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## ALTOR EXECUTIVE SEARCH'S

### PRIVATE BANKING TALENT IN INDIA Report- 2010

Private Banking is a comparatively nascent industry in India but has seen a lot of action recently. In last 3 years, 24 new private banks have opened shop in the country and many more are still looking to set up. Such activity in the industry is due to India's economic evolution which has led to a rapid growth in both the number of HNIs and their wealth. India currently has over 126,000<sup>1</sup> HNIs and only approx 10,000<sup>2</sup> are being advised by the private banking industry. The remaining HNIs are being advised by their retail banking RMs or IFAs and are yet to experience private banking as a service. The number of HNIs and the wealth held by current HNIs is expected to go up sharply in coming few years. These factors are indicative of the growth potential of the private banking industry. Despite tightened regulatory scenario and increasing pressure on commissions the industry is excited about its future. However, the shortage of talent has been a concern for all and in this report we will try to give a macro perspective on the private banking talent in India.

**Table 1: Marketwise and AUM wise Nos of Private Bankers**

Market/ (AUM in Rs Cr)	50-100	100-250	250-500	500+	Total	Percentage
<b>Mumbai</b>	<b>76</b>	<b>88</b>	<b>36</b>	<b>23</b>	<b>223</b>	<b>45%</b>
<b>Delhi</b>	<b>86</b>	<b>48</b>	<b>25</b>	<b>11</b>	<b>170</b>	<b>34%</b>
<b>Chennai/Bangalore</b>	<b>42</b>	<b>48</b>	<b>10</b>	<b>6</b>	<b>106</b>	<b>21%</b>
<b>Total</b>	<b>204</b>	<b>184</b>	<b>71</b>	<b>40</b>	<b>499</b>	<b>100%</b>

\* Kolkata and Hyderabad markets have not been covered in this report. Both these markets together constitute 8-10% of the Industry

**Table 2: Marketwise Total Assets and Average AUMs per Private Banker**

Market	Total Assets (In Rs Cr)	Percentage	No of RMs	Average AUM per RM (In Rs Cr)
<b>Mumbai</b>	<b>55,750</b>	<b>51%</b>	<b>223</b>	<b>250</b>
<b>Delhi</b>	<b>30,000</b>	<b>28%</b>	<b>170</b>	<b>176</b>
<b>Chennai /Bangalore</b>	<b>22,800</b>	<b>21%</b>	<b>106</b>	<b>215</b>
<b>Total</b>	<b>108,550</b>	<b>100%</b>	<b>499</b>	<b>218</b>

- National average AUM per RM is Rs 217 Cr. Mumbai has the highest average AUM per RM at Rs 250 Cr and is also the largest market with a 55% share.
- Delhi is the second largest market both in terms of No of RMs and AUM. Delhi has 34% of all private banking RMs but only 28% share of the AUM.
- In Delhi, average AUM per RM is 20% lesser than the national average. This is due to higher no of RMs in Rs 50-100 Cr AUM bracket. Most of these are junior RMs and they have been hired from premier banking channels in last 1-2 years.

1. World Wealth Report 2009, Page 37. Capgemini-Merrill Lynch Wealth Management
2. Altor Executive Search Research
3. India Wealth Report 2010, Page 7. Karvy Private Wealth

## Marketwise Analysis

**Table 3: No of Private Bankers Classified by Year of Job Switch and AUM Build-up**

### Mumbai

Last job change / Current AUM (in Rs Cr)	Upto 50	50-100	100-250	250-500	500+	Grand Total	Percentage
Last 1 year	19	16	8	1	0	44	20%
1 to 2 years	2	11	13	4	4	34	15%
2 to 3 years	6	10	23	10	6	55	25%
More than 3 years	5	16	34	22	13	90	40%
<b>Grand Total</b>	<b>32</b>	<b>53</b>	<b>78</b>	<b>37</b>	<b>23</b>	<b>223</b>	<b>100%</b>
<b>Percentage</b>	<b>14%</b>	<b>24%</b>	<b>35%</b>	<b>17%</b>	<b>10%</b>	<b>100%</b>	

- 60% of the private bankers in Mumbai have shifted jobs in last 3 years. Approximately 40% of these private bankers have been hired from premier banking divisions of the banks, remaining 60% have shifted from one private bank to another
- 40% of the private bankers have been with their employers for more than 3 years. 40% of these stable bankers have an AUM of Rs 250 Cr+
- Amongst the private bankers who shifted jobs in last 3 years, 55% have been able to build an AUM of Rs.100 Cr and above. This ratio for Mumbai is the highest amongst all the markets.

