Private Banking in India After the 2008 Financial Crisis

The expansion of private banking in India continues in tandem with the country’s growing wealth. However, the industry continues to be hamstrung by regulatory and technological factors.

Executive Summary

Until 2008, private banking (PB) existed in India largely as an investment advisory service offered by a few banks. PB services were offered as part of the overall banking services package. They were rarely rendered by trained resources. The products were also limited to traditional offerings such as deposits, mutual funds, insurance and bonds. After the 2008 financial crisis, a number of changes occurred:

- Though India remained largely insulated from the crisis in the financial markets, the widespread media coverage increased investors’ awareness of the products and services available globally.
- Investors began considering alternative forms of investments such as private equity, REITs, structured products, currencies, commodities, bonds, etc.
- This new breed of investors began demanding more from their banks and from their private bankers in terms of services, products, returns, reports, information, etc.
- Indian banks and financial institutions responded by beginning to provide PB services that were more in tune with global offerings.

This paper takes a look at the PB business in terms of:

- The role of banks and customers/investors in bringing about a change in the way PB business is conducted in India.
- The importance of PB and distribution of third-party products (TPPs) as revenue sources in an era of decline in the traditional sources of revenue.
- The drawbacks in the way the business is being conducted in India and the consequent impact on stakeholders.
- The steps required to ensure that the Indian PB industry meets global standards in terms of infrastructure, human capital, mindset, etc.
- The role of regulators and whether they are equipped to handle the demands of the PB business.
- Scope for consulting firms in the development of IT infrastructure for banks and other financial institutions.

Rise of Alternative Investment Opportunities

A positive effect of the financial crisis of 2008 was that it familiarized Indian investors with
words such as sub-prime, securitization, collateral debt obligations (CDOs), mortgage-backed securities (MBS), etc. Investors came across several investment products that were common in developed markets in the West. Products such as private equity, real estate investment trusts (REITs), junk bonds, etc., which had hitherto been the preserve of a select group of investors, became known to the broader class of investor.

Investment products that provided the opportunity to invest in unlisted companies, real estate, art, gold, silver and other precious metals as well as in previously unexplored sectors such as entertainment, retail, logistics, etc. provided the kind of diversification that investors sought. The fall in the stock markets and the failure of global banks and financial institutions had raised concerns about the solvency of such entities even in the Indian scenario.

In response, banks and other financial institutions began recommending such products to their high net worth individual (HNI) clients. These products, apart from having a high investment threshold, also required trained and qualified bankers/advisors who could recommend, service and provide information on such products. Banks therefore began offering investment advisory services to HNIs under the private banking umbrella.

Private Banking in India

The economic reforms launched in 1991, the subsequent high growth rates in the information technology enabled services (ITES) and manufacturing sectors, the opening up of capital markets and the corresponding rise in income levels contributed to the emergence of specialized banking and investment services in India.

Some relevant statistics outlined in a recent Kotak Wealth Management-Crisil research report:

- There are an estimated 62,000 ultra-wealthy households in India (2010-11 E), which is likely to grow to 219,000 by 2015-16.
- From three billionaires in 1996 to eight in 2004, to 55 in 2011, India currently comes third after the U.S. and China in terms of the number of billionaires.
- The total net worth of India’s ultra-HNW individuals is expected to increase five-fold to Rs235 trillion by 2015-16.
- Ultra-HNIs invest up to one-fifth of their income for growing their wealth.

However, the most interesting statistic is given in Figure 1:

Projected Change in Investment Strategies for HNIs

![Figure 1](image_url)
According to this survey, the traditional avenues of investment viz. equity and debt are likely to give way to real estate and alternative assets. In fact, investments in these two will record growth at the expense of equity and debt, with alternative assets growing the most on a percentage basis.

Why is this likely to happen?

- Rising income levels and surplus funds.
- Investors’ willingness to look beyond traditional equity and debt instruments.
- Falling returns and increased risk perception associated with traditional equity products.
- The perception that risk associated with alternative assets and real estate can be controlled and managed.
- The emergence of previously unexplored investment options – e.g., vintage cars, art and antiques, coins, wine, etc.
- The emergence of previously unexplored investment avenues such as private equity, real estate, art funds, REITs, film production and funds, etc.
- The emergence of exotic debt instruments.
- Banks and financial advisors, hit by falling revenues from traditional banking and investment products, are looking to compensate for this through PB.

Growth of Alternative Investment Options

Alternative investments generally refer to investments in private equity (PE), real estate funds, REITs and venture capital (VC). At a broader level, they could include investments in tangible assets such as art, wine, antiques, coins, stamps, vintage cars and film production.

