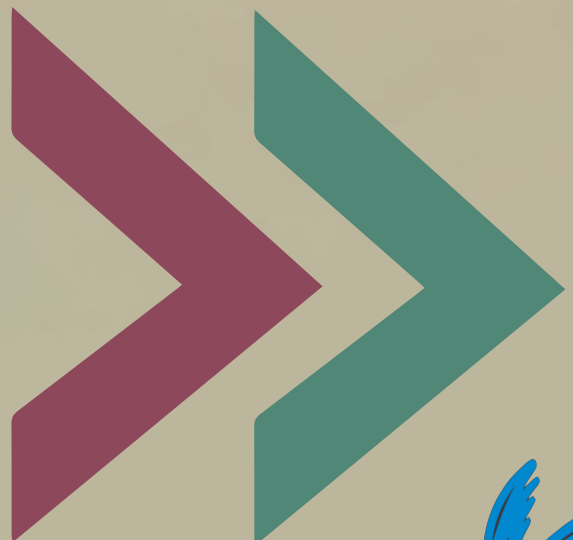


# SURVEY OF INDIA'S HNW AND UHNW WEALTH MANAGEMENT MARKET TRENDS & DEVELOPMENTS



■ India's wealth management market is at a pivotal point, characterised by immense growth and great potential but also some significant challenges for any banks or firms wishing to retain, consolidate or expand their market penetration. The growing ranks of India's private clients and their increasing wealth (across all segments), the increasing sophistication and expectations of these clients, the need for ever more rapid digital transformation, and the evolving investment ecosystem highlight the market's dynamic nature. Both domestic and international private banks and wealth management firms have substantial opportunities to capitalise on all these elements, making the Indian wealth management landscape one of the most vibrant and also promising in Asia. The continued focus on regulatory refinements, client education, technological advances and the differentiation of their offerings will be crucial in shaping the future of the current and future competitors in India's exciting and also alluring wealth management market.

*In anticipation of the Hubbis India Wealth Management Forum on August 28 in Mumbai, we have conducted a short survey of the market to track its current state and to help anticipate future developments. We have concentrated primarily on the main Hubbis market of HNW and UHNW wealth management whilst acknowledging that the mass affluent segment in India is also expanding rapidly and will very probably produce many of the typical private banking clients of the future. This review covers the key data, views, and nuances gleaned from the short survey, providing a colourful canvas for our dedicated private banking and wealth management readership in India and beyond.*

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## CHAPTERS:

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**1. Market Overview of HNW and UHNW Private Banking and Wealth Management in India**

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**2. Key Investment Trends in India's HNW and UHNW Wealth Market**

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**3. Technology and Digital Transformation in India's Wealth Management Market**

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**4. Estate & Legacy Planning: Growing Needs, Expanding Wealth Transition**

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**5. Competition Will Remain Intense, but the Market is Already Big and Growing Apace**

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# OVERVIEW OF HNW AND UHNW PRIVATE BANKING AND WEALTH MANAGEMENT IN INDIA

**India's private banking** and wealth management sector is experiencing rapid growth, driven by the increasing population as well as the sophistication of the High-Net-Worth (HNW) and Ultra-High-Net-Worth (UHNW) market. Understanding the landscape of these affluent segments is essential for financial professionals aiming to cater to their unique needs.

In the Indian context, HNW individuals are defined as those with liquid assets between USD 1 million and roughly USD20 million, while UHNW individuals possess liquid assets exceeding USD20 million. Segmentation is a market as vast and populous as India is crucial for wealth management firms to tailor their services effectively. HNW clients typically seek hands-on comprehensive investment management and financial planning expertise, while UHNW clients need all that plus more complex solutions, including detailed estate planning, perhaps including advice on foundations and philanthropy, and in the investment arena access to more private and alternative investment opportunities.

## Market Size and Growth Dynamics

India's HNW and UHNW populations have grown significantly over the past decade. Looking at the average of recent estimates, India is home to approximately 350,000 HNW individuals, their numbers growing at a compound annual growth rate (CAGR) of about 12% over the past five years. The HNW population is expected to grow at a CAGR of around 10-12% over the next five years.

The UHNW count in India is expected to rise from 13,263 in 2023 to 19,908 by 2028, according to The Wealth Report 2024 by global consultancy Knight Frank. And this segment has been growing at a CAGR of approximately 10%. Moreover, according to Forbes, there are about 200 Indian billionaires with a combined wealth of USD 954 billion.

Several factors contribute to this robust growth. India's GDP has been expanding at an average rate of more than 7% per annum, fostering wealth creation across the spectrum. The entrepreneurial spirit, particularly in technology and e-commerce, has also been a significant driver.

