International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

EMERGING TRENDS IN THE INDIAN WEALTH MANAGEMENT SECTOR

Dr. Manju Singh, Assistant Professor
Shyama Prasad Mukherjee Govt Degree College Allahabad, U.P. India
(A Constituent College of University of Allahabad)

Abstract:
The Indian Wealth Management market is on a sustained path of growth, given India's long-term economic prospects, positive demographics, rising income levels and current low penetration. India is currently ranked among the Top 10 nations in terms of total private wealth held as per Capgemini's World Wealth report. The aggregate wealth held by Indian High Net worth Individuals (HNI) (i.e. individuals with investable assets of $ 1 million or more) is expected to grow at a CAGR of 27 percent over next five years to approximately Rs. 400 Trillion. This combined with robust GDP estimate by IMF of 7.5 percent in 2016 and 2017 and growing allocation to financial assets by HNIs, augurs well for the Indian Wealth management industry. The objective of the research paper is to study the emerging trends in wealth management and increasing demand of Wealth managers to look at all the aspects of a customer's financial well-being and not restrict themselves to a particular investment or insurance offering.

Keywords: wealth management, investment, wealth manager, emerging trends

INTRODUCTION TO WEALTH MANAGEMENT

Wealth management is an investment advisory discipline that incorporates financial planning, investment portfolio management and several aggregated financial services. High Net Worth Individuals (HNWIs), small business owners and families who desire the assistance of a credentialed financial advisory specialist call upon wealth managers to coordinate retail banking, estate planning, legal resources, tax professionals and investment management.

Wealth managers can be an independent CERTIFIED FINANCIAL PLANNER™, MBAs, CFA Charter holders or any credentialed professional money manager who works to enhance the income, growth, and tax favoured treatment of long-term investors. One must already have accumulated a significant amount of wealth for wealth management strategies to be effective and is also one of the key areas that are growing at a tremendous rate.

Wealth management can be provided by large corporate entities, independent financial advisers or multi-licensed portfolio managers whose services are designed to focus on high-net worth customers Large banks and large brokerage houses create segmentation marketing-strategies to sell both proprietary and non-proprietary products and services to investors designated as potential high net-worth customers. Independent wealth managers use their experience in estate planning, risk management, and their affiliations with tax and legal specialists, to manage the diverse holdings of high net worth clients. Banks and brokerage firms use advisory talent pools to aggregate these same services.

With greater wealth come greater investment options as well as more complex risks and threats in terms of legal regulations, taxation issues and opportunities for loss. The level of fear or even outright panic that can be experienced grows with the size of the investment involves. Greater diversification is needed than in earlier stages of investing. This is where independent financial advisers or large corporate entities help their clients through professional wealth management.

Objectives of the Study

1. To study the recent major players in wealth management consultants in Indian Market.
2. To study the role and involvement fiduciary responsibilities in providing professional investment.
3. To analyse the key challenges in formulating services offering meeting the client needs.
4. To suggest key areas of investment as business potentials in the emerging sectors.

PURPOSE OF WEALTH MANAGERS

Wealth Manager serves various purposes in financial planning which are as follows:

- To generate returns in such a manner that would address long terms and short-term objectives of the client/ customer
- To manage customer's wealth by striking a balance between safety and growth of the investments
- Commitment to rational approach to investing with strong emphasis on ethics and values
- Strong belief in achieving excellence in their processes and their knowledge base and skills
- Adherence to long term conservative approach by avoiding speculation
- They try to be the best in the domain of Investment Advisory
- Shared values of the team are dignity, respect, and fairness for everyone

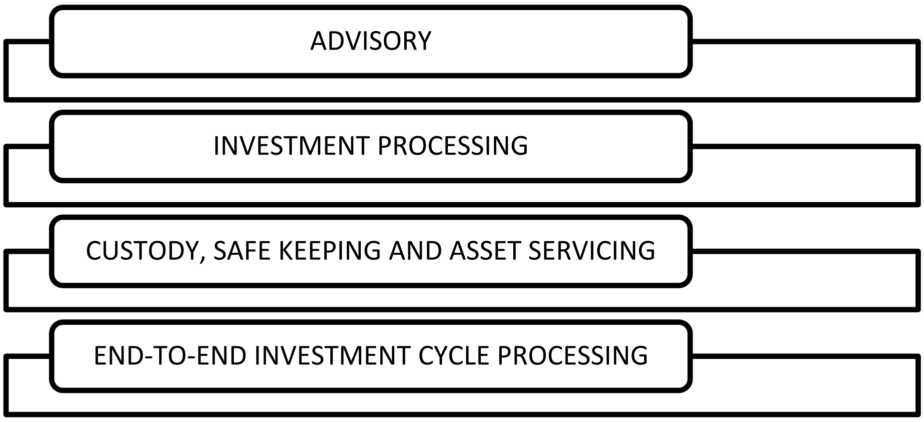
ROLE OF THE WEALTH MANAGER

With a significant shift in the regulatory landscape and risk-return matrix, some practices have become must-have for wealth managers. These include an established framework of sound processes for understanding the risk preferences of clients and doing the due diligence in choosing products, particularly when the products are from the group entities of the distributor. Wealth managers must also ensure focus on balanced performance metrics (non-revenue centric) for their relationship managers, safeguarding fair client outcomes.

During financial Planning, a wealth manager or financial planner plays various roles, so that this process complete with minimal fault. Financial planner or wealth manager need - To Review clients current circumstances, to Listen clearly to what they say, to Understand their goals, requirements and concerns, to Provide Education regarding investments, to Develop the right strategy to move forwards., to Analyse Risk and then develop an appropriate investment strategy, to Be Mindful of any shortfalls and to make client aware of them, to Minimise taxation implications or any consequences of tax changes, to Implement the proposed financial plan, to Monitor progress towards objectives, to Communicate on a regular basis.

KEY ELEMENTS OF WEALTH MANAGEMENT

Wealth management services involve fiduciary responsibilities in providing professional investment advice and investment management services to a client. Depending on the mandate of the services given to the Wealth Manager, Wealth management services could be packaged at various levels:



A. ADVISORY

Wealth manger's role is limited to the extent of providing guidance on investment/ financial planning and tax advisory, based on client profile. Investment decisions are solely taken by the client, as per his /her own judgment.

B. INVESTMENT PROCESSING (TRANSACTION ORIENTED)

Client engages wealth manager to execute specific transaction or set of transactions. Investment planning, decision and further management remain vested with the client.

