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A Study on Wealth Management at HDFC Bank

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ABSTRACT: Wealth management is a critical service offered by financial institutions to cater to the diverse financial needs of affluent clients. This project focuses on the wealth management services provided by HDFC Bank, one of India's leading private sector banks. The study explores the range of wealth management solutions offered by HDFC Bank, including investment advisory, portfolio management, tax planning, estate planning, and retirement planning.

The objective is to understand how HDFC Bank tailors its services to meet the unique needs of its high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs) clientele. This project also examines the bank's approach to integrating technology and personalized service to enhance customer experience and satisfaction.

Through a combination of primary data collection via interviews with bank officials and clients, and secondary data analysis of industry reports, this research provides insights into the strategies employed by HDFC Bank to maintain its competitive edge in the wealth management sector. The findings reveal the bank's emphasis on a client-centric approach, leveraging robust financial planning tools, and fostering long-term relationships to achieve financial goals for its clients.

The project concludes with recommendations for HDFC Bank to further strengthen its wealth management services in light of evolving market trends and client expectations.

KEY WORDS: Wealth Management Services Offered, Target Audience, Client Onboarding Process, Advisory Process, Investment Strategies, Client Case Studies, Compliance and Risk Management, Market Position and Competitiveness, Challenges and Opportunities, Future Outlook.

I. INTRODUCTION

Wealth management is a high-level professional service that combines financial and investment advice, accounting and tax services, retirement planning, and legal or estate planning for one set fee. Clients work with a single wealth manager who coordinates input from financial experts and can include coordinating advice from the client's own attorney, accountants and insurance agent. Some wealth managers also provide banking services or advice on philanthropic activities.

Wealth management is more than just investment advice, as it can encompass all parts of a person's financial life. The idea is that rather than trying to integrate pieces of advice and various products from a series of professionals, high net worth individuals benefit from a holistic approach in which a single manager coordinates all the services needed to manage their money and plan for their own or their family's current and future needs.

While the use of a wealth manager is based on the theory that he or she can provide services in any aspect of the financial field, some choose to specialize in particular areas. This may be based on the expertise of the wealth manager in question, or the primary focus of the business within which the wealth manager operates.

1.1 NEED OF THE STUDY

India is one of the fastest developing countries. With development taking place at such a rapid pace across all sectors of the economy, the incomes of people are also increasing. Increase in the income of the people has opened a wide spectrum of possibilities for investing the excess incomes.

India's list of millionaires has more than doubled in the last 10 years. But there's still no stopping Indians. The country will have 950,000 millionaires by 2027, up almost 190% from 330,000 last year, a recent report by Johannesburg-based market research group New World Wealth predicts. This rise will mainly be due to competitive wages, strong economic growth, and an increasing number of entrepreneurs, the report said.



Therefore the management of this increased wealth and related investments has become imperative in this modern day. To meet such demands and provide suitable services many banks are undertaking this new Investment Banking and Wealth Management Services.

1.2 SCOPE OF THE STUDY

Although, there are many banks and financial institutions providing investment and wealth management services, this study is primarily restricted to such services provided by HDFC Bank Limited.

The scope of the study is restricted to just one of the many services provided by the HDFC Bank Limited, which is Investment and Wealth Management service.

The scope of the study is limited to only fifty respondents, who have been surveyed and their responses have been recorded for evaluation.

1.3 OBJECTIVE OF THE STUDY

- To study the theoretical concept of investment and wealth management.
- To study the Investment and Wealth Management services provided by HDFC Bank Limited.
- To know the primary investment objectives of the customers and their perception about investing in various securities.
- To analyze the factors effecting consumer's investment and savings pattern.
- To magnitude the awareness of HDFC BANK's customers regarding HDFC BANK's investment and wealth management.

II. REVIEW OF LITERATURE

The Journal of Wealth Management (DOI 08 May 2023)10.3905/jwm.2023.1.215 Sony Thomas S. S. S. Kumar: - This study addresses an important asset allocation dilemma, namely whether investors should diversify their portfolios using commodities directly or commodity stocks, which are equity shares of companies that produce commodities or have a strong relationship to them. The results of the study indicate that commodities added to a stock-bond portfolio perform better than commodity stocks in a stock-bond portfolio. The dominance of commodities portfolios is observed during the in-sample, out-of-sample, and current epidemic time periods.