Cities like Mumbai, Delhi, and Bangalore are major hubs for these affluent populations. Mumbai, the financial capital, hosts the highest number of HNW and UHNW individuals, followed by Delhi and Bangalore. However, wealth is now more widely dispersed across at least 30 of the largest cities in India. For example, Chennai and Hyderabad are emerging as significant centres due to their expanding industrial and technological sectors, highlighting the increasing regional diversity in wealth distribution. This regional diversity requires wealth management firms to tailor

their services to access these local market markets and adapt to their dynamics and client preferences.

## India's Evolving HNW/ UHNW Demographics

Understanding the demographics and preferences of HNW and UHNW clients in India is essential for wealth management professionals aiming to deliver exceptional levels of service. This segment of the population is becoming increasingly diverse, presenting many new or greater opportunities, but also some challenges for wealth managers.

The demographic profile of HNW and UHNW individuals in India is evolving. Traditionally, these segments comprised older male entrepreneurs and business owners. However, there is a growing presence of younger individuals and also women among the wealthy. This change



reflects broader socio-economic trends, including the rise of the tech sector and increased opportunities for women in business and society in general.

Younger clients, particularly millennials and Gen Z, are therefore emerging as significant players in the upper tier of India's wealth management market. Their wealth often stems from entrepreneurial ventures, especially in the technology and startup sectors, or from an inheritance, as literally trillions of dollars of wealth gradually transition from the founders and patriarchs who used to dominate the economy and private wealth. These younger clients bring different expectations and preferences compared to older generations. They are tech-savvy, value digital engagement, and seek personalised financial solutions that align with their lifestyle and values.

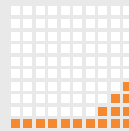
Women are also becoming a prominent part of the HNW and UHNW segments. More women are accumulating wealth through entrepreneurship, corporate leadership, and inheritance. This demographic shift necessitates a more inclusive approach to wealth management, recognising the unique financial needs and goals of female clients.

### Evolving Needs & Expectations

With the rising number and geographic diversity of India's very wealthy investors, emerging trends such as more private market and alternative assets in investment portfolios and more sustainable investing are gaining traction. These trends are driven by a growing awareness of private



#### DID YOUR WEALTH MANAGEMENT BUSINESS GROW IN THE LAST YEAR?



16%

Not really, no

32%

0-10 percent growth

46%

10-20 percent growth

6%

25 percent + growth



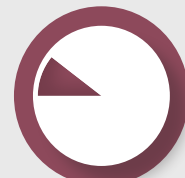
#### WHICH SEGMENTS OF CLIENTS ARE YOU FOCUSING MOST OF YOUR INVESTMENT AND EFFORTS ON?



45%

High Net  
Worth


43%

Ultra-High  
Net Worth


12%

Mass  
affluent


markets and environmental, social, and governance (ESG) issues and metrics. The wealth market is adapting rapidly to meet these personal preferences with a greater range of dedicated funds and information. Additionally, the rise of younger, tech-savvy millionaires inheriting or making wealth is influencing the demand for more digital and increasingly personalised wealth management solutions.

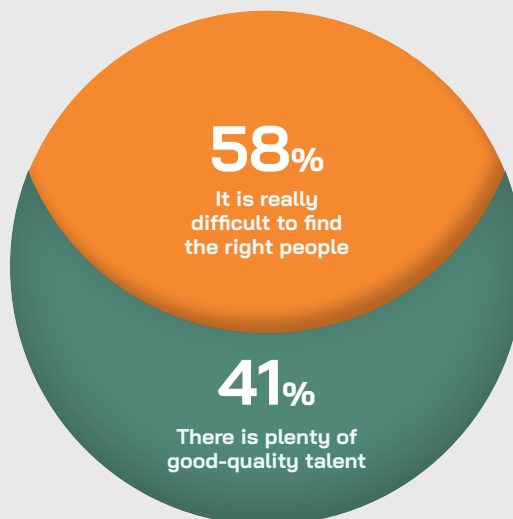
HNW and UHNW clients in India have distinct preferences and high expectations when it comes to wealth management services. Personalisation is paramount. Affluent clients expect tailored financial solutions that address their unique goals, risk tolerance, and investment preferences. They value proactive advice and bespoke services that go beyond standard investment management to include estate planning, tax advisory, philanthropy, and luxury services.