After the financial crisis of 2008, investors in India, especially HNI investors, were looking to diversify their holdings, and alternative investments emerged as an option. They became available to a broader class of investors in the form of formal, structured products that were managed by professional fund managers and regulated by an independent regulator.

The growth of alternative investments in India also coincided with the growth of private banking. Recommending alternative investments and other similar financial products needed a level of expertise that the relationship managers in Indian banks did not possess. This contributed to the rapid growth of private banking services in the country.

It is also possible that following the financial crisis banks found it easier to convince investors to consider alternative investments. The regulatory changes in the Indian financial and investment sector (viz. abolition of entry load on mutual funds and subsequent cap on brokerage paid out to distributors) may also have prompted banks and other financial institutions to recommend alternative investments. (On the basis of upfront commission received, banks earn more from alternative investments.) Lastly, amid falling revenues from other sources (NIMs, low credit off-take, higher cost of deposits, etc.), private banking services and alternative investments were a newer source of revenue.

Alternative Investment Options in India

- **Private equity funds**: These funds allow HNIs and UHNWIs to invest in unlisted companies. Such companies usually have a business model and a steady revenue stream. PE funds generally have a mandate to invest in every sector except real estate. In India, these funds have been investing in relatively unexplored sectors such as education, healthcare, hospitality, retail, housekeeping services, entertainment, film production, animation and gaming, logistics, pharmaceuticals, etc. The funds look to exit such investments either on listing or through stake sale to another PE/VC firm. In India, PE funds currently require a minimum investment of Rs25 lakhs, to be paid over two to three years. The returns are paid out once the fund exits a particular business or at the end of the tenure of the fund, which could be five to seven years. The fund usually charges a fund management fee, in addition to a standard pre-decided profit-sharing arrangement with the investor.

- **Real estate funds**: These funds allow HNI investors to invest in real estate in different parts of the country. Funds collected from investors are used to fund a special purpose vehicle (SPV) which in turn is used to fund real estate projects. Like PE funds, real estate funds too require investors to contribute a minimum of Rs25 lakhs over two to three years while returns are paid out once the fund liquidates its stake in a project/SPV or at the end of the tenure of the fund, which could be five to seven years. In certain cases, the SPV thus created...
issues bonds/NCDs that bear a fixed interest. In such cases, investors are also entitled to these regular payments. Investors in India are also familiar with the concept of REITs. However, the regulator has not allowed REITs to operate in India.

- **Bullion Funds:** These invest in gold, silver and other precious metals. Such funds were floated to take advantage of the fluctuations in bullion prices. They allow investors to take physical delivery of metals at the time of maturity.

- **Art Funds:** In the Indian context, an art fund is like a mutual fund where instead of investing in stocks and other securities, the fund manager buys works of art to be sold at a later date. Art funds came into vogue in India in 2008 and collectively were able to mop up ~Rs300 crores. They were floated by Osian's, Edelweiss, Religare and Kotak, among a few others. Apart from the timing — i.e., during the financial crisis — another reason for the success of such funds was that Indian artists had started making waves at global auctions. The average investor or even the HNI/UHNWI who was clueless about art, got an opportunity to invest in art through art funds. Unfortunately, the performance and track record of art funds in India has not been as expected.1

The most popular form of alternative investments in India have been private equity and real estate funds. Here, it is important to differentiate between PE and VC as far as the Indian scenario is concerned.

Typically in a VC, funds flow into high-potential, high-risk, high-growth start-up companies. Private equity entails investment in unlisted, small and mid-size businesses that have a well-defined, tried and tested business model and a steady revenue stream. These firms are typically looking for management and strategic expertise, usually to assist them in listing at a later stage. This expertise is provided by PE players. In both PE and VC, listing on the stock exchange is more often than not the primary objective and also the primary exit strategy for the fund providers — the other being stake sale to another PE/VC firm.

**Emergence of Private Banking Services in India: The Role of Banks**

An important factor in the emergence of private banking is banks’ promotion of private banking products and services, and their distribution of TPPs.

Banks are always on the lookout for unexplored or partially explored sources of business and revenue. Most banks are currently exploring the distribution of TPPs. Any product that is not developed by the bank, but which the bank recommends to its clients, is a TPP. Thus, TPPs

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1. These firms are typically looking for management and strategic expertise, usually to assist them in listing at a later stage.

