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# **A STUDY OF AWARENESS AND KNOWLEDGE ABOUT WEALTH MANAGEMENT AND FINANCIAL PLANNING AMONG INDIVIDUALS IN INDIA**

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## **ABSTRACT :**

The current study aims to empirically explore the awareness about wealth management and financial planning in India. Awareness about wealth management in India is growing, but there is still room for improvement. According to a 2020 survey by the World Bank, only 38% of Indian adults have a basic understanding of financial concepts. There are a number of factors that contribute to the relatively low level of awareness about wealth management in India. One is that the concept of wealth management is relatively new in the country. Traditionally, Indians have saved their money in traditional forms such as gold and bank deposits. However, as the economy has grown and people have become more affluent, there is a growing demand for more sophisticated wealth management services. Another factor that contributes to the low level of awareness is the lack of financial literacy among Indians. This means that many people are not aware of the different wealth management products and services that are available, or how to choose the right ones for their needs.

Keywords – Awareness, Economy, Financial Planning, Traditional Saving, Wealth Management.

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## **INTRODUCTION:**

**Wealth management** is a holistic approach to financial planning and investment management. It involves understanding your financial goals, risk tolerance, and time horizon, and developing a plan to achieve them. Wealth managers take into account a client's individual circumstances, including their income, assets, liabilities, risk tolerance, and financial goals. They then develop a personalized financial plan and investment strategy to help the client achieve their goals. Wealth management services can include a variety of tasks, such as:

- i. Financial planning: This involves creating a budget, setting financial goals, and developing a plan to achieve them.
- ii. Investment management: This involves selecting and managing your investments to meet your financial goals.
- iii. Tax planning: This involves developing strategies to minimize your tax liability.
- iv. Retirement planning: This involves developing a plan to ensure that you have enough money to live comfortably in retirement.
- v. Estate planning: This involves planning for the transfer of your assets after your death.

Wealth management is not just for the wealthy. It can be beneficial for people of all income levels. If you have any financial goals, such as saving for retirement, buying a home, or starting a business, a wealth manager can help you develop a plan to achieve them.

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## **Some of the benefits of wealth management:**

- Achieve your financial goals: A wealth manager can help you identify your financial goals and develop a plan to achieve them. They can also help you track your progress and make adjustments to your plan as needed.
- Reduce your risk: A wealth manager can help you assess your risk tolerance and develop an investment strategy that is appropriate for you. They can also help you diversify your portfolio to reduce your risk.
- Save time and money: A wealth manager can save you time and money by managing your investments and taxes for you. They can also help you avoid costly financial mistakes.
- Peace of mind: Knowing that your finances are in good hands can give you peace of mind. A wealth manager can help you manage your finances so that you can focus on other things, such as your family, career, and hobbies.

**Financial Planning** is the process of creating a roadmap to achieve your financial goals. It involves assessing your current financial situation, setting goals for the future, and developing a plan to reach those goals.

## **Financial Planning process:**




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## OBJECTIVE OF THE STUDY

The main purpose of the research is awareness about the concept of wealth management including:

- i. To assess the impact of wealth management services on people's financial well-being.
- ii. To examine growth of wealth management sector in India.
- iii. To know risk of financial fraud in the wealth management industry.

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## LIMITATIONS

- There are some limitations of the study also.
- A group of three students did the research, so only a limited number of people were invited.
- The respondent of this research is middle class and mostly young people.
- The information provided by the Research Survey may be biased, which may affect the purpose of the research.