Digital engagement is particularly important for younger clients. They prefer seamless, tech-driven experiences that allow them to manage their wealth conveniently. Mobile apps, online portals, and digital communication channels are essential tools for engaging these clients. Wealth management firms that invest in user-friendly digital platforms can enhance client satisfaction and loyalty.

Transparency and trust are critical factors for HNW and UHNW clients. They expect clear communication regarding fees, investment risks, and performance. Building trust through transparency is essential for long-term client relationships. Wealth managers need to be upfront about costs, potential conflicts of interest, and market conditions.



### CHARACTERISE THE AVAILABILITY OF TALENT FOR THE HNW/UHNW WEALTH MANAGEMENT MARKET



### Holistic Financial Planning

HNW and UHNW clients also increasingly seek holistic financial planning that integrates various aspects of their wealth. This includes not only investment management but also estate planning, succession planning, insurance, and philanthropy. A comprehensive approach helps address the complex financial needs of affluent clients and ensures their wealth is preserved and grown across generations.

This all adds up to a healthy backdrop for the market. Some 46% of the wealth management businesses we surveyed reported 10-20% growth and 6% witnessed growth above 25%.

However, it is not all plain sailing. The upper tier wealth industry faces challenges such as India's

sheer size and the increasing geographic diversity of its wealth, a complex and evolving regulatory environment, rising needs and expectations, a shortage of wealth management and advisory specialists and experienced talent, and intensifying competition from all over, including fintech players. Another key issue is the historic focus on gross sales numbers rather than client-centricity, which needs to change more rapidly.

Talent is clearly a key issue. While 41% of respondents we surveyed believe there is plenty of good-quality talent, 59% find it really difficult to source the right people. This disparity underscores the need for wealth management firms to invest in training and development to build a robust talent pipeline capable of meeting the sophisticated demands of HNW and UHNW clients.





# KEY INVESTMENT TRENDS IN INDIA AND THE HNW AND UHNW WEALTH MARKET

## Economic Growth Aplenty

India's economy continues to showcase robust resilience and growth, solidifying its position as one of the fastest-growing major economies globally. In 2023, India's GDP growth rate hovered around 7%, driven by significant government investments in infrastructure, digitalisation, and structural reforms. This economic vigour is complemented by strong industrial production and rising consumer spending, which have collectively created a favourable environment for investment. The government's fiscal measures and accommodative monetary policies have further catalysed economic activity, ensuring sustained domestic and international investor confidence. The United Nations has upgraded 2024 growth to 6.9% from an earlier projection of 6.2%, with the expansion driven by strong public investment and resilient private consumption.

## Local Investment Market Dynamics

The vibrancy of India's investment markets is evident from the robust activity observed across both public and private market sectors. The Sensex is up nearly 40% since early 2022 on heavier volumes. The Nifty 50 is up 11% (to late June) in 2024, over 25% since early 2023 and more than 101% in the past five years. The market has witnessed heightened trading volumes and substantial

capital inflows, indicative of strong investor interest.

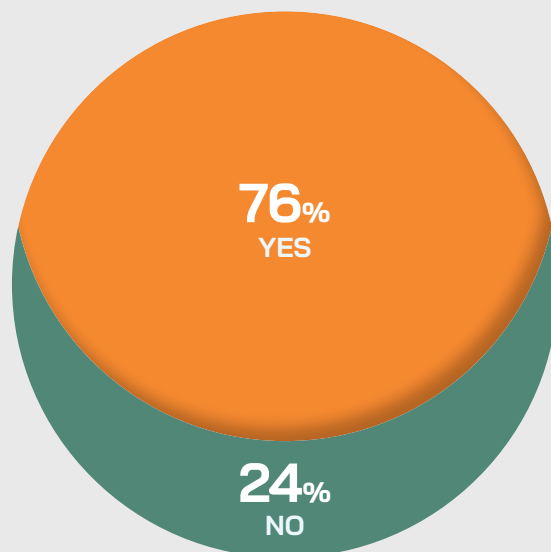
Strong corporate earnings, particularly in the technology, financial services, and pharmaceutical sectors, have been key drivers, and although there is ongoing volatility, optimism remains high, especially as government initiatives also play a crucial role in fostering this growth, such as their pro-investment policies, tax reforms, and other key schemes.

Additionally, despite their inherent volatility, global market trends have favoured India, with foreign investors seeking stable and high-growth investment destinations. As a result, Foreign Institutional Investors (FIIs) and Foreign Portfolio Investors (FPIs) have been increasing their flows into India.

