opportunities for the wealth management industry. I believe clients are increasingly

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For more about this exclusive limited offering, **e-mail info@citrineestates.com** or **visit citrineestates.com** looking to diversify their wealth to jurisdictions in the European Union or in Asia, including Singapore for that matter. As a result of that, we're seeing a lot of clients who are interested in getting a residency in jurisdictions, including the UK. Also, there has been a significant interest from clients looking to set up family offices in Singapore. So, in Singapore, GIP has been of strong interest from very wealthy Indian families.

Philip Story
SEO and Head of Distribution, EMEA
Investors Trust
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We've been looking at what clients are looking for and demanding nowadays, those mass affluent and high net worth clients. What we've seen, I suppose, in the market, from the India perspective, is that clients are now looking to diversify a lot more. They're looking at new asset classes, but they're also looking more offshore. There's obviously challenges with that, (namely) how do you get the money offshore? What sort of partners you tie up with? So, it's making sure you get the right partner to tie up with that has the right solutions for you, but also to make sure that it's done in the right way to meet all of the regulatory requirements, as well.

Damian Hitchen
CEO Singapore
Swissquote
Watch Video

The opportunity in India? Well, clearly, it's a huge global market. What's been interesting is to really feel on the ground what a strong home bias there is within wealth management and investments in India. It's unparalleled in my view, in terms of what I've seen globally. That said, a number of the key players and people I've met today are talking about the fight. The resident Indians are now increasingly looking to add a little bit of international diversification to their portfolio. So, it may not be here today, but certainly there's a trend occurring underneath, and I expect that over the next three to five years, the percentage in the AUMs from Indian domestic residents going into international markets will be significantly growing here.

Anand Moorthy
Founder & CEO
PropsAMC
Watch Video

I believe the real challenges in the industry are giving the right advice at the right time and the market data, which can be more transparent to the clients as to where they should invest, how they should invest, and how much they should invest. I believe the opportunity lies in how technology can change the way in which their advice is delivered. Not only that, but to do with (technology providing) very specific risk analysis (and) risk portfolio management to figure out as to what the appetite of the client is. And I think most of the wealth firms overall are trying to look at multiple platforms, practices. They don't want to change anything but are looking at how things can be easily delivered and managed.


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Indian Wealth Management Forum 2019 Exclusive Insights

At the Hubbis Indian Wealth Management Forum 2019 in Mumbai on August 22nd, we asked leading industry experts for their exclusive and incisive insights

We hope you enjoy this summary – it's packed with content from the forum. Click on the Speakers Name to view their BIO. You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we interview?

Abhijit Bhave
Chief Executive Officer
Karvy Private Wealth

Satheesh Krishnamurthy
Executive Vice President &
Business Head
- Affluent & NRI
Axis Bank

Anupam Guha
Head of Private Wealth
Management & Equity
Advisory Group
ICICI Securities

Kailash Kulkarni
Chief Executive
- Investment Management
L&T Mutual Fund

G Pradeepkumar
Chief Executive Officer
Union Asset Management

Lakshmi Iyer
Chief Investment Officer (Debt)
& Head Products
Kotak Mahindra
Asset Management

Neha Pathak
Senior Group Vice President,
Head of Trust & Estate Planning
Motilal Oswal Private
Wealth Management

Abhijit Joshi
Founder
Veritas Legal

Tariq Aboobaker
Managing Director
Amicorp Group

Shweta Shah
Head, Wealth Structuring and Tax
Edelweiss Private
Wealth Management

Rahul Gaitonde
COO
Cube Wealth

Sneha Makhija
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Philip Story
SEO and Head of Distribution, EMEA
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Abhijit Bhave
Chief Executive Officer
Karvy Private Wealth

What can you do to improve your value proposition?
Watch Video

What we have defined in value preparation is all about client experience. One critical component of the client experience is the touch point, which is our wealth manager. So, we are working very hard on making our wealth managers improve every day, and we are investing a lot in training. So, for example, our target is 100 hours, per item for the entire year. I'm very happy to share that from 1st April, this financial year, they've already crossed 32 hours. Now, the training is based on a concept called "KASH box," with a K. K for knowledge, A for attitude, S for skills, and H for habits. The other thing is (that) we have defined our vision, our mission as helping people achieve their life's dreams and goals; we defined our core values as IPOD: integrity, positivity, ownership, and dependability. As long as we get people who share our mission, who share our values and take it up to the right set of clients, I believe that we'll be able to achieve what we want to achieve for our clients, not for us.

Satheesh Krishnamurthy
Executive Vice President & Business Head - Affluent & NRI
Axis Bank

What does the current revenue mix of wealth managers in India look like? How is it changing?
Watch Video

If you look at the wealth management industry's revenue pie: about five years ago, largely, the source of revenue was from mutual fund distribution. If you look at it today, there is a big shift from the distribution of just mutual funds, to products like portfolio management services and AIFs. That's on the distribution of products. The second big revenue pool (in which) we are seeing action is on leverage solutions, where you provide leverage. For example, if you have a deposit with a bank, you can leverage against the deposit X times and provide higher alpha to customers. So clearly there is a big shift from just purely distribution of mutual funds as an income stream, to developing PMS and AIF as a new stream, and leverage products as a new stream.

Anupam Guha
Head of Private Wealth Management & Equity Advisory Group
ICICI Securities

What do you need from your investment platform? How is that changing?
Watch Video

So, from a platform perspective, I think, when I talk about platform, it's about how do we communicate and ensure seamless execution (is) offered (or) propositioned to our clients, right? So, when I'm talking about platform, it's just not about an execution platform, it's also about the oral proposition. What can we add to the proposition? How do we connect with the customers? So, in that, if I were to break it down, the first step would be do we really understand our

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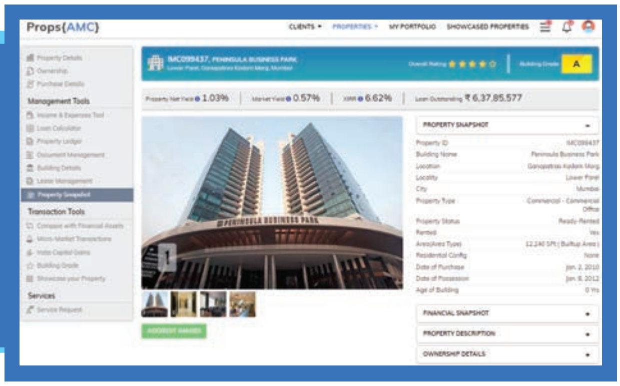

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clients? So, is the platform robust enough or intelligent enough to really understand the customers from their risk profile, from their goals that they are seeking, from the liquidity requirement, and from their objectives on investment? So that is one part of it. Once you have that, then, essentially, it's all about asset allocation. Within that asset allocation, how are we recommending the customer's funds that we think will outperform, and meet the objectives of our clients, depending on their risk return parameters?

Kailash Kulkarni
Chief Executive – Investment Management
L&T Mutual Fund

Does anyone take learning and competency seriously in India?
Watch Video

Learning and competency is something which we, earlier, had not paid too much attention to in India. However, given the changing times, the availability of information which clients have, on the internet or through other competitors, it's now becoming all the more important to take learning and development very seriously, not just in the product that you sell, but also in the macro environment. So, you need to know about much more when you're dealing with customers and clients. Whereas, clients are getting educated at a much faster pace than what they were before. So, yes, it needs to be taken far more seriously than (it has been) taken it in the past.

G Pradeepkumar
Chief Executive Officer
Union Asset Management

What are the trends in investment patterns for HNIs?
Watch Video

The wealthy Indians, particularly the high net worth individuals, have been increasingly investing in mutual funds, and that's a trend we have seen over the last 10 years. A lot of their new money is also going into equities compared to the fixed income or the other asset classes. So, more equity money and more mutual funds, and they're also investing more into the PMS segment, portfolio management services. So, I think it augurs well for the asset management industry that the wealthy people, the HNIs, are increasingly investing with mutual funds and PMS.

Is there a visible change in client's preferences between equity and debt?
Watch Video

What we are seeing is that, increasingly, the HNIs are investing in equity compared to debt. But at the same time, the holding period for debt has gone up. Earlier, people used to hold it for relatively short periods, you know, one to two years. And now, because of the change in tax regulations, people are tending to hold it, fixed income, for(a) minimum three years to get the long-term capital gains tax benefit. So that is a visibility change, but the bulk of the money's still going into equity.

Lakshmi Iyer
Chief Investment Officer (Debt) & Head Products
Kotak Mahindra Asset Management

How do we attract more women into this business?
Watch Video

The biggest mental block for women to be part of financial services is (that) they think it is a male dominated area. They think

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it is too complicated, it's like a web maze and they will not be able to make it through it. So, I think what we require, what is the need of the hour, is, I would say, pro-women policies. There is a lot of lip service, which most of the industry people rarely talk about, but how many people actually walk the talk is very, very critical. So, I think (what is needed is) a lot of women-friendly policies, being more agile, being more sensitive, I think. And a lot of case studies being put forward to women to tell them "look, it's not impossible. It's really doable." So, I think that is the need of the hour right now.

Neha Pathak
Senior Group Vice President, Head of Trust & Estate Planning
Motilal Oswal Private Wealth Management

What are the biggest trends in wealth structuring and planning today?
Watch Video

The biggest trend in wealth succession planning or the wealth planning is that people nowadays are going ahead with the multiple structures, not singular structures. So earlier, people used to think one will be more than enough for me. But now, they have come to realise that they need more than one will; one will for each of the jurisdictions (they are in). They realise that if I have a business in Dubai, I need a separate will. I can't be relying on a will which was made in India.
Another bigger trend is that people do realise that they need to make proper structures, which will be consulted with a lot of consultants, not only an estate planner, but a lawyer, and a tax expert, along with their own CFOs and the companies secretaries within the company. So, everything has to work in sync, and that happens to be the best trend at the moment, and the most amazing trend.

What are the most common concerns of HNW & UHNW clients?
Watch Video

The most common concerns of the HNIs or the HNWs are that they should transfer their wealth to the rightful beneficiaries. The rightful beneficiaries can be people who are benefiting from their wealth, can be charitable institutions, can be people whom they like, their partners whom they are not married to, or people whom they are married to, or to accompany whom they are been working for. So, it can be anything, but they would want it to go to the rightful beneficiaries. Nowadays, the problem which happens over here in India is that, a lot of times, it does not go to the rightful beneficiary because we would have to go ask for the succession laws. So, to deal with the succession laws and to deal with those problems, happen to be the biggest worry of the HNIs in India nowadays.

Abhijit Joshi
Founder
Veritas Legal

What specific trends are we seeing from Indian clients?
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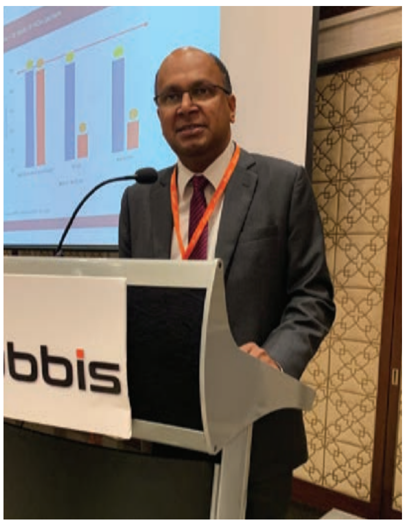
Indians are increasingly concerned about their version of wealth, a lack of concentration of wealth within India. They are concerned about the impending estate duty. Therefore, that has resulted into a trend about how they can diversify their wealth, how they can insulate their wealth from



generation to generation, and that has resulted into a fair amount (of) enquiry and I would think that would be the emerging trend going forward for few years.

Tariq Aboobaker
Managing Director
Amicorp Group

What are the challenges that wealthy families face in India?
Watch Video

There are multiple challenges that wealthy families face in India. A few of the common ones that we've seen lately are (that) the next generation (are) not investing into the same business, not interested in doing the same business (as) what the patriarchs have been continuing with. So, that's one of the big challenges that we have seen. The other is (that there is) a lot of cross holding and restructuring of businesses. (This) is, again, something that is a big alarming factor. A lot of people are doing a decent amount of cleanup at their end where they are wanting to have more straight and clean structures these days instead of having a lot of complicated, cross holding ones.

Shweta Shah
Head, Wealth Structuring and Tax
Edelweiss Private Wealth Management

Are we REALLY ready for the transfer of wealth to the next generation?
Watch Video

Eventually, we will have no choice but to be ready. But are we ready today? I think in bits and pieces; I would say it's a work in progress. There are certain areas where we have done well. Basically, the

clients, as I said, the promoter families have become more open to discussing sensitive issues with us. Woman are given the power if they deserve it. Younger generations who are not interested in (family) businesses are allowed to venture outside. So, there is a mixed bag: at the same time there is still some work to be done in this area, because I think the elder generation still may not be willing to relent control so easily. At the same time, the younger generation - which is more technology based, which is more vibrant with the fresh blood - they may not really agree to everything that the elder generation (wanted) so that gap still has to be bridged.

What are the biggest trends in wealth structuring and planning today?
Watch Video

The process of restructuring could be summed in what (I call the) three M's: The First is the mindset, the second is the manner, and the third is the mental. We can discuss the trends in each of these areas. First is the mindset. By mindset, I mean whether promoters are really open to it, because you could have a succession plan on paper but if the promoter is not really willing to or is not really prepared to (carry out) the intergenerational transfer, then all succession planning will fail. So, first is a mindset, and we see that many patriots, many business owners now are open to discussing what they want to do with respect to succession; Discussing it internally with their family members or discussing it with their advisors, as well. Things like (for example) the younger generation may want to pursue a different interest, like women want more power in the business if they deserve it are all coming forward. So, we see a mindset change there. The second M is the manner. By manner, I mean it's a broad framework of what the family will do once they have decided that they will do succession planning. Of course,

the changes that the business owners are (proposing) are given a lot of serious thought. They are planning from day one as to whether the younger generation should be inducted right away, or they should have some experience outside the family business and then join us. So, it's basically the entire framework. And we see a lot of changes there. Third is the method, which purely is the mode in achieving the manner. The method would mean doing a will. Apart from a will, the most commonly used structure now is a trust. Also, families who have assets overseas, they form overseas trust structures and foundations. Having a family constitution and a counsel are also becoming very common. In a nutshell, I think we are evolving to meet the global standards.

What are the challenges that wealthy families face in India?
Watch Video

In India (or abroad), the basic characteristic of a family business, is that (the) families or the business owners are very passionate about the business, as compared to a non-family business, right? Because of this passion, they concentrate so much on growing the business that the things that which are not very urgent take a backseat. For example, planning for succession, it takes a backseat. The challenge is that the family business faces is that, when you talk about transitional, or when you talk about succession planning, it's a very emotional issue. It's very difficult for families to make a distinction between family and business because both are very distinct characteristics. Taking important decisions or taking tough decisions on things like, how much to give to who? Whether I should enroll my daughter in the business if she's more deserving. Whether my younger son will be a better candidate for taking the management compared to my elder son. All of these are very tough decisions. I think it becomes very difficult for an Indian business owner to (make these decisions). I think the first challenge is business - the distinction between business and family, as such. The second is managing (the) aspirations of different family members. The younger generation may not want to join the business, or there could be sibling rivalry, a generation gap, expectation mismatch. So, I think managing these aspirations of different family members is another challenge. The third one, I think, is since families are moving borders, they have assets overseas. There are a lot of complexities involved when you start thinking about planning for succession or transition, because you need to think about laws and regulations in every country where there is a presence of the family or the assets. So, I think to weave all of these together is a good challenge for the families.

Rahul Gaitonde
COO
Cube Wealth

What does the word 'platform' mean to you?
Watch Video

A Platform, really, is any service that you can add value on top of, that you can work with third parties, that they can build stuff to add value on top of. At Cube, we've been platform-oriented

one, effectively because we built a service that let people go and live their lives while their money was taken care of, which meant that we had to work with all sorts of advisors, a range of asset classes, and provide personalised support. We had to build a platform that would let advisors come on board, offer their advisory services, and for us to be able to service it to our customers in a single consistent way, no matter how different the asset class, or the advisee or the period of advisory was. That's really what a platform means and that's really what we built from day one.

Sneha Makhija
Assistant Vice President, Wealth Planning Specialist
Sanctum Wealth Management

What are the most common concerns of HNW & UHNW clients?
Watch Video

The most common concerns of clients these days is, especially with inheritance tax buzz in India, clients are looking at how it could be managed effectively. Mostly, they want to ensure (the) smooth and seamless transmission of wealth to their loved ones. They want to ensure hassle-free transmission of wealth. They want to avoid undesired claimants and family disputes. The sense is to keep the family harmony. No matter where the family members are, whichever jurisdiction or whichever residency or citizenship they hold, they want the plan (to) be effective and more so, I think, (there is) a lot of apprehension (around) there (being) too much wealth inherited at a young age. So, families are looking at, increasingly, how do they ensure that the wealth goes in a controlled manner to the intended recipient, especially (to) children who are minors.

Philip Story
SEO and Head of Distribution, EMEA
Investors Trust

What does it mean today to 'add value' to a client?
Watch Video

Adding value, for us, is being able to offer something different - a different type of solution for the clients here based in India. We've seen, over the last few years, as we're growing the market here, that many of our partners have said that the home bias is massive. We're trying to offer something that takes away some of that from the home bias, so moving some of that money offshore, meeting the goals and the aspirational needs of those clients for universities overseas, maybe a retirement overseas, etc.

Anand Moorthy
Founder & CEO
PropsAMC

What does the word 'platform' mean to you?
Watch Video

Platform means anything which can aggregate all your asset class together. We believe that PropsAMC has a real estate engine and a monitoring platform. This particular asset class contributes about 80% of the total wealth of any individual, and we believe a platform is required to aggregate all these client assets in one place, and trying to make sense as to whether this particular investment as a class is good enough for you to hold for a longer period of time, and, if you do, what is its performing parameters? How do you monitor that? How do you manage it? And how well can you market it? If you can, then I think a platform's real meaning can come together to give you a solution which you always look for.

What does your firm do?
[Watch Video]

PropsAMC is a real estate insight and asset monitoring platform. Our core focus is real estate monitoring. We believe that 80% of (the) wealth of Indians (is in) real estate as (part of) their overall net worth, and they would like to manage it on an integrated platform, an intuitive platform. The first step is actually to digitise these assets; look at what documents you have, actually provide you advisory (on) what is the valuation on those assets, or whether it is marketable or liquid enough, and then look at creating a marketplace for all owned assets to be much more liquid. I think we are one of the first ones in the country to have digitised a lot of data on valuation, government rates, land use, on one single integrated platform. And we believe that both put together, data as well as management put together, can make your real estate much more liquid than what it is today.

Setting the Scene: India's Wealth Management Market in a Time of Rapid Evolution

A panel of five eminent market practitioners from leading Indian wealth management firms offered their overview of the evolution of the Indian wealth management market, ranging over topics such as the current and future generations of clients, the value proposition, developing a larger portion of recurring revenues, digital transformation, as well as the development of enhanced skills and expertise.

These were the topics discussed:

- *What can you do to improve your value proposition?*
- *Is your firm attractive enough for the new wealth creators and next generation of clients?*
- *What does the current revenue mix of wealth managers in India look like? How is it changing?*
- *What changes are we seeing in client expectations and behaviour?*
- *Where will the continued growth come from and what are your priorities?*
- *What does the word 'advice' really mean?*
- *Are clients not thinking realistically abut risk and reward?*
- *How can you get the right people and proposition in front of the right clients?*
- *Revenue margins per clients will decline in the future. Is digital a way to stop revenue erosion and are you effective at monetising new digital services?*
- *What is the future role of the RM when banks get digital? Is the human touch less important in the future?*

PANEL SPEAKERS

- **Anshu Kapoor**, Head of Private Wealth Management, Edelweiss Private Wealth Management
- **Abhijit Bhave**, Chief Executive Officer, Karvy Private Wealth
- **Feroze Azeez**, Deputy Chief Executive Officer, Anand Rathi Private Wealth Management
- **Satheesh Krishnamurth**, Executive Vice President & Business Head - Affluent & NRI, Axis Bank
- **Himanshu Kohli**, Founder Partner, Client Associates

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THE KEY TAKEAWAYS

Billionaires galore
Some 15 years or so ago there were fewer than a handful of billionaires in India and today there are an estimated 150 of the super-rich, more even than in Japan, although still behind the US and China.

