



MY FINANCIAL ADVISORSM

FINANCIAL PLANNING PRACTICE A NEW OPPORTUNITY FOR CAs

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The Concept of Financial Planning

- Financial Planners take the ‘big picture’ view of a family’s financial situation & make recommendations based on financial needs in following areas:
 - Budgeting
 - Savings
 - Taxes
 - Investments
 - Insurance
 - Retirement Planning
 - Estate Planning



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OUR SURVEY...



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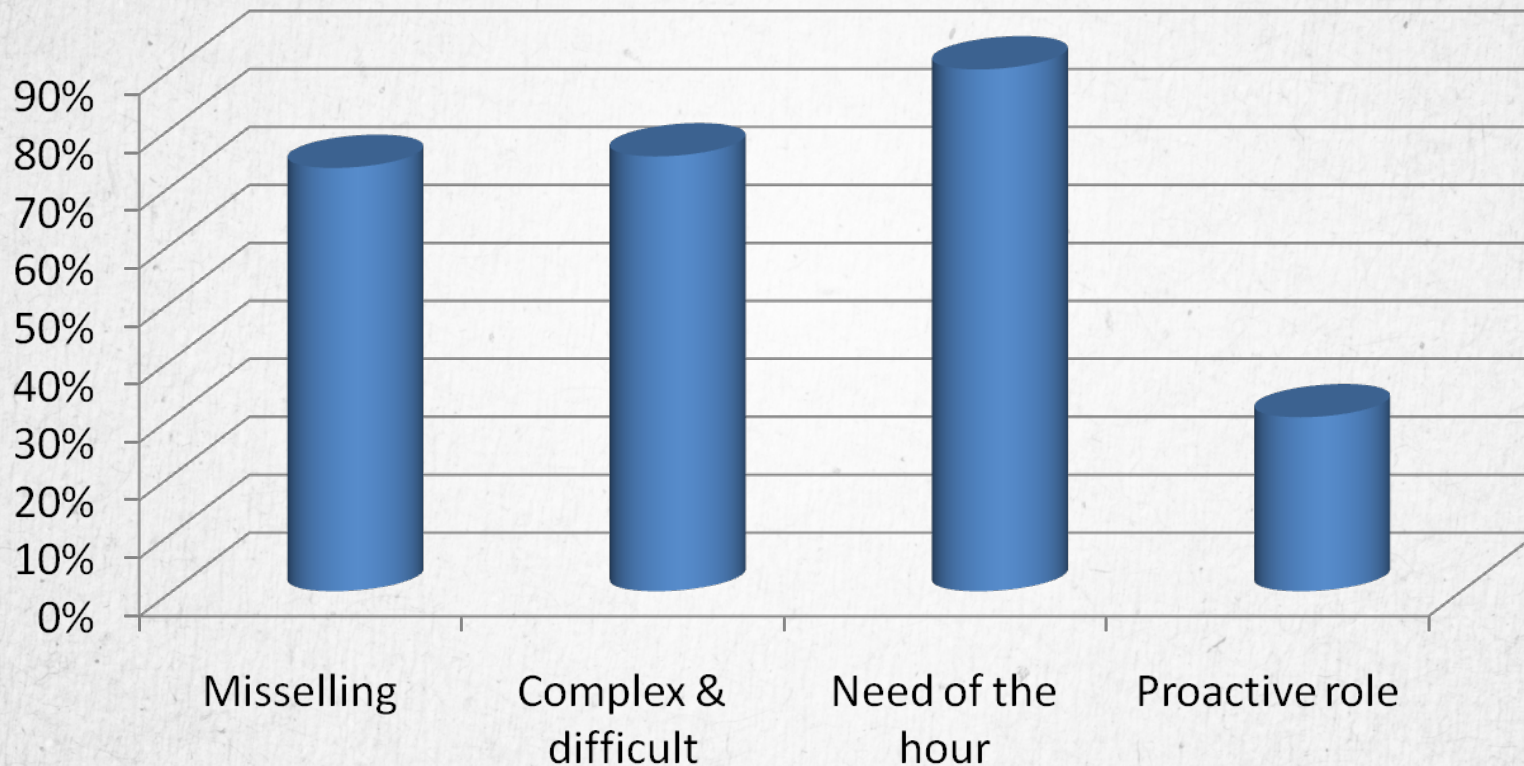
Our Survey with 100 CAs..