C. CUSTODY, SAFEKEEPING AND ASSET SERVICING

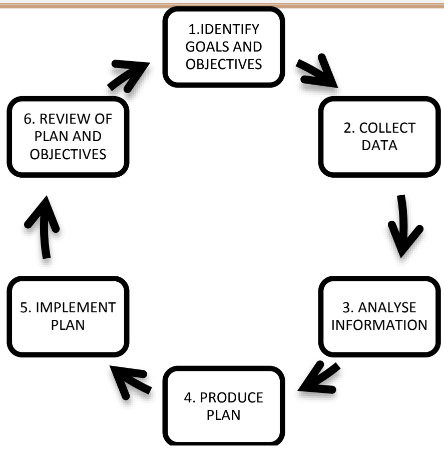
Client is responsible for investment planning, decision and execution. Wealth manager is entrusted with management, administration and oversight of investment process.

D. END-TO-END INVESTMENT LIFECYCLE MANAGEMENT

Wealth manager owns the whole gamut of investment planning, decision, execution, and management, on behalf of the client. He is mandated to make financial planning, implement investment decisions, and manage the investment throughout its life.

WEALTH MANAGEMENT PROCESS

Wealth Management involves preparation of financial plan that help client to achieve their goals and objectives. Financial Planning is a process. If the process is strictly followed, the chances of meeting your objectives and achieving Financial Independence will be considerably improved.



STAGE 1: IDENTIFY GOALS AND OBJECTIVES

The starting point is to identify Client goals and objectives. This step is done by asking the soft questions which really get client thinking about where he/she what to be financially. A Wealth Manager or Financial Planner discuss with them what aspirations and intentions they have, what concerns they have and how important each of these are. Furthermore, A Wealth Manager or Financial Planner discuss their attitude to investment and other risks which is especially important, as it will be critical to investment portfolio construction, a key aspect of your Personal Financial Plan. Finally, it is crucial to understand how each of these issues makes them feel, so that a wealth Manager or Financial Planner can help them to prioritise their objective. Financial planning is not about selling products. It is about developing a financial game plan.

STAGE 2: COLLECT DATA

Next, wealth manager or financial planner needs to collect information. It is crucial to understand client‘s personal circumstances, current financial situation and how you have arrived there. The more detail the better, because the clearer this picture of client and their finances is, the clearer the starting point of our journey. The best advice cannot be given in isolation. Wealth manager or financial planner does this by completing our Financial Review document. Wealth manager or financial planner will consider their family, income and expenditure, employment status, tax position and existing financial products so that wealth manager or financial planner can appraise the appropriateness of them in relation to their financial plan. It is important to work out client‘s disposable income (net monthly income minus monthly expenditure).

STAGE 3: ANALYZE INFORMATION

The third stage is to for us to analyse your current financial position, and to fully review your existing Investment. Wealth manager or financial planner considers client‘s goals and objectives identified in stage 1, to determine the 'gap' between the goal and the reality. This 'Gap Analysis' will enable us to clearly understand the journey client will need to travel to achieve his/her goals and wealth manager or financial planner can present this in Investment Plan.

STAGE 4: PRODUCE INVESTMENT PLAN

Stage four involves the creation of a roadmap or journey plan, which communicates the most efficient route from A to B. This roadmap is client‘s Personal Financial Plan. It will analyse client’s financial arrangements and make recommendations as to how their existing finances can be utilised. This will cover their assets, investments, liabilities, and income. The way in which client spends his/her money is also a vital aspect of the analysis. Therefore, a review of client‘s expenditure, in both the short-term and over the long-term will help to establish how robust the overall financial plan is. The plan will identify the cost of achieving Clients objectives, financial independence and plan for any disasters which may arise. Financial Plan can be multi-generational and can cover the effective and efficient distribution of assets on death, in accordance with goals and objectives of clients

STAGE 5: IMPLEMENT PLAN

The fifth stage of the process is to implement the plan. This stage includes an action plan which will be provided once wealth manager or financial planner and client have both agreed the plan. It could include amalgamating some or all of Clients existing investments, cancelling unsuitable investments and would list all recommendations. Without the implementation stage, the rest of the planning process can be worthless.

STAGE 6: REVIEW OF PLAN & OBJECTIVES

The final stage is to regularly review the plan and make modifications where required. Reviews normally occur on an annual basis. The overall aim of the financial planning process is to help client reach his/her financial goals and develop or maintain his/her desired lifestyle, in the most efficient way possible. Financial planning considers strategies for the creation, distribution, or protection of wealth specifically to meet your financial objectives.

MAJOR PLAYERS IN WEALTH MANAGEMENT SECTOR

RELIGARE WEALTH MANAGEMENT

In the continuous endeavour to provide the best of the product and services to the clients, The Religare and Macquarie are now 50:50 Joint venture partners in the newly created entity Religare Macquarie Wealth Management Limited. The new entity is testimony to Religare's firm commitment to all its businesses wherein, it believes in offering nothing short of the very best to its clients and the end consumers. To do so, it believes in creating and delivering value by either going solo or by leveraging relevant and meaningful partnerships with global majors and domain specialists. They believe that this joint venture with Macquarie is a marriage of strengths that combines the sharp understanding, insights, and execution capabilities of Religare in the Indian context with the global expertise of Macquarie. The new brand for the venture-Religare Macquarie Private Wealth shall strive to proactively manage their Wealth and is hungry and keen to bring about a much needed refreshingly different paradigm shift in the Indian marketplace. Religare Macquarie Private Wealth shall draw strength and its core from the values of Religare's "Diligence" and Macquarie's "Forward Thinking".

PRODUCTS

1. PANTHER

The Panther portfolio aims to achieve higher returns by taking aggressive positions across sectors and market capitalizations. It is suitable for the "High Risk High Return" investor with a strategy to invest across sectors and take advantage of various market conditions.

2. TORTOISE

The Tortoise portfolio aims to achieve growth in the portfolio value over a period of time by way of careful and judicious investment in fundamentally sound companies having good prospects. The scheme is suitable for the "Medium Risk Medium Return" investor with a strategy to invest in companies which have consistency in earnings, growth and financial performance.

3. ELEPHANT

The Elephant portfolio aims to generate steady returns over a longer period by investing in Securities selected only from BSE 100 and NSE 100 index. This plan is suitable for the "Low Risk Low Return" investor with a strategy to invest in blue chip companies, as these companies have steady performance and reduce liquidity risk in the market.

4. CATERPILLAR

The Caterpillar portfolio aims to achieve capital appreciation over a long period of time by investing in a diversified portfolio. This scheme is suitable for investors with a high-risk appetite. The investment strategy would be to invest in scripts which are poised to get a re-rating either because of change in business, potential fancy for a particular sector in the coming years/months, business diversification leading to a better operating performance, stocks in their early stages of an upturn or for those which are in sectors currently ignored by the market.