Democratizing Wealth Management, Andrew L. Berkin, The Journal of Wealth Management 25th Anniversary Special Issue 2023, 26(1) 21-28 DOI 10.3905/jwm.2023.1.200: - over the past 25 years, as access to pensions has declined and longevity has increased, people have needed to bear increasing responsibility for their financial well-being. Fortunately, wealth management has become democratized in that time, bringing to a greater number of people the techniques that once were available only to institutions and the very wealthy. Alpha, the value added relative to an appropriate risk-adjusted benchmark, has been shrinking for a variety of reasons. However, factor-based investing has grown, offering a convenient way to access the premiums once assigned to alpha. Tax-aware mutual funds have become more common, while the rise of exchange-traded funds allows investors to defer capital gains.

INVESTMENT AND WEALTH MANAGEMENT is a term that originated in the 1990s in the United States of America with the Broker Dealers, Banks, and Insurance Companies. **INVESTMENT AND WEALTH MANAGEMENT** has generally evolved from high-net-worth financial consulting for persons who are top clients of any firm, to a high-level form of private banking that provides various types of investment, insurance and bank products and services. With the repeal of the Glass-Seagull Act in 1999, financial firms were finally able to provide all three of the above services from the same offices.

Persons engaged in **INVESTMENT AND WEALTH MANAGEMENT** usually work for investment banks, brokerage firms, law firms, accounting firms, consumer banks, trust departments, or investment and portfolio management firms. Smaller firms such as Advisors may also provide a wide array of family office services.

INVESTMENT AND WEALTH MANAGEMENT SERVICES IN INDIA

India boasts of about 100,000 millionaires and the number is estimated to be growing at 20 per cent per year. Investment And Wealth Management services are getting more attention over the last two years as the expanding economy; rising stock prices and increase in incomes turned the spotlight on this sector.



III. RESEARCH METHODOLOGY

This research is primarily descriptive in nature which analyzes the various trends and patterns in investments. The research has both primary and secondary data. Primary data has been used to know the investment patterns and preferences and consumers awareness about investments and wealth management services. Secondary data has been used to know about HDFC Banks investment and wealth management services specifically. The data is restricted to 50 respondents who are clients of HDFC Bank Limited and have been surveyed through questionnaire method.

3.1 Sources of data:

Primary Data:

- **Client Interviews:** Conduct interviews with HDFC Bank wealth management clients to understand their satisfaction levels, preferences, and service quality.
- **Staff Interviews:** Interview wealth managers and bank officials to gain insights into their strategies, challenges, and operational procedures.

Secondary Data:

- **Annual Reports:** Analyse HDFC Bank's annual reports for information on their wealth management segment's performance.
- **Industry Reports:** Use industry reports from financial research firms to understand the market trends and HDFC Bank's positioning.
- **Customer Reviews:** Gather customer reviews and feedback from online platforms

3.2 LIMITATIONS OF THE STUDY

One of the major limitations while conducting this study was the time constraint. This study is limited to period of only 45 days.

The study concerns itself only with the customers and operations of one of the many HDFC Bank branches.

The internship timings were also a limitation, as they did not coincide much with the customer’s time of visiting the bank. This hampered the interaction with the customers.

Out of the 60 questionnaires distributed 10 of them were vague or ambiguous in one or the other aspect.

Therefore, survey results were deduced from 50 respondent’s answers only.

IV. DATA ANALYSIS AND INTERPRETATION

TABLE 4.1

Different types of investments

Rank	Real Estate (Property)	Equity Market	Mutual Funds	Debentures	Bonds	Commodity Market	FOREX Market	Chit Funds
1	6	1	7	0	0	3	4	1
2	2	2	3	2	2	3	2	1
3	2	1	2	1	4	2	2	1
4	2	4	1	1	0	1	3	0
5	1	2	1	0	0	1	0	1
6	2	1	4	0	0	1	1	0
7	1	3	2	0	0	1	1	0
8	0	0	1	0	1	2	0	0
9	1	0	2	0	0	0	0	0
10	1	2	0	1	1	1	2	1
Total Ans	45	47	40	58	55	48	48	58



