

Common Voice of the Distribution Industry

Get complete news & updates on the financial products distribution industry and the latest happenings at FIAI in our monthly newsletter - FIAI Diary





WELCOME

The first four months of the current financial year have seen record net inflows and addition of significant new number of investors in Indian Mutual Fund Industry. The total inflows of Rs. 2 lac crores is much larger than the same period last year and is way above the average of last five years. The total investor folio count of the Industry has increased in the first four months of the year by about 14 lacs to reach a total of 4.31 crs.

FIAI continued to pursue the Mutual Fund Distributor commissions Service tax issue with the respective stakeholders to resolve it and get a final clarity on the same. A near-term solution is likely to be achieved.

FIAI rewarded two of its volunteers under its FIAI Star Volunteer of the Quarter awards, people who work selflessly for making significant contribution in the working of the trade body.

We hope that the current strong momentum of the Mutual Fund Industry growth will continue and lead to a win-win for the investors and other stakeholders of the Industry.

Gurpreet Singh
Principal Consultant - FIAI

ABOUT FIAI

Financial Intermediaries Association of India (FIAI) was formed as a financial distributors' body to strengthen the cause, development, education and progress of the industry. FIAI's endeavour is to bring all the national & regional players like National Distributors, Banks and IFA Associations on one platform to pursue the industry development and education agenda.

Some of the key objectives of FIAI are to promote and develop the Indian financial intermediary industry on professional, healthy and ethical lines and to enhance and maintain standards in all areas of operations and to work towards protecting and promoting the interests of financial intermediary and their members

THE KEY OBJECTIVES OF FIAI ARE:

INDUSTRY DEVELOPMENT:

Promotion & development of the Financial Distribution Industry on professional, healthy and ethical lines.

INDUSTRY STANDARDS:

To ensure, promote and maintain a high professional and ethical standards in all areas of operation of financial intermediaries and their members and to enhance and maintain standards with a view to protecting and promoting their interests.

SUGGESTIONS:

Engaging with and proposing suggestions & initiatives to the industry players, associations and regulators for the growth of the industry.

TRAINING & EDUCATION:

Sharing of knowledge and giving a forum for enlightenment & exchange of ideas within the industry.

ENGAGING OTHER STAKEHOLDERS:

Actively engaging with certification bodies including NISM and FPSB for distribution to agree professional standards and accreditations for financial advisors in India and to drive its implementation across the intermediary fraternity.



Mr. Kailash Kulkarni,
Chief Executive Officer,
*L&T Investment Management
Limited (AMC)*

Year 2012; this company was recognized as one of the most innovative start-ups of the year. And just a few days ago, this company was in news for surpassing an astounding customer base - 10 crore. That is Paytm!

Now, let's digest another big number - Paytm processes 7.5 crore transactions a month!

In February this year, the Alibaba Group of China invested a substantial amount in Paytm. There is a reason why I am connecting these facts to IFAs and Technology. Simply because the Alibaba Group, through Alipay, created the world's largest distribution and investment footprint - in flat 9 months! 5.5 lakh crores was the size of the liquid fund in just 12 months post launch...and every penny in that fund came via online delivery!

Our world is fast changing. Our customers are leveraging the mobile platform like never before. It is an established fact that the computing power of the mobile in your hand right now is larger than the computing power that was used during the historic World War II! Sometimes, we just don't realise the power we have, and obviously our customers have it too!

Not more than 5 years ago, the debate was whether our customers prefer online to traditional methods and whether they would transact in funds via mobile and such. Today, the writing is pretty much on the wall. If we fail to adopt technology well in time, we may well miss out on our customers' inherent demands.

A financial product is such that it needs to be explained well to a consumer. And in the Indian context, the preferred route has been to do it in

person. However, what is changing is that the consumer is finding efficient ways of subscribing to the product that satisfies his demands. Here you have both hi touch and hi tech in action. And let me tell you, I didn't coin this term! For those of you who have read John Naisbitt's Megatrends in 1982, this reference would definitely ring a bell.

What many of our friends, in the distributor space miss out while interacting with customers is 'hi tech'. Obviously, the relationship element and letting them know that you are there to help and serve is very high (read hi touch).

Therefore, I am making a case here for each of you to embrace technology to help you connect with your customers and prospects and in turn see your business grow as it adapts to these changing behaviour of investors.