Top of the pyramid wealth
The top 1000 families are worth an estimated USD1 trillion, and total ultra-HNW wealth is perhaps USD3 trillion, according to one panellist. Another noted that there are so many millionaires spread across the length and breadth of India, and the mass affluent segment is also expanding rapidly.

But wealth management lags
The penetration of wealth management for the private wealth sector remains relatively low, still in the single digits. A panellist noted that in the US, for example, private/HNW wealth is estimated at USD65 trillion, and each of the largest wealth managers manages roughly USD3 trillion-plus, so that's about 5% penetration.

Market evolving
Developments taking place overseas are coming to India, in terms of regulatory changes, technology, client expectations for solutions and service, and of course the widespread "financialisaton" of savings, diversifying from traditional assets such as property, gold, and deposits.

AUM to double, at least, within five years
The panel appeared to concur with the premise that AUM for the industry will at least double in the next five years, partly through the arrival of new money, partly through the robust performance of the existing investible wealth.

Agility is essential
An expert opined that wealth management firms must be agile, must see the trends in the market and adapt their advisory models to put a sharp focus on the client needs, to offer the best advice, objectivity and to do so using truly open architecture.

Dreams and goals
A panellist zoomed in on the need to help clients achieve their dreams and goals, to partner with clients on their financial journey through life. To do so, he advised combining safety, liquidity and returns, using risk profiling and customisation, then putting the right products in that fit. The client experience must come first in the process.

Performance counts
Another panel member observed that wealth management firms must perform and measure performance for their clients, they must be fully committed to delivering expert advice and must achieve two-way trust and openness.

Call the (wealth management) doctor
Another expert said a hospital that tries to sell its own medicines would be avoided, and the wealth management industry must strive for the avoidance of conflicts of interest, and achieve the three Ts trust, talent and transparency.

Hear, follow, nurture

A guest gave his three priorities as listening, seeing and following the key trends, and investing in capability. A fellow panellist said their firm's focus is people and knowledge, technological superiority for the benefit of the client and the advisers and seeing where the market is moving to.

Strive for best practices

A panellist highlighted the need for best practices to drive this business forward. Client centricity, talent, the drive to be trusted adviser, and the shift from product distribution to advisory are all key elements in realising the growth potential, he said.

Empathy vital

The final word went to an expert who said his favourite word for this business is empathy, with client centricity and empathy central to the proposition.

ABHIJIT BHAVE
Karvy Private Wealth

"IT WAS JUST 15 YEARS OR SO AGO WHEN THERE WERE FEWER THAN A HANDFUL OF BILLIONAIRES," one expert began. "Today we might have 150 of these super-rich, more than even in Japan, although still behind the US and China. The top 1000 families are worth an estimated USD1 trillion. Total ultra-HNW wealth is perhaps USD3 trillion. GDP today is USD2.7 trillion and rising fast. Well, these are some staggering numbers, but today the penetration of wealth management of the private wealth is low, still in the single digits, so we believe there is vast opportunity. In the US, for example, private/HNW wealth is estimated at USD65 trillion, and each of the largest wealth managers manages roughly USD3 trillion plus, so that's about 5% penetration. And even in China, I understand ICBC's wealth management practice is about USD1 trillion already, out of USD25 trillion of wealth. We have far to go here."

A guest reiterated that great opportunities lie ahead, noting that China's GDP per capita at USD1000 is roughly five times that of India. "And we are looking at a USD5 trillion GDP economy within as little as five years," he added.

Another added that developments taking place overseas are coming to India, in terms of regulatory changes, technology, client expectations for solutions and service, and as we remain mostly an onshore market, there is great potential to diversify, so the best is yet to come. Yes, there will be market volatility, but long-term, this is a great opportunity if you stay committed."

SATHEESH KRISHNAMURTHY
Axis Bank

Wealth spread across the land

"India has more than 4200 legislative assemblies," reported one expert, "and the number of millionaires is simply mind-boggling. You would be astonished by how much money there is around the country, even in remote places, so we are now only touching the tip of the iceberg, as the sheer supply of HNWIs and mass affluent people is incredible. That is why we are spending so much on training, focusing on what we call the KASH box, namely knowledge, attitude, skills, and habits. We firmly believe the good days are indeed ahead, certainly for the next decade as we see things."

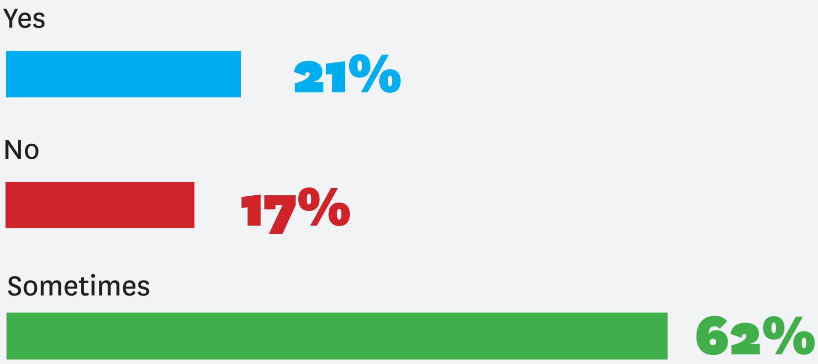
"I agree," came another voice. "Is the future going to be more exciting? A resounding yes is the answer. Same for growth. Same for the opportunity. It is a 'no-brainer' to my mind that every smart financial services player would be investing in this business. India is a very dynamic market, and there is massive, 360-degree opportunity here."

AUM to double, at least, within five years

Another expert chipped in to agree, noting that he believes AUM in the industry will at least double in the next five years, observing that this must be achieved both with new money coming in and performance from the investible funds. "AUM can double and maybe triple in the next five years,

HIMANSHU KOHLI
Client Associates

DO CLIENTS IN INDIA GET INDEPENDENT ADVICE FROM WEALTH MANAGERS?



Source: Indian Wealth Management Forum 2019

like it has in the last five years," he stated, "but to properly cater to this, we must be leaders for the clients, and to do that we must keep improving our skills and expertise through training, to achieve value creation."

ANSHU KAPOOR
Edelweiss Private Wealth Management

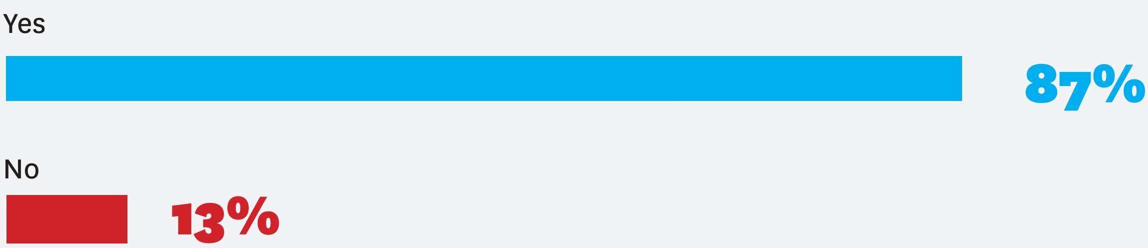
The 'financialisation' of savings

As to specific opportunities, he noted that many of the new billionaires are deriving their wealth from technology firms, or other new-age businesses. He also noted that there is widespread 'financialisaton' of savings - whereas investments used to be largely property, gold, deposits and insurance, now people are moving more towards sophisticated financial products.

"As an organisation, our drive has been to be agile," he explained, "and to adapt to this environment, to help HNWIs and their families unlock that value, perhaps in new-age businesses, perhaps early-stage investments as well as the plain vanilla funds, and so forth. We are also helping to unlock monetary liquidity in less liquid property assets so people can reinvest in higher-yielding property, so we created a real estate advisory desk to professionalise this segment. Additionally, we are striving more towards open architecture and trusted adviser status, whereas in the past there was perhaps less objectivity for the clients in terms of product selection and advice."

But there are also troubles ahead potentially with all this HNW growth. "The wealth gap between the rich and the not so well off is possibly a problem," he observed, "as the rate of growth amongst the wealthy is very high, but India per capita growth is not that high, and is putting a lot of pressure on the government in terms of taxing the rich, so we have seen a higher surcharge, and there could be the re-introduction of estate duties at some point in time."

DO YOU THINK AUM IN PRIVATE WEALTH MANGEMENT IN INDIA WILL DOUBLE IN THE NEXT 5 YEARS?



Source: Indian Wealth Management Forum 2019

Keep it simple

The discussion moved on to the revenue mix for the banks and wealth managers. "We are a major fund manager and distributor here, and a mission for us is to simplify the choice for customers into the optimal products, whether mutual funds, protection products like life insurance, or discretionary management or alternative investment funds, and so forth. The regulator has done well in improving the selling practices and psychology, which is helping to build longevity of the industry, to ensure the interests of the customers are aligned with the distributor's interests. Leverage is another growth area. And costs need to come to realistic levels for the broader market."

Dreams and goals

"As an industry, we must see why the clients give us their hard-earned money," said another expert. "We have redefined our corporate mission as helping our clients achieve their dreams and goals. Defining it that way first, we see our role as a partner with them in their journey to achieve their financial goals. We do that by combining safety, liquidity and returns, using risk profiling and customisation, then putting the right products in that fit."

He noted that a typical way of looking at value proposition is through the 4Ps - products, people, platform and process - but explained that his firm tries to look at this from the client perspective, not to put product first, but to focus on the entire client experience, and then try to keep things as simple, relevant, and effective as possible.

Another panel member took up the baton to observe that wealth management firms must perform and measure performance for their clients; secondly the firm must be fully committed to delivering expert advice, and thirdly there must be two-way trust and openness. "If you are able to deliver these three," he said, "I think the client should ideally be happy, because everything the client needs is a subset of these three qualities, to my mind."

Avoid conflicts of interest

A fellow guest picked up on this and stated that his approach is to consider the firm like a financial doctor to the clients and families. "If you go to a hospital and they are making their own medicines, there is a real conflict there," he remarked. "Similarly, we must make sure we avoid such conflicts in this business, so pure open architecture is vital, such that it is absolutely holistic in nature and captures the entire range of client assets, from financial investments to property assets, early-stage equity investment and so forth. Our credo is the three Ts - trust, talent and transparency."

FEROZE AZEEZ
Anand Rathi Private Wealth Management

"SIMILARLY, WE MUST MAKE SURE WE AVOID SUCH CONFLICTS IN THIS BUSINESS, SO PURE OPEN ARCHITECTURE IS VITAL, SUCH THAT IT IS ABSOLUTELY HOLISTIC IN NATURE AND CAPTURES THE ENTIRE RANGE OF CLIENT ASSETS, FROM FINANCIAL INVESTMENTS TO PROPERTY ASSETS, EARLY-STAGE EQUITY INVESTMENT AND SO FORTH. OUR CREDO IS THE THREE TS – TRUST, TALENT AND TRANSPARENCY."

Listen, hear, follow, adapt

Another panellist gave his three priorities as listening, seeing and following the key trends, and investing in capability. A fellow panellist said their firm's focus is people and knowledge, technological superiority for the benefit of the client and the advisers, and seeing where the market is moving to, in other words spotting customer needs and trends, then positioning the firm appropriately. "Wealth creation is happening at such a rapid pace," he observed, "and we need to position ourselves well to be there with the right proposition and fine-tune to the different client segments we see."

"Best practices," came another voice, "will help drive this business forward. Client centricity, talent, the drive to be trusted adviser, and the shift from product distribution to advisory are all key elements in realising the growth potential."

See the big picture

A final comment came from a guest who said that the future of the industry is not simply chasing the top of the wealth pyramid. "The billionaires will not be so easy to help as advisers, they will focus on cost, on products, as there are so many of our competitors out there chasing them. But the smaller clients are more manageable and will usually grow into larger clients over time, so I think it is very important to work with these smaller clients, to win them over through good advice and performance, and to stay with them as they grow in the years ahead."

A fellow panellist said he disagreed. "There are smaller clients who like to have several advisers, while there are some major clients who like to work with just one firm," he commented.

Empathise with your clients

The final word went to an expert who said his favourite word for this business is empathy. "The whole conversation has to revolve around the customer, and the returns on empathy come over a long period, we really have to invest and be consistent, be present and consistent. Empathy is central to our proposition." ■

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Platforms & Technology – The Role of Digital Transformation in WealthManagement

A panel of technology and fintech experts, as well as wealth management users/clients, discussed the need for India's wealth management firms to embrace digitalisation. They cast their eye over the challenges to be faced and gave some invaluable insights on how wealth management firms can enhance their digital platforms and systems to be both more competitive and more responsive to the needs and expectations of clients.

These were the topics discussed:

- *What does it mean today to 'add value' to a client?*
- *What do you need from your investment platform? How is that changing?*
- *What digital expectations do clients have?*
- *Transparency, Margins, Costs and Fees - what's changing?*
- *How must we tweak the investment engine? Can it be automated? How can we improve efficiency?*
- *How do we deliver 'funds' and investment products and 'advice' to our clients efficiently?*
- *What does the word 'platform' mean to you?*
- *How can you help wealth and asset managers with their fund selection, diversification and asset allocation?*
- *What's the role of AI?*

PANEL SPEAKERS

- **Kunal Bajaj**, Head of Digital Wealth Management, MobiKwik
- **Sharad Singh**, Chief Executive Officer, Valuefy
- **Damian Hitchen**, CEO Singapore, Swissquote
- **Anupam Guha**, Head of Private Wealth Management & Equity Advisory Group, ICICI Securities
- **Rahul Gaitonde**, COO, Cube Wealth
- **Anand Moorthy**, Founder & CEO, PropsAMC
- **Shobhit Mathur**, Senior Director & Head - Advisory, Kotak Investment Advisors

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THE KEY TAKEAWAYS

Digital as hygiene

In recent years, digital was the be-all and end-all, a key differentiation for wealth management firms, but it is already hygiene, in other words, customers expect it, and today it is more important to see it as a means to access and upgrade the client connection more towards added-value and also advisory.

Added value and the value proposition to take centre stage

It is a given that firms now need to offer digital interface and solutions, so the industry henceforth needs to look beyond that to the value-added that the industry is offering to its clients.

Technology as logistics becomes tech as targeted delivery

Technology for the last 20 years has really been about technology as logistics, about making and delivering a product or a service cheaper, faster, better. But the next phase is to use digital to assess behaviour and deliver the right product to the right person at the right time, using big data analytics.

Embracing the culture

Every process and strand of an organisation can leverage technology to give the right kind of experience to the customer. It is not enough just to create an app, there is a major cultural shift which has to happen to make it all user-friendly and relevant.

Technology can help spread the word in India

With the requisite digital advances, there is hope that wealth management can access a far broader range of constituents in India, as currently only 2% of the population access financial investments. To achieve democratisation in this field, predictive analytics will be needed to select products for lower-income customers, rather than offer them choices that can be bewildering.

Real estate data can be professionalised

Real estate is the biggest asset class historically in India, and there are plans afoot to build the first platform in the country to have digitised every land record transaction, government rates, online supply, and land records on a single intuitive map.

Technology and digital platforms can upscale the independent advisers

Many too often talk about digital and the front end, without talking about the end to end process, and the reach and capabilities of many of the firms in the IAM sector, whether asset managers, brokerages, regional private banks, regional wholesale banks, family offices, or whoever can be significantly upscaled by access to a digital platform.

Tech can enable niftiness

New entrants to the industry, if they use technology efficiently and wisely, can move faster because they had much less to lose and are more transformative in nature.

Data is the new gold

Looking ahead, a panellist envisaged an environment in which the focus will be more on the fundamentals of data, clean data, the single source of veracity, takes centre stage, and as digitalisation moves side stage.

Blockchain will have major ramifications

Blockchain and the world of distributed ledgers will revolutionise many facets of the wealth management universe, in India and globally, from onboarding and KYC to tokenisation of illiquid assets.

Be well-positioned in the face of the inevitable changes

Technology evolution is inevitable. It will be vital to navigate smartly and to be on the right side of these benefits, be it scale, be it cost efficiency, be it process efficiency, or be it the ability to add value.

SHOBHIT MATHUR
Kotak Investment Advisors

"A FEW YEARS AGO," BEGAN ONE EXPERT, "if you could create a platform and a seamless experience for your customer that was a differentiating edge, but today it is hygiene and perhaps what would differentiate in times to come will more be the power of advisory. When we talk about digital readiness and digital robustness of the solutions around the digital platform, we need to asses if the platform is intuitive or engaging enough to know who the clients are, what their risk is, their goals, aspirations, investment objectives, and then to really advise clients. Technology plays a key role in all this, so we need to create a seamless experience for our customers in the most cost-efficient manner."

"Everyone here understands that digital is important," came another voice, "but let's discuss why this is so. To me, technology for the last 20 years has really been about technology as logistics, about making and delivering a product or a service cheaper, faster, better. But what technology has not been able to do just yet, and is only now starting to do, is actually deliver the right product to the right person at the right time. That is where big data analytics starts to come in. India's wealth management market has grown apace for 20 plus years, but where it has lagged is financial inclusion. Even if we consider that half of India's people are poor and think about the other 50%, the penetration rate is just 4% of that

DAMIAN HITCHEN
Swissquote

market. To appeal to them they are not going to look at spreadsheets, or graphs, they need very simple, bite-sized financial products, they need to appreciate that these products are right for them, they need to trust the thinking, the advice, the process needs to be automated, and that is what we are doing. But it takes time, we are on a really long runway for this."

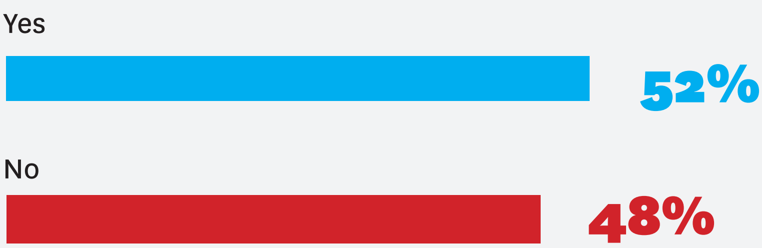
Another expert said that progress will be achieved when things are fundamentally digital. "You couldn't have an Instagram, for example as a non-digital service, and we are today enabled by technology to offer a fully digital multi-asset class advisory-driven wealth management service. This was not possible just a few years ago, and you now see that things will become possible in the wealth space in the near future that you wouldn't have imagined, it is incredibly exciting, things will grow exponentially."

A representative from an investment technology company that helps incumbent institutions, banks, and wealth managers to combat the disruption spoke. "Everyone needs to understand and appreciate digital as a culture, and each and every person in an organisation has to understand that in the digital economy, even customers are expecting something out of you. Every process and strand of an organisation can leverage technology to give the right kind of experience to the customer. It is not enough just to create an app, there is a major cultural shift which has to happen to make it all user-friendly and relevant."

ANUPAM GUHA
ICICI Securities

"Real estate is the biggest asset class historically," said another guest, "and we are now mapping this and adding it in as financial inclusion to the portfolio and we are aiming as a service to change the way people manage, monitor, and

DO YOU USE A DIGITAL WEALTH OR ASSET MANAGER?



Source: Indian Wealth Management Forum 2019

market these assets. We are the first platform in the country to have digitised every land record transaction, government rates, online supply, land records on a single intuitive map. We are aggregating all that data in a smart, intuitive platform, so you can drop a pin on the map and learn about transactions, owners, mortgages and so forth."

A guest highlighted some of the resource issues for the independent wealth management firms in building scale as the incumbent banks, the custody banks typically will ask for a certain amount of assets and will charge a certain amount of money to get access to their global infrastructure and their execution platform.

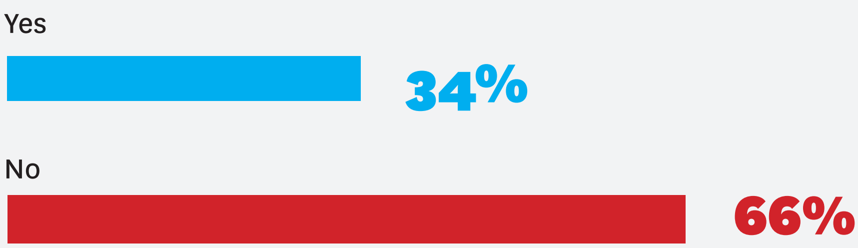
"Accordingly," he explained, "we saw the opening to help them access global markets, multi-asset classes, but at a relatively lower cost, and with direct market access, whereas even some of the very large asset managers working with the banks do not have this direct access, they have to go through the bank desks and often have no direct control over client orders. In today's world, our view is that is unacceptable."