4.1 GRAPH

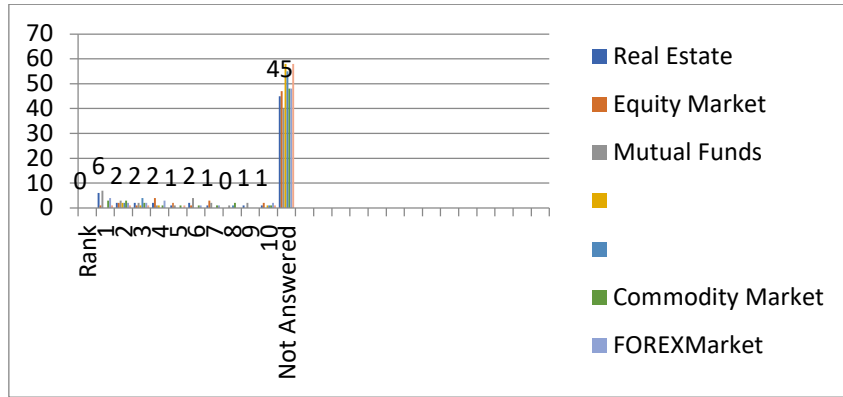


Figure 4.1 : Investment avenues respondent have invested

INTERPRETATION:

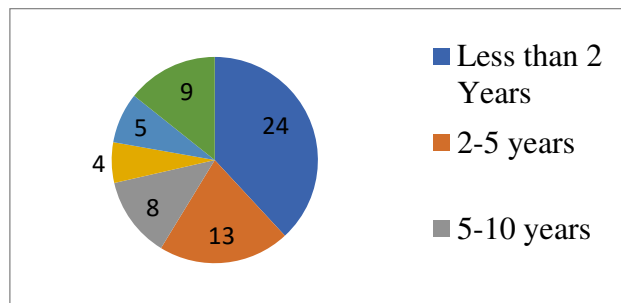
After studying all the investment avenues, we can say that saving account has given first rank by 41% of respondent. Followed by bank fixed deposit, public provident fund, mutual funds, life insurance, gold, real estate. Many respondents didn't diversify very much with their requirements with minimum risk they want to diversify most.

TABLE 4.2

SHORT- AND LONG-TERM INVESTMENT PLANNING

Less than 2 Years	24
2-5 years	13
5-10 years	8
10-20 years	4
20-30 years	5
More than 30 years	9

GRAPH 4.2



INTERPRETATION:

38% respondents are investment less than 2 years. 21% respondents are investment from 2-5 Years. 13% are investment from 5-10 years. 14% respondents are investment from more than 30 years. 14% respondents are investment in between 10- 30 year

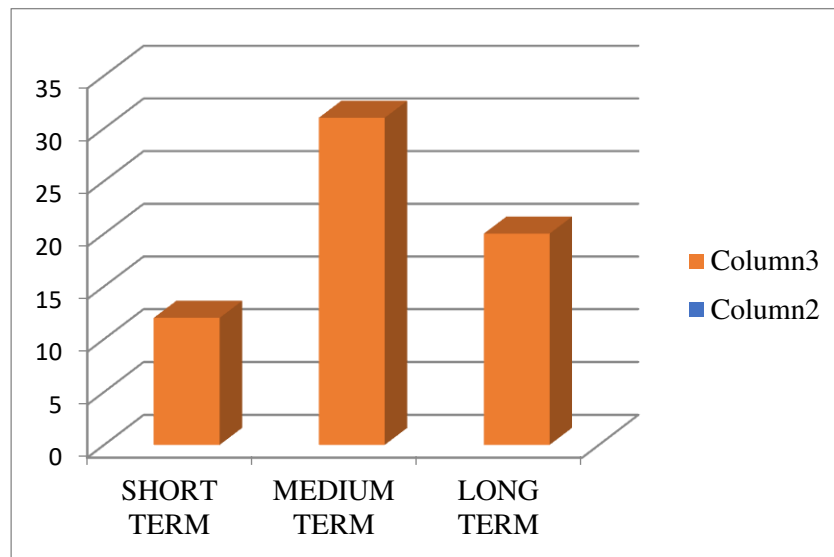


TABLE 4.3

DURATION YOU PREFER FOR INVESTMENT

SHORT TERM	12
MEDIUM TERM	31
LONG TERM	20

GRAPH 4.3



INTERPRETATION: Horizon is very important will investing in any investment; here 50% of the respondents prefer medium term investment, on same hand 31% investors prefer long term investments but 19% investors invest for short term

TABLE 4.4

ANNUAL INCOME (INRS.)