Simultaneously, the private equity market has seen a surge in investment volumes in the past five years, driven by diverse opportunities and a maturing



DO YOU THINK YOUR CLIENTS ARE GETTING MORE KNOWLEDGEABLE AND SOPHISTICATED IN RELATION TO INVESTMENTS AND FINANCIAL PLANNING?



investment ecosystem. These trends underscore the dynamic nature of India's investment landscape, characterised by an increasing appetite for equities and a mushrooming private equity sector.

The private equity landscape in India has also matured and is characterised by a more sophisticated ecosystem that includes a wide array of domestic and international funds specialising in various stages of business development. Enhanced exit options, such as initial public offerings (IPOs), secondary sales, and strategic acquisitions, have made private equity investments more attractive by providing liquidity and high return potential. The public market liquidity also supports this dynamism – in 2023, the Indian market saw over 150 PE-backed IPOs.

### The Stars Align for India's HNW and UHNW Clients

This all works ideally for India's wealthy private investors, who are increasingly sophisticated in their investment strategies. Understanding these key market trends and their diversifying portfolio allocation is essential for wealth management professionals who aim to cater to their affluent clients most effectively.

Historically, Indian HNW and UHNW clients have shown a strong preference for domestic investments. This trend is driven by familiarity with the local market, a sense of patriotism, and the robust performance of Indian equities and real estate. Domestic investments include stocks, bonds, real estate, and government securities. The Indian stock market has been

a significant beneficiary, with many affluent investors allocating substantial portions of their portfolios to Indian equities.

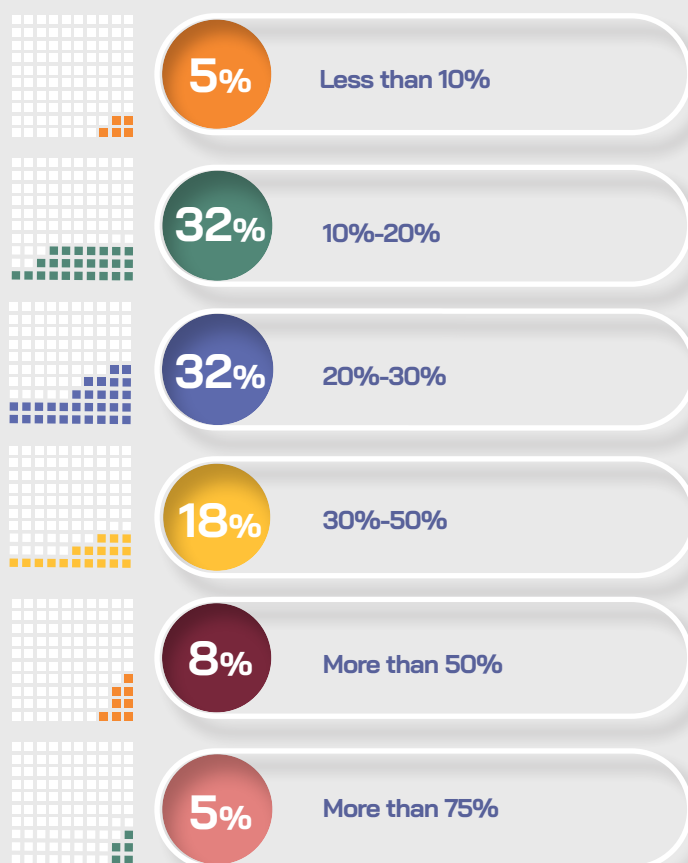
And there is a growing trend towards international diversification. Globalisation and increasing exposure to international markets have made affluent Indian investors more comfortable with overseas investments. They are seeking

opportunities in developed markets such as the US and Europe and emerging markets in Asia and Latin America. This diversification helps mitigate over-exposure to domestic market risks and helps provide access to a broader range of investment opportunities.

Investing internationally also allows HNW and UHNW individuals to benefit from currency diversification and



### LOOKING AHEAD OVER THE NEXT FEW YEARS, WHAT PERCENTAGE OF YOUR HNW/ UHNW PRIVATE CLIENTS' INVESTMENT PORTFOLIOS WILL BE INVESTED IN OFFSHORE/ INTERNATIONAL FINANCIAL ASSETS?



access to sectors and assets unavailable in the Indian market. Wealth managers are, therefore, increasingly advising their upper-tier clients to allocate a portion of their portfolios to international equities, bonds, mutual funds, and alternative investments like hedge funds and private equity.