- Are your clients taken for a ride or are they mis-sold financial products?
A – Yes (73%)
- With growing global integration, is financial industry becoming complex & difficult?
A – Yes (75%)
- Is Financial Planning the need of the hour?
A – Yes (90%)
- Are you proactively helping clients to demystify this complex financial world?
A – Yes (30%)



Our Survey with 100 CAs (Contd..)

(in percentage)





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Why a CA should go for this practice?

1. Beneficial to clients
 - Helping Clients take better financial decisions
 - Clients don't have to deal with different people for different needs
 - Protecting Clients from costly mistakes
 - Protecting Clients from being taken for a ride
 - Ensuring an 'A' Team for the client
 - Playing a Leadership Role in a Client's Life
 - Providing World Class Comprehensive Value Added Solutions



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Why a CA should go for this practice? (Contd..)

2. You are already doing it
3. Create a niche in your practice
4. A CA enjoys the trust of his clients
5. Co – creating value for your clients
6. Creates great brand ambassadors for you
7. Stronger firm (diversifying business risk.)



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INDUSTRY OVERVIEW - WHO IS ADVISING PEOPLE TODAY...



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Who is advising people today?

- Bankers
- Portfolio Management Services
- Online portals
- Boutique financial planning firms
- Independent Financial Planners (CFPs)
- Insurance Agents
- Brokers
- Real Estate agents



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GROWTH PROSPECTS..



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Growth Prospects

- Gross National Savings
- Indian Households savings are invested in bank deposits
- Growth in AUM
- Rising HNWI segment in India
- Remittances from NRIs & PIO



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Gross National Savings

- Gross national savings in India stood at USD 606 bn in 2012; this is expected to touch USD 969 bn by 2016
- Gross national savings are expected to reach **39%** of the GDP at the end of 12th five year plan (FY13 – 17) from **30.8% in FY2012**