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## LITREATURE REVIEW

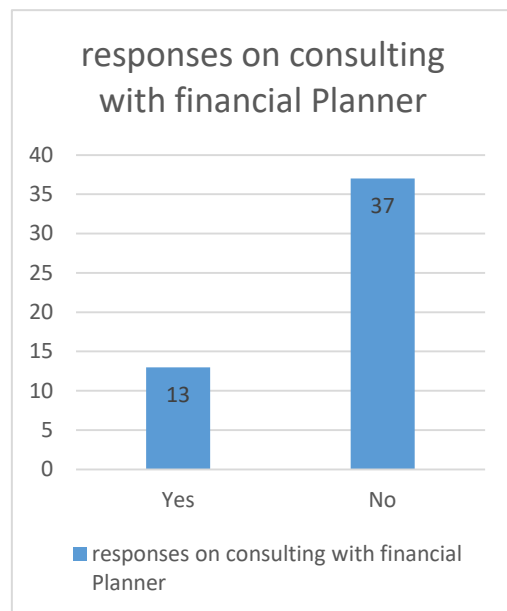
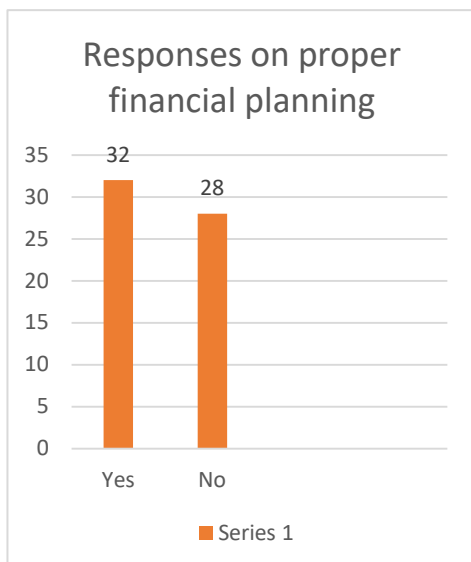
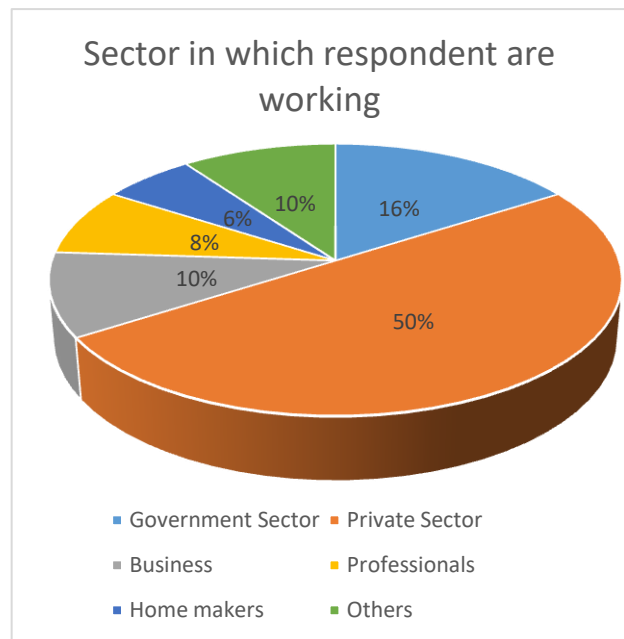
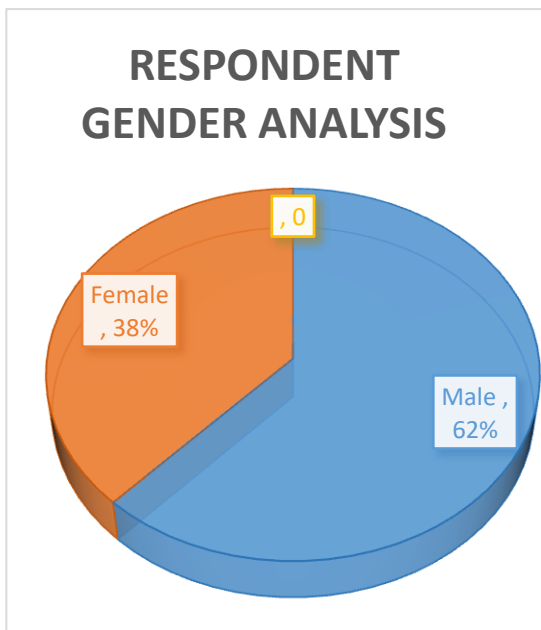
- One of the key findings of the research is that awareness of wealth management is low in India. According to a 2022 survey by IIFL Wealth Hurun India, only 64% of respondents were aware of asset management, but only 38% had a comprehensive understanding of it.
- A study by PwC and FICCI found that the wealth management industry in India is expected to grow at a CAGR of 15% over the next five years.
- A study by Bain & Company found that the HNW segment in India is expected to grow from 400,000 individuals in 2016 to 1 million individuals in 2025.
- A study by EY found that the middle class in India is the fastest growing wealth segment in the country.
- A study by Deloitte found that digital wealth management is on the rise in India.
- Another key finding is that the wealth management industry in India is fragmented. There are a large number of players in the market, including private banks, public sector banks, foreign banks, and independent wealth management firms. This fragmentation makes it difficult for clients to choose the right wealth manager.
- The research on wealth management in India is still in its early stages, but it is providing valuable insights into the industry and the needs of its clients. By understanding the findings of this research, we can better understand the opportunities and challenges facing the wealth management industry in India.