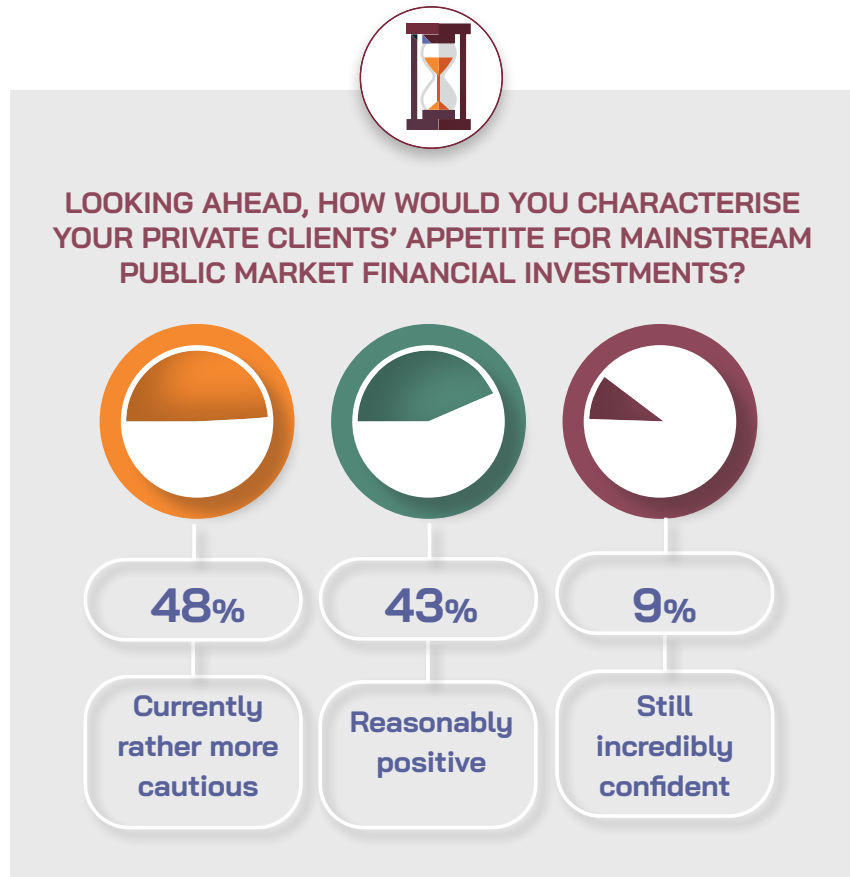
The rise of technology and digital platforms has also made it easier for wealthy individuals to access global equity markets. They are increasingly investing in international stocks, exchange-traded funds (ETFs), and global mutual funds to diversify their equity exposure and capitalise on global growth trends.

### The Findings Ring True

Our survey findings support these trends, with 32% of respondents planning to allocate 10-20% of their portfolios internationally and another 32% considering a 20-30% allocation. This shift is further reinforced by clients' growing knowledge and sophistication, with 76% of wealth managers observing increased client understanding of financial planning and investments.

Equity remains a favoured asset class for HNW and UHNW individuals due to its potential for high returns. These wealthy investors often have substantial allocations in blue-chip stocks, high-growth mid-cap companies, and sector-specific investments, such as technology, pharmaceuticals, and consumer goods.

Debt investments provide a more stable and predictable income stream, making them an essential component of the portfolios of HNW and UHNW clients. Indian government bonds, corporate bonds, and fixed deposits are



popular choices. The fixed-income market in India offers attractive yields compared to many developed markets, making it appealing for conservative investors seeking steady returns.

There is also a growing interest in international debt securities. Investing in foreign bonds helps diversify credit risk and take advantage of different interest rate environments globally. Affluent investors are exploring opportunities in emerging market bonds, high-yield bonds, and sovereign debt from stable economies.

### Expanding Private Assets alongside Public Market Investments

Public market assets, including equities and bonds, remain the cornerstone of HNW and UHNW investment portfolios. But perhaps

the survey results indicate that there might be some growing concerns about the potential for India's stock indices to keep motoring onwards and upwards. While 9% remain highly confident of the market's momentum and 43% of clients remain 'reasonably positive', a very significant 48% appear somewhat less gung-ho, stating they are currently on the more cautious side of the equation.

Meanwhile, there is a clear growing trend among affluent investors towards private market assets, driven by the desire for higher returns and portfolio diversification. Private market assets include private equity, venture capital, real estate, and hedge funds. These investments often provide opportunities for higher returns than public markets but come with higher risks and lower liquidity.





Indeed, the survey findings highlight a significant interest in private market assets, with 25% expecting very strong growth ahead and 65% anticipating continued gradual growth, while only 10% think the market activity has peaked.

Private equity and venture capital are particularly attractive to UHNW individuals with a higher risk appetite and a longer-term investment horizon. These investors are willing to lock up their capital for extended periods to benefit from the potential of high-growth companies and innovative startups.