5. LEO

Leo is aimed at retail customers and structured to provide medium to long-term capital appreciation by investing in stocks across the market capitalization range. Its aim is to have a balanced portfolio comprising selected investments from both Tortoise and Panther. Exposure to Derivatives is taken within permissible regulatory limits.

ASSET CLASSES USED

1. Equities (Including International)
2. Debts
3. Commodities
4. Structured Products
5. Emerging Investment Classes
6. Religare Arts Initiative (RAI)

HSBC WEALTH MANAGEMENT SERVICES

The portfolio can be managed in a fully discretionary manner from a selection of 'Best of Breed' third party panel of Portfolio Management Service providers. The main objective is to help to preserve wealth in line with investment objectives. Inflation, falling interest rates and fluctuating market conditions require planning finances carefully. Celebrate important occasions in the future by managing Wealth Well now. HSBC's wealth management Services aid secure future. Their wealth management Services are available for existing HSBC customers and are free of cost.

ASSET CLASSES USED

1. Direct Equity Advisory
2. Mutual Funds
3. Structured Products
4. Real Estate Venture Funds

INVESTMENT PHILOSOPHY

1. Need-based sales approach with innovation

The team works to suggest financial solutions based on risk appetite, profile, and needs. Using customer insight, they have developed a financial planning tool. It analyses and generates a comprehensive financial plan based on existing financial position, expected future cash flows, inflation and identified financial objectives. The Relationship Managers extensively use this tool to do financial planning for you considering long-term objectives and/or medium to short term requirements.

2. Technology is a potent weapon

For consistency in the way our Relationship Managers identify customer needs and suggest suitable solutions, we extensively leverage technology to support our sales process. Our indigenously developed systems like Wealth Management System, Financial Planning System and Customer Relationship Management System have been built basis customer insights.

3. Sharing the knowledge

They frequently organize wealth management events and investment seminars, where one can interact with investment experts and fund managers. This provides a platform to know and understand the market and economic developments and trends.

STANDARD CHARTERED

Priority Banking - personalized Wealth management program at Standard Chartered Bank. It is their endeavour to be the Right Partner in all their personal and business ventures. That is why Priority Banking has been tailored to offer you the highest level of service, appropriate to unique requirements and status.

PRODUCTS

1. Excel Banking

In today's fast moving, technology-driven world, you need bank to keep pace with banking needs. That is why you need Excel Banking - a much personalised Wealth management service that has been designed to help make the most of money, without taking up most of time. With the services of their personal Relationship Manager customer can access complete Wealth management solutions, from routine banking and transaction management to more complex investment services and insurance advisory services. What is more, you also get fee waivers on premium savings and current accounts and preferred pricing on a range of complementary banking products and services.

2. Parivaar Account

Parivaar is a unique Wealth Management Solution from Standard Chartered Bank that offers family flexibility, convenience and essential tools for Wealth accumulation and preservation. Parivaar is much more than a regular Savings Account. It allows one to maintain individual identity while allowing to tap family's financial strength. Some of the features of the Parivaar savings account:

- The family can maintain individual savings accounts with the benefit of clubbing balances in grouped accounts.
- Anytime, anywhere access to accounts through ATMs, Phone Banking and Online Banking.
- Globally valid ATM-cum-debit card can be used at 3,26,000 merchant outlets in India and 14 million outlets worldwide.

Asset Classes Used

1. Equities
2. Debts

3. Mutual funds
4. Commodities
5. Structured Products

INVESTMENT PHILOSOPHY

They have developed a different and more focused approach to wealth management. Understanding that wealth means different things to different people, they believe that no one is better placed to help acquire wealth and grow it, use, and enjoy it, protect it and pass it on. The investment philosophy uses sophisticated profiling and portfolio construction techniques to aim for investments that deliver market-leading performance in the way you want, because while performance is key, it is performance that suits that really matters.

ICICI WEALTH MANAGEMENT

The ICICI Bank Wealth Management have a unique view of wealth. They have designed the new Wealth Management offerings to give you a comprehensive suite of services that match your financial needs at every stage of life.

PRODUCTS OFFERED

1) EXPERTS FOR EVERY NEED

To service your varied needs like buying property*, seeking loans for personal or business needs, investments and insurance, our experts on different products will work closely with your Relationship Manager. Together, these experts bring to the table ICICI Bank's expertise across various financial products, offering you enhanced service levels, quicker responses, and end-to-end solutions, customised to your present and future needs.

- Dedicated Relationship Manager
- Dedicated Customer Service Manager
- Team of Financial Experts
- Dedicated Business Banking Advisor
- ICICI Group Expertise

2) EXCLUSIVE PRIORITY SERVICE

An exclusive banking experience with Wealth Management Branches and Lounges#, a dedicated Customer Care helpline, and priority processing centres to service all your requests quickly and efficiently.

- Wealth Management Branches and Lounges
- Priority Processing
- Exclusive 24-hour Customer Care Helpdesk

3) CUSTOMIZED INVESTMENT PLAN

A good Investment Plan is one that is flexible enough to meet your individual goals as they evolve.

They create, review, and rebalance your investment plan to meet your needs. This is a dynamic, 5 stage process, where the Relationship Manager and a team of experts will work closely with the clients to customise their investment.

Step 1: Understanding your Risk Profile
Step 2: Asset Allocation
Step 3: Investment Advisory

Step 4: Review your Investments
Step 5: Matching your changing needs
The Five Stage process is backed by in-depth research on different asset classes and a wide range of investment products.

4) SPECIAL PRIVELAGES

They offer a wide range of benefits, which span from personal and business banking privileges to lifestyle exclusives - all hand-picked for the clients.

Personal Banking Privileges - special privileges like charge waivers, personalised international Debit Card and Family Wealth Account.

Lifestyle Privileges - exclusive investment seminars, lifestyle events and special offers on lifestyle brands.

Business Banking Privileges - Become a club elite Ivy member and avail of special benefits to manage your business finances as well as you manage your personal wealth.

KOTAK SECURITIES

Kotak Mahindra Bank 'Kotak' has one of the largest, oldest and the most respected Wealth Management teams in India providing solutions to the High Net Worth Individuals. With our existence of over eleven years and the widest range of wealth management solutions, Kotak has emerged the largest player by a wide margin. The client base ranges from entrepreneurs to business families, as well as employed professionals. Kotak provide financial advice and manage wealth for 30% of India's top 300 families.

PRODUCTS

Direct Equity:

Direct Equity investment generally refers to the buying and holding of shares of stock on a stock market by individuals in anticipation of income from dividends and capital gains as the value of the stock rises.

Mutual Funds:

A Mutual Fund is a professionally managed pool of money from investors with similar investment objectives. Mutual funds offer diversification and professional management of money. Diversification reduces the risk because all stocks may not move in the same direction in the same proportion at the same time.