Up to 2,00,000	16
2,00,000 – 5,00,000	23
5,00,000 – 10,00,000	16
10,00,000 – 25,00,000	7
More than 25,00,000	1

Table 4.4: Annual Income (in Rs.)



GRAPH 4.4

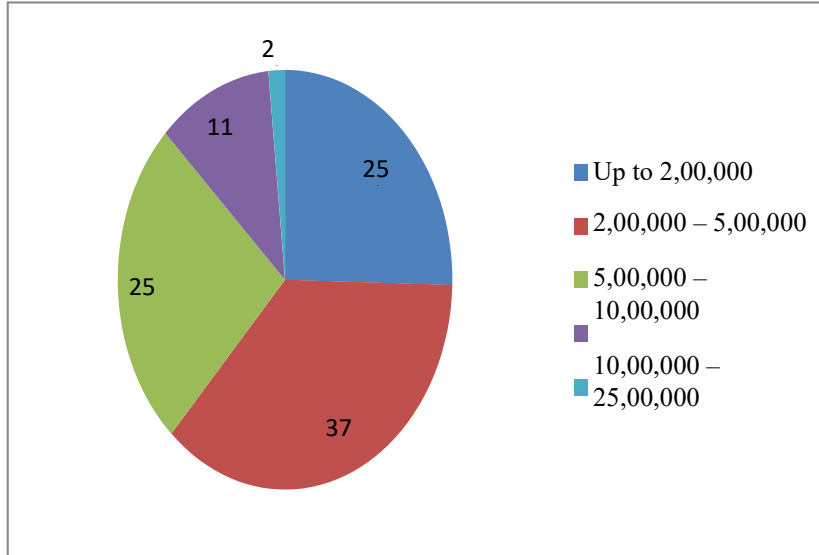


Figure 4.2: Respondent Annual Income in rupees

INTERPRETATION:

The above graph shows that 25% Respondents earns around up to Rs.2,00,000 per year. 37% respondent earns Rs. 2,00,000 to Rs. 5,00,000 per year. 25% respondent earns Rs. 5,00,00 to Rs. 10,00,000 per year.

TABLE 4.5

ARE YOU AWARE OF WEALTH MANAGEMENT?

Yes	No
48	15

GRAPH 4.5

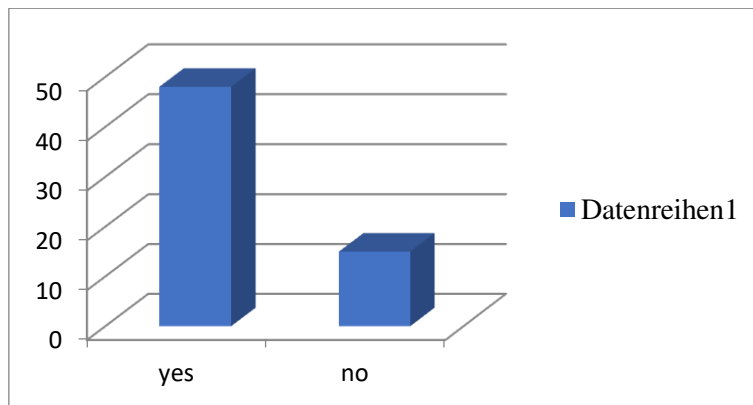


Figure4.3: To know the awareness about wealth management



INTERPRETATION:

76% of respondents know about wealth management whereas only 24% respondents are not aware about wealth management.

TABLE 4.6

DO YOU KNOW ABOUT PORTFOLIO MANAGEMENT SERVICES?

Yes	No
32	31

Graph 4.6

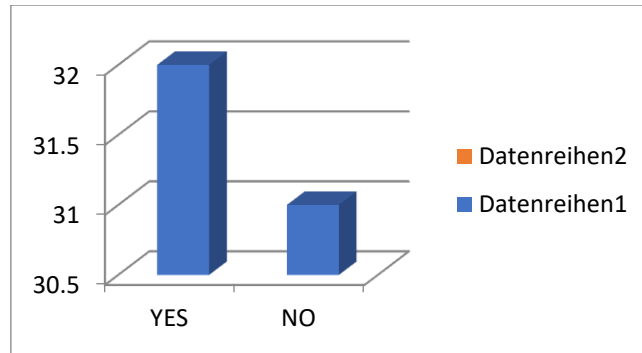


Figure 4.6: Do respondent know about portfolio management services

INTERPRETATION:By this graph we can say that 50% of the respondent knows about portfolio management services whereas half don't know about it.