Real estate continues to be a favoured asset class, offering both capital appreciation and rental income. Affluent investors are diversifying their real estate portfolios across residential, commercial, and industrial properties, both domestically and internationally.

Hedge funds offer another avenue for private market investments, providing strategies that can hedge against market

volatility and generate alpha through sophisticated investment techniques. These funds are

appealing to UHNW clients looking for non-correlated returns and risk mitigation.



## TECHNOLOGY AND DIGITAL TRANSFORMATION IN INDIA'S WEALTH MANAGEMENT MARKET

**The wealth management** sector for HNW and UHNW clients in India has been undergoing a significant transformation driven by the rapid adoption of digital technologies. This transformation is reshaping the way services are delivered, meeting the evolving needs and high expectations of affluent clients.

Our survey findings underscore the importance of digital transformation. Some 36% of firms prioritise enhanced customer experience, 19% focus on data analytics and AI, 23% focus on improving internal processes through automation, and 22% on the value of scaling investment offerings. Overall, the digital proposition for India's wealthy private clients is steadily improving, with 77% acknowledging significant progress.

Survey findings highlight that 77% of respondents acknowledge significant progress in the digital proposition for India's wealthy private clients. However, 23% feel that there has not been much progress or no change, indicating a need for continued investment in digital solutions to better meet evolving client expectations.



## Multi-faceted Digital Transformation

Private banks and the leading independent wealth firms in India are addressing a wide variety of distinct expectations, thereby shaping the demand for digital transformation.

It is not only personalisation that is paramount; high-end clients also expect bespoke financial products and services that align with their unique goals and values. As indicated, the survey results show that 36% of wealth management firms are focusing on enhancing customer experience through digital solutions. Additionally, younger HNW and UHNW clients prefer digital engagement, valuing seamless, tech-driven experiences that allow them to manage their wealth conveniently. Mobile apps, online portals, and digital communication channels are essential for providing real-time access to portfolios and investment insights. Wealth management firms investing in user-friendly digital platforms can significantly enhance client engagement and satisfaction.

Technological innovations are not only meeting client expectations but also transforming the operational efficiency of wealth management firms. Robo-advisors, for example, provide automated, algorithm-driven financial planning services with minimal human intervention. These platforms offer personalised investment advice, portfolio management, and rebalancing, making it easier for clients to manage their investments.

Blockchain technology is another innovation that can enhance transparency and security in

transactions and record-keeping. By providing a secure and immutable ledger for financial transactions, proponents believe blockchain reduces the risk of fraud and improves trust, particularly beneficial for UHNW clients who require secure handling of large-scale investments.

Cybersecurity is a critical aspect of digital transformation. As wealth management firms adopt more digital solutions, the risk of cyber threats increases. Ensuring robust cybersecurity measures, including encryption, multi-factor authentication, and regular security audits, is essential to

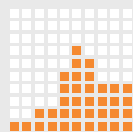
protect sensitive client data and maintain trust.

The survey findings indicated that 19% of wealth management firms are prioritising investments in data analytics and AI; these advances help the RMs and advisors curate a better investment and advisory offering, and help providers do so at scale.

Big data analytics, in particular, enable wealth management firms to segment clients more effectively and customise services to meet specific needs. By analysing client behaviour, preferences, and investment patterns, wealth managers can

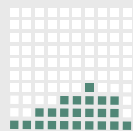


### WHAT ARE YOUR KEY INVESTMENT PRIORITIES REGARDING DIGITAL SOLUTIONS AND NEW TECHNOLOGY?



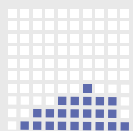
36%

Enhancing the Customer Experience



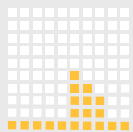
23%

Automation (efficiencies and improving internal processes)



