

Wealth Management in India at an Inflection Point

Rising Complexity, the Case for Advice, and Where the Industry Goes From Here.

Advisor vs. Salesperson — lessons from the US and developed markets



Dr. Manoj Vaish
Chairman
Arvia Group



Arunav Vaish
Managing Director & Chief
Executive Officer
Arvia Group

Executive Summary

India's wealth management industry is in the early stages of a structural transformation. The pool of financial wealth held by affluent Indian households is projected to roughly double, even as registered wealth managers serve only a fraction of it today.¹ That gap is the opportunity: a fast-growing pool of wealth, most of it still underserved or self-managed, and rising demand for genuine advice.

This article makes four arguments specific to the Indian market. First, wealth management in India has moved well beyond product distribution into holistic, multi-dimensional advisory. Second, complexity is rising sharply — driven by alternatives, an intergenerational wealth transfer, tax and regulatory change, and the spread of wealth beyond the metros. Third, this complexity is precisely why genuine advisors are needed, even as digital platforms scale. And fourth, India's own regulatory architecture — SEBI's clean

separation of the fee-only Registered Investment Adviser (RIA) from the commission-earning distributor — makes the advisor-versus-salesperson distinction unusually concrete here. Developed markets, especially the US, offer a useful preview of where this leads — with the important caveat that India's penetration is far lower and its growth runway much longer.

Wealth Management in India Today

India's wealth industry has evolved through recognizable phases: from a low-trust, product-selling business, through a mutual-fund-led growth era, into a PMS and AIF layer for HNIs seeking customization, and most recently into holistic, fee-based advisory delivered by RIAs, multi-family offices and single-family offices.³ Each phase has added sophistication — and raised the bar for what good advice looks like.

The demand side is expanding rapidly on several fronts:

- **A swelling affluent base.** Deloitte defines the addressable market as the top 4–5% of households — roughly 12 to 16 million — with the broader HNI population growing at a low-double-digit annual rate. The number of taxpayers reporting income above ₹1 crore has risen sharply over the past decade, broadening the addressable market well beyond a narrow elite.¹
- **Financialization of savings.** Indian households continue to shift from physical assets (gold, real estate) into financial products, yet India's mutual-fund-AUM-to-GDP ratio is still only about 16%, against 23% for China, 72% for Brazil and 140% for the US, underlining how early the shift still is.¹
- **Growth beyond the metros.** Demand is no longer confined to UHNIs and HNIs in the top cities. Affluent customers in 'Beyond Top-30' (B30) cities represent a large untapped pool, contributing a rising share of both mutual fund AUM and retail deposits.¹
- **A maturing competitive field.** The market is fragmented: Deloitte estimates the top 12 wealth players hold only about US\$170 billion of the roughly US\$680 billion currently served, leaving the field wide open. Domestic banks and a growing roster of independent wealth firms compete alongside specialist family-office and advisory businesses. The number of family offices in India grew from about 45 in 2018 to roughly 300 by 2024–25.⁵

The Rise in Complexity

The defining change is that managing wealth in India has become genuinely harder, on several reinforcing dimensions at once.

Asset sophistication

The investible universe has broadened far beyond equities, mutual funds and gold. Portfolio Management Services (PMS), Alternative Investment Funds (AIFs), private equity and venture capital, REITs and InvITs, structured products, private credit and global portfolios are now mainstream considerations for HNI portfolios. Even the "simple" end of the market has multiplied: there are now well over 1,500 mutual fund schemes across dozens of categories, and in April

2025 SEBI introduced an entirely new asset class — Specialized Investment Funds (SIFs), a regulated, long-short-capable vehicle sitting between mutual funds and PMS at a ₹10 lakh entry point. SIFs scaled from a standing start to nearly ₹10,000 crore within months of the first launch.¹³ The result is more choice, but also more ways to get the selection, structure and sequencing wrong. Complexity itself has become a differentiator, particularly in flatter markets where fund selection and structure matter more than in a rising tide.