Insurance:

Insurance needs are dependent on responsibilities and financial commitments, which are defined by life stage and needs.

Structured Products:

A structured product is generally a pre-packaged investment strategy which is based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances and foreign currencies. A feature of some structured products is a "principal protection" function which offers protection of principal if held to maturity.

Private Equity:

Private equities are equity securities of unlisted companies. They are generally illiquid and thought of as a long-term investment. Private equity investments are not subject to the same high level of government regulation as stock offerings to the public. Private equity is also far less liquid than publicly traded stock.

Real Estate:

Real estate funds are founded by a group of real estate professionals/experts to 'manage' property/real estate for the investor. Apart from sale of property, real estate funds also make money from rentals on property owned by them. Some real estate funds may not actually own property as that may involve above average risk from volatility in property prices.

Estate Planning:

Estate planning is a process involving the counsel of professional advisors who are familiar with goals and concerns, assets and how they are owned, and family structure. It can involve the services of a variety of professionals, including lawyer, accountant, financial planner, life insurance advisor, banker, and broker. Estate planning covers the transfer of property and may or may not involve tax planning.

Commodities:

Commodity trading provides an ideal asset allocation; also helps hedge against inflation and buy a piece of global demand growth. Investors must understand the demand cycle that commodities go through and should have a view on what factors may affect this. Because commodities prices usually rise when inflation is accelerating, they offer protection from the effects of inflation. Few assets benefit from rising inflation, particularly unexpected inflation, but commodities usually do.

Art:

As with any investment, need to do research and go beyond comfort zone. The art market is fickle and there are no guarantees of profitability, but with a little legwork and forethought one can fill home with images that may prove worthy investments down the line. The price of art is affected by such an array of intangible factors that valuing it can never be a science.

INVESTMENT PHILOSOPHY

The mission is to provide clients with wealth management services that result in a performance that meets or exceeds their investment goals. Exposing clients to undue risk is contrary to this mission. They believe that the tools of Modern Portfolio Theory empower with a methodology for building superior investment portfolios. This has been tested in all types of market conditions for decades and has consistently protected investor wealth from the perils of non-diversification.

TOP TEN WEALTH MANAGEMENT MISTAKES

Wealth management does mean a lot many things to many people. For some it amounts to managing the asset portfolio, which usually has three components, like real estate, equity holdings and some insurance. And even in this, the real action is around the equity portfolio – how much a person is earning, how his/her capital is growing, and so on.

But the essence of wealth management, as most managers would tell a person, is distinct from portfolio management. It is more long term and entwined with his/her life rather intimately. It is the creation of wealth to meet individual goals and the goals of the family. It even goes beyond his/her own life, it could even include his/her philanthropic and other related aspirations of seeing that his/her wealth has grown and is well distributed.

Often in India, wealth management is seen as accumulation of money and not about the wealth ‘as such. More money does not mean more wealth. And this is not an India-specific phenomenon. India has the fastest growing number of millionaires in the world and therefore the problem is rather prevalent. There are 10 big mistake happens at a time of Wealth Management. These 10 mistakes are as follows:

1. Going it alone
2. The right partner
3. Clarity
4. Revisiting objectives
5. Greed and Panic
6. Communication Hassles
7. Protection
8. Neglecting Succession Planning
9. Involving Family
10. Overdependence

The detail regarding each mistake and how to solve that mistake are as follows.

1. GOING IT ALONE

And one of the biggest mistakes people make in this area of wealth management is to do it alone. ―I think I can manage stuff on my own and after all I have the knowledge to handle it is the usual response. Professionals like lawyers, doctors and even trained financial professionals need specialised wealth management support. Professional wealth management service providers go a long way in understanding a person and his/her needs, his/her lifestyle, and his/her family. They then come up with several plans that could enable a person to grow and distribute his/her wealth. It is better to involve professionals here.

2. THE RIGHT PARTNER

By an extension of the previous mistake, often high net worth individuals tend to pick up more than one service provider. In India, clients provide only a portion of their portfolio to one wealth manager; hence the advice is suitable for only a part of the overall client portfolio. This contrasts with international practice where investors engage with one wealth manager to provide holistic advice on their entire portfolio. It not only allows disciplined approach to investments but also helps clients achieve their investment objectives. Yes, the process of choosing a wealth manager should be even carefully done.

3. CLARITY

One of the most important parts of wealth management is asset allocation. This is a critical area where many people have made mistakes, by jumping around too much or not changing at all. And this happens because there is no clarity in why the wealth manager was approached.

Though not water-tight, a person must have some clarity on the broad goals that a person wants to achieve in his/her life. These goals could be in the form of his/her children‘s education, buying a farmhouse, children‘s marriage, retirement and even beyond his/her demise.

4. REVISITING OBJECTIVES

Obviously, as life goes on, objectives and goals keep changing. And when these happen, the wealth manager or the relationship manager must be consulted to reset the entire portfolio. And this is a critical aspect many clients tend to forget, says a wealth manager. As per one wealth manager, ―Asset allocation, however, should be reviewed periodically and strictly. If it was decided his/her allocation would be 70% equity and 30% debt, during an equity boom this may change to a 90-10 ratio.

International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

5. PANIC / GREED

Wealth management is a long-term process and there will be times, especially in the bull-run, when a person would be tempted to risk more. These are the times when long and detailed wealth management plans are often shelved, sometimes broken down to indulge in speculation. Its first greed and then panic, he adds. A person might want to keep some funds aside for speculation, but do not interfere with his/her wealth management capital and his/her life goals, unless any of them have changed.

6. COMMUNICATION HASSLES

Wealth managers usually will keep sending a person a lot of mailers and documents to keep a person abreast of his/her wealth position. Now, there could be an information overkill situation. However, a person needs to be clear about where his/her funds is being allocated and how are they being monitored. And this relationship should be clarified at the very beginning of the association. Moreover, it is prudent to work with those, who ensure maximum confidentiality and address his/her communication needs.

7. PROTECTION

A person needs to insist to his/her wealth manager to include the insurance aspect as well. And it is most likely that his/her wealth manager will provide a person with some sound advice here. —The commissions from life insurance are quite attractive, says one of Wealth Manager

8. NEGLECTING SUCCESSION/ESTATE PLANNING

There have been umpteen cases where the family members of the deceased have been involved in bitter legal wrangles over sharing the estate. And most of this happens because a proper legal will was not prepared. Planning the will 'much earlier will ease much of the tension. His/her philanthropic activities can also be scheduled in the will. Moreover, wealth managers now offer trust services where trusts can be created for various purposes and their execution can be managed by the wealth managers. And trusts can be created even when a person is alive, and they will be managed according to his/her wishes and direction.