22%

Scaling and improving the investment offering



19%

Data Analytics/AI



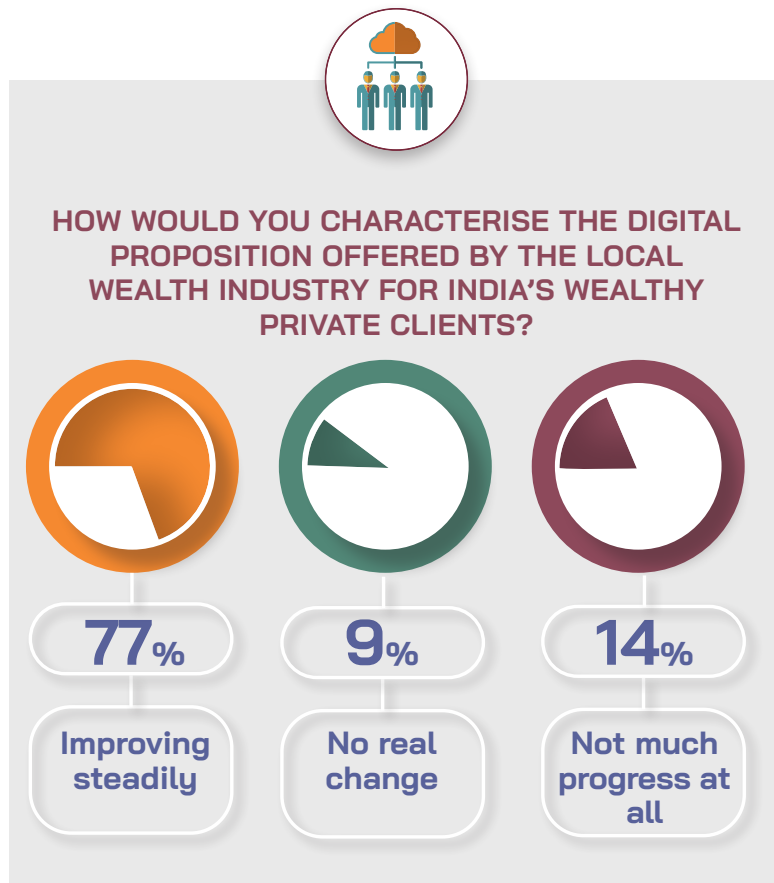
provide more targeted advice and solutions, ensuring a personalised experience for each client.

India's wealth management industry is increasingly integrating advanced technology such as artificial intelligence (AI), machine learning, as well as big data analytics, thereby somewhat revolutionising personalised financial advice in India. AI-powered tools and robo-advisors offer tailored investment recommendations, making it easier for wealth managers to efficiently handle large portfolios while maintaining a high level of personalisation. These technologies analyse vast amounts of data to identify patterns and predict market trends, enabling proactive and informed investment decisions.

Moreover, digital tools facilitate better client engagement by providing real-time access to investment information and enabling proactive communication. Wealth managers can use Customer Relationship Management (CRM) systems to track client interactions and tailor their services based on individual preferences, enhancing the overall client experience.

### Operational Efficiency and Strategic Advantages

At a more prosaic level, the integration of digital tools is also significantly improving the operational efficiency of wealth management firms. Automation and digital workflows streamline administrative tasks, reducing the time and effort required for portfolio management, compliance, and reporting. This efficiency allows wealth managers to focus more on strategic advisory roles and building client relationships.



Survey data indicates that 23% of firms are investing in automation to improve internal processes, demonstrating the industry's commitment to leveraging technology for better operational efficiency and competitive advantage.

### A Balancing Act: Challenges and Opportunities

Despite the benefits, the digital transformation journey is not without challenges. Integrating advanced technologies into existing systems can be complex and costly. Wealth management firms must ensure that their digital infrastructure is scalable and adaptable to future technological advancements.

Balancing technology with personalisation remains crucial.

While digital tools enhance efficiency, maintaining the human touch in client relationships is essential, especially for HNW and UHNW clients. Wealth managers need to strike a balance between leveraging technology and providing personalised, high-touch services to meet the sophisticated needs of HNW and UHNW clients.

Cybersecurity concerns also require continuous attention. With increasing reliance on digital platforms, firms must prioritise security and privacy to protect client data and maintain trust. Investing in advanced security technologies and protocols is accordingly essential to mitigate cyber risks.

# THE RISE OF ESTATE & LEGACY PLANNING AMIDST SURGING WEALTH TRANSMISSION



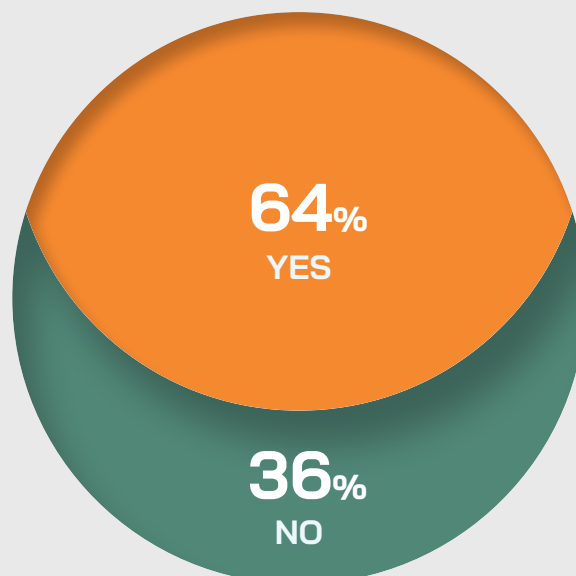
**Estate & legacy planning** is gaining prominence among Indian HNW and UHNW clients. With 69% of respondents noting improvements in clients' focus on wealth and succession planning, there is a clear trend towards more structured and organised approaches. But there is much more work and education to be done by the wealth and professional services community – while some 64% of replies indicated their clients now have a will or a properly constructed plan for wealth transfer, underscoring this growing awareness of the importance of estate and legacy planning, 36%, or more than one-third, reported that their clients still need to act properly on these vital matters.

