



A Study on Investment and Wealth Management at Reliance Life Insurance, Hyderabad

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ABSTRACT:

Complex nature of the financial products available in the market made wealth management service highly essential. Investors with low financial literacy or lack of updated knowledge find it difficult to optimize returns on the investments made by them. Dynamic conditions of all types of financial markets, complicated legal procedures etc. are making wealth creation difficult. Looking at this situation management of wealth becomes crucial. Wealth management can be considered as the science of protecting and enhancing financial wealth of the client. Investors from Hyderabad & Suburbs are considered for the study. The Study will be based on both primary and secondary data. Primary data will be collected through survey method in selected geographical area and Secondary data from journals, books, websites & magazines. The study is presented in the form of research paper based on the original work.

Keywords: Wealth Management, Investment Planning

INTRODUCTION TO WEALTH MANAGEMENT

Wealth Management as a concept originated in year 1990's in the US. Essentially it is the investment advisory covering financial planning that provides individuals with private banking/ asset management/ taxation advisory & portfolio management. Warren Buffett is the most successful investor in world. He says that "The basic ideas of investing are to look at stocks as business, use the market's fluctuations to our advantage, and seek a margin of safety. That's what Ben Graham taught us. A hundred years from now they will still be the cornerstones of investing". He is even called as wealth creator.

Mutual Fund distributors and others involved in selling or distributing mutual funds need to pass the prescribed examination before they can start selling mutual fund schemes. However, no such requirements have been set for financial planners and wealth advisers.

India's wealthy are relatively young compared with their international counterparts and, hence, take a different approach to wealth management. The demographic difference presents an opportunity to create new products to address the needs of a young population and leverage new technologies, such as social- and mobile-enabling investing applications as a key differentiator.

REVIEW OF LITERATURE:

Velmurugan et al (2015) has conducted research on investors' perceptions of various investment avenues. The primary objective behind the government, private, self-employed, and retired people investing in this study is to use the extra money in beneficial schemes so that it can be rolled back while also providing significant returns. When a regular man considers investing, he will never choose a riskier strategy. Because the stock and gold markets are particularly volatile and unpredictable at the moment, investors should carefully evaluate the market before making an investment decision.

Nayak (2013) According to his analysis, the increase in saving chances available with a convenient bar has resulted in a major change in the levels and density of savings pattern of rural households. The growth of financial institutions such as banks, microfinance institutions, SHGs, and other local banks gave rural people the opportunity to save more. People have become more aware of the importance of saving for their future security as a result of unforeseen events such as the loss of a family member, medical emergencies, and other financial crises, as well as the education of their children and the marriage of a family member. The difference in savings between rural households and urban groups is not significant but still brought a revolution in the pattern of savings of the rural households.

Schroder (2013) The results of a representative poll of wealth advisers on private wealth management methods are analysed, and the advisers' perspectives are compared to academic studies in household finance. This research shows that many wealth managers do not use financial economists' fresh findings while counselling their clients. Many practitioners concentrate solely on managing their clients' market risk exposure. Most practitioners overlook planned future expenditure and investment time horizon when determining an investor's asset allocation.

Cognizant Reports (2011) According to a survey, India's wealth management services business is highly fragmented, which is understandable given the industry's early stages. So far, the majority of organised players have concentrated mostly on urban management. About one-fifth of India's high net worth individuals (HNWI) population is untapped. Potential investors have built faith in milk early entrants and established local players. To demonstrate their reliability, enterprises seeking to enter the market will need to engage extensively in brand-building initiatives. As a result, it is recommended that businesses consider the long term when analysing prospective returns on investment. For new and established wealth management organisations, the general outlook and trends in India show a significant opportunity for growth.

NEED FOR THE STUDY:

- Wealth management now a days having very importance. Evidences prove that the wealth management industry in Asia pacific region is emerging into massive opportunity.
- In India, wealth management is evolving along with a positive regulatory environment, changing demographics and income.
- With increasing number of HNWI's, financial services institutions now offer a wider range of product portfolios targeted at wealthy customers in the form of investments in art, structured finance and insurance.
- Considering long-term high value business proposition, number of banks and niche players has started offering full range of wealth management services targeted to HNWIs and emerging affluent.
- Banks play important role in providing premium services to affluent clients.

SCOPE OF THE STUDY:

- 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.
- 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 Citi and to adapt with and educate its clients on the changing business environment

OBJECTIVES OF THE STUDY

- To study existing wealth management industry in India
- To study existing wealth management procedures and practices undertaken by Reliance Nippon Life Insurance
- To have comparative study of wealth management practices followed by public, private and foreign banks in India
- To derive the potentiality and the future prospect of the wealth management industry in India
- To have a conceptualized view on wealth management services

RESEARCH METHODOLOGY

Sampling Methodology:

The design of the sample is as follows:

- Sample technique: - Convenience sampling.
- Sample Size: 100

Type of Research:

- Research type of my project will be exploratory research.