The intergenerational wealth transfer

India is on the cusp of a historic handover. An estimated US\$1.3 trillion of family wealth is expected to pass to the next generation over the coming decade,⁵ and over a longer horizon some estimates put the transfer from India's largest business families at as much as US\$4 trillion across roughly 25 years.⁷ This is both a planning challenge — succession, trusts, family constitutions, governance — and a retention challenge. Despite a recent push toward formalization, a significant share of wealthy Indian families still lack a comprehensive succession plan; the EY–Julius Baer study found only 59% have wills or constitutions in place and 19% have adopted structures such as trusts or LLPs.⁵ Globally, the warning sign is stark: Capgemini's World Wealth Report 2025 found that 81% of inheritors plan to switch firms within one to two years of inheriting,⁸ underscoring how fragile incumbent relationships are when wealth changes hands.

Tax, regulation and structure

Asset allocation can no longer be designed in isolation. Tax regulations, evolving SEBI frameworks for PMS and AIFs, ESG considerations and cross-border issues all interact with investment decisions.² Cross-border complexity is no longer a fringe concern: in the EY–Julius Baer survey, 48% of family offices flagged changing tax laws and 37% cited cross-border issues, while Liberalized Remittance Scheme (LRS) outflows rose from US\$18.8 billion in FY20 to US\$31.7 billion in FY24 as families globalised.⁵ Coordinating investments with estate planning, business succession and tax has become central to the value of advice, not peripheral to it.

Technology and changing expectations

Digital platforms have lowered the cost of access and raised client expectations for personalization, transparency and responsiveness. Many Indian family offices are already adopting AI tools and digital platforms for investing and risk management. Technology is removing manual burden — but, as in developed markets, it simultaneously raises the bar for what counts as good advice. Next-generation inheritors, comfortable with global and alternative investments and impact-oriented strategies (44% of Indian family offices now invest with an impact orientation),⁶ expect a different experience from their parents.

Summary: the widening gap between what Indian clients need and what they can do alone

Driver	What it adds to the client's burden
Asset sophistication	PMS, AIFs, private markets, private credit, REITs/InvITs, global portfolios — selection, structure, illiquidity
Wealth transfer	Succession, trusts, family constitutions, governance, engaging heirs
Tax & regulation	Coordinating investments with tax, estate and cross-border planning under shifting SEBI rules
Technology & next-gen	Higher expectations for personalization, digital experience and impact orientation

Why Advisors Are Needed

It is tempting to assume that as digital platforms and direct plans scale, the human advisor matters less. The Indian evidence points the other way.

- **Demand outstrips supply of quality advice.** A meaningful share of the wealth held by affluent households is self- or informally managed, and even the served portion is thinly covered by registered providers. This is a large pool of investors who need, but do not yet receive, professional advice. The wealth transfer and the rise of B30 affluence widen the gap further.
- **Complexity does not automate cleanly.** Deciding what a particular family should do — weighing trade-offs across succession, tax, business interests and emotion — remains a human act. Family offices are described as best placed to assist precisely because of the complexity of business-and-wealth transitions.¹¹
- **Trust and behavior management are the real product.** Much of an advisor's value is realized in moments of market stress and family transition — keeping clients invested, coordinating specialists (lawyers, chartered accountants, bankers), and preventing costly mistakes. These are relationship functions, not computational ones.
- **The market is professionalizing.** Practitioners describe the industry's evolution over the past decade from a low-trust, product-selling business into a more professional, research-driven one. Rising client sophistication rewards genuine expertise over a sales pitch.³

Technology is therefore best understood as raising advisor capacity rather than replacing advisors — handling the mechanical work so the human can concentrate on judgment, coordination and trust.

Advisor vs. Salesperson: India's Regulatory Clarity

In many markets the advisor-versus-salesperson distinction is a matter of culture and degree. In India it is written into regulation. SEBI's Investment Advisers Regulations (2013, amended 2020) draw a hard line between two roles:

- **The Registered Investment Adviser (RIA).** A fee-only fiduciary, registered with and regulated by SEBI, who charges the client directly (either a fixed fee or an AUM/AUA-based fee — no other model is permitted) and earns no commission on products recommended. The RIA is required to conduct risk profiling and act in the client's best interest, and typically offers holistic planning spanning goals, retirement, tax and estate planning.⁹
- **The Mutual Fund Distributor (MFD).** Regulated by SEBI and AMFI, the MFD facilitates buying and selling of products and earns commissions from product manufacturers, but is prohibited from holding out as an 'advisor'. Following the 2020 amendment, distributors may no longer use titles such as 'Independent Financial Adviser', 'Wealth Adviser' or similar.¹⁰