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**Quick Take**

**Private Equity in India**

- Over the past six years, PE investments in India have reached about U.S. $50 billion — a significant proportion of the total investment in India during the period.
- From the seventh spot in 2004, India moved to the top spot in 2007 of the largest PE markets in the APAC region (excluding Australia).
- India was the fastest growing PE market in Asia in 2011, with investments of U.S.$14.3 billion, which translates to an approximately 55% increase over 2010.
- The number of exits showed a decline of 30%, with only 88 investments exited. Since exits are usually by way of a listing, the existing stock market conditions contributed to this.
- In 2011, total deal value in the real estate sector rose almost 50%, from U.S.$1.5 billion to U.S.$3.4 billion, while manufacturing and IT/ITES pulled in about U.S.$4 billion.

*Source: IVCA Bain India Private Equity Report 2011 and 2012.*

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1. cognizant 20-20 insights 4
Top 10 PE Investors in India (2005-2010)

<table>
<thead>
<tr>
<th>PE Investor</th>
<th>Number of Deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sequoia Capital India</td>
<td>57</td>
</tr>
<tr>
<td>International Finance Corporation</td>
<td>53</td>
</tr>
<tr>
<td>Bennett Coleman &amp; Co Ltd</td>
<td>52</td>
</tr>
<tr>
<td>Citigroup Venture Capital</td>
<td>39</td>
</tr>
<tr>
<td>ICICI Ventures</td>
<td>32</td>
</tr>
<tr>
<td>IDFC Private Equity</td>
<td>31</td>
</tr>
<tr>
<td>Goldman Sachs Investment Partners</td>
<td>27</td>
</tr>
<tr>
<td>IL&amp;FS Investment Managers Ltd</td>
<td>23</td>
</tr>
<tr>
<td>IL&amp;FS Investment Managers Ltd</td>
<td>22</td>
</tr>
<tr>
<td>Reliance Capital</td>
<td>22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investee</th>
<th>Number of PE Investors</th>
<th>Value ($Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharti Airtel</td>
<td>4</td>
<td>3166</td>
</tr>
<tr>
<td>GMR Infrastructure</td>
<td>8</td>
<td>1152</td>
</tr>
<tr>
<td>DLF Ltd</td>
<td>3</td>
<td>1050</td>
</tr>
<tr>
<td>Idea Cellular</td>
<td>8</td>
<td>951</td>
</tr>
<tr>
<td>HDFC</td>
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<td>767</td>
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<td>NSE</td>
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<td>697</td>
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<tr>
<td>Lodha Group</td>
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<td>680</td>
</tr>
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<td>Nitesh Estates</td>
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<td>621</td>
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<tr>
<td>Moser Baer India</td>
<td>4</td>
<td>528</td>
</tr>
<tr>
<td>GVK Energy</td>
<td>3</td>
<td>404</td>
</tr>
</tbody>
</table>

Source: Grant Thornton-IVCA-“The Fourth Wheel”-Private Equity in the Indian Corporate Landscape.  
Figure 2

Real Estate Funds Operating in India and Sourcing Funds from Indian Investors

<table>
<thead>
<tr>
<th>PE Fund</th>
<th>A Sample Of Investments Done to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiareit - Domestic Fund I, II and III</td>
<td>23 deals across Mumbai, Bangalore, Chennai, Hyderabad, NCR and Pune, involving residential and commercial properties.</td>
</tr>
<tr>
<td>HDFC REP (Real Estate PMS)</td>
<td>Runwal Projects, Ansal Group, Kalpataru.</td>
</tr>
<tr>
<td>Aditya Birla Real Estate Fund</td>
<td></td>
</tr>
<tr>
<td>Kotak Realty</td>
<td>Peepul Tree properties.</td>
</tr>
<tr>
<td>ICICI Ventures-India Advantage Fund</td>
<td>Funding provided to Corolla Realty Pvt Ltd, Express Towers, Kolte Patil Projects, Lodha Realty.</td>
</tr>
<tr>
<td>Real Estate Srl 1 and 2</td>
<td></td>
</tr>
<tr>
<td>Milestone</td>
<td></td>
</tr>
</tbody>
</table>

Source: Individual websites of the respective real estate funds.  
Figure 3

can include mutual funds, insurance, alternative investment options, bullion and real estate. Recommending and distributing TPPs earns revenue for the bank. This revenue could be by way of brokerage, commission and fees (upfront and trail). Over the past few years, revenue received from distributing TPPs has contributed significantly to banks’ bottom lines.

This is illustrated by a comparison of the top three private sector banks in India, as shown in Figure 4.