Method of Data Collection:

- **Primary data collection:** Primary data are collected by interaction (both formal and informal) with the managers of Bank and other officials who are directly associated with the wealth management industry in India

- **Secondary data collection:** Secondary data are collected from the various Annual reports of banks, websites, magazines, journals, books.

LIMITATIONS OF THE STUDY

- This project is restricted to study purpose only and can be used keeping in view the object that is made for.
- The respondent in the project may not reveal important / confidential information pertaining to the company policy and for this the project should be used keeping in view the said limitation.
- Finding of the study will be based on the assumptions that respondents have given correct information.

DATA ANALYSIS

65 percent prefer getting stock options. 32 percent operate on the expansion of business and entrepreneurial capacity. 3 percent responded in terms of do not know/ cannot say.

The response was that basically, the service the foreign banks offer is transaction oriented. Most of them offer some mutual funds and some equity advice. But someone who has between Rs 2 crore to Rs 25 crore don't want this. Whereas Indian banks have a customer-centric model. They work with customers and offer them a range of services — investment advisory — in debt, equity, mutual funds, derivatives, besides tax advisory, succession planning, insurance advisory, etc.

Real estate and private equity are increasingly becoming important asset classes for high net worth individuals (HNIs). The demand for realty is on a high growth path on account of the burgeoning economy.

While a few realty funds have been launched, the agencies believe that retail investors have been left out as only HNIs and institutional players have the capacity to participate in these. However, equity participation will be ensured by the introduction of real estate mutual funds, which are fairly common in developed countries.

Wealth management is a highly specialized service, covering all asset classes. Asset allocation helps determine an optimal mix of asset classes, ranging from equity, debt and real estate to alternatives. The latter may include 'investments of passion' - even fine art and collectables - as well as structured products and hedge funds. Clients' life goals, time horizon and risk tolerance are three vital factors on this front.

The respondents think the total amount of the estate (wealth) should enter into the determination of asset allocation, along with the health and the expected lifespan of the individuals. The appetite for risk is another consideration, as is the ability to deal with contingencies.

One can invest by approaching a registered broker of Mutual funds or the respective offices of the Mutual funds in that particular town/city. An application form has to be filled up giving all the particulars along with the cheque or Demand Draft for the amount to be invested.

The summary of the response was that it depends on the strategy of the concerned scheme. But generally there are 3 broad categories. A dividend plan entails a regular payment of dividend to the investors. A reinvestment plan is a plan where these dividends are reinvested in the scheme itself. A growth plan is one where no dividends are declared and the investor only gains through capital appreciation in the NAV of the fund.

The plan one should choose depends on his investment object, which again depends on his income, age, financial responsibilities, risk taking capacity and tax status. For example a retired government employee is most likely to opt for monthly income plan while a high-income youngster is most likely to opt for growth plan

FINDINGS

After analyzing the primary and secondary data, I found that in market, HDFC is a premiere brand name in banking sector. Among all the private banks, it has the most goodwill among the people. But there is still some opportunity is lying in some market which is still unidentified.

Based on collected data and secondary data, I would like to give the following recommendations to the bank

Reliance Nippon Life Insurance should focus on upper middle class and middle class for the Wealth Management Services.

There is huge opportunity is lying in life insurance and general insurance sector but majorly HDFC focus in major Citi or tier 1 and tier 2 Citi.

SUGGESTIONS

Right now due to huge volatility, investor became prudent or conservative. But by majority of people take this time as the best time for investment. So even in this recession, it providing a great opportunity for HDFC to make people agree to invest in market securities. By offering them financial services, bank could gain its market share.

In small Citi, very few people ask for the advice from financial expert but 82% people are ready to take the financial services by Reliance Nippon Life Insurance. So it means this market giving a big scope for financial services. Bank should conduct such kind of survey to find out their potential clients in these Citi.

CONCLUSION

Wealth managers are beginning to investigate innovative segmentation methods to manage the changing client profile. Over the next 20 years wealth managers will hone their segmentation methods. Wealth managers will develop segmentation as a service efficiency initiative. Segmentation models will apply holistic criteria to wealth management. The most important segments globally will be entrepreneurs and SMES/ CEOs. Financial advisers will become an important separate client segment for wealth managers The organization of direct client ownership will also change Availability and flexibility will become vital components of the business model Internal restructuring will aim to integrate client services.

The rise of the mass affluent represents an opportunity for wealth managers in the medium term Wealth managers will capture the higher value mass affluent market by offering a scaled down wealth management service. The mass affluent proposition will run along the lines of the current wealth management service. Liability management is currently not part of the wealth management agenda but has proven potential. Clients in developed markets are seeking more holistic wealth management services Liability management is clearly a profitable area with a proven existing client base. The incorporation of lending into wealth management will shift the focus of the service. Specialist forms of lending will also become common additions to the offerings of many wealth managers. Some will fail due to a persistence of the “asset focused” service model and a lack of commitment.

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II. WEB SITES

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- (b) www.reliancelifeinsurance.com
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