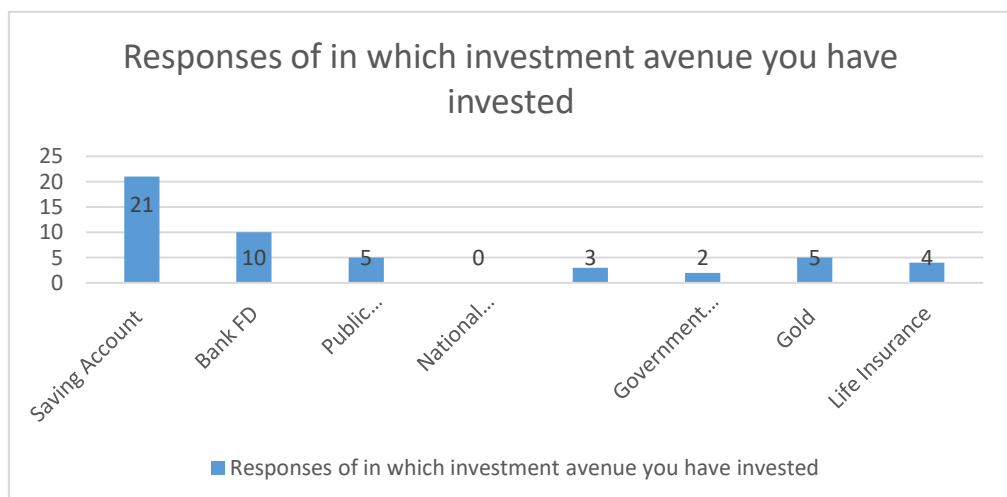
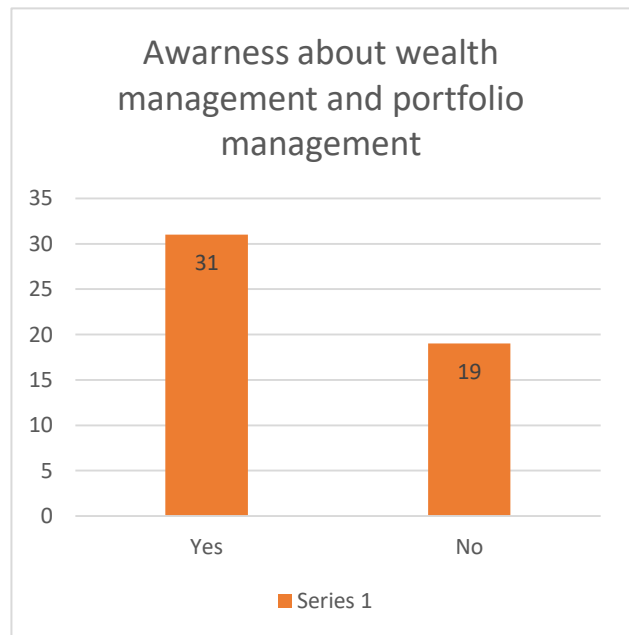
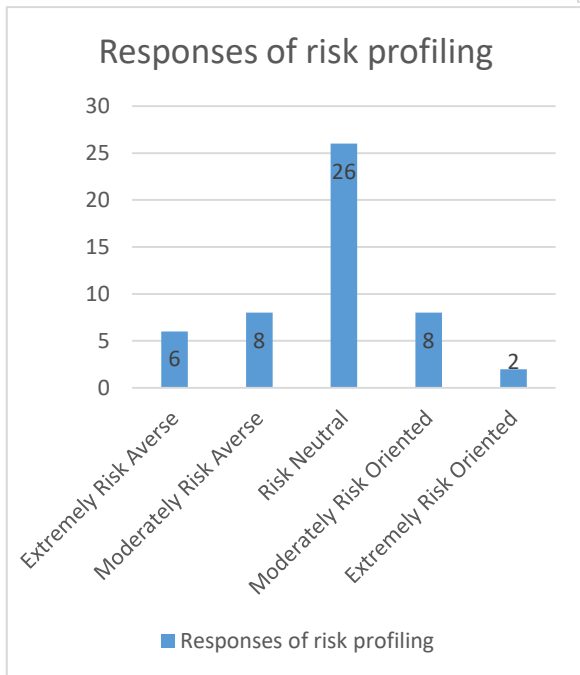