He said he agreed that a flashy front-end is not the sole objective, far from it in fact. "People too often talk about digital and the front end, without talking about the end to end process, and it is there that we offer our platform to our partners, whether they are asset managers, brokerages, regional private banks, regional wholesale banks, family offices, whoever. When you place an order in any of our markets and any asset class around

SHARAD SINGH
Valuefy

ANAND MOORTHY
PropsAMC

WOULD YOU TRUST A DIGITAL STARTUP WITH YOUR HARD EARNED MONEY?



Source: Indian Wealth Management Forum 2019

the world it goes straight through processing automatically where that's possible, and then they have a trade advice within a matter of seconds in that client's account on the platform. In short, it is essential to look at that full end to end process."

The discussion moved on to the current situation in India, where a guest noted that the banks and wealth management firms have built their technology platforms with a variety of vendors and in-house teams. "Now," he discerned, "most of them are at a stage where they cannot just replace all of that in one go, they have to go stage by stage. They will be structurally much slower than an agile young organisation."

A market practitioner returned to the concept of digital as hygiene. "We live in a digital world," he commented, "and we now need to look beyond that to the value-added that we are giving to our clients, the value proposition. Why should clients come on our platform and do business with us? This thought process is now happening."

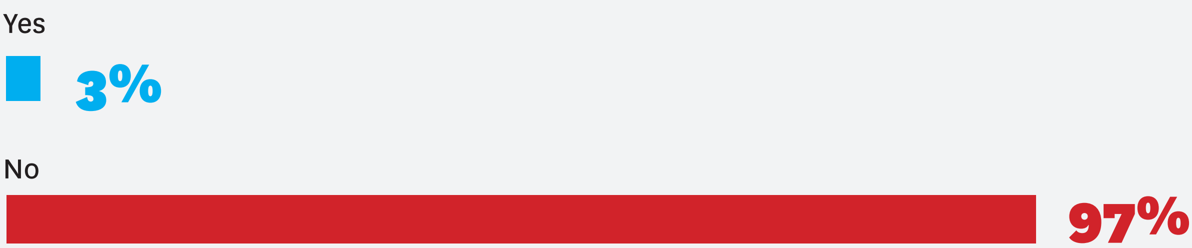
He added that new players come in and move faster because they had much less to lose and hence, they were more transformative in nature. But he said this should not hinder the larger institutions from embracing transformation. "From our perspective, we recognised for example that liquidity is a challenge, so we have now come out with a subscription-based model where one of the features for subscribers is instant liquidity, in other words money in the accounts almost instantly rather than T+2."

KUNAL BAJAJ
MobiKwik

"FROM OUR PERSPECTIVE, WE RECOGNISED FOR EXAMPLE THAT LIQUIDITY IS A CHALLENGE, SO WE HAVE NOW COME OUT WITH A SUBSCRIPTION-BASED MODEL WHERE ONE OF THE FEATURES FOR SUBSCRIBERS IS INSTANT LIQUIDITY, IN OTHER WORDS MONEY IN THE ACCOUNTS ALMOST INSTANTLY RATHER THAN T+2."

He closed his remarks by noting that trust between the institution and customers is essential, and the power of advisory is essentially what will in the future define wealth management."

DO YOU REALLY UNDERSTAND BLOCKCHAIN AND ITS SIGNIFICANCE TO WEALTH MANAGEMENT?



Source: Indian Wealth Management Forum 2019

Another expert added that there is a need for the industry trusted advisers to investors to be able to offer transparency across products which other wealth managers or advisers have sold. He said technology can help in this regard.

Looking ahead, a panellist envisaged an environment in which the focus will be more on the fundamentals of data, clean data, the single source of veracity. "The basics of technology in reaching customers is there already and now less important than the next level of clean data, and then clean client reporting, these areas," he stated.

The final word went to a tech expert who opined that blockchain and the whole distributed ledger protocol will help the wealth management world immensely in India. "It will be relevant and helpful in many aspects," he said, "ranging from customer onboarding with KYC to the actual tokenisation of different assets to make them more accessible, more liquid, to break them into manageable ticket sizes, to be able to make sure that they are transferred between different owners without the need to have central party mediate that transaction or vouch for either part. All of these are going to improve efficiency dramatically, it is going to be very exciting indeed."

A fellow panellist raised the concept of commoditisation of execution. "It then becomes even more imperative to understand what the customer's actual motivations are, what his actual needs are and then be in a position to service those effectively."

RAHUL GAITONDE
Cube Wealth

And in closing a guest observed that with all these advances and developments, it will be even more important to be well-positioned. "It will be vital to navigate smartly and to be on the right side of these benefits, be it scale, be it cost efficiency, be it process efficiency, be this the ability to add value, and so forth," he said. "Exciting times for the industry and we are all enthused to be here and involved at this time." ■

STOCK MARKET IS LIKE A CARDIOGRAM. IT HAS ITS UPS AND DOWNS.

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Curating the Right Solutions for India's HNWI Clients in Today's Environment

A panel of experts debated the key trends on wealth structuring and wealth planning for India's wealthy private clients and discussed how the industry should best engage and retain younger generation clients, as more and more wealth is transferred to the next generations.

These were the topics discussed:

- *The Future Survival of Private Wealth Management: Mastering the Art of Gaining and Retaining Millennials. Are we REALLY ready for the transfer of wealth to the next generation?*
- *What are the biggest trends in wealth structuring and planning today?*
- *What are the most common concerns of HNW & UHNW clients?*
- *Finding the best advisory services and solutions - how do you maximise partnership with the right specialists?*
- *What specific trends are we seeing from Indian clients?*
- *How is the importance of International Financial Centre's changing?*

PANEL SPEAKERS

- **T P Ostwal**, Managing Partner, T. P. Ostwal & Associates LLP
- **Ashvini Chopra**, Senior Vice President, Times Group
- **Shweta Shah**, Head - Wealth Structuring & Tax, Edelweiss Private Wealth Management
- **Sneha Makhija**, AVP, Wealth Planning Specialist, Sanctum Wealth Management
- **Neha Pathak**, Senior Group Vice President, Head of Trust & Estate Planning, Motilal Oswal Private Wealth Management
- **Rishabh Shroff**, Partner, Cyril Amarchand Mangaldas
- **Tariq Aboobaker**, Managing Director, Amicorp Group

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THE KEY TAKEAWAYS

The trend to professional structures

With very high tax rates for the very wealthy and the fear of the arrival of estate duties in coming years, an expert highlighted the increasing prevalence of wealth and estate planning, of the appropriate structures and pointed to the need to keep things at arm's length where necessary.

Separate personal and corporate

With new insolvency laws and a history in India of many personal guarantees, many families are increasingly concerned about separating personal and family wealth. Fear is often driving this trend.

Alignment of interests

A panel member highlighted the need for alignment of mindset, manner and method. In essence, this means that wealthy families must embrace greater openness and transparency, must consider the future situation of their current and future family generations, and should structure their affairs in the most appropriate manner.

Families more receptive to discussions

Wealth planning and succession discussions are becoming more personal and more intense, with families increasingly aware of the issues and of the need to address wealth transition and all of the surrounding concerns, including potential for divorce in the different generations and other key areas.

A global concern

Indian families are ever more global in their business and personal wealth and lifestyles, so advisers must address these matters with a clear appreciation of the global regulatory hurdles as well as the local issues.

Horses for courses

An expert advised that there are many structures available to consider and that the merits of each depend largely on the individual family situations, so professional advice and careful consideration is required before selecting any particular route.

Transparency to the forefront

Another guest pointed to the need for big decisions to be conducted in a transparent manner within the broader family context and then set within the appropriate structures and following clear governance protocols.

Take the early train

The panel advised that the earlier individuals and families can address wealth succession, the better, especially as there are many twists and turns on the journey of life.

A fluid situation

The panel advised that families should be cognizant of the fluidity of businesses and of personal situations, so, therefore, cautioned that any planning and structuring should include the ability for the promoters to adjust to future situations.

Carve some wealth out irrevocably

A panel member strongly advised that HNWIs should be carving a certain portion of business or personal wealth into an irrevocable trust.

Sensitivity required

Conversations with clients in India on these delicate matters require a sensitive approach, and for the advisers to help educate their clients on the vital necessity of effective planning and structuring.

transitioned, and we see families increasingly sensitive to the next generation, and how or if they should take over the businesses and other wealth. And method involves wills, trusts, family constitutions and all these areas, all of which need to be aligned properly."

The same panellist noted that discussions are becoming more personal and intense, with families increasingly aware of the issues and of the need to

"WE KEEP READING ARTICLES ON FAMILY DISPUTES AND CLIENTS THESE DAYS INCREASINGLY REALISE THE NEED FOR SEAMLESS WEALTH PLANNING," SAID ONE GUEST. "INDIAN FAMILY WEALTH IS INCREASINGLY GLOBAL, SO IT IS BOTH COMPLEX AND REQUIRES LOOKING AT FROM A GLOBAL REGULATORY VIEWPOINT AS WELL."

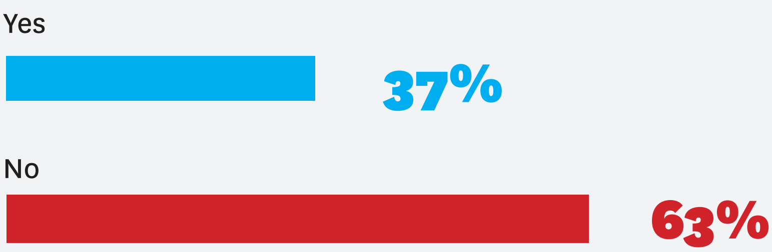
address wealth transition and all of the surrounding concerns, including potential for divorce in the different generations and other key areas.

"We keep reading articles on family disputes and clients these days increasingly realise the need for seamless wealth planning," said one guest. "Indian family wealth is increasingly global, so it is both complex and requires looking at from a global regulatory viewpoint as well." Another panellist agreed, adding that

TARIQ ABOOBAKER
Amicorp Group

T P OSTWAL
T. P. Ostwal & Associates LLP

DO YOU THINK INHERITANCE TAX WILL BE INTRODUCED IN INDIA IN THE NEXT 5 YEARS?



Source: Indian Wealth Management Forum 2019

Indian families increasingly prefer professional management of their businesses in the future, with family members involved only on merit and family wealth increasingly separated from control of the business assets.

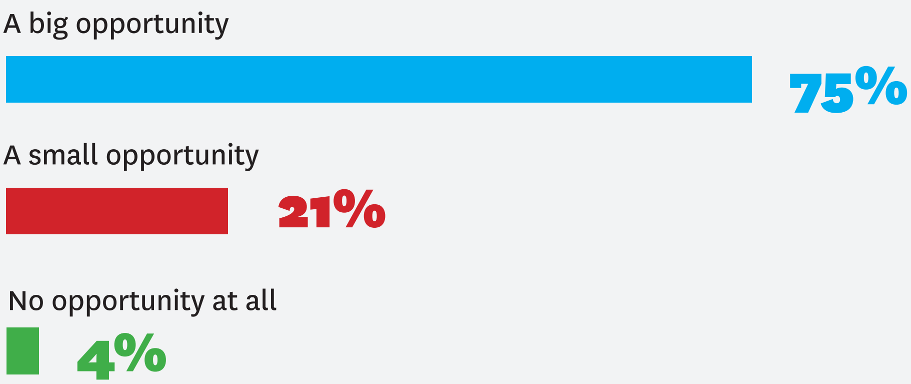
A lawyer advised that there are many structures available to consider, but that the merits of each depend largely on the individual family situations, so professional advice and careful consideration is required. Another said a good starting point is the Will, on which can be layered the appropriate structures, whether limited partnerships or trusts, two-tier trusts or other vehicles.

Another guest pointed to the need to address all key areas, including the actual wealth transfer and the need for business and family wealth governance. He indicated that big decisions should be conducted in a transparent manner and set within the appropriate structures and follow clear governance protocols.

"Yes," agreed another panel member, "it is essential to plan early and plan ahead, as many things can happen. For example, if there is an accident and the parents of young children are killed, and those parents are not properly structured with wills and trusts, and so forth, those children might lose out. People are wary

RISHABH SHROFF
Cyril Amarchand Mangaldas

DO YOU SEE THE TRANSFER OF WEALTH TO THE NEXT GENERATION AS A BIG OPPORTUNITY FOR YOU?



Source: Indian Wealth Management Forum 2019

of passing wealth to children at a young age, but they also need to be properly prepared and structured, so this can be done in a phased manner and in the case of unforeseen events."

"There are two common questions," came another voice. "One is what is the right age for succession. And second, how much should I need to have to form a trust? In my view, there is no right age for succession. But the later you plan and put things in place, the more complications you risk, so the faster you do it, the better. There are multiple reasons why you look at planning,

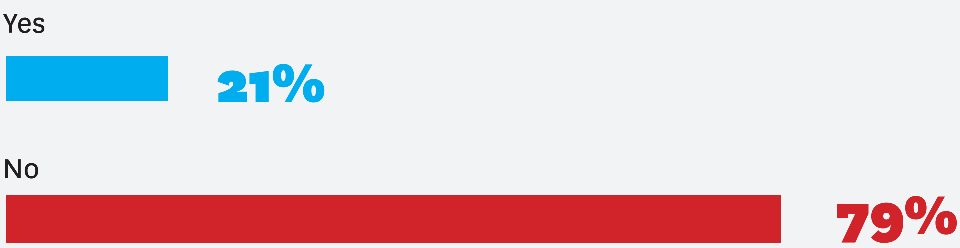
"AS AND WHEN THE CHANGES TAKE PLACE, YOU MUST BE READY TO GIVE EFFECT TO THOSE CHANGES IN YOUR PLANNING AND STRUCTURES,"

not only from the perspective of passing on wealth point of view but also preserving wealth, especially in face of unforeseen events. Use your wealth in a ring-fenced manner, protect yourself from any unforeseen events that may come and then look at passing it on to the next generations."

A guest highlighted how dynamic business and families are, as things are constantly changing, so families need structures that can be adapted to the current situations and flexibility built-in. "As and when the changes take place, you must be ready to give effect to those changes in your planning and structures," he advised.

NEHA PATHAK
Motilal Oswal Private Wealth Management

DO YOU HAVE A WILL?



Source: Indian Wealth Management Forum 2019

"Carving a certain portion of the business or personal wealth into an irrevocable trust is often a good approach, especially for younger wealthy people," said another expert. "This means the younger family members can be protected, but also the older family members, for example those parents who are not wealthy but whose offspring in their 20s and 30s become so wealthy. Anything can happen, including accidents, divorce and other events, so carving out portions of assets and wealth is very sensible."

Being sensitive to the nature and content of these discussions is essential, said another guest. "These are uncomfortable topics to discuss," he said, "but the approach must be positive as well, so people are willing to hear your ideas. Yes, you may have to use a few difficult words at that point in time, but education and sensitivity are vital. Getting the entire family together on the same page is also essential to avoid conflicts, so a family constitution and/or a business governance policy is advisable, then obtaining consent from the family members, so there is transparency, and they buy into the concept." ■

ASHVINI CHOPRA
Times Group

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India and Women in Wealth Management

A focused panel of prominent female wealth management experts from India gathered to assess the role of women in wealth management, from the viewpoints of both the end-clients and the firms that serve them. The panellists ranged over the need to attract more women into the profession, the growing wealth of women in India, the question of whether these clients have particular investment needs or preferences, and the quest to offer better advisory propositions to them.

These were the topics discussed:

- *Does this industry offer great prospects for women?*
- *Do Women make much better wealth managers and asset managers?*
- *How do we attract more women into this business?*
- *Are women in India becoming a financial force with impact?*
- *Do women have unique investing needs and preferences?*
- *Are current advisory models working for women?*

PANEL SPEAKERS

- **Swetha Manot**, Associate Director – Private Wealth Management, Anand Rathi Private Wealth Management
- **Lakshmi Iyer**, Chief Investment Officer (Debt) & Head Products, Kotak Mahindra Asset Management
- **Ruchi Sankhe**, Managing Director, Origination and Client Coverage, Waterfield Advisors
- **Nithya Easwaran**, Managing Director, Multiples Alternate Asset Management

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THE KEY TAKEAWAYS

Huge opportunity

The panel agreed that a world of women as clients and women as wealth management leaders is just beginning and the opportunities are outstanding, so more focus must be placed on this area.

The pie is growing

Over the next 25 years, almost USD30 trillion of intergenerational wealth transfer is going to take place, with a substantial portion of that to be inherited by women. But the global statistics suggest only 20% of the private bankers worldwide are women.

The wealth sector needs more women

While almost 69% of women in India work today, the financial services sector lags behind, and the wealth management business lags even further behind.

The appeals are there

The wage gap general in India is 19% but in the financial sector only 2%, so there is a plentiful financial incentive for women to enter this market.

Education and communication vital

More effort must be made to communicate the essence of the wealth management business to women at schools and universities.

Women de-select themselves

Women are some 25% to 30% of business school students but tend to self-select themselves out of what they think are heavier financial careers, due to their perceived work-life balance or perhaps their concerns about their networking abilities.

More leaders needed

Globally, a member noted, there are only about 12% of women in CFO positions in the financial sector, and 18% in executive positions, and in the investment management arena only about 13% in CEO positions. But already, an estimated 32% of global wealth is in the hands of women.

More institutional support available

While there is no perceivable trend towards more women taking full control of their family business empires, more female new-age entrepreneurs are winning financial support from venture capital funds.

Different investment approaches

As a broad generalisation, women are more interested in sustainability and consistency of investment returns, they are interested in achievable goals. They often have a very detailed understanding of their goals in life, for example, early retirement and passing wealth to their children. A guest remarked that women tend to be more risk-averse, they believe more in giving back to society, they are not keen on credit.

More organisation support needed

Wealth management firms should offer more education in the form of events and seminars focused on the broader constituents of families, including the wives and daughters of wealthy clients.

NITHYA EASWARAN
Multiples Alternate Asset Management

"THE OPPORTUNITY TO ENGAGE WOMEN IN THIS PROFESSION IS BOUNDLESS," one panellist began. "As far as women in wealth management, asset management, basically the financial services landscape, we have barely scratched the surface. The canvas could be far more colourful, and it is high time businesses recognised this and took action to liven up the canvas."

Another voice added that since women began joining the workforce form the 1960s onwards - with greater government support, education, emancipation and the desire for financial independence - India has moved from a situation where the percentage of women in work was 38% and today is almost 69%. "In general, the wage gap has shrunk today to 19% but in the financial sector just 2%," she said, "so there is a good incentive."

"I believe this is a wonderful profession for women," said another guest, "but we need to educate more people about the opportunities, to bring wealth management into greater focus at universities and schools. We also need to improve the career path for women in the profession and retain more. Our firm has won awards in this field, for creating a difference, and we must help combine careers with families as a very important element of this, to help retention of skilled women in this industry, where there are natural advantages for us."

Another panel member cited data she said was from Morningstar that some 8% of fund managers in India are women although they

RUCHI SANKHE
Waterfield Advisors

manage 15% of the AUM, although generally there are more than 40% of women in many wealth management firms.

"When I go to recruit from business schools," she remarked, "Women are some 25% to 30% of business school students and tend to self-select themselves out of what they think are heavier financial careers, due to their perceived work-life balance or perhaps their concerns about their networking abilities."

"WOMEN ARE SOME 25% TO 30% OF BUSINESS SCHOOL STUDENTS AND TEND TO SELF-SELECT THEMSELVES OUT OF WHAT THEY THINK ARE HEAVIER FINANCIAL CAREERS, DUE TO THEIR PERCEIVED WORK-LIFE BALANCE OR PERHAPS THEIR CONCERNS ABOUT THEIR NETWORKING ABILITIES."

Another view came from an expert who noted that over the next 25 years almost USD30 trillion of intergenerational wealth transfer is going to happen, with a substantial portion of that to be inherited by women. "But the global statistics suggest only 20% of the private banker worldwide are women, so we will need to adapt models of private banking to make sure that we get more women on board."