9. INVOLVING FAMILY

Though it comes at the bottom of the rankings, not involving his/her family in the wealth management process could easily be one of the biggest mistakes. Experts recommend that speaking and sharing his/her overall plans with his/her family. Discussing the life goals helps as the clarity, understanding and alignment of all family members is enhanced and therefore the wealth manager can then set up a solution that best fits his/her requirements. And with the family members involved, the sense of participation also increases, reckon wealth managers.

10. OVERDEPENDENCE

Lastly, wealth managers are human too and they make mistakes. Being completely dependent on them could be as counterproductive as constantly prodding them with suspicion. However, a healthy sense of accountability must be established where performances are questioned and monitored.

Having looked at all these factors, wealth management can be rewarding experiences that can help a person fulfil his/her dreams and aspirations. It can, as a wealth manager says, enable a person to see the fruits of his/her labour and enterprise be translated into happiness. It just requires some smart diligence.

International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

WEALTH MANAGEMENT TRENDS

The financial industry bubble burst and the counter measures undertaken are expected to significantly change the way wealth management industry will evolve in medium and long term.

We now look at the trends foreseen, a result of counter measures undertaken by the stake holders and outcome from the lessons learnt across four dimensions: Industry, Client5, Product and Employees.

INDUSTRY

- Rising costs and falling revenues will see consolidation in this still heavily fractured industry.
- Calls for tighter and more comprehensive regulation of wealth management industry are leading to increased investments in compliance area.
- Increasing government involvement in influencing business strategy and may result in tighter licensing requirements for wealth managers, prudent and ethical business practice, and increased focus on customer education.
- Better and more robust risk management systems will be the order of the day.

CLIENTS

- Investors have become more cautious than ever before and are becoming increasingly conservative towards risk. Investors look to shift away from offshore to onshore wealth management, from exotic investment products to more time-tested traditional investment products.
- Investors seek to have greater control of their wealth and look at reducing the share of product offerings with discretionary mandates.
- Investors are expected to be more critical of advice and products.
- Investor shift from performance consideration to risk consideration and asset protection.

- More and more investors will seek diversification of banking relationships as a risk containment measure.

OFFERINGS

- Simplicity and transparency in product offering will be paramount, not complex financial re-engineering.
- Dramatic decrease in appetite for complex financial products like structured products and a shift away from discretionary mandate, which were the sources of high income will result in margins coming under pressure in short and medium term.
- Business models will lay increasing emphasis on open architecture sales and in generating superior risk adjusted return for clients, thereby binding customer relationships. Move is expected from product centric to customer centric advice and solutions.

EMPLOYEES

- Compensation structures of relationship managers will be based on client centric parameters like retention value, consistency in performance etc.
- Shift from fee based to fee only models that encourages advice backed sales.

WEALTH MANAGEMENT – AN EMERGING SECTOR IN INDIA

India represents one of the greatest opportunities to wealth managers over the coming decades. Even in today‘s financial environment, the wealthy population in India is large and growing, yet the market is served by an underdeveloped Wealth Management industry.
According to the report, India is slated to become a US$1 trillion market (in assets under management) for wealth management providers by 2012, with a target market size of 42 million household In the annual survey done by Cap Gemini, SA and Merrill Lynch it was found that ranks of millionaires grew 6% in the previous year, because the number of richer people grew in India & China where India is competing China. India & China posted the biggest gain in millionaires advancing by 23% & 20% respectively. When they are watching the worldwide increase in number of millionaires the facts collected by Cap Gemini, S.A., and Merrill Lynch survey report. India has 23% growth in the year (2006-07). The biggest Asian economy China stands on second position with 20%, west Asia 16%, United States 4%, and United Kingdom (UK) 2%. So, they can understand that there are more opportunities in the Wealth management business in Asia, especially in India. India is now home to a new breed of billionaires: Those created by an almost inexplicable rise in the values of the stocks they hold.

International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

Forbes List of Top 10 Richest People in India Rank Name Net Worth ($ in Billion)

7	MUKESH AMBANI	19.5
8	LAKSHMI MITTAL	19.3
34	ANIL AMBANI	10.1
59	SUNILMITTAL	7.7
83	AZIZ PREMJI	5.7
86	SHASHI& RAVI RUJA	5.6
98	KUSHAL PAL SINGH	5.0
124	KUMAR BIRLA	4.2
183	ADI GODREJ & FAMILY	3.3
205	DILIP SHANGHVI	3.0

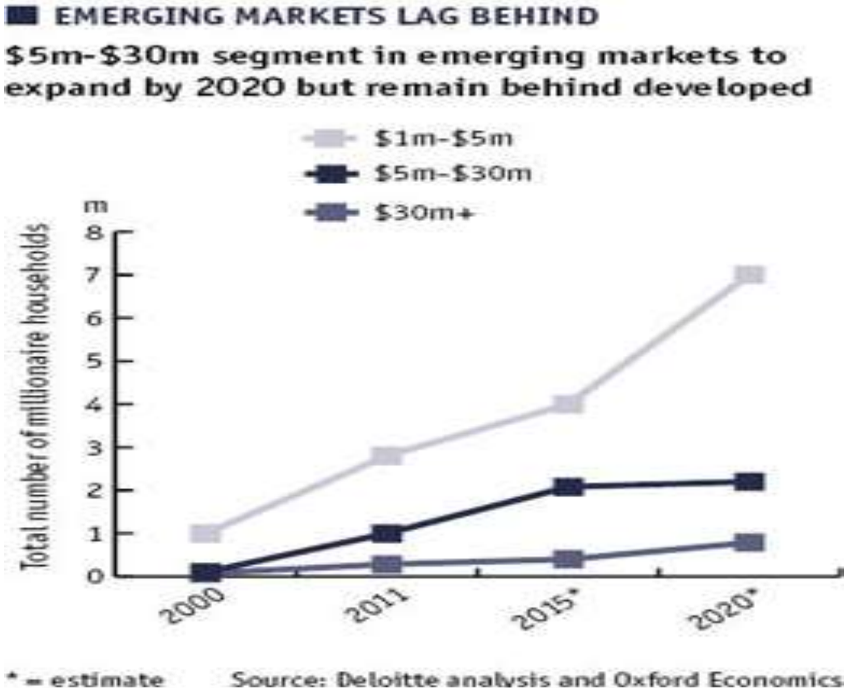
Indians will have one trillion dollars' worth investable wealth by 2012, with the country‗s robust economic growth driving a four-fold surge from just about 250 billion dollars in 2007. According to a report by international consultancy firm Celent, India is set to become a huge hunting ground for wealth managers with the number of their potential clients and size of manageable wealth both expected to grow four-times through 2012.

The wealth management market will have a target size of 42 million households by2012, as against just about 13 million in 2007, noted the report titled ‗Overview of the Wealth Management Market in India '.

