



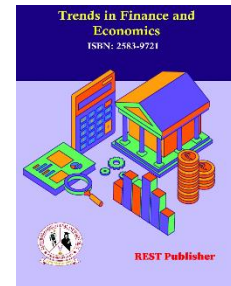
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# A Study On Investment and Wealth Management with Refernce to Reliance Life Insurance

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**Abstract.** *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 affluents. Banks play important role in providing premium services to affluent clients.*

**Keywords:** *Wealth Management, Financial Services, niche players, services*

## 1. INTRODUCTION

Wealth management is a high-level professional service that combines financial/investment advice, accounting/tax services, retirement planning and legal/estate planning for one fee. Investors work with a single wealth manager who coordinates input from financial experts and can include coordinating advice from the investors own attorney, accountants and insurance agent. Some wealth managers also provide banking services or advice. In others words, it is basically an investment advice or assistance to manage person's financial needs. These services are offered to investors in packages to provide benefits with two main goals growth and safety of their existing investments.

## 2. REVIEW OF LITERATURE

**Campbell, John Y. 2004.** "Measuring the Risks of Strategic Tilts for Long-Term Investors." In The New World of Pension Fund Management. Edited by Rodney N. Sullivan, CFA. Charlottesville, VA: CFA Institute. This practitioner-focused article is a more approachable version of Campbell and Viceira's highly mathematical book, Strategic Asset Allocation (Oxford University Press, 2002). In Campbell's world, the word "strategic" denotes an asset allocation being reflective of shifting expected returns as well as investor horizons. This is not to say that Campbell advocates tactical asset allocation. He notes that tactical asset allocation requires good return forecasts to be successful. He also notes that tactical asset allocation may not properly reflect the long-term risks of asset classes. In his version of "strategic asset allocation," special emphasis is given to long-term inflation-linked bonds, such as Treasury InflationProtected Securities, as the default risk-free asset for long-horizon investors. The question-and-answer section includes a discussion of such inflation-indexed annuities as the risk-free asset for retirees.

## 3. 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.
- Wealth Management will need to spread beyond the largest Citi and to adapt with and educate its clients on the changing business environment
- Indians are increasingly looking beyond their own borders for investments; foreign banks must therefore leverage their global expertise
- Non-Resident Indians represent a large asset to foreign banks

**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

**4. METHODOLOGY OF THE STUDY**

**1. Sampling Methodology:**

The design of the sample is as follows:

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

**2. Type of Research:**

- Research type of my project will be exploratory research.

**3. 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.

**4. Hypothesis:**

Banking sector is successful at wealth management practices.

**5. 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.

**6. DATA ANALYSIS AND INTERPRETATION**

**1. Do You Believe That Wealth Management Has Increasingly Becoming A Booming Industry In India?**

**TABLE 1.** Do You Believe That Wealth Management Has Increasingly Becoming A Booming Industry In India?

S.No	Options	No of respondents	Percentage
1	Yes	87	87
2	No	9	9
3	Not Sure	4	4

**Interpretation:** 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.

**2. Is Wealth Management Only for The Wealthy?**

**TABLE 2. Is Wealth Management Only for The Wealthy**

S.No	Options	No of respondents	Percentage
1	Yes	23	23
2	No	71	71
3	Not Sure	4	4

**Interpretation:** Only 23 percent of the respondents were of the opinion that yes wealth management industry is only for those who are having enormous wealth. But a massive 71 percent felt that it is for everybody. The person who is earning Rs 30,000 per month also needs this advice. For instance, if there is a 25-year-old guy who earns this sum, his first priority is to buy a house for, say, around Rs 20 lakh. He has to now protect this property from, say, flood, cyclone or other natural disasters. You have building insurance that doesn't cost more than Rs 800-1,000. only 6 percent responded in terms of do not know/ can not say.

### 3. Which Is Your Main Market?

**TABLE 3. Which Is Your Main Market?**

S.No	Options	No of respondents	Percentage
1	Stock Openions	65	65
2	Expansion of Business	32	32
3	Not Sure	3	3

**Interpretation:** 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/ can not say.

### 4. What Value-Added Services Do You Provide?

**TABLE 4. What Value-Added Services Do You Provide?**

S.No	Options	No of respondents	Percentage
1	Financial Planning	88	88
2	Individual Requirement	12	12

**Interpretation:** 88 percent responded that their managers offer complete financial planning. They are able to give the customers advice on equity investment, debt, commodities, art, insurance, international investment, which home loans to take and why, tax planning, estate planning, filing tax returns, superannuation, real estate, and do a cash-flow analysis. 12 percent responded that they are specialized to meet the individual requirements of the customers i.e. in portfolio management.