**Table 4: No of Private Bankers Classified by Year of Job Switch and AUM Build-up**

### Delhi

Last job change/ Current AUM (in Rs Cr)	Upto 50	50 - 100	100-250	250-500	500+	Grand Total	Percentage
Last 1 year	29	15	2	0	0	46	27%
1 to 2 years	8	25	6	2	0	41	24%
2 to 3 years	1	16	11	9	2	39	23%
More than 3 years	2	5	17	12	8	44	26%
<b>Grand Total</b>	<b>40</b>	<b>61</b>	<b>36</b>	<b>23</b>	<b>10</b>	<b>170</b>	<b>100%</b>
<b>Percentage</b>	<b>24%</b>	<b>36%</b>	<b>21%</b>	<b>14%</b>	<b>6%</b>	<b>100%</b>	

- 75% of private bankers in Delhi have shifted jobs in last 2 years. Approx 60% of these private bankers have been hired from premier banking divisions of the banks, remaining 40% have shifted from one private bank to the other
- Out of 126 RMs that shifted jobs in last 3 years, only 25% have been able to build a book of Rs 100 Cr and above.

**Table 5: No of Private Bankers Classified by Year of Job Switch and AUM Build-up**

**Chennai/ Bangalore**

Last job change/ Current AUM (in Rs Cr)	Upto 50	50- 100	100- 250	250- 500	500+	Grand Total	Percentage
Last 1 year	18	6	1	0	0	25	24%
1 to 2 years	5	5	6	1	0	17	16%
2 to 3 years	1	3	11	2	1	18	17%
More than 3 years	1	7	26	7	5	46	43%
<b>Grand Total</b>	<b>25</b>	<b>21</b>	<b>44</b>	<b>10</b>	<b>6</b>	<b>106</b>	<b>100%</b>
<b>Percentage</b>	<b>24%</b>	<b>20%</b>	<b>42%</b>	<b>9%</b>	<b>6%</b>	<b>100%</b>	

- Amongst the 3 locations considered for this report Chennai / Bangalore has the highest stability of private banking talent. 43% of the Private bankers have been with their employers for over 3 years.
- Chennai/Bangalore market also has the highest ratio of private bankers with 100-250 Cr in AUMs, however ratio of RMs with 250-500 Cr and 500+ Cr in AUMs is lowest.

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**Other Key Observations –All Markets**

- Many senior private bankers have moved jobs in last 3 years but very few have been able to build AUMs quickly. Most of them have taken more than 2 years to build significant AUMs. There have also been some failures. A further analysis will be done in the upcoming report on what made a few private bankers tick while others took longer.
- From our discussions we found that key drivers for senior private bankers to move are compensation, growth in role, access to bigger clients and a better product platform (Lending, Investment banking). Last two drivers have been mentioned very often.
- Considering a major demand supply gap of the private banking talent, banks must look at grooming their own set of private bankers. Banks should look at allied industry's talent pool for this strategy. Some of the Indian private banks that consciously followed this strategy and have seen considerable success.
- For alternate talent pools AMCs/ PMS /PCG or Corporate banking/ SME banking talent can be looked at. They either come with investment expertise or with client relationships. This strategy however requires a strong ecosystem and willingness within the private bank to groom the new private bankers.
- Premier banking divisions have traditionally been the talent pipeline for the private banking industry. This talent pool usually requires skill up gradation on the investment expertise and a mindset shift from sales to advisory approach.

## **Methodology and Approach**

Most of the data for this report has been collected through primary research.. This data has been collected by speaking to private banking RMs directly and through our industry resources. Post collection, the data has also been verified by market feedback. Public domain information has also been used for the preparation of this report, in which case credits for the sources have been given on respective pages.

- Only RMs with 6+ years of total experience have been considered
- Only RMs with 1+ year experience in a private bank has been considered.
- Only RMs catering to 2 Cr+ client category have been considered
- RMs who have moved to a new job in last 1 year, their pre movement AUM is considered in table 1 and 2. In Table 3,4 and 5 the existing AUMs of all RMs have been considered. Due to which the no's in each category across 2 set of tables may not match.
- Most private bankers are stationed in these 3 metros but cater to the nearby mini metros, in some cases 1-2 bankers are also based out of the mini metros.
- The hub- spoke locations the have been considered for Mumbai (Goa, Pune, Ahmedabad, Surat, Baroda) for Delhi (Jaipur, Lucknow, Chandigarh, Ludhiana) for Chennai and Bangalore (Coimbatore, Cochin, Mysore, Thriuvanathpuram)
- AUMs from institutional clients, which are mainly parked in liquid funds have been removed from these calculations on the best effort basis.
- AUMs as on Oct'2010 have been considered

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Please feel free to reach us if you want to discuss our findings in detail. Altor has successfully worked with some leading private banks on their hiring strategy. We will be happy to help you in your talent acquisition endeavours.. Please feel free to write to us on [supreet.singh@altor.co.in](mailto:supreet.singh@altor.co.in) or call Supreet Singh on +91-9920011797

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