Wealth management is just emerging in India. The growth of the economy has already been widely showcased. Wealth management services have been getting more attention over the last two years. A booming economy, rising stock prices and an increase in salaries and spending power have turned the spotlight on this sector. The wealth management space was earlier the preserve of some foreign banks which offered these "exclusive services" to a select few.

India has one of the highest HNWI growth rates in the world. Last year there were 251,000 HNWIs in the country, holding a total of USD 1,083 billion. By 2015, the number of Indian HNWIs is expected to grow by 85% to approach around 465,000 individuals, with HNWI wealth projected to increase by 97% to USD 2,134 billion.

Such huge figures have given India the largest opportunity for wealth management.



KEY HIGHLIGHTS FOR A BOOMING FUTURE IN WEALTH MANAGEMENT INDUSTRY

- India currently has the fourth-highest number of HNWIs in the Asia-Pacific region after Japan, China, and Australia. In 2011, there are 251,000 HNWIs in India who, together, hold a total of US$1,083 billion.
- Going forward, the number of Indian HNWIs is expected to grow by 85% to reach close to 465,000 individuals in 2015. HNWI wealth is expected to grow by 97% to US$2,134 billion in 2015.
- HNWIs in India are expected to increase their allocations to equities going forward, whilst reducing their exposure to fixed-income and cash instruments. As they become more sophisticated, Indian HNWI investors will significantly increase their investments in sophisticated alternatives such as hedge funds, private equity, and venture capital. Similarly, assets allocated to collectable assets will increase dramatically.
- Given ongoing political trends in India regarding the financial sector and, specifically, the wealth management sector, increased regulation of the industry is highly probable. Research suggests that such regulation will be a net positive for the industry and will clarify and streamline taxation and the regulatory structure.
- Pune received the highest 'private banking potential' rating amongst Indian cities analyzed and is a standout among its peers, providing some of the best opportunities for business development for international private banks and wealth management firms

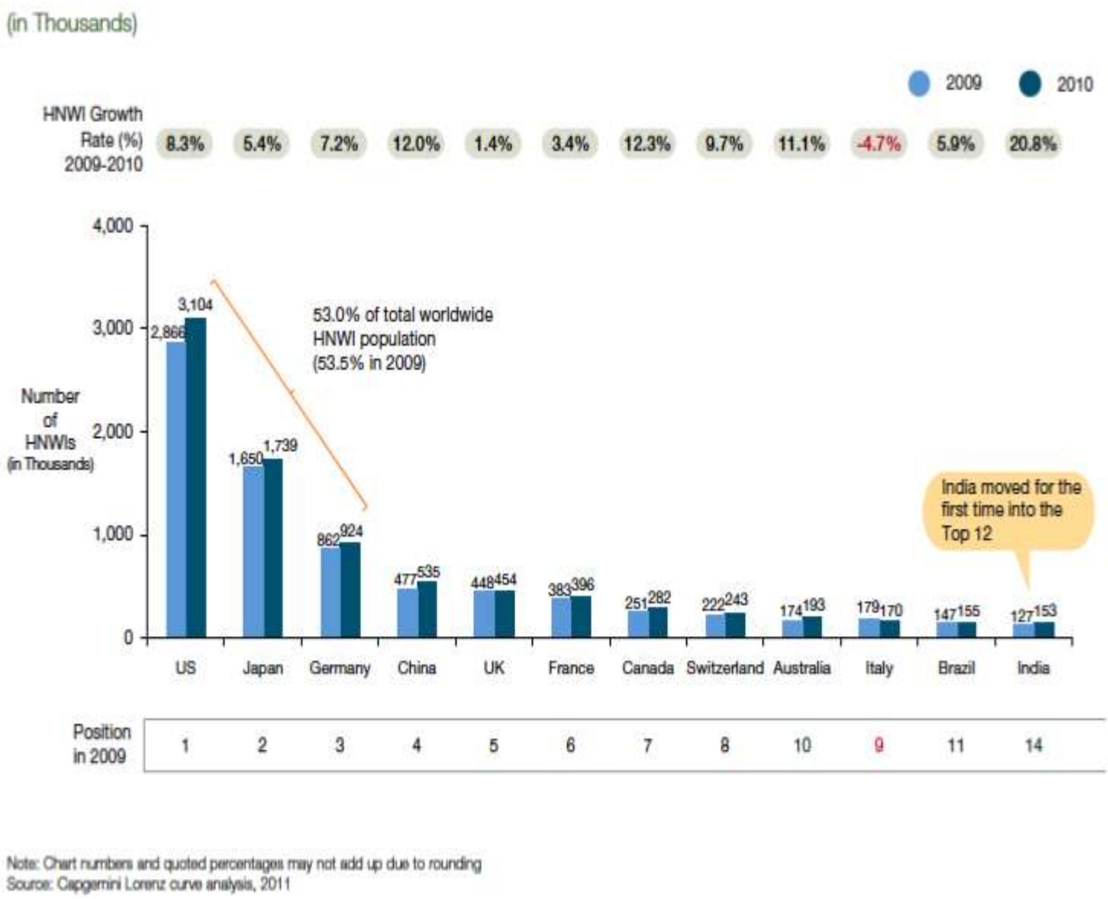
International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

INDIA IN 'TOP 12 LEAGUE' OF WEALTHY INVESTORS: MERRILL LYNCH-CAPGEMINI WORLD WEALTH REPORT

MUMBAI: Private Banks and local wealth management firms will have more affluent clients to serve in the coming years. India's population of HNIs surged 21% to 1,53,000 in 2010, according to the Merrill Lynch-Capgemini World Wealth report released on Thursday.

This is the second straight year in which India's HNI population growth has been among the top gainers, the report said. India pipped Spain to enter the 'top 12 league' of countries which have highest number of rich people. "Indian HNIs continue to benefit from a robust economy and asset classes like equities and real estate," said Atul Singh, managing director and head, Merrill Lynch Global Wealth Management-India.

In its first volume of Wealthy Indians, Kotak Wealth-Crisil forecast that affluent individuals with assets of at least 25 crores would triple by 2016 to 2,19,000. Their assets may grow five-fold to 235 lakh crores.