TABLE 4.7

MATERIAL AND WEALTH MANAGEMENT

Wealth	Material
20	43

GRAPH 4.7

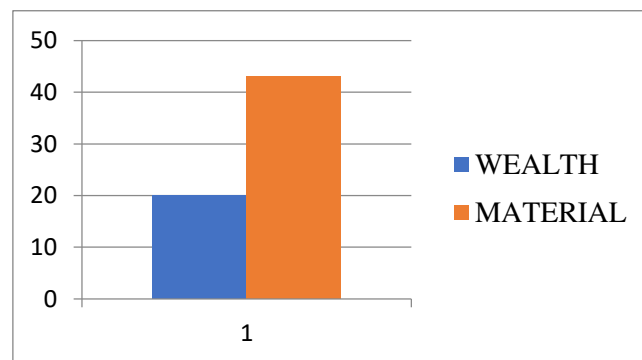


Figure 4.7: How many respondents read any material on wealth management



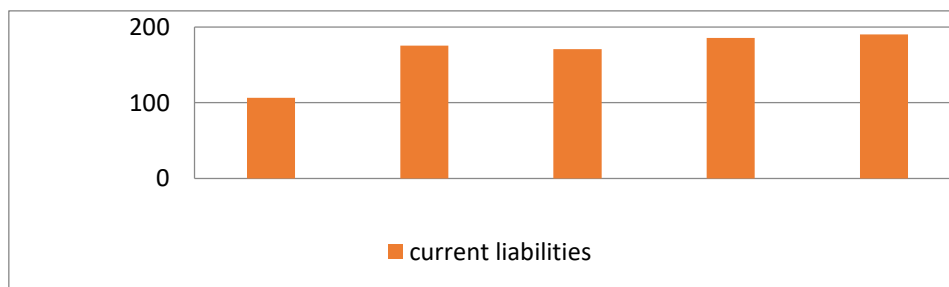
INTERPRETATION: 43 respondents haven't studied any material on wealth management whereas only 20 respondents who belongs basically to related field of wealth management.

TABLE 4.8

NET INVESTMENT CAPITAL AS PER HDFC BANK

	Current Assets	Growth Rate (%)	Current liabilities	Growth Rate (%)	Net W.C
2022-2023	235.20	112.82	190.33	102.53	44.87
2021-2022	208.46	126.64	185.63	108.72	22.83
2020-2021	164.6	97.52	170.73	97.23	-6.13
2019-2020	168.78	116.91	175.59	164.88	-6.81
2018-2019	144.36	100	106.49	100	37.87

GRAPH 4.8



INTERPRETATION:

The current assets of HDFC bank are more as compared with current liabilities but at the year 2022-2023 the financial position i.e., turnover of current year is high i.e., 44.87.

TABLE 4.9

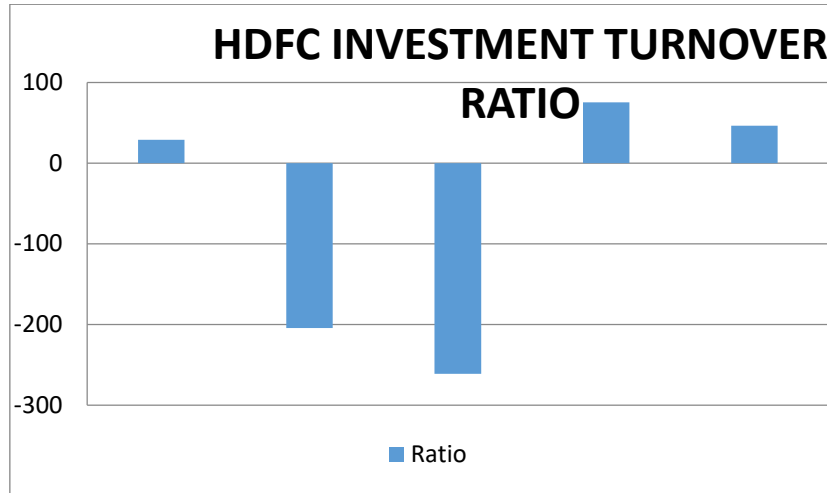
HDFC INVESTMENT TURNOVER RATIO

(All amounts are in Cr)

