

Local Wealth Managers Push for Growth

India is witnessing fast growth in wealth management market and local wealth managers are taking the most advantage of this growth. According to a recent CapGemini-RBC Wealth Management study India was the fastest growing wealth management market last year. This growth is driven by rising personal income and boom in e-commerce startups that has attracted large foreign investors like Japan's Softbank Corp and Singapore's Temasek Holdings. In order to tap this growing opportunity, Indian wealth management firms are hiring more staff and expanding their operations to include Tier-II and Tier-III towns. They aim to tap the increasing numbers of new millionaires. Local players are enjoying competitive advantage over their global rivals that are marred due to high costs and increasing regulatory restrictions in global markets.

Some industry experts estimate the combined networth of wealthy Indians to reach about \$6 trillion in the next five years. That translates to a threefold increase from now. *"The business itself is pretty robust and growing well,"* said Rajesh Iyer, head of investments at Kotak Wealth, a prominent Indian wealth management company. Local players stand to gain over their foreign peers due to the flexibility they offer in wealth management solutions, better market knowledge and extensive market reach. Local firms control about 75% of the wealth management market. Some experts opine that this may go up even further as many foreign players are selling-off their onshore wealth management operations as part of their global restructuring processes. Local wealth managers offer lower investment threshold and are able to tap clients from cities like Ahmedabad, Vadodra, Chandigarh etc. where foreign banks have not been able to setup cost-effective operations.

Source: Business Standard, September 2, 2015.