In the near future, it is very likely that as the traditional sources of revenue for banks start to dry up, the revenue gap will be filled by TPPs distribution and private banking operations.

Impact of Private Banking

Across the world, private banking contributes significantly to the total revenue earned by banks. Deutsche Bank PB contributes more than €10 bn to the total revenue of €28.9 bn while the figures stand at €699 mn against total revenue of €2.7 bn for Société Générale There is no reason why this should not be so in the Indian scenario too.

Growth in the PB industry in India will spell change for all the parties involved:
Noninterest & Fee-Based Income of India’s Top Three Private Sector Banks

For Banks/Industry
- A major source of revenue to replace/shore up depleting traditional sources of revenue.
- An addition to banks’ product lines.
- Support for attracting and retaining clients.
- Transforming banks into organizations that offer end-to-end financial solutions.
- Allowing Indian banks to move towards a more global model.
- Improve the quality of the workforce in banking given the specialized skillsets required from private bankers.
- More updated and relevant regulations to handle the dynamic nature of the private banking industry.

For Investors/ Clients
- Availability of services such as estate and legacy planning, philanthropy, trust formation, inheritance planning, etc. that were earlier carried out by the unorganized sector.
- More tax-efficient solutions by way of offshore banking and offshore accounts and also the opportunity to invest outside India.

Challenges Faced by Stakeholders in the PB Business in India

Banks
- **Infrastructure challenges:** Lack of appropriate and adequate physical and IT infrastructure is one of the major challenges facing the PB sector in India. Bank branches are not well equipped to cater to HNIs and UHNWIs who avail themselves of PB services. Wealth management systems currently in use are basic in nature and are used more as instruments for generating reports rather than for wealth management and financial planning.
- **HR challenges:** Shortage of experienced and trained private bankers and high attrition levels means that talent is always in short supply.
- **Perception challenges:** In the Indian context, banks and FAs/RMs are viewed as product sellers and product-pushers rather than genuine financial planners or portfolio managers.
• **Regulatory challenges:** Regulators in India are not yet fully equipped to deal with the kind of products and services that private banking offers. Quite a few products currently being sold/recommended under private banking viz. PE, real estate funds, art funds and structured products are being governed by diverse regulations such as the SEBI Venture Capital Funds Act (for PE) and Collective Investment Scheme-CIS (for art funds). Alternative investments are currently not regulated by a dedicated regulator, making it difficult for grievances to be redressed by banks (as brokers/distributors) or by investors.

• **Challenges of scale:** Not all Indian banks have been able to scale up their private banking operations, either due to lack of an adequate number of clients or lack of adequate assets under management (AUM).

**Clients**

• Lack of adequate infrastructure.

• **Lack of trained private bankers.**

• **Trust deficit:** relationship managers from banks and brokerage houses have not helped their cause by trying to hard-sell products to their clients. The focus has been on maximizing sales rather than maximizing safety and returns for clients.

• **Inadequate regulations.**

• **High attrition rate** among portfolio managers/client relationship managers.

• **Alternative investment portfolio managers (local brokers and IFAs):** Brokers and independent financial advisors (IFAs) cater to a sizable segment of the investor population. Investors are attracted to them for multiple reasons: low cost of transactions, personalized service and advice, sharing of revenue by the broker/IFA, continuity of advisor as compared to an ever-changing bank RM, etc. In such cases, investors tend to ignore certain important factors viz. whether the advisor is adequately qualified, whether he has adequate and relevant experience and whether he is acting in the best interests of the investor. The large number of brokers/IFAs has made the portfolio management business highly segmented and restricted the growth of the business.

• **High cost of portfolio management and fund management:** Services of a private bank and a portfolio manager come at a high cost for the investor. In addition to portfolio/fund management fees, entry and exit fees for the products that they recommend are also quite high. In India, a portfolio manager may charge anything from 2% to 4% annually for fund management. The expense ratio for a mutual fund may range from 1.5% to 2.5%, while the entry and exit costs for various products such as mutual funds, PE funds, structured products and PMS can range from 2% to 5%. For the Indian investor, paying for advice is still an alien concept and a majority of investors prefer not paying.

• **Lack of financial market activism:** Unlike countries in the West where activist investors and shareholders have the leverage to force financial institutions and corporate entities to reconsider decisions that may impact the retail investor adversely, investors in India are not organized enough.