Year	Investment	ROI	Ratio
2022-2023	2072.97	44.87	46.1995
2021-2022	1722.04	22.83	75.4288
2020-2021	1601.81	-6.13	-261.31
2019-2020	1393.41	-6.81	-204.61
2018-2019	1096.18	37.87	28.9459



GRAPH 4.9



INTERPRETATION

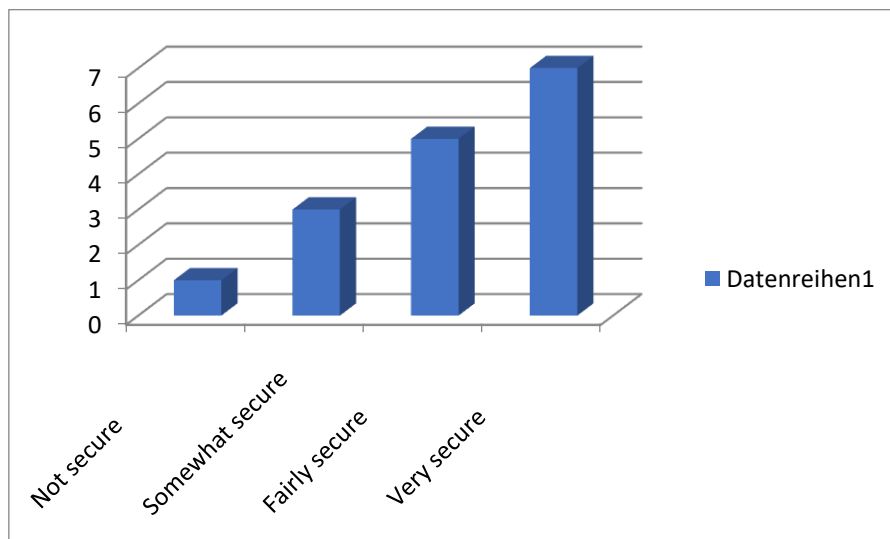
From the above table and graph HDFC investment turnover ratio 28.9459 in 2018-2019. From 2019-2020 to 2020-2021 HDFC investment turnover ratio decreased to -261.31 again increased to 75.42 in the year of 2021-2022 0and again 2022-2023 HDFC investment turnover ratio decreased to 46.1995.

TABLE 4.10

HOW SECURE ARE YOUR CURRENT AND FUTURE INVESTMENTS?

Not secure	1
Somewhat secure	3
Fairly secure	5
Very secure	7

GRAPH 4.10





INTERPRETATION:

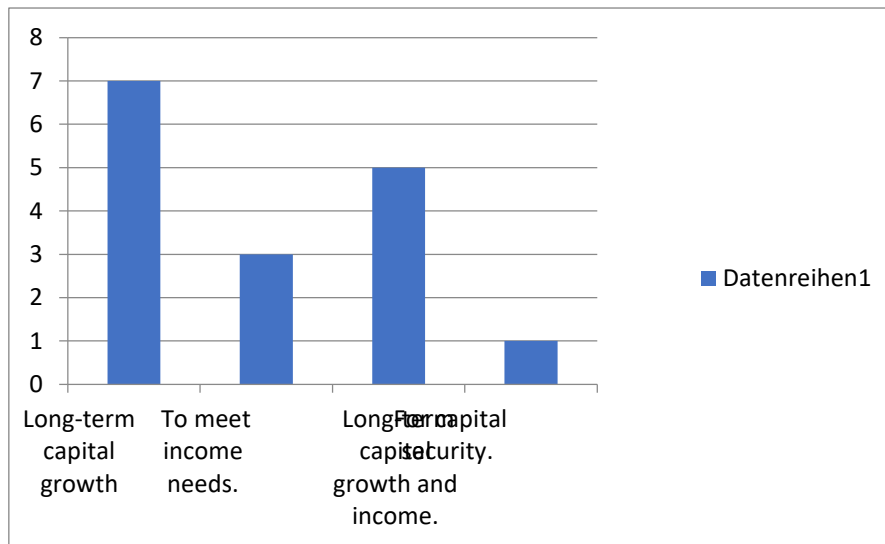
By this graph we came to know that current and future investments are fairly secured.

TABLE 4.11

WHAT IS THE PRIMARY REASON YOU ARE INVESTING YOUR FUNDS?

