

The big shift in financialisation of savings

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Research

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Factors at play

The macro spurs



Strong GDP growth and rising per-capita income



Rising middle-income population



Formalisation of the economy

Financialisation of savings



Rising financial inclusion



High household savings rate



Capital market participation

Broader investor base



Technological advancement

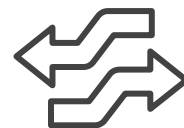


Penetration into hinterland



Feet on the street

Other factors



Disciplined investing

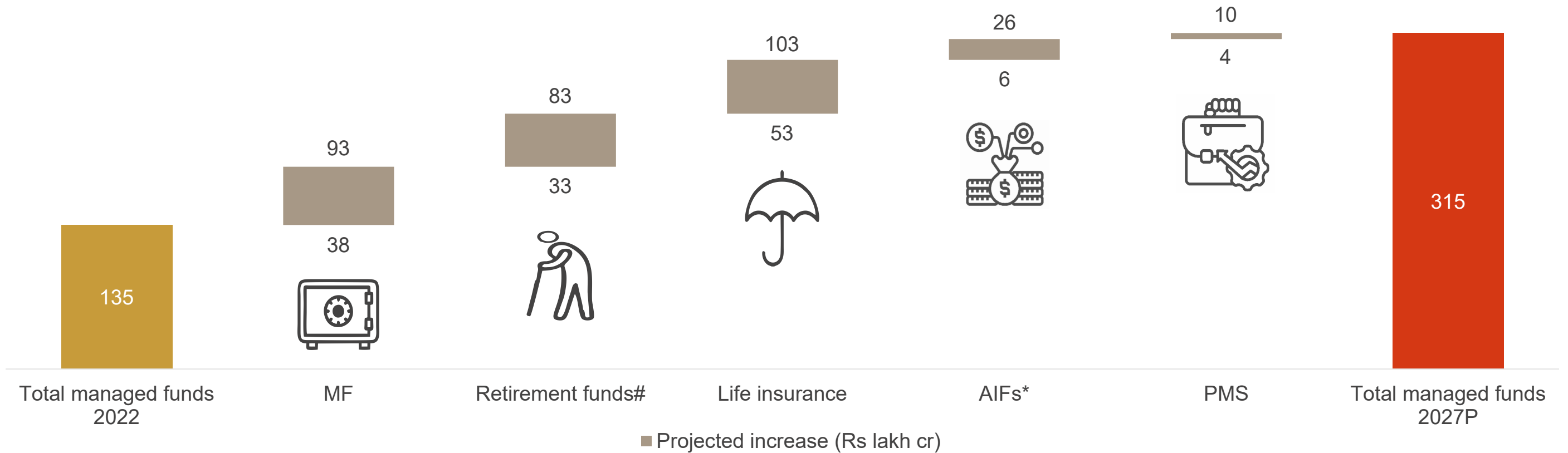


Investor awareness



Institutional participation

Quantum leap ongoing



- Managed products to more than double to Rs 315 lakh crore over the next five fiscals
- Mutual funds to grow 19% driven by growth in equity funds; passive funds to reach 24% of total equity assets
- The retirement fund industry is expected to clock 20% CAGR, on the back of increased formalisation and mandatory contributions
- Life funds will continue to be dominant contributors in the insurance space
- The alternative investment funds (AIF) industry is expected to see larger share from domestic investors in the coming years

Source: CRISIL MI&A Research estimates

*Projections based on committed capital; # comprises provident and pension funds

Mutual funds, insurance and retirement are focus areas...



Optimal use of intermediation channels for deeper penetration

- Usage of banking channels for targeting the retail audience, especially from the B30 segment
- Partnerships with fintechs, ecommerce networks, small finance banks, self help groups and India Post
- Incentives and infrastructure support for developing the individual retirement account/agency channels, and enabling larger feet on street
- Strong direct sales infrastructure



Investor awareness

- In addition to awareness campaigns, also focus on learning and education around investment products
- Leverage intermediation channels
- Include subjects on investments and savings as part of the academic curriculum
- Use relevant channels, by investor segment such as TV, radio and technology, including gamification



Simpler products

- Need-based solutions that target specific investor segments
- Targeted products, at specific income segments
- Simpler fixed-income products that can compete with fixed deposits in terms of investor expectations
- Develop wider options for post-retirement planning



Enhanced use of technology across the value chain

- To ensure seamless customer experience covering planning, onboarding, transacting and settlement, and reporting



Investor confidence

- Self governance and deeper focus on risk management

...as are AIF and PMS



Deepen investor experience and confidence

- Self governance and deeper focus on best practices in investment processes and risk management
- Enhanced transparency and access to research
- Larger role for industry associations



Enhanced use of technology

- To ensure a seamless customer experience (in case of portfolio management services, or PMS)



Continued regulatory and government focus

- Uniformity and standardisation of terminologies and practices followed
- Startup India to boost supply surplus, and hence liquidity
- Uniform taxation across categories



Product innovation

- Targeting needs of specific customer segments such as domestic institutional investors

Greater inter-regulatory collaboration imperative



Thank you

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