**Regulators**

• **Dynamic nature of PB industry:** Regulators and regulations have not been able to keep pace with the changes in the Indian PB industry. For example, private equity funds and real estate PMS are still regulated by SEBI under the Venture Capital Funds Act, when in fact these alternative investments require a new set of regulations and people trained and equipped to regulate them.

• **Constant innovations** in products and services.

• **Lack of qualified manpower.**

• More reliant on self-regulation.

• **Conflict between regulators** due to undefined scope (viz. SEBI and IRDA).

• **Lack of adequate political will** to regulate financial markets.

**Financial Market Constituents (Including AMCs, Insurance Companies, PE Funds, VC Funds, Bullion Funds, etc.)**

• **Vintage regulations** that are ill-equipped to meet current market realities.

• **Ad hoc changes in regulations** without any effort to understand their long-term impact on business.

• **Changes in regulations** to favor one sector over another (e.g., insurance over mutual funds).

• **Changes in taxation.**

• **Skewed commission structure,** which makes banks/IFAs recommend products based on revenue and not based on the client’s needs.
• **High operational costs** (including commissions and other payouts).

• **Attrition** among fund managers and portfolio managers.

However, these challenges can be surmounted.

• **Improve infrastructure**: Bank branches need to have special areas for meeting PB customers. These areas need to convey the importance that the bank attaches to such customers. The designated PB areas or lounges should be an “experience” and not just another part of the branch. If possible (and this has been tried in India by a few banks), there can be separate branches for PB customers. IT-related infrastructure is equally important. This includes a world-class wealth management system that caters to every conceivable investment product available in the market, a robust reporting system that caters to the three main components in a PB set-up (viz. client, FA/RM and management), a comprehensive front-/middle-office system for FA/RM, a user-friendly client interfacing system through which the client can perform basic order entry and reporting functions and lastly a back-office system that supports all of the above.

• **Make a clear distinction between retail banking and private banking**: Retail and private banking involve two very different sets of customers with different requirements and expectations. It may not be advisable to combine both and offer standardized services to each.

• **Create regulations aimed specifically at PB and PB products and services**: This is likely to change when SEBI proposes an omnibus alternative investment regulation that would cover PE, VC, PIPE, strategy funds, social sector funds, real estate funds, infrastructure equity funds, etc. The objective is to help fledgling firms and eliminate systematic risks for HNIs’ investments in privately managed funds. A draft Alternative Investment Fund (AIF) regulation has been put up by SEBI on its website for public feedback.

• **Change the revenue structure**: Banks and other financial institutions in India earn revenue from the sale and distribution of TPPs by way of brokerage, commission and fees. In most cases, revenue is immediate and upfront – i.e., revenue is booked and received at the time of sale. This revenue structure is beneficial to two of the three parties involved – viz. the bank (as broker/distributor) and the AMC/insurance company/PE fund. The client or the investor is at a disadvantage as charges are collected up front without any visibility into the performance of the fund. As is the practice in the more developed private banking markets, this segment needs portfolio management fees that depend on assets under management and are also performance-based. Apart from being an indicator of the effectiveness of the portfolio manager, such a revenue structure is fair to the investor as well.

• **Banks’ focus should be on building up AUM rather than on short-term sales**: A large AUM has a number of advantages – larger wallet share of the client, greater flexibility while planning finances of the client, lower possibility of the client changing his banker, consistent revenue rather than a one-time payout, etc. AUM buildup rather than a one-time product sale also has the potential to create greater trust as the investor sees the effort to plan finances rather than just sell a product.

• **Greater control on how insurance is sold**: In India, insurance as a product possibly contributes the most to the TPP revenue earned by most banks. The revenue structure and the non-monetary rewards offered by insurance companies prompt FA/RM to recommend insurance to every client.

• **Create awareness of PB among HNIs and UHNWIs**.

• **Give due importance to creating and positioning a PB brand**.

• **Enlarge the pool of private bankers and take steps to minimize attrition**.

**Role of Regulators in Private Banking in India**

Due to its nature, PB in India has to deal with multiple regulators whose policies influence the working of the sector at different levels. Thus, apart from the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI), private banking products and services are also influenced by the Forwards Markets Commission (FMC) and the Insurance Regulatory and Development Authority (IRDA). All products recommended and sold by private banks in India come within the purview of one or more of these entities.

The evolution of the financial products market in India and the emergence of mature investors has meant that newer and more complex financial
products are being offered to investors. Many of these products do not fall into the broad classification of debt and equity or investments and insurance. These are effectively hybrid products that bear the characteristics of multiple asset classes. The emergence of such products should have prompted the formation of a regulator that was equipped to regulate them. There was also a need to define the scope of each regulator in terms of who would regulate what. This ambiguity, in the recent past, has resulted in conflicts between regulators, which is never a good sign for the sectors that they regulate.