Long-term capital growth	7
To meet income needs	3
Long-term capital growth and income	5
For capital security	1

GRAPH 4.11



INTERPRETATION

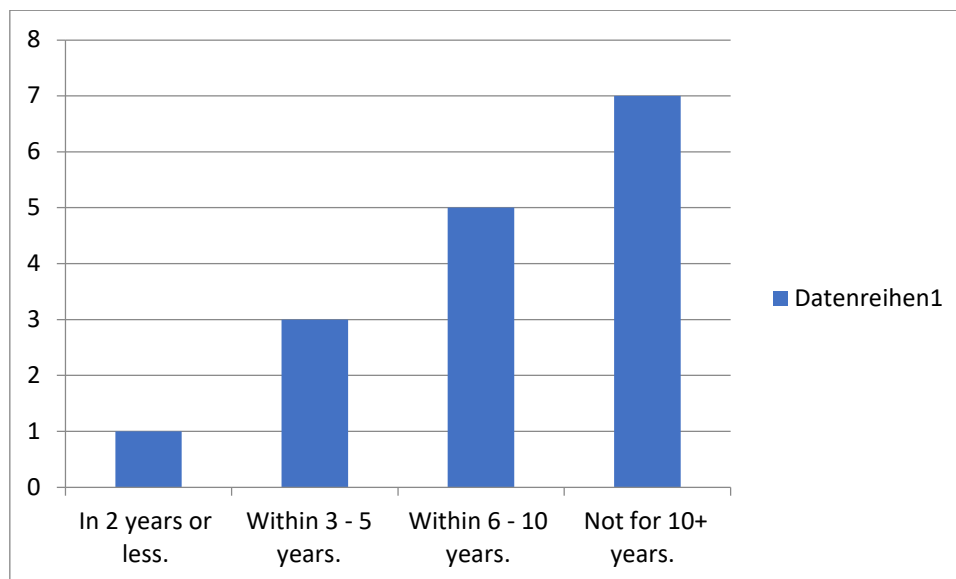
By this graph we came to know that primary reason for investing your funds is long term capital growth

TABLE 4.12

HOW LONG ARE YOU LOOKING AT INVESTING YOUR CAPITAL BEFORE YOU THINK YOU WOULD NEED TO ACCESS IT?

In 2 years or less	1
Within 3 - 5 years	3
Within 6 - 10 years	5
Not for 10+ years	7

GRAPH 4.12



INTERPRETATION

By this graph we came to know that the investors are basically more long term in nature and are looking at staying invested for more than 10 years.

INFERENCE: From the above table it is inferred that 18 male respondents and 7 female respondents would like to plan their further carrier in this organization.

V. FINDINGS

- 56% of young and unmarried people working in the private sector don't have proper financial planning.
- On other hand married and having young & older children prefer for financial planning and do consult with financial plan to manage their asset mix.
- We can categorize married people into 4 segments i.e. young and married, with no children; married and having young children; married and having older children and retired
- twillconstitute36 out of 63 respondents, out of those
- Out of the 63 respondents, 36 respondents only say that they have proper financial planning and from those, only 9 respondents consult financial planner to plan their asset mix.
- Mostly male investors prefer comprehensive financial planning as they invest in various asset mixes.
- Most of the mutual fund investors prefer systematic approach based on SIP for investment. But on other hand we can say that most of the respondents do not know the benefits of systematic approach.
- Respondent having their annual income up to Rs.5,00,000 prefer to save only 5% to 15%. In a same way only 6 respondents 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 1st option but on same extremely risk oriented prefer to invest in most risky assets.
- Respondent who are young either unmarried & married are not aware how to balance uncertainty with various asset mix.
- Tactical asset allocation is preferred by those respondents who invest in risky market where as fixed asset allocation is preferred by most of the respondents as their risk is neutral.
- Long term horizon is mostly preferred by fixed asset allocation respondents and they also prefer proper financial planning
- 44% of respondent are aware of wealth management but they haven't studied any material on wealth management. According to some of respondent's wealth management manages their investing money in various sectors.
- In a same way many respondents don't know about portfolio management services.
- Some respondents believe that wealth management is systematic management of all the income you generate



VI. CONCLUSION

The investment and wealth management industry in India is poised for significant expansion, given the favourable market landscape and expected regulatory boosts for the sector. This provides exciting growth opportunities which will drive rapid market expansion, coupled with an increase in the 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 technologiesolutions.

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