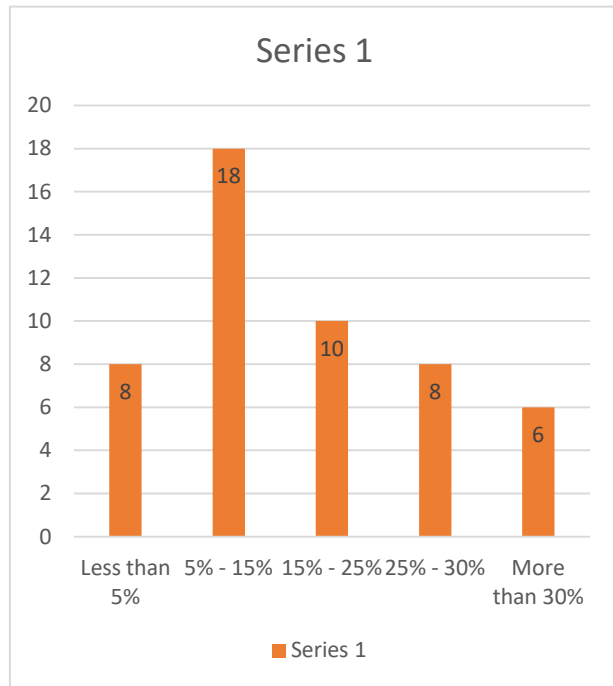
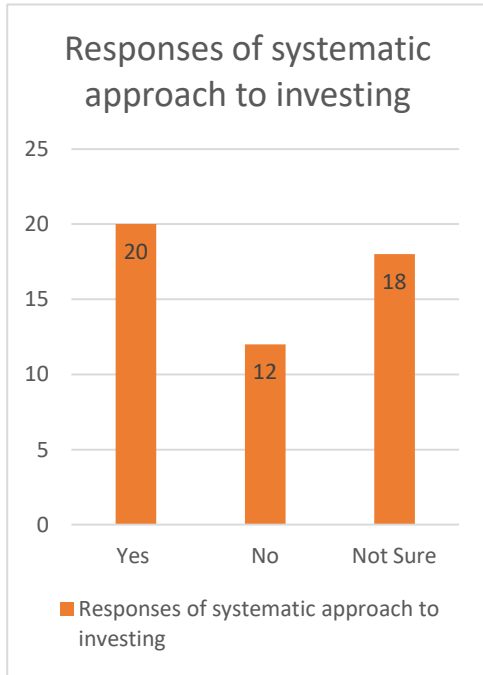
**Research Methodology**