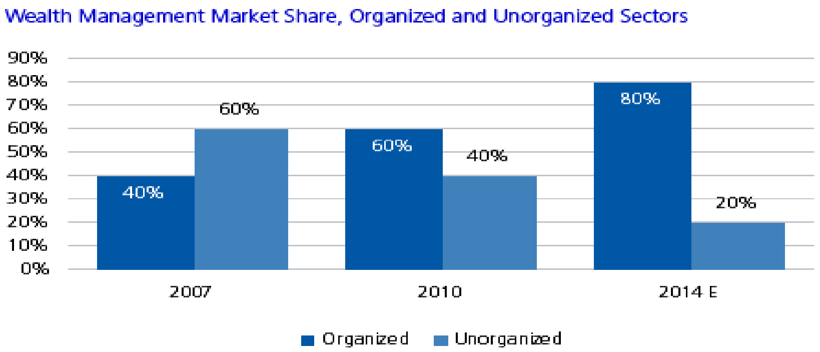
OPPORTUNITIES FOR WEALTH MANAGEMENT SECTOR IN INDIA

India represents the greatest opportunities to Wealth Managers over the coming years. Infact, in current financial environment, the wealthy population in India is large as well as growing, yet an underdeveloped Wealth Management industry served the market.

International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

- In the world, India has the tenth highest number of dollar millionaires and their rate of growth is higher than in any other country.
- In India, wealth management services are underdeveloped and there are urgent opportunities for companies who understand the market to capture business there.
- Financial sector reforms and a relaxed regulatory framework are allowing wealth generation in India to become more competitive and open.
- Wealth Management will need to adapt with clients, to spread beyond the largest cities and educate its clients on the changing business environment.
- To foreign banks, non-resident Indians represent a large asset.
- Indian people are looking increasingly beyond their own borders for their investments. Therefore, foreign banks must leverage their global expertise

The wealth management sector is poised to witness tremendous growth. India 's economic growth is making larger sections of the population prospective customers of wealth management providers, The growth would be seen across all income-levels, but the lower-income segment would record the maximum growth in terms of volume, while high-net worth households would contribute the most in terms of wealth size. Celent has defined a household with minimum income of $5,000 (Rs2 lakh) as the lowest end of the target market for wealth managers, while one with at least $30 million (Rs120 crore) of investable income has been put in the category of ultra-high net worth.
The market would see different products being launched for catering to different client segments. There is an increasing momentum towards structure in this previously chaotic domain. They should expect some very India specific innovations soon. The market is currently dominated by unorganized players, whose share is 1.5 times that of the organized market. However, a structural change is taking place and organized players are drawing clients away from the unorganized players.



As per report of Celent, Wealth management revenues are expected to contribute 32- 37% of the total revenue of full-service financial institutions by 2012. According to the report, mass-market (Rs2-1 lakh of disposable income) would be a key driver, accounting for 40% of the overall growth in the number of households. Most wealth managers, except niche players, would target the mass market because of its youth-dominance and this market would see more service providers entering the fray with anown them young 'policy.
The ultra-high net worth households with wealth more than Rs 120 Crores would have a total population of 10,500 households by 2012, while the super high nets worth households

International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

(Rs 40 crores -120 crores) are expected to grow to 42,000. The population of high net worth households (Rs 4 Crores – 40 Crores) would grow to 3,20,000, while there would be 3,50,000 households in the super-affluent category (Rs50 Lacs – 4 Crores). Besides, 10 lakh ne households would join mass-affluent category (Rs10-50 lacs), taking their population to 18 lakhs by 2012. However, a vast majority of 39 million households, out of the total 42 million target market population in 2012, would belong to the mass market (Rs2-10 lac).

Category	Wealth Size	No of Household
ultra-high net worth	>Rs. 120 crores	10,500
super high net worth	rs.140crores-120 crores	42,000
high net worth	Rs. 4 crore 40 crores	320,000
super affluent	Rs 50 lacs - 4 crores	350,000
mass-affluent	Rs 10 lacs - 50 lacs	1,800,000
mass market	Rs 2 lacs - 10 lacs	39,000,000

Private Banks, independent financial advisors and full-service brokerages would serve the high net worth segment, while ultra-high net worth households would be served by private banks and family offices. India has the tenth highest number of dollar millionaires in the world and their rate of growth is higher than in any other country. A relaxed regulatory framework and financial sector reforms are gradually allowing wealth generation in India to become more open and competitive.

Wealth Management services in India are under-developed and there are immediate opportunities for organizations who understand the market to capture business there. Wealth Management will need to spread beyond the largest cities and to adapt with and educate its clients on the changing business environment. Indians are increasingly looking beyond their own borders for investments; foreign banks must therefore leverage their global expertise. India's potential for HNWI growth and expansion is also evident. The HNWI population in India is also expected to be more than triple the size in 2018 that it was in 2008, with emergent wealth playing a key role. Like China, relatively few among the current HNWI population (13%, compared to 22% in Japan) have inherited their wealth and few (9%) are over the age of 66, suggesting economic growth has the potential to boost the size of the HNWI population.

Wealth is also likely to extend beyond metropolitan areas. India currently has a middle class of 80 million households and only 25 million reside in Tier I cities like Mumbai and Delhi, while many others live in smaller cities and beyond. And there are already 51 districts that have twice the market potential of the four metros combined illustrating the potential for HNWI wealth to be even more geographically dispersed in the future.

International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

Firms in India also have an important and unique opportunity to serve the offshore segment, as the remittances ceiling has been progressively raised over the last five years: from US$25,000 in 2004 to US$200,000 per person in 2009. Moreover, the Securities and Exchange Board of India (SEBI) recently eliminated the entry load for mutual fund distributors, which is expected to encourage firms to adopt a more advisory-based model with increased transparency. Likewise, non-resident Indians (NRIs) represent a huge potential client segment for wealth management firms: NRI deposits grew from US$36.1 billion in December 2008 to US$39.2 billion in May 2009, while remittances, estimated at US$49 billion in 2008 are projected to reach US$56 billion in 2013. By contrast, China's remittances were US$37 billion in 2008 and are projected to be US$48 billion in 2013. This is particularly significant given that 15%-25% of NRI portfolios are invested in India. Outside of Asia-
Pacific, the Middle East, and North America are the regions with the highest NRI population. Together, they submit close to 70% of NRI remittances coming from outside of Asia-Pacific.

KEY CHALLENGE AREAS

While immense business potentiality of this emerging sector is a driving point for most of the firms, they face many challenges in formulating winning services offering meeting the client needs. In the following section, we would briefly look on the key challenges area in the present context.

1. Awareness about Wealth Management

Awareness is biggest challenge area for Wealth Management Sector. Most of the people are not aware about wealth management sectors. In India people assume that wealth management and portfolio management are same and provide same service. There is need for creation of awareness about wealth manage concept in India.

2. Highly Personalized and Customized Services

Unlike other stream of financial services, mostly being transactional /commoditized in nature, wealth management services require client specific solution and service offering. No one solution exactly meets the needs of another client. In a situation of highly personalized and customized nature of service offering, developing any form of generic service model does not support growth of the business.