Steps to Ensure Better Regulation

- Define scope of activity and jurisdiction of each regulator.
- Have a separate regulator and regulations for exotic investment products. People who understand the intricacies of such products should be a part of this process.
- Regulators need to focus on development of the sector/industry and not on the interests of the components of the industry – viz. AMCs and insurance companies.
- Ensure that the interests of the retail investor are protected and that a functioning grievance redressing system is in place.

Lack of Adequate IT Infrastructure

Since the contribution from PB services to the revenue of most banks in India is miniscule, banks have not given much importance to developing a world-class IT infrastructure to support PB products and services. Thus, the private banking/wealth management solutions used by most Indian banks are woefully short on functionality as compared to solutions used by banks in the developed PB markets.

A comparative analysis of the top three Indian private sector banks with foreign banks that have similar numbers in terms of revenue and fee income throws up some results which should not be ignored. The foreign banks in question – i.e., Societe Generale, Macquarie and Deutsche Bank – use WealthManager, Triple A Plus and Temenos T24, respectively.

The above analysis indicates:

- Large Indian banks and financial institutions that offer private wealth management services generate revenues that are comparable with some foreign banks that have implemented T24/WM/TA-Plus for their PWM operations.
- For foreign banks, a large percentage of revenues come from their PWM operations. Large established banks like DB generate up to 37% of total revenues from their PWM operations. For Indian financial institutions, the total fee-based income forms a substantial part of total revenues but specific data from PWM operations is not available.
- Indian banks have recorded phenomenal growth over the past five years despite the global economic crisis. Thus, Indian banks that

Relationship Between Total & Fee Income for Indian & Foreign Banks
Indian banks offering PWM services currently use solutions with the bare minimum in functionality. Even today, the RM or portfolio manager in a typical Indian PWM setup relies on multiple systems and manual calculations while designing and offering solutions to clients. The current systems and solutions have limitations such as:

- Limited functionalities in CRM, client profiling, portfolio generation and management, order and trade management and client and internal reporting.
- No clear distinction between front- and back-office functionalities.
- Limited asset classes/products being captured.
- Lack of consolidated reporting across asset classes.
- Errors in real-time updating of portfolio balances.
- Errors in reporting of corporate action processing.
- Errors in capturing bank account balances linked to the portfolio.

On the other hand, clients too have not had much exposure to world-class PWM solutions and hence are generally unaware of how a good PWM system can help in financial planning and portfolio management. Clients and even the RMs and portfolio managers are unaware of the kind of reports that can be generated from a best-in-class PWM solution and how it would address their respective needs.

PWM products – viz. WealthManager and Triple A Plus – are of more utility to an RM or a portfolio manager as they address front-/mid-office functionalities. The private banking module of Temenos T24 has more utility as a mid-/back-office application.

At present, penetration of Temenos/Avaloq-like solutions in India is restricted to the odd implementation in the micro-finance sector. None of the major banks use global products for PWM. The current market for such solutions is dominated by local players or by solutions developed “in house” by some of the major financial institutions.

The market here is extremely cost sensitive. Even though Indian PWM service providers have the kind of volume, growth and revenues to justify implementation of world-class solutions, very few have actually gone ahead and done it. Ignorance and low expectations from investors and internal user groups – viz. RMs and portfolio managers – has meant that organizations accord low priority to developing related infrastructure. This also means that a structured, well-thought-out and aggressive approach by product vendors and IT consulting firms can help in the creation of a new market for PWM solutions in India.

Product vendors and their partner consulting firms in India will need to move out of their comfort zone of selling and up-selling to existing foreign clients and start focusing on Indian clients.

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### WealthManager Features
- Client Management
- Portfolio Management
- Performance Management
- Performance Analytics
- Investment Policy
- Proposal Generation
- Order Management
- Sales & Advice
- Client Reporting
- Client portal

### Triple A Plus Features
- Portfolio Management & Analysis
- Portfolio Rebalancing
- Client Portal
- Task & Interaction Management
- Client Data Management and Account Opening
- Client & Portfolio Monitoring
- Proposal Generator
- Portfolio Risk
- Advanced Performance Analysis
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Footnotes

http://indiatoday.intoday.in/story/Turf+war+over+ULIPs:+IRDA+asks+cos+to+ignore+SEBI+order/1/92344.html

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About Cognizant

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