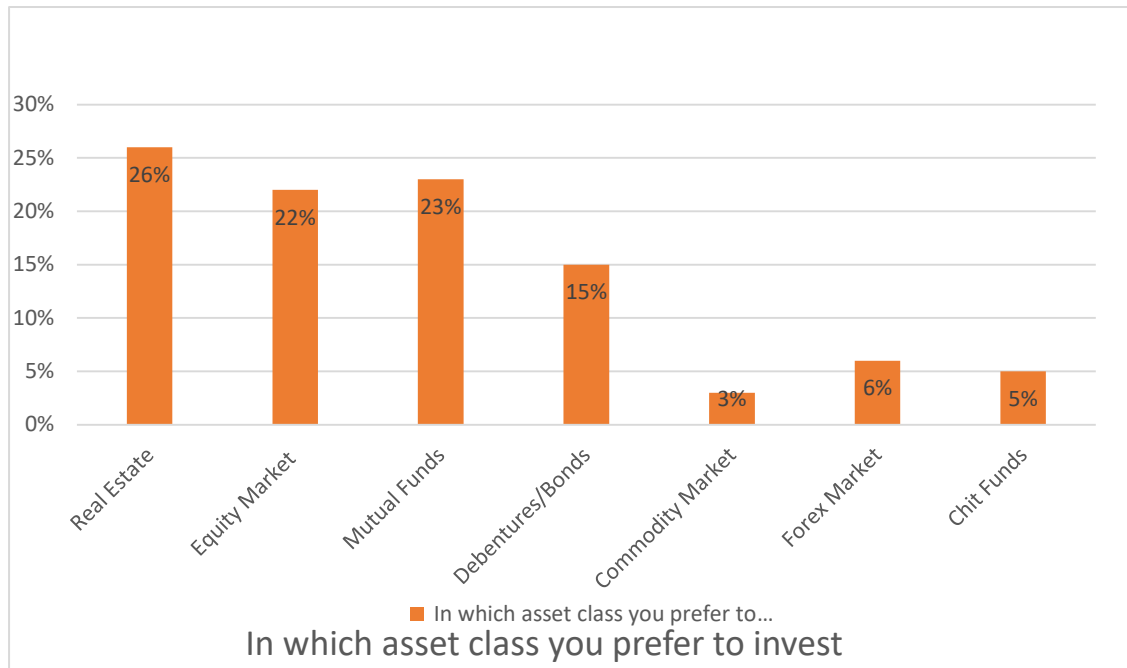
**Research design**

Data collection	Survey through questionnaire
Type of Data	Primary Data
Sample Area	Individual equal and young age
Research Instrument	Questionnaire and personal interview
Type of Questionnaire	Structured
Statistical tools used	Pie Chart, Column and bar graphs, MS Excel
Sample Size	52
Sampling Technique	Convenient Sampling

**5.2 Data Analysis and Interpretation**







## Findings

- 50% of young and unmarried people working in the private sector don't have proper financial planning.
- Mostly male prefers comprehensive financial planning as they invest in various asset mix.
- Most of the mutual fund investor prefer systematic approach based on SIP for investment. But on the other hand we can say that most of the respondent doesn't know the benefit of systematic approach.
- Respondent having their annual income up to 5,00,000 prefer to save only 5 to 15% of their total income. In the same way only 6 respondent go for more than 30% of saving as they prefer comprehensive financial planning.
- Extremely risk averse haven't invested in any risky asset as they play a safe game and most of respondent prefer saving account to be their first option but on same extremely risk oriented prefer to invest in most risky assets.
- Respondent who are young either married & unmarried are not aware how to balance uncertainty with various asset mix.
- Tactical asset allocation is preferred by that respondent who invest in risky market where as fixed asset allocation is preferred by most of the respondent as their risk is neutral.
- Long term horizon is mostly preferred by fixed asset allocation respondent and even they have proper financial planning.
- 62% respondent are aware of wealth management and portfolio management but they haven't actual knowledge about wealth and portfolio management.
- Some respondent belief that wealth management is systematic management of all the income you generate.

## RECOMMENDATIONS

1. Reassess Your risk tolerance
2. Prioritise your financial Goals
3. Rebalance your investment portfolio
4. Recast your budget
5. Focus on having multiple sources of income

## Conclusion:

Wealth management is poised for significant expansion, given the favorable market landscape and expected regulatory boost for the sector. This provides exciting growth opportunities which will drive rapid market expansion, coupled with an increase in number of industry participants. To successfully tap into these potential, financial services organizations must undertake a customized approach, taking into account the specific variables of the Indian market. This will need to be supported by cost effective business model focused on improved transparency and compliance, partnerships and efficient technology solutions.

- By survey we can say that many individual don't know the real meaning of wealth management as they interpret it as financial planning. Out of 50 respondents 31 says they are aware about wealth management.

- Respondent prefer risk free asset to be in their portfolio like PPF, FD, Life insurance, Gold etc. thus we can say that these are some popular source other than saving account.
- On average saving percentage give an outlook of risk that person can bear. Low saving ratio lead to lower risk & high saving ratio lead to high risk.
- Higher the return, higher the risk will be. Mutual funds though given the higher return in long run than any other asset mix but yet not been preferred by many of respondents, now a day SIP is more popularizing in mutual fund, but other type of mutual funds like SWP, STP are not too much popular as compare with SIP.

In recent time the expansion of wealth management products and innovative financial services have contributed to the steady growth of wealth management as an attractive and lucrative service sector with in the financial industry around the world. The constant forward march of technology is opening new markets in wealth management. At the same time, rapid product development and changing needs of the investors and globalization of business are posing new challenges for the professionals in wealth management.

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