Let's now look at leveraging technology:

- ▶ Customer onboarding will become easier - E-KYC, Aadhar based KYC, video recording via Skype, etc will soon be the reality
- ▶ Client reporting, another area of concern is what we can address – technology helps in this and many tools that come with mobile apps, make it a wholesome customer experience
- ▶ Ease of compliance - With the use of technology, the distributors would be able to create a low cost and scalable method for capturing customer consent for transactions
- ▶ Action on the move – our all time favourite! Capturing opportunities in the market quickly and the ability to reach out to many investors simultaneously.
- ▶ Use of technology will help us grow our business multifold. So, **“Let's make Technology our friend”**.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

ACTION AT FIAI

SUBMISSION OF PAPERS

FIAI submitted its Quarterly Newsletter for April-June,2015 to SEBI updating about the progress being made and the significant developments happening at FIAI

QUARTERLY VOLUNTEERS AWARD (APRIL – JULY 2015)



FIAI announced the names of FIAI Star Volunteers for the Quarter April-June, 2015 last month. the names of the winners and their contribution to the trade body is as follows:



Mr. Mayur Vashi

NJ India Invest Pvt Ltd

Area of outstanding work:

- ▶ Active support for FIAI Distributors Conclave 2015 by creating and managing micro-site, Emailers, teasers & AV etc.
- ▶ Ongoing updates and management of FIAI website & entire coordination for FIAI Diary at back office
- ▶ Design support for FIAI Collaterals, Events, Emailers and other activities on ongoing basis.
- ▶ Providing ongoing marketing support like a back-office for FIAI team resulting in strengthening of the FIAI brand and its' cause.



Ms. Neelam Jain

Bajaj Capital Ltd

Area of outstanding work:

- ▶ Significant help in planning & coordinating the Event & invites for FIAI Distribution Conclave
- ▶ Logistics support for the Event
- ▶ Ensuring successful participation of attendees & dignitaries at the Event

INDUSTRY UPDATES

KEY DEBT MARKET INDICATORS

DATA FOR MONTH: AUGUST 2015

Benchmarks	As on 31-July-15	As on 30-June-15	As on 30-April-15	Change (Month)	Change (Quarter)
364 Day Tbill	7.58%	7.72%	7.90%	-0.14%	-0.32%
91 Day Tbill	7.44%	7.68%	7.87%	-0.24%	-0.43%
10-year Benchmark	7.81%	7.86%	7.86%	-0.05%	-0.05%
3 Months Certificate Of Deposit (CD)	7.58%	7.80%	8.25%	-0.22%	-0.67%
3 Months Commercial Paper (CP)	7.73%	8.00%	8.45%	-0.27%	-0.72%
AAA Corp Yields - 1 Yr	8.40%	8.60%	8.45%	-0.20%	-0.05%
AAA Corp Yields - 3 Yrs	8.55%	8.75%	8.50%	-0.20%	0.05%
Bank Rate	8.25%	8.25%	8.50%	0.00%	-0.25%
RBI LAF-Repo rate	7.25%	7.25%	7.50%	0.00%	-0.25%
RBI LAF-Reverse Repo rate	6.25%	6.25%	6.50%	0.00%	-0.25%
Foreign Exchange Reserve(\$ bn)	353.65	355.22	351.87	-1.57	1.78
Brent Crude Oil (\$/bbl)	52.44	60.53	63.77	-8.09	-11.33
Gold (\$/oz)	1098.40	1171.00	1180.25	-72.60	-81.85
US Fed Funds Rate	0.25%	0.25%	0.25%	0.00%	0.00%
US 10-yr Gilt	2.20%	2.35%	2.03%	-0.15%	0.17%
CRR	4.00%	4.00%	4.00%	0.00%	0.00%

Source: Various (BSE, NSE, SEBI)

DOMESTIC MARKETS - KEY INDICES

Returns % as on 31st July, 2015.

Indices	Close	1 Month	3 Month	1 Years	3 Years	5 Years	10 Years
S&P BSE Sensex	28114.56	1.20	4.08	8.57	17.71	9.48	13.74
CNX Nifty	8532.85	1.96	4.29	10.51	17.73	9.70	13.75
S&P BSE 100	8653.31	2.24	3.99	10.94	18.28	9.31	13.66
S&P BSE 200	3588.95	2.56	4.79	14.12	19.29	9.47	13.63
CNX 500	7106.20	3.03	5.28	14.72	19.86	9.68	13.11
CNX Mid Cap	13728.65	5.53	8.19	26.67	24.18	10.27	14.69
S&P BSE Small Cap	11830.80	6.82	8.10	20.50	22.02	7.30	8.95
S&P BSE Midcap	11273.02	5.55	8.22	31.63	25.71	11.48	11.55
CNX Nifty Junior	20813.35	4.98	8.47	27.80	27.56	12.46	15.32

Source: BSE & NSE. Returns are calculated on absolute basis for less than one year and on CAGR basis for one year or more.

DOMESTIC MARKETS - KEY SECTORAL INDICES

Returns % as on 31st July, 2015.