The panel mulled over the role of women taking control of family business empires or creating their own, agreeing that it depends on personal preferences and abilities, but that more can and likely will be achieved in this area.

"A trend which is more prevalent now is new-age entrepreneurs getting money from venture capital funds," said one guest, "so we are seeing more institutional money supporting women and building some very interesting businesses. Successful women often find a way to balance their professional aspirations and run a successful family." The panel then agreed that the way the roles of women and men were pre-conceived has changed and keeps evolving.

Globally, a member noted, there are only about 12% of women in CFO positions in the financial sector, and 18% in executive positions, and in the investment management arena only about 13% in

SWETHA MANOT
Anand Rathi Private Wealth Management

CEO positions. "There is a lot of catching required," she said, "because already an estimated 32% of global wealth is in the hands of women, and we know from experience that many women oversee family wealth, including here in India."

A panellist said there are differences in approach amongst women compared with men. "Most of my women clients are not interested in how quickly I beat the market," she commented, "they are more interested in sustainability and consistency of returns, they are interested in achievable goals. And they often have a very detailed understanding of their goals in life, so, for example, we know women retire early, they also more often than not outlive their spouses, so it is lot more critical for them to take care of their retirement needs which is what we try and build for them."

Another guest remarked that women tend to be more risk-averse, they believe more in giving back to society, they are not keen on credit. She indicated that from her perspective, women are fine with male, or female advisers, as long as they recognise and cater to their individual needs.

The conversation continued with the differences in investment approach. "Men are more result-oriented, where most of our female clients look at consistency, stability, lower risk, and achievable goals because they are more interested in achieving their financial goals," said one guest. "Having said I am completely cognizant of the fact that there is no specific strategy that we have created for a female client or a male client."

"What would be nice," said another expert, "is to make this whole concept of finance, managing wealth, thinking about family money, less intimidating for the women clients." A panellist agreed, saying this all goes back to early family discussions, where perhaps the daughters were excluded from conversations on business and finance. "It is an education thing, and a cultural change is taking place. It is not about skills or intellect, often it is about confidence."

The discussion moved to technology and the hope that machine learning and AI will gradually become more female-focused, and for wealth management, this is all about personalisation.

A guest said that wealth management firms can also offer more education in the form of events and seminars focused on the broader families, including the wives and daughters of wealthy clients. "We also see more advertising content that is more women-centric," she added. "We have certainly seen a lot more work happening in terms of educating white-collar women across the industry, so we expect to see more women in leadership roles in the next decade, as women get more involved and grow through the ranks."

LAKSHMI IYER
Kotak Mahindra Asset Management

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The Quest for Talent in India's High Growth Wealth Management Market

A team of wealth management leaders gathered at the Hubbis India Wealth Management Forum to analyse the skills that firms will need to boost their proposition in the years ahead, especially as the private wealth market in India expands rapidly and is becoming ever more sophisticated.

These were the topics discussed:

- *How can learning and professional development help you add value and differentiate your offering?*
- *Why is improving skills so important today?*
- *Trusted adviser - what does that even mean?*
- *What's critical to ensure business ownership and input in developing the best learning and development programmes?*
- *What must we do to improve competency assessment for leaders and advisers today?*
- *What works and what doesn't?*
- *Does anyone take learning and competency seriously in India?*
- *Why have we not set a higher bar?*
- *What's the role of the regulator?*

PANEL SPEAKERS

- **Ashish Gumashta**, Managing Director & CEO, Julius Baer India, Bank Julius Baer
- **Ashish Shanker**, Head - Investment Advisory, Motilal Oswal Private Wealth Management
- **Sachin Taneja**, President and Head, Wealth Management, Systematix Group
- **Kailash Kulkarni**, Chief Executive – Investment Management, L&T Mutual Fund
- **Anand Varadarajan**, Head of Global and Alternative Asset Management, NJ Global Invest
- **Sagar Khandekar**, Executive Director – Client Relations, Kotak Wealth Management
- **Gaurav Arora**, Chief Investment Officer, ASK Wealth Advisors
- **Arpita Vinay**, Whole Time Director, ED - Family Office and New Initiatives, Centrum Wealth Management

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THE KEY TAKEAWAYS

Client demand driving change

Although regulatory requirements on skills in the wealth management industry are not yet extensive, investor awareness and investor demand are rising, so the most skilled and committed RMs will do best in the years ahead.

Be committed, be passionate

Three qualities considered essential for a good private banker are network and networking skills, content/knowledge, and a considerable passion to grow alongside the clients over the longer-term.

Change is accelerating

The financial and regulatory environments globally and within India are evolving so fast that professionals must keep learning. Those who do not realise this risk failing.

Learning is both external and internal

There are two types of learning vital for growth in this industry, one is external, or institutionalised and the second is self-learning, and both are required for success.

92% say more skills required

Some 92% of the delegates believed competency standards in wealth management need to be raised in India. To do this, regulation must encourage greater skills, organisations should spend more time and effort on training and individuals must embrace the need to keep expanding their knowledge and soft skills.

Younger generations taking the wealth wheel

The driving force for the future of wealth management in the country will be the younger wealthy, who are either inheriting or making India's existing and future private wealth. Many of them have been educated overseas and have considerable knowledge and greater demands on their advisers. Advisers need to be able to manage the clients as much as manage their investments.

A sweet spot of opportunity

GDP and private wealth expansion are both taking place very rapidly, but one expert estimated that the wealth market is currently serving only perhaps as little as 10% of the potential market across the length and breadth of India.

A team approach

As some of the wealthiest investors broaden out their investment horizons to start-ups, private equity and a host of alternative areas, as well as looming ever more globally, wealth management institutions need to broaden their skills and include more niche areas of expertise.

An eye on regulation

Turning to regulation, a panel member highlighted the need for transparency of fees, the suitability of product for the client and understanding of the product by the client, all of which should shape the business ahead.

An eye on the economics

Turning to the economics of the industry, panellists said costs must be kept under control as there is increasing pressure on pricing ahead, even though the size of the opportunity in India is so very large. There is a vital need to balance off the need for revenues with transparency, but the outlook overall is good due to the rapid underlying market growth.

ASHISH GUMASHTA
Bank Julius Baer

"THERE MIGHT NOT YET BE REGULATORY DEMANDS ON STANDARDS of professionals here," began one expert, "but the growing level of investor awareness makes it natural that those relationship people who are up the curve in terms of product knowledge, actually end up surviving and getting more business."

Another guest opined that he sees three qualities essential for a good private banker, namely network, content, and passion. "I think this is also a profession which requires a long-term time-frame, the ability as you grow older to build more relationships, and therefore make more money, but many people do not have sufficient patience for that."

Another panellist agreed, adding that the financial and regulatory environments change so fast that professionals must keep learning. "If not, they are soon extinct," he warned.

"From my perspective," said one guest, "the central need for a wealth manager is to be remarkably well informed, very smart and up to the mark on conceptual basics, content, and the regulatory changes. If so, you will put your investors at ease."

A panel member remarked that there are two types of learning, one more institutionalised and the second self-learning, which is a vital characteristic he said of the more successful advisers. "An individual has to be inherently curious on a daily basis because there is

ASHISH SHANKER
Motilal Oswal Private Wealth Management

information overload today," he said. "There is so much noise around, so you must be capable of hearing and analysing these signals."

A panel member noted that a survey during the Forum had highlighted how 92% of the audience believed competency standards in wealth management need to be raised.

"I am a bit surprised the answer is not 99.99%," said one guest. "There are three levels required in my view. First, standards mandated by regulation, which is gradually increasing, for example, certain

"THERE IS SO MUCH NOISE AROUND, SO YOU MUST BE CAPABLE OF HEARING AND ANALYSING THESE SIGNALS."

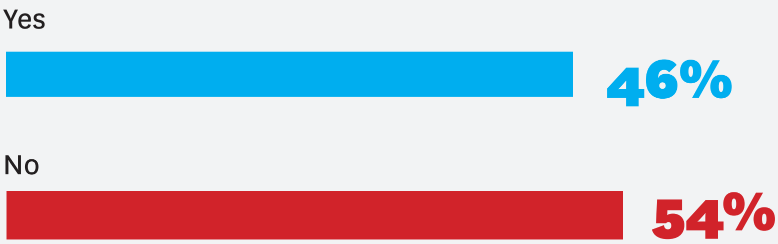
advisory examinations that the private bankers are supposed to clear. The second is what is mandated by the organisation for which a private banker or a wealth manager works. The third is self-realisation, or the skillset that oneself would want to achieve and maintain."

"My own feeling," he continued, "is that there is an inherent fiduciary responsibility for private bankers, and from a regulatory standpoint I think there should be a more broad-based and more rigorous learning requirement."

As to the organisations, he added that many are good at the soft skills development, but they also must be right up there in their technical skills, and while Indian bankers are quite accomplished, there can be more done in this regard in terms

SAGAR KHANDEKAR
Kotak Wealth Management

WOULD YOU ENCOURAGE YOUR CHILDREN TO JOIN THIS INDUSTRY?



Source: Indian Wealth Management Forum 2019

of organisational-driven training. “Finally,” he remarked, “self-improvement must be constant, so if we want to see the 92% number drop to 50% or below in such a survey, we need all three aspects of learning and development to improve.”

An expert highlighted the evolution of private wealth in India and the rise of the Millennials. “They are driving more and more of the investment decisions of many families, they are well educated and demanding and more knowledgeable,” he observed. “We run our own programme focusing on financial literacy and skills, and we stress how important it is to have clear segregation between product development and investment advisory. We explain that advisers should be managing the investor, not managing the investment, and that is where the opportunities lie.”

“WE RUN OUR OWN PROGRAMME FOCUSING ON FINANCIAL LITERACY AND SKILLS, AND WE STRESS HOW IMPORTANT IT IS TO HAVE CLEAR SEGREGATION BETWEEN PRODUCT DEVELOPMENT AND INVESTMENT ADVISORY. WE EXPLAIN THAT ADVISERS SHOULD BE MANAGING THE INVESTOR, NOT MANAGING THE INVESTMENT, AND THAT IS WHERE THE OPPORTUNITIES LIE.”

“I think we are actually in a sweet spot in India,” said another guest, “because GDP and wealth are expanding so fast and we are not so advanced as overseas markets in the transition from active to passive management, so we see many asset managers highly valued on the market. Private wealth and AUM are expanding so fast here, and wealth management is in a good place.”

“Yes, if you look at the 1.2 billion people here, maybe 200 million people already have some level of serious money,” came another voice. “If you take mutual funds and alternate assets and others, all put together, we just have barely 25 to 30 million individual investors actually investing in serious investment products, so the amount of wealth which is there in tier two or three cities is

GAURAV ARORA
Continental Group

ARPITA VINAY
Centrum Wealth Management

still not being tapped by most of us. But today, I think we lack advisers, so we need more, and we need better."

"So how do we get more people involved in this industry," queried a panellist. "You have to build people in this business, and quality, and that takes time," an expert answered. "Training and education take time."

"The first generation, especially the second and younger generation promoters, are becoming more knowledgeable and getting a lot less emotional

"SO WE NEED FINANCIAL ADVISERS WHO ARE SKILLED AND RELEVANT BUT ALSO WHO HAS EMPATHY, ESPECIALLY WHEN HANDLING THE WEALTH PLANNING SIDE OF MATTERS FOR CLIENTS. IN SHORT, WE NEED TECHNICAL AND SOFTER SKILLS TO HARNESS THE GREAT POTENTIAL OUT THERE."

about investments," said another expert. "So we need financial advisers who are skilled and relevant but also who has empathy, especially when handling the wealth planning side of matters for clients. In short, we need technical and softer skills to harness the great potential out there."

A fellow panel member highlighted the demands of the very wealthy investors in India, who are increasingly focused on early-stage alternative investments and incubating new businesses, which requires another set of skills for wealth managers to have in order to help those HNWIs and their families.

"The kind of skill set that you require here is very different from the skillset that you require when you advise other clients," he said, "so for these top wealthy clients and family office type investors, we need to look at maybe a team of from a legal background, from an investment banking background, from a private equity or a corporate banking background, to achieve an all-around kind of skill set and build the type of trust that these families need."

Turning to regulation, a panel member highlighted the expectations of the regulators in India, namely SEBI. "Transparency of fees,

ANAND VARADARAJAN
NJ Global Invest

SACHIN TANEJA
Systematix Group

the suitability of product for the client and understanding of the product by the client, these are the three key requirements, as we see it," he observed. "These should be the three parameters we have to shape our business ahead, especially as this industry moves more to an advisory model."

"I agree," said another guest, "we must be aware of understanding the client context, product suitability, we must be transparent, aligned, the client must be fully informed, and there must be value."

Turning to the economics of the industry, a guest noted that costs must be kept under control as there is increasing pressure on pricing ahead, even though the sheer size of the opportunity in India is so very large.

"You can make up some of the yield through volumes," he remarked, "but from a regulatory standpoint people need to move to greater transparency, whether it comes to fees, whether it comes to disclosure, so we need to be able to transparently communicate to the client what value we are bringing to the table. If you are going to build a business sustainably over 10 to 20 years, you need to business for the future."

The final word went to an expert who highlighted the dramatic expansion of billionaires and seriously wealthy HNWIs in India. "I think a lot of firms need to get more innovative and start going after professionals, business owners, small business owners, the future millionaires and billionaires," he said. "The pie is huge, but we also need to be patient and to look ahead at the future wealth of the country that will drive this business. This is also a game of patience and organisations need to demonstrate that."

KAILASH KULKARNI
L&T Mutual Fund

Global Citizens, Global Residents: Trends and Developments in Investment Migration

Dominic Volek, Managing Partner, Head Southeast Asia at investment migration consultancy Henley & Partners, along with Nirbhay Handa, Henley Director, presented a detailed and thought-provoking Workshop to delegates at the Hubbis India Wealth Management Forum in Mumbai. Their talk highlighted just how many viable alternatives there are for Indian HNWIs seeking alternative citizenship or residence options around the globe.

VOLEK BEGAN BY INTRODUCING HIMSELF AS MD OF THE FIRM and based in Asia, overseeing South and Southeast Asia, and Handa, he explained, leads Henley's South Asia team, focusing primarily on India, Bangladesh, and Sri Lanka. He explained that Henley has pioneered the concept of residence and citizenship planning for more than two decades. Although a little-known concept when Henley began, investment migration has today become an integral part of wealth management and of the strategies put in place by forward-thinking families.

Global impetus

This global trend towards offshore residence and citizenship is currently in strong evidence in Asia due to the phenomenal rise in the number of HNWIs and UHNWIs in the wider Asia Pacific region, which last year set a new record of 6.2 million HNWIs worth USD21.6 trillion, according to Capgemini's World Wealth Report 2018.

India, Volek highlighted, is seeing a rapid growth in private wealth and in turn in the investment migration market and has more wealth outflows than most countries. India, he said, has a HNWI population of around 350,000 today and

[NIRBHAY HANDA, IMCM](#)
Henley & Partners

[DOMINIC VOLEK](#)
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a roughly 3,500-strong ultra-HNWI population worth at least USD50 million each. "A lot of you here today," he noted, "will be advising these individuals and we work very closely with the wealth management community, including private banks, helping to advise those clients on the best citizenship and residence options available. So, we are ready and happy to talk with you, and of course we also work on sensible economic arrangements that make it worthwhile working with us."

No dual nationality allowed

He reported that India does not allow dual citizenship, meaning that there is largely greater interest in alternative residencies. "First and foremost, for anyone holding an Indian passport, it can be difficult to travel due to the limited visa-free access that an Indian passport provides. Alternative residence in Europe as an example gives you greater mobility, it gives you travel freedom with visa free access to the Schengen area."

Volek highlighted how the US has historically been the prime destination for Indian nationals seeking alternatives, with more than 4.5 million overseas Indians already living in the US.

He added that Australia is also the number one destination for any HNWI to move to currently. Looking more broadly, some of the key programmes Henley recommends for either residence- or citizenship-by-investment, include several countries in the Caribbean, EU countries such as Greece and Portugal (for residence) and Malta and Cyprus (for citizenship) as well as the latest, the Republic of Moldova, also in Europe but not currently in the EU.

More choice today

"Over the last 10 years the range of options on offer in Europe has risen from two or three countries offering these programmes to 20 or 30 of them today," Volek told the audience. "Supply is, therefore, meeting demand. For example, aside from Moldova, Montenegro is due to launch its citizenship-by-investment programme in the coming months."

Henley's activities span the private practice, which focuses on the needs of high net worth

(HNW) and ultra-HNW clients who seek secondary residence or citizenship through investment, as well as a government advisory practice, where Henley works with countries to design, implement and promote their investment migration programmes.

Volek explained that Henley has built both a global presence and unparalleled expertise advising HNWIs and the ultra-rich on obtaining either citizenship-by-investment or residence-by-investment. "Anyone in Asia considering this route needs the best professional advice and for that Henley is the proven expert for more than 20 years now," he reported. "We are pioneers and leaders in this sector, with a worldwide staff of over 300 across 32 offices, and with more than 60 of our people here in Asia."

Take your pick...

Residence-by-investment (RBI) is a less complex option, whereas citizenship-by-investment (CBI) is, understandably, the more demanding and expensive option. CBI programmes confer on the successful individual, and their families, the same rights as ordinary citizens of those countries; the solution is permanent and includes voting rights and passports and typically no physical presence requirements. The great advantage of CBI is that it bypasses the traditional route of an HNWI and the entire family relocating to another country in order to earn citizenship.

On the private client side, Volek explained that there are various reasons why private clients come to Henley. "We might, for example, have a family from a troubled country that is seeking second citizenship, literally as a lifeline against political or economic uncertainty." A similar motivation is having a 'Plan B', which is effectively an insurance policy in the event that someone's home country becomes unstable, where there is sovereign risk, political or economic uncertainty, or any other major problem one might encounter.

Many reasons

"Having an alternative residence or even citizenship offers a secure alternative in the face of these types of risks, not just for the individual but for their whole family as well as future generations," Volek observed.

At the other extreme are very wealthy clients in a stable country in Asia that see a second passport

as a status symbol. "To hold a European passport these days and especially one that offers unlimited access to the EU and the US, is rather like owning a supercar or a yacht," Volek commented.

And in the middle ground, and this is where the majority of the Henley clients are nowadays, the motivation is primarily for travel freedom. "If you are born in a country like India, the Philippines, Bangladesh or China, from a travel perspective your passport is very restrictive, and this impacts your ability to do business and to access global opportunities," Volek explained.

Volek also pointed to retirement. "In a place like Mumbai the property prices are peaking high," he noted, "but in Greece you can buy a beautiful apartment, and you can also get a permanent residency for EUR250,000, with all the associated travel benefits including access to EU's Schengen Area."

"To hold a European passport these days and especially one that offers unlimited access to the EU and the US, is rather like owning a supercar or a yacht,"

Time-efficient

Volek also noted the typical private client is cash-rich but time-poor. He said most clients do not actually move to the new country, even if they obtained alternative citizenship, and that generally their motives are driven by additional freedom and flexibility. Frequently, Volek explained, clients do not even need to reside in their chosen jurisdiction; as long as they can pass the various anti-money laundering and strict due diligence checks, invest the required sums and pay the necessary fees, they can become citizens of those countries and obtain a second or alternative passport and all the benefits that it brings.

Working directly with governments

Handa took the floor and explained that aside from the private practice, the other element of Henley's business is government advisory, where the firm strategically advises governments on the design, set-up and implementation of their various programmes. To date, Handa noted, the company has helped governments raise more than USD8 billion in foreign direct investment in a number of countries, including Antigua and Barbuda, Malta, St. Kitts and Nevis, Thailand and most recently the Republic of Moldova.

Handa highlighted some government advisory milestones, dating back to 2000 when the firm began working with St. Kitts and Nevis, which boasts the oldest programme in the world, available since 1984. "The programme had been relatively dormant for many years until our government advisory team helped them to restructure to a model which since then the whole of the Caribbean has followed."

And he also pointed to Henley's work with the UK on its Tier 1 investor visa and more recently, Antigua and Barbuda in the Caribbean and Malta, which today offers one of the most exclusive CBI programmes in the world. And he reported that Henley is currently working with the Thai Government on the Thailand Elite programme, as well as with Moldova on its CBI programme.