This shift towards better estate planning practices ensures smoother wealth transfer and continuity, addressing the critical need for structured planning to safeguard wealth across generations. However, 31% of respondents believe more efforts are needed to enhance clients' focus on these crucial aspects, highlighting an area for continued growth and education.

HOW SOPHISTICATED AND ORGANISED ARE LOCAL HNW AND UHNW CLIENTS IN THEIR WEALTH AND SUCCESSION PLANNING?



DO YOUR CLIENTS HAVE A WILL OR A PROPERLY CONSTRUCTED PLAN TO PASS WEALTH SUCCESSFULLY TO THE NEXT GENERATIONS?



# COMPETITION WILL REMAIN INTENSE, BUT THE MARKET IS ALREADY BIG AND GROWING APACE

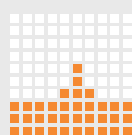
**The competitive landscape** of India's private banking and wealth management sector is dynamic and intensifying. The intensifying competitive landscape includes established leaders among the banks and the major independent firms, foreign money buying into established players to support their ambitions further, and more innovative and agile new entrants, although the latter's focus is more on the retail and mass affluent segments.

**To thrive in** this competitive environment, wealth management firms must differentiate themselves through technology, personalised client services, and regional expertise. Advanced technological capabilities are increasingly crucial as clients demand seamless digital experiences and data-driven insights. Firms that invest in cutting-edge technologies, such as AI-driven advisory tools and blockchain for secure transactions, can offer superior service and gain a competitive advantage.

Personalisation remains a key differentiator. Wealth management firms must continue to refine their understanding of client preferences and tailor their services accordingly. Customised investment strategies, exclusive financial products, and proactive client engagement are essential components of a successful personalisation strategy. Firms that excel in delivering bespoke solutions can foster long-term HNW/UHNW client relationships and loyalty.



## WHICH TYPES OF BANKS/FIRMS ARE LIKELY TO BE MOST SUCCESSFUL IN INDIA IN THE FORESEEABLE FUTURE?



35%

Leading Home-Grown IAMs/  
EAMs/Multi-family offices

24%

Domestic banks/PBs

14%

Global private banks

10%

The Indian arms of international  
IAMs/EAMs/MFOs

9%

Boutique international PBs

8%

Regional Asian PBs





Regional expertise across India's vast lands is another vital aspect of competitive strategy. Understanding local market dynamics and client behaviour enables firms to offer relevant and impactful advice. For instance, firms with a strong presence in regions like Mumbai, Delhi, and Bangalore can leverage their local knowledge to address the specific needs of clients in these areas. Expanding into emerging markets within India, such as Chennai and Hyderabad and other tier 2 or 3 cities also presents significant opportunities for growth, but it also requires scale and reach.

While the competitive landscape offers numerous opportunities, it also presents challenges. Established players must continuously innovate to fend off competition from agile fintech startups. Adapting to rapid technological changes and evolving client expectations requires significant investment and strategic agility. Additionally, regulatory compliance remains a critical concern as firms navigate complex financial regulations to ensure ethical practices and client protection.

The survey findings support the picture of India's competitive

dynamics, indicating that home-grown IAMs/EAMs/Multi-family offices are expected to be the most successful (35%), followed by domestic banks/private banks (24%), global private banks (14%), and Indian arms of international IAMs/EAMs/MFOs (10%). This balanced competitive environment suggests that for those who adjust well and are properly capitalised, India's private wealth market is growing so robustly that there is room for even more intense competition; for the foreseeable future, growth will be across the board, with the true leaders truly excelling. ■

We are looking forward to hosting the **HUBBIS INDIA WEALTH MANAGEMENT FORUM 2024**, which takes place on Wednesday 28th August, 2024.

Want to find out more about the forum? [CLICK HERE](#) to view the homepage for this event.