### 5. Do You Recommend Your Own Products?

**TABLE 5. Do You Recommend Your Own Products?**

S.No	Options	No of respondents	Percentage
1	Yes	79	79
2	No	11	11
3	Not Sure	10	10

**Interpretation:** 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.

### 6. Should The Allocation Change Be Based On Economic Conditions?

**TABLE 6. Should The Allocation Change Be Based On Economic Conditions?**

S.No	Options	No of respondents	Percentage
1	Yes	56	56
2	No	30	30
3	Not Sure	14	14

**Interpretation:** 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.

**7. With Interest Rates So Low and The Stock Market Perhaps Overvalued, Where Should One Invest Today?**

**TABLE 7.** With Interest Rates So Low and The Stock Market Perhaps Overvalued, Where Should One Invest Today?

S.No	Options	No of respondents	Percentage
1	Domestic Market	55	55
2	Foreign Market	38	38
3	Both	7	7

**Interpretation:** 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.

**8. Can Mutual Funds Be Viewed as Risk-Free Investments?**

**TABLE 8.** Can Mutual Funds Be Viewed as Risk-Free Investments?

S.No	Options	No of respondents	Percentage
1	Yes	12	12
2	No	80	80
3	Not Sure	8	8

**Interpretation:** Fixed deposit in Indian rupees where the principle and interest are fully repatriable. All interest earned is fully exempt from tax in India. The account can also be opened jointly with a non-resident.

**9. What Proportion of One’s Investment Should Be Invested in Mutual Funds?**

**TABLE 9.** What Proportion of One’s Investment Should Be Invested in Mutual Funds?

S.No	Options	No of respondents	Percentage
1	Major Portion	23	23
2	Minor Portion	20	20
3	Depends on the economic position of the investor	57	57

**Interpretation:** Your funds in NRE savings accounts are held in convertible rupees - principle and interest are fully reparable. Interest income is fully exempt from tax in India. The savings account can be opened jointly with a Non-Resident individual.

**10. Can One Open These Accounts in Any Convertible Currency?**

**TABLE 10.** Can One Open These Accounts in Any Convertible Currency?

S.No	Options	No of respondents	Percentage
1	Yes	66	66
2	No	30	30
3	Not Sure	4	4

**Interpretation:** The FCNR Deposit is a fully reparable foreign currency deposit available in major currencies: US Dollars, Pound Sterling, Euros, Australian dollars and Canadian dollars

**11. can an nri invest in mutual funds?**

**TABLE 11.** can an nri invest in mutual funds?

S.No	Options	No of respondents	Percentage
1	Yes	89	89
2	No	8	8
3	Not Sure	3	3

**Interpretation:** Fixed deposit in Indian rupees where the earnings in India can be deposited. The interest is repatriate

## 7. 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.
- The awareness regarding the Wealth Management Services is not very much in small Citi. So by some promotional programme and advertisements, we could increase the awareness regarding WMS.

## 8. 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.

A big no. of people considers SIP (systematic investment plan) as a best way for their monthly saving. So Bank should offer the SIP plans to them in which they could get the higher return than bank deposits or post office schemes.

Mutual fund market showing a big opportunity in small Citi. When people take SIP as a best way for saving, but they are not aware regarding mutual fund. So bank should launch mutual funds schemes in small Citi by making them aware regarding the benefits of it. Majority of people like to invest their money in bank deposits or bank FD's but if we see trend, then people are moving toward shares and debentures and losing their interest in bank deposits and FD's. so it giving sign of opportunity to bank to launch its services like demat, life insurance, mutual funds in these Citi.

## 9. 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. There are significant benefits in the area of liability management for the wealthy, and that the importance of liability management as part of wealth management will inevitably grow over the next 20 years, until it becomes a key service area. Rising income and wealth inequalities, if not matched by a corresponding rise of incomes across the nation, can lead to social unrest. An area of great concern is the level of ostentatious expenditure on weddings and other family events. Such vulgarity insults the poverty of the less privileged, it is socially wasteful and it plants the seeds of resentment in the minds of the have-nots

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