Every year the firm releases its Henley Passport Index, which ranks a citizen's passport according to the number of countries that the holder has visa-free or visa-on-arrival access to. The Singapore passport offers visa-free access to 189 countries, so it is a great passport to hold and to travel with. But the Indian passport only offers access to 58 countries visa-free.

Citizenship alternatives – Caribbean

Handa then launched into more detail on the programmes on offer. In the Caribbean, the main focus is really on the travel freedom, with five countries offering CBI programmes, namely Antigua and Barbuda, St. Kitts and Nevis, Grenada, Dominica and St. Lucia.

The Caribbean model is typically one whereby the applicant has the option to either donate to a government fund or invest into real estate which then they can hold for three to seven years depending on which country they choose. The costs will range anywhere from USD100,000 to about USD300,000 in terms of the investment amount required.

The main applicant and his or her spouse can be included as well as children below 18 years old, while dependent adult children can also be included up to specific ages, as well as dependent parents of the main applicant and their spouse.

As to processing time from the date of submission of the application, this takes between three and six months. In the Caribbean, Henley clients can obtain outstanding passports from British Commonwealth countries, offering easy access to Europe, the UK, Singapore, Hong Kong, and so forth. Grenada is unique in that it is one of only about 15 countries in the world that has visa-free access to China, which is of considerable value for anyone seeking closer business ties with China.

As to the types of investments associated with such programmes, these are very often high-grade assets. Henley clients are typically investing into branded five-star resorts, or hotels, getting a title deed on a unit or several units that are part of the resort, which are managed by a renowned, brand-name operator, implying that this is generally a reputable, hassle-free investment.

And the flexibility of these Caribbean programmes means the clients do not even need to visit the island, except in the case of Antigua and Barbuda where once they obtain their citizenship, clients need to visit the island for just five days during the first five years.

Citizenship alternatives – Europe

Focusing then on Europe, Handa highlighted some key opportunities, noting that over the last 10 years the range of options on offer for either citizenship or residence has risen from two or three countries doing these programmes to more than 20 today.

For EU citizenship, besides Malta and Cyprus, Austria offers what is perhaps the 'Rolls Royce' of programmes, but it comes at a hefty price. "Austria does not have an actual CBI programme," Handa reported, "but if an individual significantly contributes economically to the country they can be granted citizenship, and that means starting with a donation of at least EUR3 million or investment of EUR8 million."

Malta

Malta is another good example, benefitting from significant uplift in its revenues through its Malta Individual Investor Programme (MIIP). Malta is a member of the EU and with a population of just more than 400,000 residents offers a passport with visa-free travel to 182 countries, including the US.

The MIIP was launched in 2014 and requires a donation of EUR650,000 to the government for the main applicant, plus EUR25,000 for their spouse, as well as EUR25,000 for each applicant under 18 years old.

The applicant must also buy a property in Malta at a value of at least EUR350,000 or rent a property for at least EUR16,000 per year and must invest in a Maltese financial instrument of at least EUR150,000 and leave that money in for at least five years. And the applicants must hold private health insurance. The all-in cost for Malta will thus typically range between EUR900,000 to EUR1.2 million depending on the size of the family and the processing time to actually get the passport takes about 16 to 18 months, including a mandatory 12-month residence period, although that does not mean the applicant needs to be physically residing in Malta.

"At the first stage of the process," Handa told delegates, "which is quite quick, we submit the

residency application, which is granted usually within a week or two. They then need to just hold that card for 12 months before the citizenship is approved. The resident card actually is very useful to our Indian clients as it offers free movement to any Schengen country without having to get a visa. Upon citizenship, you will then hold a European passport."

Cyprus

He also focused on Cyprus, which along with Malta is the current 'go-to' programme in the EU. Cyprus requires an investment of EUR2 million, usually into real estate which must be held for five years. The applicant will also have to donate EUR75,000 to the Institution of Research and Innovation as well as another EUR75,000 to the Cyprus Land Development Organisation.

Cyprus also offers the opportunity for individuals to achieve tax residence through only spending 60 days per year in the country itself. It offers a 12.5% corporate tax rate and no inheritance or gift tax and is one of the most attractive tax- jurisdictions in Europe. A further appeal of Cyprus is a new casino-resort development, City of Dreams Mediterranean, which will be Europe's largest casino, due to open in 2021, owned and operated by the Macau-based owner of City of Dreams as principal.

Moldova enters the scene

Meanwhile, as Volek had alluded to earlier, the latest entrant in Europe is the recently introduced Moldova CBI programme. Although not currently an EU member state, the programme is extremely cost-competitive with the Caribbean examples and provides similar visa-free access to the Schengen area as well as Russia and Turkey.

Moldova offers visa-free travel to 119 countries and is also a Commonwealth of Independent State country. This means that Moldovan citizens can go to Russia, Ukraine and Belarus without a visa. The citizenship programme processing is highly efficient in just 90-days and requires a donation of EUR100,000, plus extra for dependents up to a total of EUR155,000 for a family of five or more. There is also a government service fee of EUR35,000 per application.

Residency schemes

Handa then turned his attention to the RBI schemes, noting that a lot of families in India are not sure if they want to give up their Indian citizenship -dual nationality is not permitted - because they have a lot of ties there. "So, for them getting a residency is a natural route and if you get that in Europe, it still allows them to travel anywhere in the Schengen Area. With an Indian passport you can only travel to 58 countries, but with a Portuguese residence you can travel to another 26 countries in the Schengen Area, which means you can travel to more than 84 places globally without the need of a prior visa."

He explained that RBI generally involves investing into a country, obtaining a residence visa for generally four to five years, and if the client spends enough time there, keeps their investment, learns the local language, they may often qualify to apply for citizenship later. "The main drivers here are education and lifestyle," he added, "so this route is really more about physically uprooting and moving to another country to enjoy these benefits."

Canada and the US less viable today

As to alternatives, Canada has fallen off the perch. While immensely sought after even today, Canada's only option nowadays is via Quebec and requires a CAN$1.2 million zero-interest loan to the government for five years to obtain permanent residence. And for the US, a green card requires USD500,000 into a regional centre that creates 10 jobs though this figure is set to increase to USD900,000 come November under revised regulations.

UK's deep appeal

The UK Tier 1 investor visa is still very popular particularly with Henley clients, especially from India. Instead of sending the children to the UK on a Tier 4 student visa, which when they finish studying ends their legal right to remain in the UK, Henley recommends doing it under the Tier 1 investor visa. In that case, when the children finish their studies, they can become UK permanent residents which is known as 'indefinite leave to remain' in the UK. And if they end up spending enough time in the UK, they can also become citizens after six years.

The UK historically has had a lot of interest from Indian families. "If you are wealthy and if you don't have a house in London it is a bit of an odd thing at one point in India," Handa remarked. "And with the regulations becoming stricter and the threshold becoming higher for the US, we are really seeing the Indian market getting educated on what are the other residency programmes that exist apart from the US."

Greece and Portugal beckon

He noted, therefore, that the other two very popular RBI options in Europe are Portugal and Greece. Portugal requires a real estate investment of a minimum of EUR350,000 while Greece requires an investment of just EUR250,000, resulting in permanent residence granted in two to three months. Both are in the EU and also in the Schengen zone.

"Greece is wonderful," Handa remarked, "and as Dominic said earlier, for just EUR250,000 you can get a property which is very pleasant, by the most beautiful sea in the world, and additionally, it gives you free access to public healthcare and education. "We have certainly had a lot of interest from families in India who are keen to get a Greek residency."

Handa reported that Portugal has also enjoyed great interest in the Indian market. "Portugal requires a minimum of EUR350,000 invested into real estate for residence, and you effectively need to spend only seven days every year in Portugal," he explained. "And after the fifth year you are also eligible to apply for citizenship."

Asia's doors are open

And in Asia, there are programmes such as Thailand Elite. "Henley is the official concessionaire for the Thai government since two and half years ago," Handa noted, "and as it is welcoming and geographically easy to reach, its residency programme has garnered a lot of interest in India. It offers one of the most price competitive residency programmes in the market right now, from as low as USD16,000 for five years, or USD32,000 for a 20-year visa."

Singapore has had a lot of interest from families in India because of its proximity to India, being only a few hours away by plane, Handa also added.

However, while Singapore has become increasingly popular, it is also ever tougher as a residence or citizenship option.

For the Singapore Global Investor Programme (GIP), the individual must prove himself as an entrepreneur, showing a good track record for the past three years. The applicant must own at least 30% of a company, which must have a turnover of at least SGD50 million in the most recent year, and an average of SGD50 million for the past three years. If so, the individual can then invest at least SGD2.5 million to set up or expand an existing business in Singapore in order to gain permanent residence.

Moreover, the Singapore Economic Development Board (EDB) scrutinises the applicant's background and the business also needs to be in an industry that the Singapore government prioritises, such as technology, fintech or medical-related, all of which are in demand. And, for later renewal, the business must hit certain milestones at the three- and five-year marks.

Singapore also offers appealing family office incentives, but this is for the ultra-wealthy, as it requires the main applicant to have a personal or direct net worth of SGD400 million and then to invest SGD2.5 million into establishing a single-family office in Singapore. The family office must then have SGD200 million of assets under management in Singapore in order to acquire permanent residence.

A much more economically appealing option is Malaysia. "There has been significant interest for Indian families acquiring residency in Malaysia," Handa reported, "and for the second home option it offers a 10-year residency and it is very straightforward. You only need to deposit USD75,000 in a fixed deposit, or half of that amount if you are 50 years old or older."

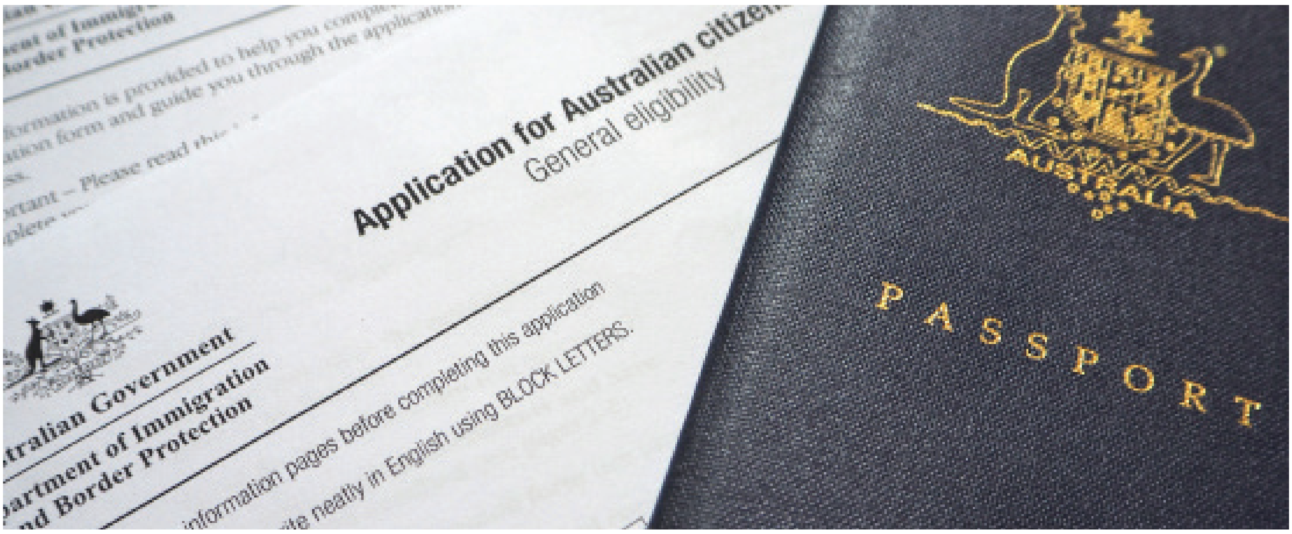
Finally, there are the jewels of Australia and New Zealand, which remain very popular. "Australia is still the number one destination for HNWIs to move to," Volek remarked, "with investments required from AUD1.5 to AUD5 million. If the applicant invests only AUD1.5 million they must physically spend two out of four years there to become a permanent resident, but if you have the money and you don't have the time then you can invest AUD5 million, and you only have to spend 40 days a year there to get permanent residence after four years."

For New Zealand, the programme is similar, with a range of between NZD3 million requiring you to spend more time, and NZD10 million with less time in-country required.

Working with wealth managers

Handa closed the fascinating Workshop by noting that a considerable portion of the Henley private client business is generated through relationships with private banks, independent asset managers, family offices, law firms and other advisory businesses.

"We like to build and expand our relationships with the wealth management community," Handa explained. "We have a 60-plus team in Asia and a fully global presence, so if you have clients that are interested, feel free to introduce us to them, and we can work professionally and responsibly together to educate the clients and your teams with the objective of taking your clients through to realising their end-goals." ■



The Rise of the Digital 'Neo' Banks and the Impact on the Future of Wealth Management

Swiss platform/custody provider Swissquote serves its entire global client base of more than 300,000 customers entirely through a digital interface. Damian Hitchen, CEO for Asia based out of the firm's new Singapore office and armed with the new CMS licence there, presented a fascinating Workshop to delegates at the Hubbis India Wealth Management Forum, explaining in considerable detail about the arrival of the digital banks in Asia and how the digital revolution is picking up steam. He warned that those in the wealth management industry who do not embrace change face possible extinction as smarter, bigger and more resourceful entrants pile in.

HITCHEN BEGAN BY EXPLAINING THAT SWISSQUOTE is a listed Swiss bank but manages it relationships to all parties only via its platforms. "We have no branches," he reported, "we are effectively a digital bank and have been so for 20 years, but we do not take cash, we build assets on our platform through our client relationships, mostly the B2B model."

He then explained that the marketplace has evolved beyond finding someone to create a nice, shiny front-end. "What is really important is integrating the end to end process, so that actually the clients receive a truly digital execution model from front to back, seamlessly."

With that, he used some excellent slides to highlight two model platforms of the fintech banks, the digital banks otherwise known as the Neo Banks.

Here come the 'Neo' banks

Hitchen explained how new arrivals are rearranging the banking landscape, producing challenges to the existing players. The 'Neo Banks', such as the digital banks now

DAMIAN HITCHEN
Swissquote

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opening their virtual doors in Hong Kong, offer ultra-fast in-app account opening that takes five to 10 minutes, and they provide excellent mobile app user experience.

Of course, they offer smart banking by using transaction data for personalised communication and recommendations. "Smart banking is all about using transaction data, using AI, using robos, to look at preferences and behaviour of the clients and then translating those insights into the services," he explained.

Neo banks achieve cost advantages as they have no branches. "As I mentioned earlier, this also applies to Swissquote, as we have no branches; therefore our cost base, our cost/income ratio is lower than traditional bank norms, far lower than an operator who has a very large distribution salesforce. I worked for a global bank for 10 years when they were at the time the largest bank by employee numbers in the world, with roughly about 400,000 people, and with that brings a large amount of fixed, operating costs."

Neo banks do not suffer from legacy mainframe IT infrastructure, they use the latest cloud-based software. "One of the biggest challenges today is this legacy system problem, whereby solutions are patched together, so it becomes inefficient, and not user-friendly."

The Neo banks also sell to new clients on the basis of what is called 'freemium' with the basic offering free of charge, then they aim to up-sell via monthly subscriptions, and then cross-sell through the marketplace.

Moreover, they leverage the new open banking possibilities, so they use utility providers for back-office banking functions, and they integrate fintech partners to offer best-in-class solutions.

Meanwhile, the Big Techs are encroaching into the banking value chain without becoming insured deposit-taking entities. Their aim is to satisfy the payment, credit and advice (insurance/wealth) needs of millions of customers via their own non-bank platforms.

Loyalty is old hat

Hitchen then pointed to some Accenture research that showed clearly how, based on 33,000 customers surveyed across 18 markets, they found the older generations prefer to work with banks they know and trust, while the younger and future generations, of which the Millennials are the most active segment, care mostly about user experience, not about brand and history.

Hitchen highlighted some of the new Hong Kong digital banks who are now challenging the hegemony of the big brand name banks that have been operating for decades, or even centuries. "We can see also that some of the major traditional banks are also teaming up as investors and partners in these Neo banks," he reported, "to defend their positions and prepare themselves for this new world of banking. Essentially, they are building a new digital proposition to access millions of new customers, and we are also seeing insurance giants as partners as well."

Spreading across Asia

Hitchen explained that this phenomenon will spread across the region. He noted that the Monetary Authority of Singapore plans to give out new digital banking licences later this year.

"We are seeing major banking and financial groups essentially creating another version of their existing online banking and wealth proposition with these Neo bank operators," he remarked. "And in Singapore, they are going a bit further, offering both online retail and wholesale /commercial, and SME type lending licenses as well. But my key point here is that we are seeing FinTechs who are very good at the front-end and client experience delivery teaming with players who have built extremely large businesses and customer databases over the decades, working in partnership."

At some point, smaller fintech entrants will not survive alone. "You have to have huge critical mass and scalability, or you have to be acquired, go into partnership or a JV with somebody who is bigger," Hitchen surmised.

Evolve, or face extinction

"Why do we all need to evolve?" Hitchen asked, rhetorically. "Well in the face of the neo banks and the Big Techs encroaching on the traditional players, those in the industry must defend and extend relationships, they must drive harder for the trusted relationship, they must leverage data and analytics to determine what clients want to do. In these ways, they can increase revenue opportunities by improving reaction times of both clients and advisers, thereby leveraging volatility out there, and they can reduce revenue 'concentration risk' via multi-revenue models. And how should they evolve and transform? By smart use of in-house capabilities, and then by partnering and by outsourcing."

From lower to higher margin

Hitchen then delved into considerably more detail in the Workshop on the steps of this disruption of the financial services and banking landscape, explaining that it is a step-by-step process from lower margin business such as payments to higher-margin activities such as lending or wealth management. And he showed the audience some examples of this type of evolution in Europe.

He then offered the core premise that all digital evolution and future positioning by financial service providers can be accelerated and optimised by those firms open-minded to innovation and diversification by partnering, rather than building in-house. "There are numerous good players out there, and unless you are a global bank with immensely deep pockets, you will be left behind unless you partner optimally with the best providers. Wealth management firms who don't make the journey to some form of digital interaction and digital advisory enhancement with their clients will have many challenges."

"There are numerous good players out there, and unless you are a global bank with immensely deep pockets, you will be left behind unless you partner optimally with the best providers. Wealth management firms who don't make the journey to some form of digital interaction and digital advisory enhancement with their clients will have many challenges."

The Swissquote advantage

And with that, Hitchen went into considerably more detail on Swissquote's platform and its B2B offering.

He explained that as a fully digital bank, Swissquote has accumulated a global portfolio of more than 300,000 clients, of which about 220,000 are individuals, and the rest are B2B partners. And the firm operates across 65 markets and offers more than 3 million investment products on its platform.

Swissquote offers a state-of-the-art trading and custody platform and tools to allow firms to trade on behalf of their wealth management clients. The firm's clients include B2B, for example, regional banks, private banks, independent/external asset managers, insurance companies and family offices, all of which are looking to provide their clients with an enhanced digital experience.

Offering full information, access, and functionality, Swissquote's platform houses over three million investment products online. The firm can partner with regulated partners who the use their technology platforms for custody and to execute securities trading, on behalf of their clients.

Bank? Fintech?

"In our DNA, Swissquote is as much a software house and fintech as a fully licensed, regulated and stock market listed bank," Hitchen elucidated, "because of the six hundred staff globally, more than half of them are software and development professionals. So, based on the feedback we receive from our B2B partners, we can build the platform uniquely for them, which also has the option of being white labelled."

"We are very different from your normal traditional Swiss bank or Swiss private bank," Hitchen added. "We are a fully digital bank offering a global banking, trading and custody platform that is purely online."

Direct access for B2B clients

Hitchen also explained the biggest USP for Swissquote is the direct market access and control it gives to independent wealth managers. The mission, therefore, is to provide the EAMs access to a global custody and trading platform on which they can control their trading activity directly, rather than having to use the traditional model of a relationship manager desk from the global custody banks for the execution of their clients' trades.

"We essentially give our platform back to our institutional partners," he continued. "We say that once you onboard it as our B2B partner, we will teach you how to use it, we will show you where you can make your different revenue streams, but they have it directly and have direct access for instant action in the markets."