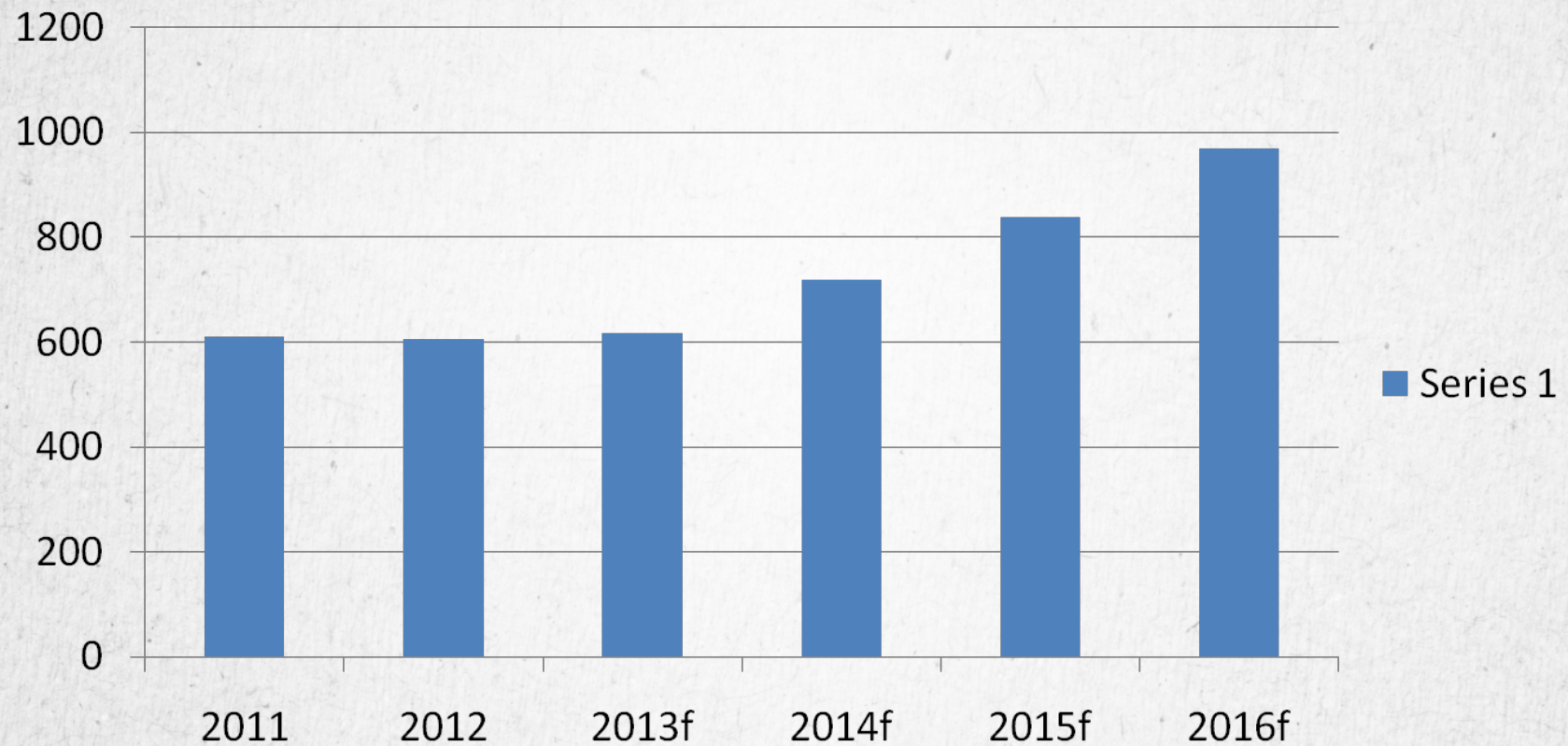
Source: www.rbi.org / www.ibef.org



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Gross National Savings...

USD billion

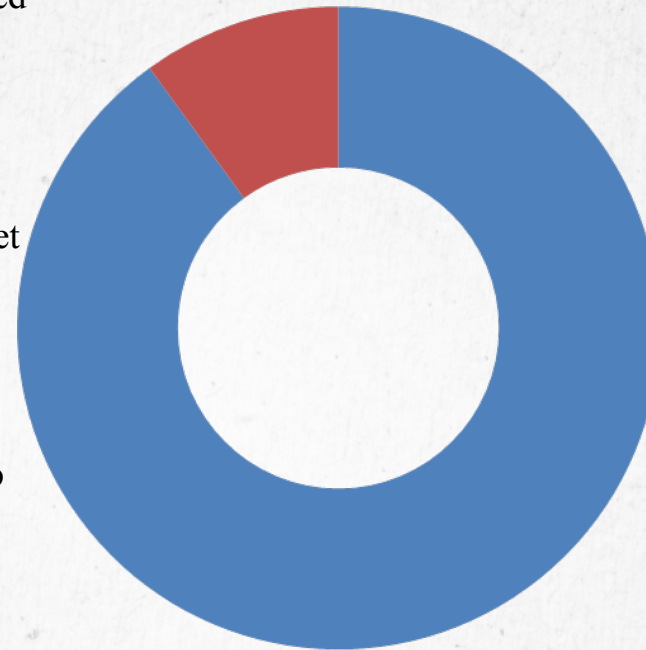




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Indian Households savings

- 90% of the households savings are invested in bank deposits & only 10% are in other financial assets
- Innovative & customised products are expected to shift bank deposits to these asset classes
- The quantum of savings that Indians are making is set to present immense opportunities for financial intermediaries to move savings to more productive channels
- Greater financial inclusion will lead to financial planning