Critically, SEBI enforces client-level segregation: the same entity or group cannot both advise and distribute to the same client, and the advisory and distribution arms must operate at arm's length — a restriction that extends to immediate family members of an individual RIA. The separation exists precisely because earning commissions while giving advice creates a conflict of interest.⁹ This makes India's framework, in some respects, more explicit than the US, where the line between fiduciary advice and commission-based brokerage has historically been blurrier. It is worth noting the regulatory tide can move both ways: the fee-only RIA count in India remains small (roughly 1,000+), and SEBI has periodically eased norms to encourage more distributors to register.

Dimension	Distributor / Salesperson (MFD)	Advisor (SEBI RIA / family office)
Organizing goal	Distribute product	Improve client outcomes
How they earn	Commission from product makers	Fee paid by the client
Duty	Suitability; no advice role	Fiduciary — client's best interest
Regulator	SEBI + AMFI	SEBI (Investment Advisers Regs)
Automation risk	High — product matching is automatable; direct plans erode commissions	Low — judgment and trust resist automation

Where Wealth Management in India Goes From Here

Developed markets — the US in particular — offer a credible preview of India's trajectory, with the caveat that India's penetration is far lower and its growth runway much longer.

Lessons from the US and developed markets

- **The shift toward fee-based, fiduciary advice.** In the US, assets and advisors continue to migrate toward the independent RIA channel, where the relationship is structurally aligned with the client rather than with product distribution. India's RIA framework points the same way, though the fee-only model is still nascent here; encouragingly, Indian practitioners report that investors do pay for unbiased advice once they experience it.¹²
- **AI augments, it doesn't replace.** The developed-market consensus is that AI will not replace advisors — it will separate those who adapt from those who do not, by automating research, monitoring, drafting and compliance while freeing the human for judgment and relationships.
- **Retaining the next generation is the central battle.** With 81% of inheritors globally planning to switch firms after inheriting and a fifth of advisors expected to retire by 2035, developed-market firms are building multigenerational teams and digital-first experiences. Indian firms face the same imperative as the US\$1.3 trillion transfer unfolds.⁸

A plausible end state for India

The most likely destination is a barbell. At one end, low-cost digital platforms and direct plans efficiently serve straightforward needs — absorbing much of what distributors and salespeople once did, and steadily compressing commissions. At the other end, high-touch human advisors — RIAs, multi-family offices and private banks — serve clients whose complexity justifies the cost, augmented (not replaced) by AI. The squeezed middle is the distributor charging advice-level trust for product-level value; falling commissions and the rise of direct plans already make that position vulnerable.

There is, however, a real counter-current worth naming. The fee-only model faces genuine headwinds in India: clients accustomed to "free" commission-bundled advice can be reluctant to pay explicit fees, the RIA compliance burden is heavy, and the economics of advice-only practices remain unproven at scale. The barbell is the likely destination, but the timeline is uncertain and the middle may persist longer than a clean thesis suggests.

For firms, the strategic implications are to invest in advisor capability and technology together, build multigenerational teams to retain wealth as it transfers, formalize succession and governance offerings for family-office clients, and articulate value in outcomes — tax saved, risk reduced, decisions coordinated. For individual professionals, the

implication is sharper: in a market where SEBI has drawn the line in regulation, the durable path is to be unambiguously an advisor. The salesperson's role does not disappear, but it increasingly belongs to software and to the lowest-cost channels.

Conclusion

India's wealth management industry is younger, faster-growing and less penetrated than its developed-market counterparts — which is exactly why the choices made now matter. Wealth is broadening, complexity is rising, and a trillion-dollar transfer is beginning. None of this diminishes the need for human advice; it intensifies it, even as the nature of valuable advice narrows toward judgment, coordination and trust. The firms and professionals who thrive will be those who embrace technology as leverage rather than threat, organize around client outcomes rather than product distribution, and recognize that in India's clearly demarcated regulatory landscape, being a true advisor is the one role that cannot be commoditized.

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Figures are indicative of direction and magnitude rather than precise forecasts, and some estimates differ across sources. All sources accessed June 2026. AI tools were used to assist with drafting and editing.

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