"Our platform," he added, "is effectively theirs to work with their end clients, as they require and at their convenience - effectively removing the 'middle layer' of the EAM RM desk,

speeding up transactions and reducing the amount of manual work for all parties."

First-class partnership

Hitchen further explained that Swissquote's largest partner globally is Post-Finance (the Swiss Post Office), which is in fact also a bank. "They have numerous branches across the length and breadth of Switzerland and people used to have savings with them in the old days, so they bank millions of customers." Swissquote and Post Finance several years ago entered a partnership to provide the wealth management platform for their customers with billions of assets and savings.

Hitchen explained that the Swissquote platform can be specifically tailored to the B2B partners' needs and the universe of investments they want to be included. "For Post-Finance," he reported, "we have made our platform modular, and we allowed them to build their own bespoke universe for their client. And we white labelled it under their brand, so clients of theirs can then log in to their online banking and access their chosen investment universe and are then able to execute directly on the platform. Our platforms provide middle and back office services, and with PostFinance we took it 1 step further and built the front-end for them, via both a branded web-based platform but also by building their smartphone App on both Apple & Android - so if required we can provide front-middle and back-office services."

He then highlighted how easy it might be for a B2B client to build a multi-asset class "portfolio" strategy using functionality on the Swissquote platform. "You can then sell that to your clients and offer to rebalance on whatever time interval and investment strategy you prefer. In short, we are also providing our B2B partners with functionality and the right services to allow them to do what their clients are asking to do in the marketplace."

Wealth management plays catch-up

Hitchen closed by reiterating that wealth management, asset management, and insurance to some extent is behind the retail banking and payments side of the industry and that it must improve quickly. "The right partnership with a firm such as Swissquote can solve this dilemma for many of today's players. "To fast-track change, work with a partner who knows what they are doing, a specialist, and plug and play into that platform, that solution. So, start thinking about partnerships, we are here to stay in Asia, we have just opened our smart new office in Singapore, and we want to work closely with you and help transform your businesses for the future." ■

India's Wealthy Investors Turbo Charge India's Expanding Professional Investment Market

G Pradeepkumar, Chief Executive Officer of Mumbai-based Union Asset Management (UAMC) told delegates at the Hubbis India Wealth Management Forum how India's wealth clients are becoming more influential in the mutual fund industry, how their appetite for equity has been evolving and why the country's capital gains tax on debt investments seems to be having an impact on the holding pattern.

UAMC ITSELF IS A FIRM THAT IS ENJOYING A REINVIGORATED MISSION to rise to the top echelons of fund management houses in India. UAMC in 2018 attracted the Japanese giant Dai-ichi Life as a joint-venture partner alongside state-owned Union Bank of India, replacing the former Belgian bank partner, KBC Participations Renta.

This has inspired a new chapter at UAMC, one in which Pradeepkumar plans to boost Assets Under Management (AUM) from just over USD600 million equivalent to more than USD7 billion in the next five years.

UAMC manages the assets of Union Mutual Fund (UMF), which has a range of products across asset classes, both equity and fixed income, through a variety of open-ended, closed-end, capital protection, balanced and other types of funds.

Armed with an informative slide presentation, Pradeepkumar highlighted how in the past decade, the share of India's HNWIs in the mutual fund sector had risen by almost 50% from 22% to nearly 32%. "And the other interesting factor is that their share in the number of folios has surged in the last five years by nearly five times, which is an indication that there are more and more people coming to invest in mutual funds," he reported.

G PRADEEPKUMAR
Union Asset Management

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He highlighted how the mutual fund industry itself has been expanding rapidly in the past decade. “The explosive growth of mutual funds over the last 10 years, and especially over the last five years, is remarkable and HNWIs are driving a considerable amount of that growth,” he noted.

Importantly, Pradeepkumar also explained how the equity market is taking an ever-greater share of this money. In 2009 the mutual fund market was roughly 71%/29% slated to fixed income, whereas today it is roughly 55% equities and 45% debt. “After the GFC of 2008-2009,” he noted, “equity as a portion of this sector slipped as low as 21% by 2014, but the past five years has seen a dramatic surge from 21% to 55%, in other worlds a rise of more than 160%.”

He then focused on how long people are holding assets, highlighting how equity is not held as long today as 10 years ago, while debt is held for far longer. “You will see that for non-equity, predominantly debt investments, people are holding these assets for longer periods and partly because a tweaking of the long term capital gains tax, which has boosted incentives to hold fixed-income assets for more than three years to get the long term capital gains tax benefit. And this, in turn, has been encouraging mutual funds to launch more products which are locked in for three years at least.”

He turned to the growth of the investment market broadly, and the rise of HNWIs as a percentage. “We can see very healthy growth for the industry as a whole,” he reported, “growing 19% compound annually in assets and within that a powerful surge in HNWI assets. Clearly here in India, there is a large number of people who are relatively wealthier, who are investing increasingly into mutual funds because it is perhaps a safer avenue and more tax-efficient, more transparent, more regulated. Whatever the reasons, mutual funds are expanding and more of India’s wealthy participating.”

And to complete his picture of the structured investment market in India, Pradeepkumar then highlighted how more and more of the assets of private individuals are being managed professionally in the past decade, surging more than fivefold from mid-2010 levels. “We can attribute this to product innovation,” he explained, “with many portfolio managers having really reoriented, reinvented themselves and aligned themselves more to the interest of the investors whether related to products, the fee structure, efficiency, or transparency. And we have seen the entry of many of the ‘star’ fund managers who have moved from handling mutual funds to set up their own discretionary management operations and have attracted a large number of investors to invest with them.”

He closed his insightful talk with the observation that the overall professionally managed investment industry in India is growing rapidly and evolving positively. “This is good for the clients and for us wealth managers,” he concluded, “it is a broadly positive and encouraging environment.” ■

Infosys Finacle on Accelerating a Modular Digital Wealth Management Offering

The wealth management industry must, many believe, play catch up. If players in the industry are to both survive and thrive, they require front-to-back digitisation to meet customer expectations, regulatory demands, enhance staff efficiency and satisfaction, and to improve cost efficiencies and boost revenues. Importantly, they need to prepare for competition from new entrants, from smaller FinTechs to Big Techs entering some of their market niches. Jagdish Joshi, Principal Consultant of Finacle Wealth Management Solution for Infosys Finacle gave his insights to the front-end world of empowered digital financial advisory and how Finacle can also provide the robust digital core wealth management engine for mid and back-office operations.

JOSHI BEGAN BY TELLING DELEGATES THAT HIS MISSION WAS to explain the Finacle Wealth Management Solution which Finacle offers for the distribution of wealth products, primarily by the financial institutions which include banks, NBFCs and IFAs, in fact any of the players who distribute wealth products across India and globally.

"Servicing clients is the central objective," he reported, "and what we see today is that aside from digitisation of platforms, the advisory piece is becoming ever more important as a key offering, as well as the analytics piece, which highlights returns, portfolios and which is somewhat evolved from the traditional offering of the banks and others. In short, things are moving on, and we can help you in these vital areas, as what we offer today as part of the wealth management is holistically from the front office, mid-office and back-office, all the functions."

Real-time pictures

He explained that on the front office, there is the risk profiling, goal planning, the portfolio management, portfolio analytics,

JAGDISH JOSHI
Infosys Finacle

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portfolio rebalancing of the customers, dashboards for the RMs. "All these are part of the same product and available on different channels, and on different technologies, for example, tablets or smartphones as well as online," he added. "All this is real-time data which the RMs can access and which will help them to serve the customers in real-time."

He explained that the technology can capture the data of the customers, and the reporting can be done at the customer level or at the family level.

The mid-office digestive system

"And from the mid-office perspective," he reported, "the Finacle wealth-management platform offers 12 asset classes with the entire order management flow, the fees and charges, corporate actions, management fees, and performance fees, as well as the reconciliation of the holdings, transactions, commission structures, reconciliations, trailer fee reconciliations, all available out of the box. And so too is the reporting, compliance, and audit capabilities, also out of the box."

He explained that this all adds up to a holistic solution from a single platform which enables clients to have just one system. "And we offer seamless interfaces with your brokers, AMCs, custodians, data providers, and you can build this out in a modular manner, all configurable to the products that you make available. Moreover, we can even include customer assets outside the platform, for example real estate, in the single holistic view to be provided to the customer."

The RM dashboard

He then offered a short demo of the dashboard for the RM, highlighting all the key features of this 360-degree view of all the customers which he, or she, might be handling, as well as the realisation of the portfolio valuation and performance monitoring aspects. "And you can determine risk- or goal-based investing, create model portfolios, that match these criteria and future planning needs, and all of this also out of the box. Moreover, in the context of India itself, we have an online interface with BSE STAR and other local-specific functionalities, such as for RTAs, KYC, Insurance Issuers or for protection data across asset classes.”

A lively and engaging interactive session with delegates ensued in which Joshi mined down deeper into the system and especially the RM dashboard.

Snapshot or microscope, the choice is yours…

“When the RM surveys the dashboard,” he elucidated, “they can see all the data, all the families or relationships which they manage, all the prospect data and any executionary customers, all the AUM, each portfolio. And for each customer or group of customers, you can customise to drill down to up to four levels of detail, to offer you the key information you might need.” Armed with all this and research coming in from in-house or other sources, the RM evidently has an outstanding opportunity to deliver excellent ideas, products and advice.

After delving into more detail on how the system helps the RM handle customers, customer communication prompts and other key areas, Joshi highlighted the multi-asset class order, where on the same screen the RM can place orders for multiple asset classes, for example, mutual funds, equities, or other types of investments. “For different products,” he noted, “you can place the order at the same time, and there are the necessary validations are available.”

A global operation

Joshi concluded by explaining that Finacle has some 30 implementations live in 18 countries, primarily in India, Singapore, Hong Kong, Indonesia, China and multiple other countries in the Southeast and East Asia regions. “We also have implementations in the Middle East, in Europe, so this is a global product in itself. Here in India, we have Axis Bank, and other global banks for their India operations.”

And Joshi reported that Finacle is continuously upgrading its capabilities, for example in the area of advanced portfolio management, and analytics, as well as enhancing the API framework to meet the global parameters of multiple global players who also use the platform and new enhancements on the insurance side.

Holistic transformation

“Truly digital wealth management requires holistic transformation,” Joshi stated on closing the talk. “The result should be that everyone in the bank can innovate as they will have the tools and technology and processes to enable them to do so. The wealth management industry is indeed evolving fast, faster than ever before. Ubiquitous digitisation, growing customer expectations, regulatory initiatives, and new competition from FinTechs are driving this change.”

“To succeed,” he maintained, “you need to keep pace with changes and stay ahead. Develop agility to innovate rapidly and continuously to become a truly digital business. The Finacle Wealth Management Solution is a front to back office solution designed to give you a strong foundation to power your digital transformation.” ■

Boosting Revenues via Intellect Design Arena's RM Office - 2020 Advantage

Stanzin Tsesdup, AVP, Wealth Cube, at Intellect Design Arena, offered a fascinating presentation to delegates in Mumbai on the firm's 2020 Advantage digital product, which is designed to significantly enhance the performance of relationship managers in the wealth management industry.

TSESDUP BEGAN BY TELLING THE AUDIENCE HOW IT IS POSSIBLE TO Increase RM productivity by 20% and increase revenue by 20% at the same time while managing the stringent regulatory and compliance requirements through what the firm calls the 2020 Advantage. All this is achieved through leveraging digitally enhanced outreach and contextualized experience, which results in actionable insights to direct the destiny of the business.

Global leader

Tsesdup explained that Intellect Design Arena Limited is a global leader in Financial Technology for Banking, Insurance and other Financial Services. "With a rich suite of products across the organisation," he reported, "Intellect Design Arena creates financial technologies that help banks lead businesses on the path to growth and success. We offer our technology solutions to wealth management firms, including registered financial advisers, private banks, asset managers and family offices."

He explained that the firm looks at the wealth management industry today and sees two sets of different operators, based on their different approaches towards driving future growth.

Two approaches, both flawed

"There is one set solely focussed on relationship management," he observed, "and they are driving the business through the relationship management growth engine, they use technology, but their technology usage is in bits and pieces as most of

STANZIN TSESDUP
Intellect Design Arena

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their focus is on relationship management. We can call these firms as high touch firms or high touch players, but they are not leveraging technology efficiently."

Then there is another set of firms who are more invested in technology. "They leverage the cutting-edge technology tools to grow their business, and we can call them, high tech wealth management firms, but this category is not using RMs and relationship management effectively."

The right mix

Tsesdup explained that in light of this understanding of the players in the market, Intellect Design Arena believes a good mix of hi-touch and hi-tech is what can deliver the best performance and business results. "We can call this the 'robo for the advisor' model where technology is used to basically advise the RMs or the advisors to help them drive business growth."

He then delved into more detail on the traits or skills that make an RM a high-performing team member. "We have identified 21 decisions that an RM can take leveraging technology and thereby help him or her drive market share, drive more business for the firm. Of course, time is limited in this presentation, so I will focus only on the four key goals for RMs, as we see it."

Cross-sell, up-sell

He explained that RMs need the right intent, the right content and the right decision-making skills to engage with the customer in an effective way. "Their first mission is to generate new business and to achieve that they need to identify and pursue Cross-Sell and Up-Sell business opportunities with new customers and existing customers. Just as it is important for the organisation to manage the existing book of customers, it is also important to create new streams of revenue either by obtaining new customers or cross-selling and up-selling to existing customers."

The second goal is effective customer engagement, and the objective is to provide RMs with a platform for something more meaningful beyond a sales pitch - a personalised end-to-end customer experience with great content, interactive, and real-time customer support is what it takes to gain customer's trust.

Trusting the advisor

Tsesdup explained that the third goal is planning and advisory. "It is not important to be a mere relationship banker, you need to be a trusted adviser," he told the delegates. "Systems should not only help RMs with the current asset allocation but also to help understand whether it is aligned to the model portfolio or not. An effective platform gives you one level more detail and recommends a buy/sell of the products to rebalance the portfolio. That helps the RM become more of a trusted adviser."

He explained that the fourth mission, once the plan is done, is how to execute and monitor the portfolio performance, again boosting the RM proposition to the benefit of the client. "To ensure that is possible," he observed, "we need right set of information and analytical tools that will help the client to make informed decisions. We have the information from the various disparate systems and to use it effectively we need strong analytics helping RMs to enhance decision making capability."

Sorting the wheat from the chaff

"If you look at the framework today," he continued, "we have a deluge of information today, it is basically like you are drowning in information, but you are starved for knowledge, you don't know what to do with it. With our analytics engine on top of whatever structured and unstructured information that we have, we can then enable the RMs to use those analytics to gain the insights into making different decisions with clients, to achieve their financial goals and the business goals for the firms."

With that, Tsesdup focused the audience on the slide show to highlight two examples of where technology is being used to make quick decisions for the RMs and thereby help them be more productive. He pointed to an example of where the right approach can achieve more cross-selling and up-selling opportunities, and where customer engagement can be significantly improved.

Winning the face time battle

"According to Microsoft research," he reported, "it seems that the attention span of human beings has decreased, so it is now around eight seconds on average. Perhaps for the HNI segment of the wealth management firms, the attention span is even lower. How then do you as an RM make sure that when you get that actual face time with the customer, and that you then make the full utilisation of it? How also do you fully identify their needs?"

He concluded by stating that technology can help with all these issues which the RMs are facing. "To help engage the client, there is information within the system that provides a reason to meet the customer," he explained. "This could be as simple as a product maturity alert, so our system gives you an alert notification, and that is a reason to call the client, or it might be a client's personal milestone such as a birthday or other key date related to an investment milestone. The key objective is to engage more effectively and drive more meaningful conversations, the RM can act swiftly on these and aligned with the use of social media research, the RM can even begin to anticipate client needs."

RM and client centricity

He reiterated that the vital formula is the right mix of high touch and high tech to help achieve the greatest business results. "An RM centric design philosophy which focuses on the RM and helps them to improve their productivity and helps them in their daily operational activities would go a long way in driving the business growth. To enhance that via technology that leverages the RMs' skills, insights and advice will achieve even greater results. Intellect Design Arena's 2020 Advantage will help increase the RM's productivity by 20% and increase revenue by 20%." ■

Investors Trust Assurance Highlights

How the 2019 Investment Scene Remains the Same

Philip Story, Head of Distribution for EMEA at Investors Trust Assurance (ITA), told delegates at the Hubbis India Wealth Management Forum how the 2019 global investment story is more of the same, following on from a rather volatile and unpredictable 2018. But he also highlighted the India opportunity, explained how global issues are creating opportunities for offshore investment diversification, and advised the audience how they might work with ITA to access a world of global investment opportunities across multi currencies.

ITA IS A CAYMAN ISLANDS-BASED INTERNATIONAL INSURANCE COMPANY, which specialises in providing medium- to long-term investment-linked insurance products. The firm's clients are predominantly private wealth managers and independent financial advisors working in the region for regulated entities.

Story's role is supporting the third-party distribution of ITA products by these parties to their end clients. The products include savings and investment products which range from one-year, non-contractual savings plans to 25-year investment terms, portfolio bonds and fixed income guaranteed products.

"Last year," Story began, "I predicted risk would increase, volatility would increase, returns would go down, the power of the dollar and Donald Trump would increase, and due to all the various factors people would want to increasingly diversify their assets. India is traditionally very home biased for investment. I deal largely with the NRI market from Dubai who have a far more diversified investment portfolio, and we see that more of these NRIs are coming back home because of the costs in Dubai and the opportunities here. What we see in the market at present is more diversification into investments

PHILIP STORY
Investors Trust

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offshore from India, even if it is made from here, so we might see more offshore investment effectively through global funds sold here. And we are seeing more alternative investment that offer guaranteed returns or protected returns."

ITA, Story explained, has been offering offshore solutions for nearly 20 years through multiple jurisdictions. "Our mission was to create a digital based company, offering online access to investments, which is what we have achieved. Still today, we invest 30% of our budget into our IT systems to make sure that we stay ahead of everybody else."

Turning to how ITA can help clients, Story explained that, for example, Indian HNWIs with offspring at or going to universities overseas would need to save and invest in those currencies, for example the UK pound, or the US, Australian or Canadian dollars. "I currently have two children at university in UK, and I can tell you it is indeed very pricey, so the earlier you can start planning the better. And as to retirement planning, this is another vital area to organise, again as early as possible. And offshore diversification of assets will help in all these areas."

And with that, Story focused on some of the concerns around the globe, including Brexit, geopolitics, trade wars, terrorism, lower global growth which has slipped to 3.2% according to IMF projections, and so forth.

"You need open architecture and excellent online access and interface to deal with all this, and that is where ITA comes in," he reported. "We offer a wide array of products and solutions, as well as guaranteed return products, protected products, capital guaranteed products, all of which are unique out there in the offshore market. We know where to find the right ones that will give you the upside potential of investing in the markets but with a guaranteed return. I can assure you that it is vital when you do reach out offshore to work with the right partners, and ITA is certainly one of those." ■

Edelweiss Fast-Forwards India's Wealth Management Market Towards Infinity

Anshu Kapoor, Head of Private Wealth Management at Mumbai-based Edelweiss Global Wealth Management, gave an animated talk at the Hubbis India Wealth Management Forum in August to offer his view of the future of the industry. The twin drivers of regulatory necessity and client expectations will, he believes, alter the landscape irrevocably, but the future is bright for those who look ahead and adapt.

KAPOOR'S MISSION IN THE PRESENTATION WAS TO FAST-FORWARD the audience to a world where wealth management is delivered almost like a subscription service, with clients able to easily enter and exit at will, and with minimal documentary and fee impediments. He indicated that he believes if wealth management providers offer service and quality similar to the Big Tech firms in their respective fields, focusing on the client and building the proposition from there, then the future is bright, especially as market growth in wealth and in need are both growing rapidly in India.

Kapoor was the recipient of the coveted Hubbis Indian Wealth Management - Award for Excellence in 2018 and has a deep and intuitive understanding of the development of the market in India. He is energised by the market's evolution as India's economy and the country's total personal wealth both head towards the USD5 trillion figure.

Edelweiss is today a leader in the Indian wealth management market, founded in 2010 and now with assets under management (AUM) of USD 15 billion. Kapoor recently told Hubbis that since 2016, AUM has mushroomed by more than USD 7 billion from around USD 8 billion and continues to grow swiftly.