- Bank deposits & Govt. saving schemes
- Shares, debentures & MFs

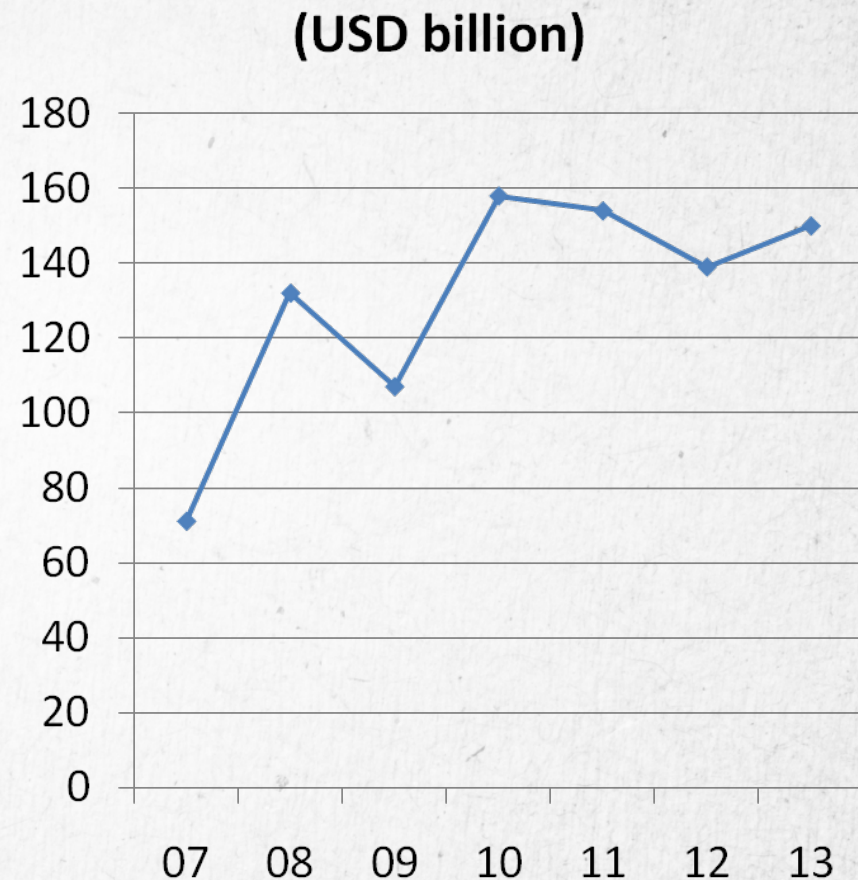
Source: www.rbi.org / www.ibef.org



Growth in Assets Under Management

- AUM of MF industry clocked a **CAGR of 16.8%** over FY 07–13
- AUM have increased from USD 70 bn to 150 bn
- By end of FY 13 there were 44 AMC's operating in the country

Source: www.ibef.org



- **Rising HNWI segment in India**

At present the size of the wealth management industry is estimated to be **USD 20 – 40 bn, which represents 10 – 20% of the total investible HNWI assets.**

The investible assets of HNWIs in India has expanded at **26.2% CAGR** over 2005 – 10

- **Remittances from NRIs & PIO**

Remittances at USD 66.1 bn in FY12 adds to the size of the segment.

Source: www.rbi.org / www.ibef.org



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CHALLENGES OF FINANCIAL PLANNING...



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Challenges of Financial Planning Industry

- Awareness of Financial Planning is low in India
- Difficult to differentiate between a true financial planner and a distributor.
- Clients fixation to work in a certain pattern
- Still at the nascent stage & evolving
- Regulatory changes



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Two ways to go about it...

1. Doing it in-house
2. Co- Create value with the firms in this space.



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Co-creating value

✓ CA Firm

Accounting , Audits, Tax Advisory & Structuring,
Valuations

+

✓ Financial Planner

Financial Planning, Risk Management & Insurance,
Investment Planning, Real Estate



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The characteristics / features of a 'Right Financial Planning Firm'

- **A checklist on:**
 - ✓ What is their motivation to work?
 - ✓ What's their track record?
 - ✓ What are they promising to deliver?
 - ✓ What is the process followed for Financial Planning?
 - ✓ Will they partner on all your client's financial needs and decisions?
 - ✓ What is their Client Confidentiality policy?



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Thank You...