

Technology Advancement in Indian MF Industry:

POST- PANDEMIC TRANSFORMATION

We can see how the mutual fund industry has adapted technology as its sole enabler for future success for the past ten years. It has become cognizant for the companies to build resilience for the upcoming years. Now, It is more pertinent after the sudden outbreak of a pandemic.

The asset management industry has slowly built trust after the 2008 crisis. It is evolving to adapt to the changing customer experience, mostly accelerated due to the disruptors like fintech, advanced analytics, etc.

To retain the growth in such unprecedented times, the mutual fund industry needs to adapt quickly to the road of digitisation.

Post-Pandemic Digital Evolution in MF industry

Technology has become a ubiquitous aspect of every operation of the mutual fund industry. It is no more paper bound. Starting from receiving the money to investing and claiming, the whole process is transacted on the digital platform. Take the case of "E-KYC", which has made it easier for non-KYC compliant investors to comply with KYC as a first step by registering online. Similarly, technology is shaping the industry in many aspects.

The paperless transaction has accelerated the process of shifting to digitisation. Today, to stay relevant in the overall ecosystem, many intermediaries are adopting digitisation quicker. Given the innovation backed by technology, the mutual fund industry needs to innovate like its disruptor.

With the advent of UPI payment, digital finance gained popularity. Mobile banking has ensured that today's industry, be it any, need to follow a "mobile-first approach". Many new fintech, brokerage firms, and other third-party aggregators have proven the importance of optimised platforms, which will become a preferred platform for investment and banking.

When almost every industry revamped its online presence to give a seamless experience to its customers at the onset of the pandemic, asset management companies are not an exception. Starting from marketing digitally to usage of analytics, AMC has proactively started practising digital. But when it comes to the platform, AMCs has failed to "wow" its customer.

Challenges faced by MF industry due to lack of Optimised Platform

Mutual fund companies can win by meeting the unmatched customer experience after digital campaigning of their product when potential investors land up in an outdated platform. There will be a high chance of less or no conversion. In today's world, an optimised platform is essential.

The challenges with outdated platform lie in every spectrum, such as customer acquisition, onboarding and customer service. Successful landing on the platform doesn't ensure the journey of the investor end up on a conversion note. It requires full functioning, an easy-to-use platform that will be user-centric.

Challenges faced in customer acquisition

Today Asset Management Companies faces two bigger challenges in customer acquisition are:

- Defining your company as a differentiator
- Creating a smooth onboarding process

Another problem with low-quality landing sites is AMC need to work hard on the referral part where they are gathering networks to get leads. This process is also associated with high cost.

Inaccessibility of app from different devices also makes the customer acquisition process difficult.

Challenges Faced in Onboarding

Client onboarding during the pandemic possessed as a barrier for many AMCs. Physical validation of KYC was not recommended because:

Error-prone: Manual and paper-based onboarding are error-prone as it increases inefficiency and promotes dissatisfaction among clients.

High Dropout Rate: Manual process also led to delayed response time, lack of coordination and outdated method deferred the onboarding process.

Challenges Faced in Customer Service

In a digital age, customers want quick service with a seamless experience. Any positive experience can become the face of the company. Therefore providing a beyond experience through strong customer service can increase the customer retention rate. But, in a legacy system, AMCs are facing major challenges due to :

Larger response time: When the response time is prolonged, clients feel demotivated to continue, which hampers the company's image.

Unable to address customer problem: Due to the influx of complaints, companies fail to address every issue. Chances of overlooking also arise because the inability to comprehend the client's issue that poses as a major cause for client dissatisfaction.

Difficult transition: In asset management companies, there is a major issue with the transfer of the clients to another agent. This happens because

- When an agent resigns
- When an agent fails to provide a better solution to the client

In this transition, if the process becomes tedious and repetitive, companies lose business.

Push sale for the wrong product: "One-size-fits-all" is the concept that is no more valid in any industry. The same goes for the asset management industry, where providing the same solutions to all the clients can only adversely impact the experience.



Expand Digital landscape for MF Industry

Expanding the digital landscape in the asset management industry means modifying legacy platforms and improving customer experience through advanced customer acquisition and onboarding.

Ever since the new normal came into the picture, AMCs have seen huge openings of Demat account as well as a huge investment in various portfolios. There has been an increased focus on data, and it is highly probable that the financial industry is going to see some major disruptions sooner. Thus, we will see some in the post covid era in customer acquisition, customer onboarding, and customer service.

When we talk about digital Transformation in the investment industry, we might see more of the following to shape up the future:



Automation

Repetitive work will be automated and make the process faster by minimising error.

Legacy Modernisation

Legacy system modernisation will build the organisation sustainable as users move to digital. This also helps in staying relevant.