Why so complicated?

"We must wonder why wealth management is so complex and so complicated?" he remarked, to begin his presentation. "We

ANSHU KAPOOR
Edelweiss Private Wealth Management

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need to listen to the customer and make the whole experience more user-friendly."

With that, he played the audience a videotape of a client discussion, asking him what pain points he was experiencing. The customer replies that he is concerned that advice is tainted by the wealth firms selling what is best for them, not best for the clients. "I am constantly needing to be on guard," the customer says, "and I worry that the wealth management business has become an asset accumulation business and they (the providers) are not really concerned about delivering even modest outperformance."

Another recording highlights how the customer wants the wealth management banks and firms he deals with to be product agnostic. That, the customer argues, is the essence of wealth management - objectivity.

The client knows best

"And we thought that clients didn't understand what is going on!" Kapoor exclaimed to the audience. "How many of us have been guilty of just trying to make product sales? New competitors can dislodge incumbents by offering a different proposition. Competitors will come in, for example Amazon is already in the payments business, and there is nothing to stop them, or others, entering our field."

With that, Kapoor reasoned that the sales force, the RMs, must abandon their limitations, which he believes stop them doing the right thing often enough for the customers.

"We must also start with clear statements of the returns from the portfolios, and then providing the right balance to truly provide a service that customers want to subscribe to and retain," he proposed. "And we must be cost-efficient and without artificial barriers, so, for example, why should our clients pay exit fees on a listed equity fund? There should be freedom to enter, freedom to exit. If you perform, clients will enter and give you more money. A Netflix type service does not penalise you if you close the subscription, those days are over."

Upgrade, or be left behind

Kapoor then explained that in his view, the industry needs to improve its investment management or portfolio management skills and must also invest in technology. He explained that this will also enable the monitoring and adjustment of portfolios on a real-time basis so that they reflect the needs, policies and expectations of the clients.

Edelweiss itself focuses its broad range of services and products on the country's growing ranks of entrepreneurs, business owners, family offices, corporate leaders and corporate treasuries.

Despite rapid growth in AUM in recent years, Edelweiss continues to be forward-thinking. The firm formed a strategic partnership in February with Bank of Singapore, a leading Asian private banking group. The concept is to combine Bank of Singapore's wide range of global investment solutions offered through its open-architecture platform and Edelweiss' robust wealth solutions and investment opportunities in India.

This partnership will allow Bank of Singapore to significantly raise its profile in one of Asia's fastest-growing wealth markets through Edelweiss as one of India's leading industry players. The partnership also offers Edelweiss' clients the opportunity to access Bank of Singapore's product platform, creating a powerful global investment proposition.

Infinity beckons

And Edelweiss has been rolling out its new and trend-setting Infinity offering, which is a digital, flat fee platform solution aimed at cutting the costs of wealth management services by up to 25%. Infinity does not charge fees for transactions, but the customers hold their portfolios across all asset classes in the Infinity platform for a recurring, but a cancellable fee.

"We always aim to offer products, services and ideas that are beyond the ordinary and are truly innovative," Kapoor told the delegates. "We aim to be a one-of-a-kind wealth management solution, and to do so, we began with listening, then offering unbiased advice, unbiased products. This is why we created our Infinity offering, which designed to provide a holistic perspective and numerous possibilities, rather than just offering a series of products that purportedly added up to a portfolio."

As a subscription service, Infinity, he explained, was therefore designed to side-step client decision-making that is excessively influenced by the biases of their RMs or advisers.

"It is designed to be managed by a team of experts and at modest cost to make it as competitive as possible, so with a flat fee, and we

estimate this saves the clients more than 25% compared with handling these portfolios themselves."

Created in the client's image

Infinity largely targets the HNWIs and ultra-wealthy segments. "We sit down with the client, then jointly work up the investment policy statement," he reported. "We overlay the technology platform we have developed in the past year, and suddenly, the portfolio can be viewed, alerts can be delivered, and it can be rebalanced on a 24/7 basis. It is tailored, customizable, and scalable."

At the top of this pyramid sits the Edelweiss Global Investment Advisory Committee, comprising roughly 10 experts who oversee the Infinity portfolios. "With the flat fee approach, we are really trying to democratise high-quality advice," Kapoor explained. "It is an exciting development, as the clients sit down and document what their expectations and aspirations are as the fundamental construct for how the portfolio has to be created."

In a recent interview with Hubbis, Kapoor had given estimates that the high net worth (HNW) and the ultra-HNW population of India will balloon from about 150,000 to around 500,000 individuals by 2025, while India's GDP is expected to double to about USD5 trillion. And that figure of USD5 trillion is roughly what Boston Consulting Group expects private wealth to reach in less than three years.

Great opportunity

But by his estimates, the top 10 wealth managers in this country have not yet reached more than about 25,000 of the current 150,000 customers, and those customer numbers are growing very fast. Accordingly, there is a world of opportunity for firms such as Edelweiss.

Kapoor's final comment of his lively presentation at the Mumbai Forum was that Infinity was created from a blank canvas but painted as an ideal picture.

"The concept is portfolio quality and diversity, not products, it is driven by the institution and service provider, not the individuals in the firm, it is focused on the client, their needs, their expectations, their experiences, and it is realistic in terms of the fees and client-friendly. This, in our opinion, is the future, the clients will benefit, all of us will benefit." ■

Infosys Finacle and Client Validus Present Theory and Practice in Harmony

Abhra Roy, Head, Finacle Wealth Management Solution at Infosys Finacle and his client, Atul Singh Chief Executive Officer of Mumbai-based Validus Wealth double-teamed for a fascinating presentation on future-proofing the wealth management business with a truly digital platform. Delegates were left in no doubt as to the theory of dynamic change, and the practical results that follow.

ROY BEGAN THE TALK BY FOCUSING THE AUDIENCE ON A slide that showed a picture from 1919 and another from 2019. The first had people lined up on the street reading their newspapers, the second a similar scene but reading their smartphones.

"And this is only a point in time," Roy began, "as change will continue and will accelerate further. My brief introduction today is about how people in this industry can visualise how technology is going to impact. The key will be how firms integrate technology into their entire ecosystem, but this is not only tech, this is the entire journey, people understanding and embracing these changes, how the business culture will change, how the firms will meet customer expectations, how the roles of the team members at these firms will evolve."

Roy then explained what he considers digital wealth management is not or should not be. "Truly digital wealth management requires holistic transformation," he claimed. "It is not enough to just add new channels, new devices for access, not enough to enhance the old processes, to give legacy processes a facelift or automate existing processes. The industry needs to reimagine how it could be in the next few years. The key is to achieve omnichannel, to incorporate new technology, data analytics and also integration with all other systems in your ecosystem."

ATUL SINGH
Validus Wealth

ABHRA ROY
Infosys Finacle

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To shed more light on his comments, Roy summed up his vision as a clear focus on four standout characteristics - frictionless, ecosystem, deep insights and automation. "At Infosys Finacle, these four points are essential to the equation. Those are the four key pillars on which the transformation journey is founded."

He added that each organisation might make each one more or less a priority but asserted that these are the four key pillars that banks and private banks across the globe are addressing currently.

The four points of the Finacle compass

Frictionless is what Roy describes as the customer's focal point. "This means the customer is connected, informed, rewarded, with wealth conveniently integrated into their lives," he explained.

"Our recommended approach is wealth firms achieve this through continuous innovation and an omnichannel hub and state-of-the-art, with interesting and secure experiences."

Roy explained that the ecosystem is essential as the wealth industry is becoming more fragmented because of the unbundling of services. "This is positive, the future lies in opening up of the services," he claimed. "There is, for example, enormous potential in this space where the APIs that a wealth management firm's back office has could, and should, be monetised for their benefit."

Deep insights, he elucidated, are the profound perceptions into, and use of, data. "Data is going to be the new natural resource," he stated. "And automation will be via AI, self-learning, blockchain-led changes, robotic process automation and other advances."

"Looking at all our customers across banking, wealth and other business there are these four standout characteristics of the truly digital journey," he added. "These are the four headlines under which the entire transformation is taking place."

"While you have all seen a lot of advances in banking," he remarked, "the wealth management industry is only just catching up and is still far from the level of digital disruption that retail banking has faced. The digital journey for this industry is just beginning."

But what does this all mean, in practice? "It means truly digital transformation, which results in a complete focus on the customer, full automation, an outstanding ecosystem and deep understanding and insights of your clients," Roy stated.

And with that, Roy invited one of the Infosys clients, Atul Singh,

CEO of Validus Wealth, to share his experience and his vision of the future.

"My mission today," Singh began, "is to briefly share the story of how we conceptualised our digital platform and the role that Finacle played in helping us achieve that. About 18 months ago, when I was thinking of founding Validus, I faced a dilemma, namely that I felt technology was highly underutilised in the wealth management business. I believed that the digital platform and interface would play an ever-greater role, not fully taking over the human interface but taking a vital role in serving the clients."

At the same time, Singh wanted to move rapidly. "You can't wait two years to conceptualise and build a digital platform, nobody waits for that long, so I set out to meet fintechs around the globe, in California, then Singapore, Bangalore and I quickly appreciated three key factors that have informed my thinking."

Three key insights

He explained that the first realisation was the massive innovation that was going on in fintech space around wealth management. The second one was that 99% of these innovations are B2B and as part of this that it is immensely difficult to build a B2C digital wealth management business because very few fintechs around the world have figured out solving all of the end-clients' problems holistically.

And his third recognition was that by using APIs, anybody can connect to another, fully developed system and bring in the vital functionalities that are needed for the customer experience.

"With those three simple yet powerful insights," he elucidated, "I knew I needed a very strong transactional processing core database platform, one which is technologically advanced and has a very significant API layer with which I could create the ecosystem in a very skilful way and as I see fit. I also knew it would be an evolving journey, so it had to have scalability."

Building from a stable core

"Now," Singh continued, "as to Finacle, the core was really very good and I realised we could create a top-class front-end with the help of other fintechs around the world, they were all waiting to be part of my front end in a very seamless manner, so if the platform enabled them to plug in using only open APIs, then I could achieve the best of both worlds."

And that is what Validus Wealth did, incorporating Finacle as the core platform, which he says is both robust and stable, and then stitching in other fintech solutions. "And it all went exactly as we thought," he added, "layering in enhanced customer experiences with these agile fintechs on top of the remarkably solid core that Finacle offers. We achieved both stability and agility in this way, and we can maintain the evolution, as this is scalable and adaptable."

Singh concluded with the view that his overall premise, gleaned from many meetings with tech experts globally, is that in the wealth management business the firm only owns two things - the customer data and the customer experience. "With this architecture," he explained, "with Finacle we obviously own customer data, and we are also evolving our own customer experience by picking and choosing components of customer experience wherever they are."

Singh concluded that the conceptualisation of the platform resulted in going live some seven months ago. "The feedback has been great, even though it is really only 20% of what we can achieve," he reported. "With the full scalability, fully modular architecture, we continue to scan the universe of fintechs and continue to shortlist solutions, so we expect over the next year or two to really enhance the capability and experience for the customers, supported by the solid pillars of the Finacle core." ■

Casamont Highlights the Appeals of Cyprus' Residence and Citizenship Programme for India's HNWIs

Ioannis Ioannikiou, Client Advisor for Casamont Cyprus, is a regular presenter at Hubbis events this year and has a fascinating proposition for the Asian wealth management market. He was in Mumbai for the India Wealth Management Forum to highlight the attractions of the Cyprus Investment Programme for Asia's HNWIs. He focused on the benefits of citizenship and tax residence in Cyprus, which is part of the European Union, and the consequent advantages for structuring wealth in an increasingly appealing real estate investment market.

FOR ANYONE IN ASIA CONSIDERING OVERSEAS RESIDENCE OR CITIZENSHIP OPTIONS, Cyprus is definitely a jurisdiction to consider. For Asia's HNWIs the investment required is modest and can mostly be in the form of real estate, with that sector in Cyprus increasingly propelled by robust growth in tourism and leisure - with a major new casino resort on the way. The island not only offers the benefit of full access to the EU but also exciting opportunities as a hub for income - the tax regime is very benign - and for capital gains.

Small but part of the EU

"Cyprus is a small Mediterranean island," Ioannikiou began, "and is part of the EU, located close to Greece, Israel, Turkey, the Lebanon and Egypt. We speak Greek as official language and Turkish, while the business language is English. Given our location, we are dynamically at the crossroads of Africa, Asia, and Europe, but we are very much a European country, with full membership of the European Union since 2004 and member of the Eurozone since 2008. The currency is the Euro, and the main sectors of Cypriot

IOANNIS IOANNIKIOU
Casamont Cyprus

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economy are tourism, shipping, financial services and, very fortunately in the years to come, oil and gas, which is likely to be the next big thing."

Ioannikiou gave a brief introduction to Casamont, which he explained operates in Malta, Greece and Cyprus. He told delegates Casamont is a real estate agency that offers access to unique property in the market, as well as advising many of the big landlords in Cyprus how to structure their investments and how to structure their products from planning to marketing strategies.

The key advantages

"My mission today," he reported, "is to highlight some of the key advantages of the Cyprus citizenship investment programme and of tax residence in Cyprus as well as to highlight some of the attractive Cyprus investment and real estate opportunities. The Cyprus citizenship programme is one of the fastest routes for someone to obtain European citizenship and offers a passport giving visa-free access to 172 countries. We know how many of Asia's HNWIs are these days seeking alternative citizenship and residence abroad, for their family and for asset and estate planning, as well as for lifestyle. Cyprus recognised this some years ago and has an excellent offering in the form of the Cyprus Investment Programme."

He acknowledged that India has strict rules on dual citizenship, but said he wanted to highlight how Cyprus offers both residence and citizenship through its progressive programme.

The requirements

Ioannikiou explained that to qualify for the citizenship programme, there are three main requirements. First of all, an investment of EUR2 million in the real estate sector or EUR2 million in a business which will employ five EU citizens or Cypriots. Or alternatively EUR2 million in alternative investment funds. All of the three criteria should be combined with a donation of EUR150,000 into a government fund.

"Investment in real estate is the fastest and most efficient route," he reported. "If you proceed with alternative investment funds or the business investment, then a further investment of EUR0.5 million is required in a residential property."

The main applicant and his or her spouse or partner, and their dependents up to 28-years-old are eligible, along with the primary applicants' parents. "Processing time," Ioannikiou explained, "might take six to eight months through to the granting of the alternative citizenship, and up to 10 months maximum."

Flexible

Importantly, the programme does not require the applicant and family to relocate. The applicant can become a non-domicile tax resident by staying there only 60 days, which is modest in comparison with other jurisdictions, which state at least 183 days as the minimum. The Cyprus Government has also reformed their taxation system so that it gives more benefits for those HNWIs who do not really want to spend too much time into the country but achieve this non-domicile status.

Additionally, there is zero taxation of dividends, zero per cent tax on capital gains. There are also many double tax treaties, and the Cyprus tax system and legal systems are typically based on British law as Cyprus was once a British colony.

"We obtained independence from Britain in 1960 and has a robust legal and civil infrastructure, it is safe, it has a good education system and excellent healthcare," he added.

Real estate opportunities

Ioannikiou commented that real estate is the simplest investment route. "The property must be held for five consecutive years, and the applicant can then liquidate afterwards, but a EUR500,000 investment in residential property should be retained for the rest of his/her life.

He then turned to the opportunities in the real estate sector, explaining that the real estate market in Cyprus has been well established for a long time, successfully connecting to tourism, second homes, and also people wanting to live and enjoy the simpler luxuries of life rather than spending time in crowded cities. "Cyprus is well known as a remarkably beautiful island," he reported, "and is a wonderfully safe and pleasant place for retirement, or holiday homes by the sea."

Progress apace

And he reported that Cyprus had recently granted a casino license to just one company and a monopoly for 30 years, for the Melco Group, which operates City of Dreams in Macau. Melco will build the biggest resort casino in Europe in what is a very large investment of EUR550 million and due to employ more than 2500 people.

Moreover, as this will be a mixed development of casino hotels, conference centres and other leisure facilities, this will further drive tourism demand and of course, provide a very considerable boost for the Cyprus economy.

He added that investment in real estate in an overseas market should be approached professionally, with appropriate local advice and expertise, which Casamont offers. "The market is robust, prices are improving, but of course, one should be sensible

as to where to invest and what to buy, as well as considering future liquidity for exit routes."

He highlighted how the construction of the Melco-licensed resort has already started, and alongside that is an associated residential property investment, Citrine Estates, which will be attached to the casino and will benefit from rental or possibly purchase demand from some of those anticipated 2500 employees and of course later from visitors.

Alternatives on offer

Citrine Estates will offer a variety of investment options tailored to HNWIs, including the possibility of purchasing a complete block of apartments at a recent estimated price of EUR2.3 million, thereby satisfying the investment criteria for citizenship applications and providing an attractive real estate investment leveraging the casino development's future impact on the market. There are also villas of two to four bedrooms available, as alternatives to the individual apartments, or blocks of apartments.

"Citrine is very wisely selected by our clients due to its quality, its location, the capital appreciation potential and the rental income of 3% to 5% on an investment," he reported.

Ioannikiou also highlighted a second property opportunity in the form of beach-front villas in Ayia Napa, the island's main tourist destination, with those tourists pouring in from the main season start in March through to late November.

"An investment in prime location real estate should produce short-term rentals of 2% to 3% per annum while the capital appreciation could be plus 5% to 7%," he reported. "The market is also expanding for both short- and long-term rentals." ■

Citrine Estates

CASAMONT

Fair Value and the Guide Maps of Investing: Seeking Better Metric for Market Valuation

Vinay Paharia, Chief Investment Officer of Union Asset Management Company Private Limited, the Investment Manager to Union Mutual Fund, believes that we must all become smarter at reading the signs that point us towards value in the equity markets. He presented a lively and informative Workshop at the India Wealth Management Forum to explain his views on the fallacy of the index PE multiple, the strengths of the fair value approach to investing, and how to better map, plan and time market activity.

PAHARIA BEGAN BY EXPLAINING THE IMPACT OF the index PE multiple and its impact on the market and said he would then move on to the fair value approach. He said that market participants are continually bombarded with a variety of market valuation metrics, from many sources including the local and global media. He noted that the index PE multiple approach is very popular with investors to gauge the temperature of the market, with a historical perspective indicating whether the market is cheap or expensive.

"But as we all know, corporate earnings, as measured by index EPS, have hardly grown in the past seven years (i.e., from March 2012 to March 2019)," he remarked. "As the stock market has delivered very strong returns during a similar period, the PE multiple of the market has risen. So, this index PE approach can be rather an illusion and can lead to wrong conclusions."

And with that he offered a hypothetical example of a market with just two stocks, rather than 50 for the NIFTY 50, for example, or 500 for the BSE500. One stock is a bank which is normally trading in the market at a roughly 10x PE multiple and a FMCG [fast-moving consumer goods] company, a typical high valuation flag bearer, that trades at around 50 times.

VINAY PAHARIA
Union Asset Management

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The bank has profits of 50 and a valuation of 500. The FMCG business profits of 10 and a valuation of 500. In Scenario 1 in year 1, the bank profits are flat, the FMCG profits rise by 50%, so the total market value is now 500 for the bank and 750 for the FMCG stock. In this scenario the index earnings have risen by 8% from 60 to 65, but the index value has gone up by 25% from 1000 to 1250.

"In this picture, the PE multiple for the index goes up by about 15% and it is a very common conclusion for most people to say that the index has become expensive," he observed.

He then offered another example in which the reverse happens, with the FMCG stock flat and the bank profits up 50%. Here, the index profits have gone up by 42% and the index value has gone up by 25%.

"In this scenario, many would presume the index has become cheaper, but this may not be true," Paharia commented.

"Now, let's assume the bank's Fair Value should be only 9x profits and the FMCG stock should trade at 55 times profits to be fairly valued. Thus, when the bank trades at 10x, its actually expensive, while when FMCG company stock trades at 50x, it is cheap based on the Fair Value Approach. Then, in Scenario 1, by applying the fair value approach, we arrive at a conclusion that the index has actually turned cheaper. This is intuitively consistent as a cheaper company in the index, i.e. the FMCG stock which trades at 50x versus a fair value of 55x - is now a bigger constituent of the index, and hence overall index should have become cheaper."

