

Face-off To Bring Home The Alpha

The country provides for one advisor for a population of almost 80,000



From left to right: Lovaii Navlakhi, Radhika Gupta, Ajay Bagga, Vidhu Shekhar and Abhishake Mathur

In the recent times, a matter of debate has been whether one should rely on humans or robots to make financial decisions for them. Or does a mix of both work better?

Moderator Ajay Bagga, Executive Chairman, OPC Asset Solutions set the tone of the panel by saying that in India there are a lot of very good financial advisors, we have about 87,000 advisors who are registered with AMFI but that gives us about one advisor for 80,000 population as against the US, with a 300 million population where there is one advisor per 1,000 of population. So we have very few advisors and very low penetration of financial products. So, Can robo advisors fill the gap?

According to Radhika Gupta, CEO, Edelweiss AMC, India's current financial literacy market is where the US was in the 1980s. The challenge today is getting many consumers into the financial ambit. A survey said that one in every two millennials actually prefer physical advisory. There are three advantages

that physical financial advice carries today. One is emotional control, second is working with an investor throughout his life cycle, and third is customisation. "So, physical advice plays a very powerful role because of these three factors," she stated.

"There is absolutely no doubt that any advisor has to use machines to give better advice to his customers. For us, we feel that having machine at the background of any advice is absolutely important," said Abhishake Mathur, Senior Vice President Investment Advisory and customer service, ICICI Securities.

Robo advisors may become very successful in the US much before they see success in our country, because our environment and challenges are very different from that in the US. There is no doubt that technology is going to revolutionise financial advice in a way it has done with everything. But there is a need for regulation, felt Vidhu Shekhar, Country Head, CFA Institute.

"Regulation will also shape robo

the efficiency of robo advice depends on the evolution of investors

advice quite a bit and regulators will have to understand the challenges that the new technology is providing and respond," he said.

How much the robo advice will work also depends on the evolution of an investor. "I think we will reach a stage where an evolved investor will want an automated system. However, there is scope for and need for face to face advice," said Lovaii Navlakhi, CEO, International Money Matters.

Nearly 40 per cent of the customers are saying that they would want their advisor to offer them with a good service, good advice on an automated platform along with the human touch. The way of engaging with the customers will definitely change, however, the human touch will remain relevant. □

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