3. More Focus on Return

One of major challenges is client‘s major focus on return. Clients are always asking question related to return. They want return as per original financial planning. If there any deviation from return, then they need explanation and they change wealth manager.

4. Competition from Bank

Wealth Management sector faces very tough competition from Banks. Banks have huge customer data and information about their cash balance and their investment pattern.
On basis of that, Banks have created Relationship division which nothing back door entry of Banks in wealth management sector. Whereas Wealth Manager face competition for customer acquisition.

5. Tough Competition from Individual Service Provider

Wealth Management service is package of various services like Investment Planning, Insurance Planning. Retirement Planning, Tax Planning etc. There are lots of stock broking firm who provide Investment planning service. There are lots of individual insurance agent and there are lots of CA who providing Tax Planning Facilities.

International Journal of Business Economics and Management Research
Vol. 7, Issue 1, January 2016 IF:4.963 ISSN: (2229-4848)
www.skirec.org Email Id: skirec.org@gmail.com

6. Personal relationship driving the business

To meet client expectation of personal attention, mode of communication in wealth management services tends to be highly personalized. Thus, the conventional grids of communication, such as call centre, data centre does not fit well. Success of wealth management services heavily draws on personal interaction with the dedicated relationship manager, who takes care of whole investment management lifecycle for bunch of clients on one-to-one basis. This essentially requires service firm to invest heavily in human processes to groom and retain a team on competent relationship managers with cross functional skills.

7. Evolving Client Profile

The biggest challenge in providing wealth management service offering is to factor and reckon the evolving nature of client profile, in terms of investment objective, time horizon, risk appetite and so on. Thus, a service model developed for a client cannot remain static over a period. Any service model must be flexible enough to consider the dynamic nature of client profile and expectations arising out of it.

8. Client Involvement Level

The conventional adage – the more money you have, more effort is needed to manage it – proves to be otherwise in case of HNWIs. Generally, client involvement in managing the finance remains on the lower side. This brings onus of managing the whole gamut of investment and due performance single-handedly on the shoulders of investment manager.

9. Limited Leveraging Capabilities of Technology (as an enabler)

In the recent times, we have witnessed technology a key enabler to help business to expand its market reach with reduced cost of services offering. Online banking and online trading/brokerage services are the best examples in this regard. Technology leveraging has helped services firm to achieve universal proliferation of market with substantially reducing transaction cost. As business rules and service definitions to guide the applications tends to be quite composite in wealth management services, leveraging the capabilities of technology to meet the business requirement may not be highly feasible in the initial years.

10. Intricate Knowledge of Cross-functional Domain

By very nature of wealth management, it not just involves matters of plain vanilla finance but has intricate relationship with many elements of domestic / international law, taxation and regulatory norms. In order to provide sound investment guidance, a relationship manager is required to have intricate knowledge of domestic/cross-border finance, accounting, legal and taxation subjects.

CONCLUSION: INDIAS WEALTH MANAGEMENT INDUSTRY SET TO BOOM

The Indian wealth management industry is gearing itself up to meet expanding market opportunities. Providers, products, channels, technology, regulation, and clients are coming together in the wealth management space to capitalise on tremendous growth opportunity, according to a new research. In its latest report titled 'Overview of Indian Wealth Management Market', Celent, a Boston-based financial research and consultancy firm, has said that over the next four-five years, wealth management service revenues are expected to contribute to over a third (32-37 per cent) of full-service financial institutions.

Also, the wealth management market is currently undergoing structural changes with increased market penetration by organised players drawing clients from the unorganised end of the market. According to Celent, with large segments of the population showing interest in financial products and service lines, growth and buoyancy across sectors are boosting the financial service industry of India.

Disposable income is expected to grow from the current 2 per cent to 5 per cent in 2017. Currently, Indian financial sector shares about 7 per cent of the total national disposable income. The share of the financial institutions would grow to 18 per cent by 2012, it is estimated. Projecting an addition of 500 million people to the working class in the next decade, with the young population enjoying increase in income levels, a 20 per cent compounded annual growth rate in the nearly $400 billion annual consumer spending could be expected, the report points out, adding that this enhanced spending would soon find its way into the financial institutions.

The Indian market has been segmented by wealth management service providers into four categories, namely: the mass market (investible surplus $5,000 to $25,000); the mass affluent ($25,000 to $1 million); the high net worth (HNW $1 million to $30 million) and the ultra-high net worth (ultra-HNW greater than $30 million).The lower rung of this pyramid is currently clocking tremendous growth at 30 per cent for mass affluent and 27 per cent for mass market.

These segments will continue to grow, asserts Celent. Suggesting that there is a paradigm shift in Indian wealth management business having moved from safeguarding wealth to growing wealth the report says there is momentum towards more sophisticated customer segmentation, products, and delivery channels. Little wonder then that the wealth management industry currently registers a 30 per cent-plus growth rate; and by 2012, the country's wealth management market is expected to be $1 trillion, with approximately 42 million households, over three-fold increase from 13 million households today.

References

Grover, H. (2015). Review on Factors Influencing Investor's Wealth Management Behavior. *The International Journal of Business & Management*, *3*(4), 336.

Kapur, D., &Ramamurti, R. (2001). India's emerging competitive advantage in services. *Academy of Management Perspectives*, *15*(2), 20-32.

Maude, D. (2010). *Global private banking and wealth management: the new realities* (Vol. 610). John Wiley & Sons.

Meyer, D. R. (2014). Private wealth management in Asia. *Handbook of Asian Finance: Financial Markets and Sovereign Wealth Funds*, *1*, 17-36.

Michael, B., Hartwell, C. A., & Ho, G. (2015). Wealth Management and Private Banking Services in Developing Markets. *Journal of Investment Consulting*, *16*, 1.

Misra, B. M., & Dhal, S. (2010). Pro-cyclical management of banks' non-performing loans by the Indian public sector banks. *BIS Asian Research Papers*, *16*, 1-23.

Pathak, B. V. (2010). *The Indian financial system: markets, institutions and services*. Pearson Education India.

Prasad, E. S. (2010). *Financial sector regulation and reforms in emerging markets: An overview* (No. w16428). National Bureau of Economic Research.

Prasad, G. B., &Veena, D. (2013). Asset and Liability Management in Indian Banks: Emerging Issues. *The Journal of Venture Capital & Financial Services*, *7*(1/2), 17.

Shankar, R., Narain, R., & Kumar, A. (2006). Survey of knowledge management practices in Indian manufacturing industries. *Journal of Knowledge Management*.

Sundaresan, S. (Ed.). (2009). *Microfinance: emerging trends and challenges*. Edward Elgar Publishing.

Tandon, N., & Reddy, E. E. (1990). A study on emerging trends in textile industry in India. *Ratio*, *104*(108), 212.