"In short," Paharia explained, "the Index PE Multiple can distort the facts and can be highly misleading, whereas fair value correctly conveys the true valuation of an Index. And now we can relate this to what has happened in the last six to seven years in India. Over the last seven years, we have seen the NIFTY EPS compound at about 10.3%, but the NIFTY index compounded at about 14%, and fair value compounded at about 13.9%. The market is far more efficient than lot of us think."

He then highlighted how the index today is very different from

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the index of seven or more years ago. Also, subsidiaries of large companies may not generate reported profit, but at the same time may be very significant contributors to their overall market value. "All these factors," he concluded, "can create an illusion that the index has become expensive. This was the case from 2012 to 2019 period and the reverse is expected to happen in the next three years, as the NIFTY earnings are expected to surge. But if the earnings are growing rapidly driven by low PE businesses, then the fair PE multiple for the index should also fall."

Paharia defined Fair Value as a simple multiple of core earnings or core book with a Fair Value multiple. Fair Value multiple is driven by four factors - returns on equity, earnings growth, the risk-free rate of return and the riskiness of the underlying business.

"In a growth company," he explained, "Fair Value compounds at a fast pace and typically, the market price of such companies is at a premium to current fair value, so future potential returns depend on current market price and future fair value, hence future fair value growth is key driver of stock returns. Whereas in a bargain stock, Fair Value compounds at a slow pace, typically the market price of such companies is at a discount to current fair value and so future potential returns depend on current market price and future fair value, hence future re-rating is the key driver of those stock returns."

And he noted that the value trap must be avoided, as the acid test of a value trap is the decline in Fair Value over time.

"To summarise," Paharia concluded, "Index PE multiples can distort the facts and the fair value approach helps you understand what the true valuation of that index or market is. It is like the Guide Maps of investing, which as we all know tell us the time to reach the destination, the best route and also updates you on the route in real time. The same is the case with fair value, it helps me to analyse my potential returns if I invest in a basket portfolio of securities, it tells me the optimal portfolio and it alerts me of changes on a real time basis."

Paharia spent the latter portion of the Workshop mining down into considerable further detail on the analytical approach that his company takes to the theories of valuation and investment they advocate, leaving the audience both fascinated and deeply informed.

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Post event report

22 August I Mumbai

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Summary

The Indian Wealth Management Forum 2019 event enjoyed an excellent turnout from more than 300 CEOs and other senior representatives from the key areas of Asia's wealth management industry.

Hubbis is delighted that our delegates and speakers all enjoyed a remarkably positive and insightful day on August 22 in Mumbai, when we hosted our 9th annual Indian Wealth Management Forum 2019

The forum's panel discussions, presentations and workshops produced a remarkable diversity of strategic wealth management ideas and concepts, as well as providing the audience with a broad insight into the state of the global financial markets that will help them manage their high new worth (HNW) clients as a new era of increased volatility and higher debt costs emerge.

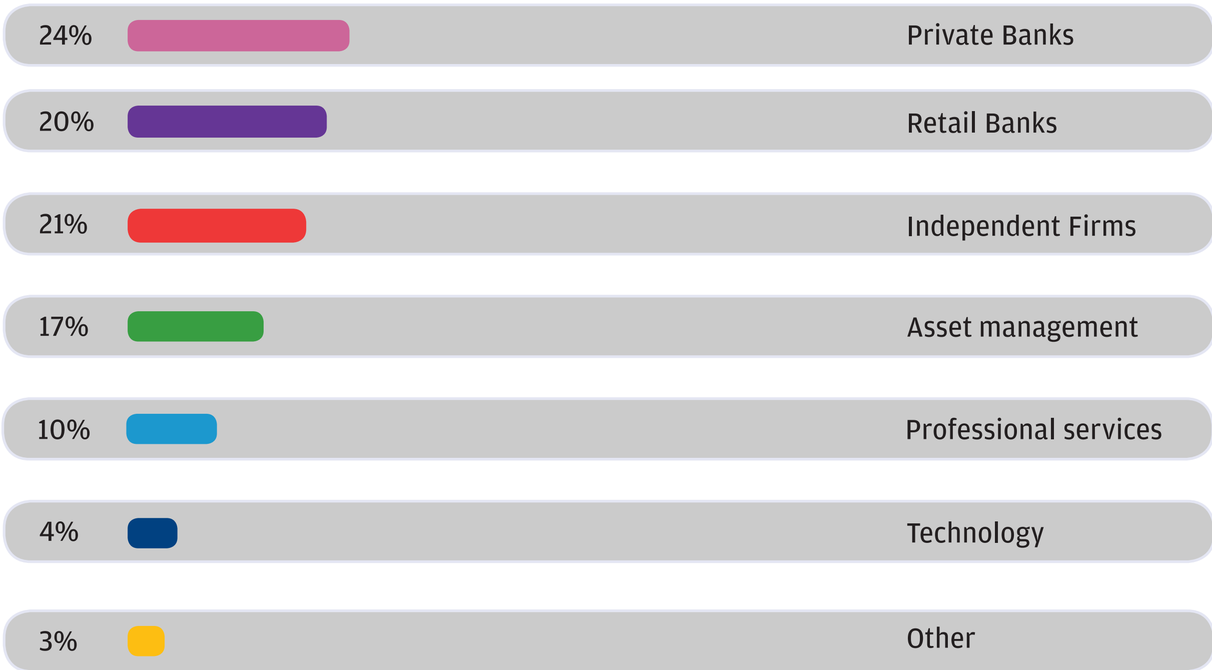
India's rapidly growing economy and fast expanding private wealth continue to present an exciting opportunity in wealth management for domestic and foreign players alike. Experts noted that India's expansion is helped, in general, by having some of the most receptive and forward-looking regulators in the region. The Indian investment culture is ever more global, digitisation will play an even more prominent role, and banks are increasingly focussing on the younger generations of HNWIs.

A total of five panel discussions, a high-level Head to Head interview, seven presentations and four workshops provided a diversity of information and opinions and ideas for attendees. Each one gave a unique insight into different facets of the India's nascent wealth management industry, which is enjoying rapid growth as the nation's GDP expansion continues apace and as high net worth (HNW) surges and mass affluence proliferates.

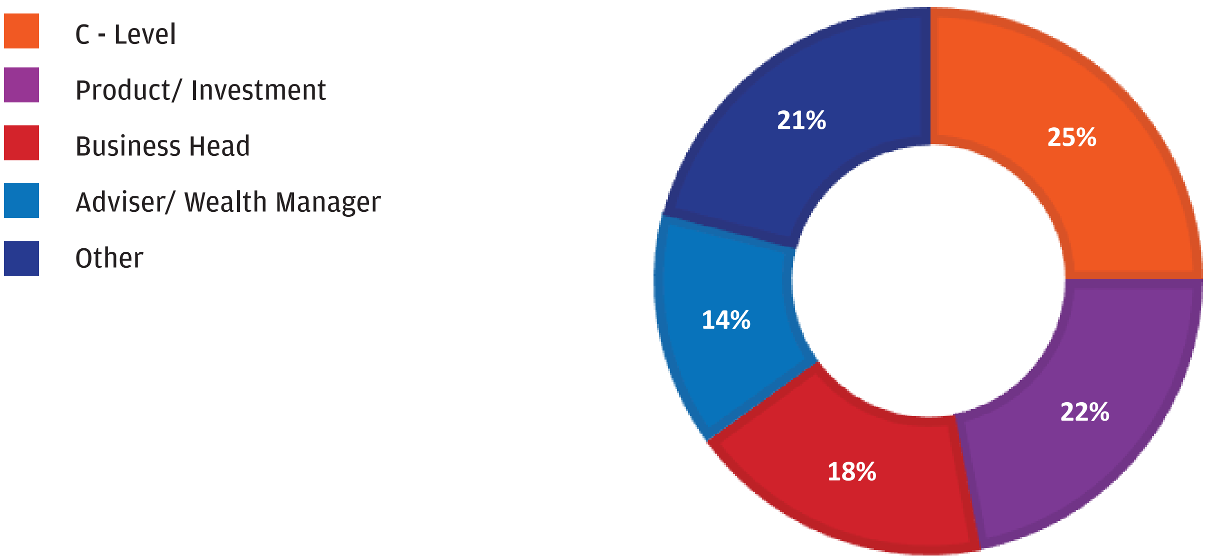
We would also like to extend a note of thanks to our sponsors for the Forum - Henley & Partners, Swissquote, Infosys Finacle, Union asset management, Casamont, Sun Life Financial, Edelweiss Private Wealth Management, L&T Mutual Fund , Intellect Design Arena, Investors Trust, Motilal Oswal Asset Management, Veritas Legal, Karvy Private Wealth, Props{AMC}, Sanctum Wealth Management and Amicorp Group (Amicorp).

We have set out below a snapshot of the talks, presentations, workshops and panel discussions that made August 22 such a positive and informative day. We thank all our excellent speakers and presenters and our delegates and we look forwarding to welcoming you again in August 2020. ■

Attendee Profile



Job role



Attendees from these firms

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ACK Capital Management
Adelmo Advisors
Adelmo Advisors LLP
Aditya Birla Finance
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FactSet
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Management
Mumbai Angels
National Stock Exchange of India
Nine Rivers Capital
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NJ Global Invest
NJ India Invest
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VIKASA Capital
Vivek Mavani Financial Services
Waterfield Advisors
Wealth First Advisors
Yogeshwari Finance
ZyFin Funds

Speakers


Anshu Kapoor
Edelweiss Private Wealth Management


Satheesh Krishnamurthy
Axis Bank


Himanshu Kohli
Client Associates


Damian Hitchen
Swissquote


Sharad Singh
Valuefy


Abhijit Bhave
Karvy Private Wealth


Feroze Azeez
Anand Rathi Private Wealth Management


Anand Moorthy
PropsAMC


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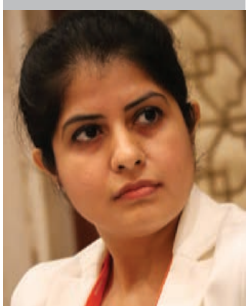
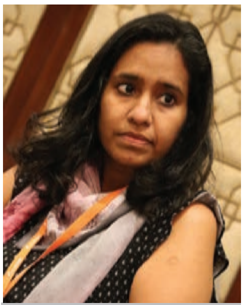

Sneha Makhija
Sanctum Wealth Management


David Varley
Sun Life Financial

Nithya Easwaran
Multiples Alternate Asset Management

Ruchi Sankhe
Waterfield Advisors



Lakshmi Iyer
Kotak Mahindra Asset Management

Swetha Manot
Anand Rathi Private Wealth Management

Arpita Vinay
Centrum Wealth Management

Gaurav Arora
ASK Wealth Advisors

Sagar Khandekar
Kotak Wealth Management

Sachin Taneja
Systematix Group

Kailash Kulkarni
L&T Mutual Fund

Anand Varadarajan
NJ Global Invest

Ashish Shanker
Motilal Oswal Private Wealth Management

Ashish Gumashta
Bank Julius Baer

Ankur Thakore
L&T Investment Management

Dominic Volek
Henley & Partners

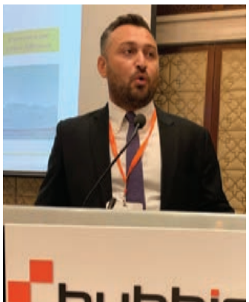
Atul Singh
Validus Wealth

Abhra Roy
Infosys Finacle

Nirbhay Handa, IMCM
Henley & Partners

Philip Story
Investors Trust

G Pradeepkumar
Union Asset Management



Ioannis Ioannikiou
Casamont Cyprus

Vinay Paharia
Union Asset Management

Stanzin Tsesdup
Intellect Design Arena

Jagdish Joshi
Infosys Finacle

Key voting poll results

The Hubbis Indian Wealth Management Forum 2019 event in Mumbai on August 22nd provided fascinating and thought-provoking discussions and talks for the assembled delegates. As usual we also polled the attendees and mined out the following nuggets. Hubbis also conducted some digital polls during the event, with the following key findings.

- 90% of attendees believe AUM in private wealth management in India will double in the next 5 years
- According to our audience, only 21% of clients in India get independent advice from wealth managers
- Half the audience does not use a digital wealth or asset manager
- 72% of attendees do not trust a digital start-up with their hard earned money
- 99% of the audience do NOT understand blockchain and its significance to wealth management
- 8% of attendees would rather avoid talking to young clients
- The transfer of wealth to the next generation is seen as a big opportunity by 75% of the audience
- 40% of attendees think inheritance tax will be introduced in India in the next 5 years
- 80% of the audience do NOT have a will
- 95% of attendees think competency standards in wealth management in India need to be raised

Indian Wealth Management Forum 2019 Testimonials

At the Hubbis Indian Wealth Management Forum 2019 in Mumbai on August 22nd, we asked leading industry participants what they thought about our event today.

We hope you enjoy these Testimonials.
Click on the Speakers Name to view their BIO.
You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we ask?

Abhijit Bhave
Chief Executive Officer
Karvy Private Wealth
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Satheesh Krishnamurthy
Executive Vice President &
Business Head - Affluent & NRI
Axis Bank
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Anupam Guha
Head of Private Wealth
Management & Equity
Advisory Group
ICICI Securities
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G Pradeepkumar
Chief Executive Officer
Union Asset Management
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Neha Pathak
Senior Group Vice President,
Head of Trust & Estate Planning
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Abhijit Joshi
Founder
Veritas Legal
Watch Video

Tariq Aboobaker
Managing Director
Amicorp Group
Watch Video

Shweta Shah
Head, Wealth Structuring and Tax
Edelweiss Private
Wealth Management
Watch Video

Rahul Gaitonde
COO
Cube Wealth
Watch Video

Sneha Makhija
Assistant Vice President,
Wealth Planning Specialist
Sanctum Wealth Management
Watch Video

Nirbhay Handa, IMCM
Director - GSAT
Henley & Partners
Watch Video

Philip Story
SEO and Head of
Distribution, EMEA
Investors Trust
Watch Video

Damian Hitchen
CEO Singapore
Swissquote
Watch Video

Anand Moorthy
Founder & CEO
PropsAMC
Watch Video

Abhijit Bhave
Chief Executive Officer
Karvy Private Wealth
Watch Video

I have to say this, Michael. You know I have been coming to the Hubbis summit for the last five years and I come here looking for energy, I come here looking for like-minded people, and whenever I come here, I meet so many young people with so many ambitions and dreams, and when I see you and your entire team working so hard, I go back energized with a lot of hope and confidence. It is the same this time, also. We're seeing people with a lot of hope, a lot of ambition, and that is the future of the wealth management industry in India.

Satheesh Krishnamurthy
Executive Vice President & Business Head - Affluent & NRI
Axis Bank
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Hubbis has always (been), perhaps, India's foremost forum for getting top wealth management professionals to come together and exchange ideas, and I think the genesis of the next big growth is always in ideas. So, terrific start

to the day, and I wish Hubbis and all the wealth management professionals who are here today a great day and great success ahead. Thank you.

Anupam Guha
Head of Private Wealth Management & Equity Advisory Group
ICICI Securities
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From an observation, I think early in the morning, it's a houseful, like always, despite it being a rainy monsoon time in Bombay, but the Hubbis team has done a great job here in India. I think (the event has) created a lot of awareness, and for many of us who come in here it's an opportunity for us to network with our industry peers and to listen to new ideas. So well done, and congratulations, Michael.

G Pradeepkumar
Chief Executive Officer
Union Asset Management
Watch Video

It's been a well-organized event. Good audience, relevant people, and good set of speakers. So, I really enjoyed my day here.

Neha Pathak
Senior Group Vice President, Head of Trust & Estate Planning
Motilal Oswal Private Wealth Management
Watch Video

Today's event was great; Michael was even greater. Thank you very much for having me over here, to invite me (to) this event and let me be a panelist here.

Abhijit Joshi
Founder
Veritas Legal
Watch Video

It is one of the better attended events that I've seen. I know it's lunchtime, but I can see (an) equal number of people inside and people have stayed for this hour. So, I'm sure that the content has been fantastic and the founders so, so very impressive, I would consider.

Tariq Aboobaker
Managing Director
Amicorp Group
Watch Video

Today's event is fabulous, and I think Hubbis has done a very good job. I see a lot of new faces and I'm

happy that I'm here to get to meet more and more new people than the ones (that you) usually keep bumping into the industry.

Shweta Shah
Head, Wealth Structuring and Tax
Edelweiss Private Wealth Management
Watch Video

It's a good crowd here; lots of people from varied fields have come here. I met some interesting people. So, I'd come to the Hubbis forum last time, and I came this time and I think that there are lot of different faces that I see. So, I'm sure the kind of people who are coming here are changing, I think, and I'm happy to be here.

Rahul Gaitonde
COO
Cube Wealth
Watch Video

Today's event was extremely well put together. The panelists, both (on) the (panel) that I was on, my colleagues on (that) panel, as well as the other panels that I've had the possibility to sit through - they were extremely well staffed, well moderated. As you can see, it's clearly well attended. I think I've had all-in-all a very good time here. I've met some very, very interesting people. I've met the people that I planned to meet as well. And had some unexpectedly useful conversations.

Sneha Makhija
Assistant Vice President, Wealth Planning Specialist
Sanctum Wealth Management
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The sessions have been quite informative. It's a great networking session to connect with people, and I think the very fact, at least for the department that I represent, wealth planning, it requires you to actually meet with experts in the industry; in order to be on top of the game, you need to network. I think events like these definitely take you to the next level.

Nirbhay Handa, IMCM
Director - GSAT
Henley & Partners
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It's great to be here in my home country, in Mumbai, and just to see how wealth management has evolved as an industry in India. So, very pleased to be here and thank you, Michael, for having me here.

Philip Story
SEO and Head of Distribution, EMEA
Investors Trust
Watch Video

Today's been fantastic. Huge turnout, obviously. Presentations have been really good, as well. I've enjoyed listening to some of the other guys that were here, and obviously great opportunity. Thank you.

Damian Hitchen
CEO Singapore
Swissquote
Watch Video

It's been a pleasure to be here, very well attended. Everybody's open to conversations; got a very good insight today into the domestic Indian wealth management scene. As I mentioned, it's got a very strong home bias. I think things are starting to change, either within clients or within certain firms that are looking to have a little bit more breadth in their offering, diversification. So, as an international global provider, I would say, are we ready today? Maybe not, (but) are we ready and will we be here again for the next three to five years? Certainly so.

Anand Moorthy
Founder & CEO
PropsAMC
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It's a great opportunity, every time this (event) happens in the year, and such an event should happen more frequently - at least two times a year. The benefit is that the industry comes together and actually talks about the challenges and opportunity. Things are dramatically changing. It doesn't take about a decade, but every two, three years, the strategies are changing, the markets are changing. So, I believe that (the) culmination of all the wealth managers put together, whether they are product guys, whether they are wealth experts, or real estate experts, can define how the industry can actually further correlate and collaborate to grow this piece.

Testimonials from the audience

“I would like to congratulate Mr Michael Stanhope and his team at Hubbis for putting together yet another of Asia’s largest wealth management forums in India in 2019. It was an intellectually stimulating blend of local and global views of stages of the wealth business.” ***Hetal Ghelani, Head – Wealth Management, Business Banking, Standard Chartered Bank***

“I would like to thank Michael & Michelle and their team for organising the Indian Wealth Management Forum 2019. The event gave me a lot more clarity in terms of carrying out my Wealth Management Business in India and abroad. The best part of the event was that I got an access to world class companies in their respective fields and got to know how smoothly we can collaborate with them in order to provide World’s best product to my clients. Another important aspect of the event was that I could meet my potential vendors and service providers which otherwise would have been difficult. This will help in better client engagement and provide better client experience. Probably the best, most well organised, well-structured wealth management summit I have been to in India.” ***Hakim Taj, Vice President Investment Solutions, OmniScience Capital***

“A great platform to connect the Financial Industry.”

“Excellent event, Indian Wealth Management Forum 2019, held on August 22, 2019 at Four Seasons Hotel, Worli.”

“Almost all topics related to Wealth Management were discussed from traditional to Digital Wealth Management and future trends. It was very useful and enriching experience.” ***Dr. Suresh Suralkar, Senior Consultant and Investment Banker.***

Indian Wealth Management Forum 2020

Thursday 20th August, 2020

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