Advanced Portal

Integrated web portal will boost visibility and also help in providing a great user experience.

Virtualisation

Enabling greater access to a broad audience even if a user is not present physically.

Cloud

It will help in storing and using relevant information.

Open API

Open APIs accelerate the process of client onboarding as the information is readily available through the third-party developed applications.

Mobile Approach

Increased the engagement rate with the new products.

Focus on the priorities A-O-S (Acquisition - Onboarding - Service)

For asset management companies, there are many aspects that become important. Such as providing a better experience to the potential investors, making agents focussed on easy onboarding process through a streamlined process and the delight clients with the elevated customer service. Here are few disruptions that are seen in each phase:

01 Customer Acquisition

As technology grows tremendously, it has also helped potential investors come in touch with the AMC faster than before. At this position, what is more important to be a differentiator is having more visibility. Here are few ways by leveraging it, AMCs can increase visibility and define themselves as a differentiator:

Robo-advisors

Deploying fund and equity-based roboadvisor can help potential investors in finding their best match funds. Robo-advisors offers goal-based funds which helps investors in achieving the objective with a proven strategy. Benefiting the new and risk-averse investors, roboadvisors offers fund after risk profiling.

Features:

Automatic asset allocation
Self learning algorithm
Automated Investments

Focus on the priorities A-O-S (Acquisition - Onboarding - Service)

Big Data and Digital Tools

The data generated from the financial industry is vast. Thus this can be used for actionable insights through advanced digital tools. Today, digital tools can process the data and be used in advantage of the advisors, which will help scaling up the client acquisition.

AI and Data Analytics

A better market analyses helps in understanding the behavioural trends of the potential investors. It further helps in mapping the need of the investors and thus pitching the product to match the need. This complex process is simplified by leveraging AI and Data analytics.

Data analytics with the help of prescriptive, predictive, and diagnostic tools accelerates client acquisition rate by creating customised investment portfolios and staying relevant to the market.

CRM

To deliver an end-to-end customer experience, CRM is used by many AMCs. Tightly integrated with other apps and 360-degree client information, CRM is an intuitive platform that works on the unified data model. CRM helps in avoiding information silos, thus helping in lead conversion.

02

Customer Onboarding

In the time of social distancing, digital customer onboarding has become a necessity. Customer onboarding is crucial for AMCs as it is the first touchpoint for investor to experience the culture. In the financial industry, customer onboarding is still paper-driven. Manual compliance, in-person validation are a tedious process and is error-prone. Digital onboarding topped with advanced technology can build a successful onboarding process along with providing a seamless experience:

Integrating Open AI

Seamless access to third party database leveraging open API helps in fetching data from various resources. Collating with real-time data helps in reducing time for enhanced due diligence. Open APIs are great help for hassle-free onboarding.

AI-based analysis

AI will continue with customer profiling, risk profiling and fraud monitoring. As per the investor risk appetite, AI processes the data and delivers the result in shorter time frame with maximum accuracy. Thus this ensures a sustainable onboarding process.

Visual Customer validation

For a quick online KYC, video-based KYC is gaining popularity. AMCs are completing the onboarding process in just 10 minutes by leveraging video for verification and anti-impersonation.

Chatbots

AMCs are deploying conversational AI or chatbots to enhance the customer engagement. Virtual digital assistant is also guiding potential investors for end to end onboarding process.

03

Customer Service

Responding to customer expectation faster can expand the customer base. In the digital age, ensuring high level customer experience is possible with transforming end to end digital service. Here are list of few ways to elevate customer service in asset management industry:

Multichannel Outreach

Today, potential investors are not restricted to a single channel. There are multiple touchpoints, and for uniform brand, the experience can be achieved with uniform branding.

Native Mobile App

"Mobile-first" Strategy is the most adopted strategy to stay relevant in this digitised world. Building a native app for the mobile device has also reduced many portfolio management features, thus making it less complex and easy to handle. Many AMCs will prefer the native mobile app to deliver convenience to its investors.

All-in-one concept

For a quick online KYC, video-based KYC is gaining popularity. AMCs are completeTo deliver high-level customer service, "all in one concept" is a necessity. In this legacy system modernisation is important. The outdated platform cannot support automation and today's investors are digital-savvy; thus, modernisation is important for engaging them. Integrating all required features in an intuitive portal provides an all-in-one platform to the user, minimising customer dropout.ting the onboarding process in just 10 minutes by leveraging video for verification and anti-impersonation.

Accelerate Transformation by Leveraging Technology

It is survival for the fittest for the AMCs. In the past years, the mutual fund industry understood the necessity of becoming digital. Transformation has started long before, but covid-19 has transformed end to end process from manual to digital. At INT. we have build capabilities with our financial partners to discover new opportunities and streamline end to end process to drive success in one platform.





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