

Communication strategies to attract more investors



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In the age of knowledge, ideas are the foundation of success in almost every field. You can have the greatest idea in the world, but if you can't persuade anyone else to follow your vision, your influence and impact will be greatly diminished. And that's why communication is no longer considered a "soft skill". And when it comes to the fast-paced world of finance, effective communication plays a pivotal role.

English news, for example, reaches only 10-15% of Indian audience whereas what about communication with the 85-90% percent of the residents who understand their local languages. The industry needs to tailor the content in vernacular languages.

B30 cities and towns account for 20-25% of mutual fund AUMs.

Use short words to talk about hard things

Scientists and psychologists have been studying attention spans for about 20 years, over which time the average time that a person can focus on one thing has dropped from around 2 and half minutes to around 45 seconds.

Therefore, understanding how much and who you are speaking to is pivotal. Tailoring your message to resonate with your target investors' need, and pain points ensures relevance and connection. Time is precious, hence, express the message in as few words as possible without sacrificing its core meaning.

Opt for language that is direct and evocative to create vivid imagery and an emotional response from your audience. Highlight how your product or service improves lives rather than listing its attributes. Potential investors are more interested in solutions to their problems than in the specifications of what you're selling.

Simplistic way of explaining concepts – Avoid jargons

It's easy to be intimidated by the world of finance and investment. Keep your messages as simple as possible. Investing should be interesting, engaging and easily understood. Jargons are not only confusing infact they are also disempowering. Customers are neither interested nor have the time to get involved with these heavy words.

While it might be tempting to try to impress a potential investor with big words and complicated concepts of finance, it is important to resist the urge. Make sure the overall message is simple and clear so that a potential investor can connect and get interested in the product.

Tell a compelling story – Showcase data

While metrics and statistics are important for proving your product's value, presenting investors with raw data can leave them disengaged and uninterested. Telling a compelling story backed by data can allow them to connect, relate and feel personally invested in your product.

One story you have at your disposal is your product's origin. Perhaps you faced a challenge or noticed a problem in the world that wasn't being addressed by current market offerings, and you decided to create a solution. Maybe there's a story of how your offering improved an early customer's financial planning life.

Whatever story you choose to tell, paint the picture of the character, their problem, and how your product was the solution.

Earn trust, show compassion and communicate emphatically

Earning trust is not easy and cannot be done in one day, particularly in a world where investors have often been

Scenario of Indian Mutual Fund industry

The asset management industry in India is experiencing brisk growth in assets under management driven by financialisation and expectations for further penetration into an untapped growing population.

The robust gain in the industry's assets under management (AUM) was also replicated in the growth of investors in mutual funds, with the number of folios closing at a record high of 17.78 crore, adding an investor base of around 4.46 crore. Women comprised about 23% of investors, while men accounted for around 77%.

Though mutual funds are gaining traction for the convenience, diversification and ease of investing, we still have a long way to go. As per RBI data, as of FY23, mutual funds represented 6% of total household savings, while direct equities made up 1%. Bank deposits, however, remained the largest portion, constituting 35% of total savings.

Also, as per a latest report the actual number of investors is only around 4 crores, which is a small fraction compared to the country's working-age population of over 94 crores. This indicates a significant scope for expansion within the industry.

The Crisil report suggests that the penetration rates in India remain relatively low. According to their study, while the number of folios have increased, the penetration rates in T30 and B30 cities are still low when compared to developed markets such as the United States.

Now the question arises on how to have an effective communication to garner more participation in MF industry?

Multilingual communications can boost engagement

The communication around mutual funds was nonexistent 10 years ago, but now it has improved. Primarily, the communication around mutual funds is mostly in English, which may not work well in B30 towns or Tier 2 or Tier 3 cities. It is very much important to use technology to expand the product line or investor education collaterals beyond geographical constraints.

mis-sold financial products and felt betrayed. Building trust is a time-taking task and thus as IFAs and distributors you need to work towards building it consciously and constantly.

Communicate empathically, effectively, transparently with investors/clients, follow the best reporting standards and disclosure norms and offer sensible investment solutions as you distribute financial products. The needs and preferences of the investor/ potential client must be assessed. Investing is an individualistic exercise. Thus understand the needs or requirements of the investor:

- The risk-taking ability
- Broader investment objective (long term capital appreciation)
- Envisioned financial goals
- Time in hand to achieve those envisioned goals

Moreover, show compassion and care when sharing many of their personal details, such as their financial

circumstances and envisioned goals. When offering investment solutions, ensure that they align well with the investor/client needs.

Networking is the key

Today to grow a business or professional practice, networking is important. Thus, ensure you do so at parties or get-togethers with friends and families, and other professional seminars attended by investors. Also, in the online world we live in, leverage multiple channels like WhatsApp, Telegram, Facebook, X, YouTube, etc. by propagating pragmatic saving and investment ideas. It could help in reaching a wider targeted audience and grow business.

By implementing a well-rounded communication strategy, we can effectively attract and retain more investors in the mutual fund industry which is growing at a faster pace. India has immense potential and one should be part of this growth story by investing rightfully.

Source: RBI, SEBI, AMFI. Data as on June 30, 2024 or as latest available

Note - Views are personal and based on information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

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