Indices	Close	1 Months	3 Months	1 Year	3 Years	5 Years	10 Years
S&P BSE Auto	19107.78	2.11	4.22	23.35	27.99	17.78	19.25
S&P BSE Bankex	21499.24	2.46	2.23	22.95	21.76	13.24	16.37
S&P BSE FMCG	8133.50	4.42	6.92	15.16	17.76	18.70	19.82
S&P BSE Healthcare	17047.69	2.92	5.32	38.46	33.56	23.82	19.12
S&P BSE Metal	8668.37	-7.14	-11.56	-33.65	-6.12	-10.85	3.96
S&P BSE Oil & Gas	9902.17	0.44	7.59	-7.89	6.67	-0.52	10.34
S&P BSE Realty	1387.35	-1.83	-11.81	-26.71	-5.38	-16.26	NA
S&P BSE TECK	6219.13	4.97	7.30	13.32	25.29	12.82	12.25
CNX Consumption	3681.60	4.18	11.92	22.29	24.07	16.25	NA
CNX Infra	3297.60	1.33	4.53	4.24	11.96	-0.80	7.08
CNX Media	2452.15	9.58	19.44	21.17	22.76	7.42	NA
CNX Dividend Oppt	2047.40	1.57	3.87	1.96	10.64	8.21	NA

Source: BSE & NSE. Returns are calculated on absolute basis for less than one year and on CAGR basis for one year or more.
*Return for CYTD (Year To Date) is calculated on absolute basis.

GLOBAL MARKETS – KEY INDICES

Returns % as on 31st July, 2015.

Indices	Close	1 Months	3 Months	1 Year	3 Years	5 Years	10 Years
Shanghai Composite (China)	3663.73	-14.34	-17.51	66.42	20.31	6.79	12.74
Nikkei 225 (Japan)	20585.24	1.73	5.46	31.78	33.28	16.61	5.60
Nasdaq (USA)	5128.28	2.84	3.78	17.36	20.38	17.84	8.74
S&P BSE Sensex	28114.56	1.20	4.08	8.57	17.71	9.48	13.74
Dow Jones Ind Avg (USA)	17689.86	0.40	-0.84	6.80	10.79	11.06	5.17
All Ordinaries (Australia)	5681.69	4.23	-1.59	1.04	9.82	4.73	2.72
Hang Seng (Hong Kong)	24636.28	-6.15	-12.43	-0.49	7.56	3.21	4.99
FTSE 100 (UK)	6696.28	2.69	-3.80	-0.50	5.92	4.95	2.31
Bovespa (Brazil)	50864.77	-4.17	-9.54	-8.89	-3.21	-5.50	6.62
RTS Index (Russia)	858.82	-8.10	-16.73	-29.57	-14.54	-10.30	0.83

Source: bloomberg.com. Returns are calculated on absolute basis for less than one year and on CAGR basis for one year or more.
*Return for CYTD (Year To Date) is calculated on absolute basis. Sorted on basis of 1 Year returns.

INSTITUTIONAL ACTIVITY

(Rs. Crores)

	July-2015			01-Jan-15 To 31-Jul-15		
	Debt	Equity	Total	Debt	Equity	Total
FII	3.96	5,318.99	5,322.95	39,350.80	44,399.40	83,750.20
Mutual Funds	29,493.60	5,442.10	34,935.70	304,127.30	35,178.50	339,305.80

FOREX Currency movements against INR

Source: bloomberg.com

	31-Jul-15	30-Jun-15	30-Apr-15	31-Jul-14	% Change (Month)	% Change (Quarter)	% Change (Year)
1 US\$	64.13	63.65	63.42	60.55	-0.75%	-1.11%	-5.58%
1 Euro	70.16	71.20	70.53	80.69	1.48%	0.53%	15.01%
100 Yen	51.55	52.07	53.53	58.61	1.01%	3.84%	13.70%
1 Pound	99.84	100.12	97.98	101.92	0.28%	-1.86%	2.08%

MUTUAL FUND MONTHLY DATA

Amount in Rs. Crore (Source: SEBI)

TYPE		AS ON 30TH JULY 2015			AS ON 30TH JULY 2015		
		No. of Schemes	No. of Folios	Assets (Rs. Cr.)	Sales (Rs. Cr.)	Purchases (Rs. Cr.)	Net Sales (Rs. Cr.)
A	Income/ Debt Oriented Schemes (i+ii+iii+iv)	1,346	72,12,187	7,52,513	13,27,137	12,85,388	-41,749
i	Liquid/ Money Market	52	3,11,644	2,06,979	12,90,751	12,43,421	-47330
ii	Gilt	45	65225	15193	502	223	-279
iii	Debt (other than assured return)	1245	68,35,289	528900	35884	41744	5860
iv	Debt (assured return)	0	0	0	0	0	0
v	Infrastructure Development	4	29	1442	0	0	0
B	Growth/ Equity Oriented Schemes (i+ii)	434	3,16,91,619	3,72,313	5,656	17,928	12,272
ii	ELSS	55	64,92,280	39429	264	538	274
	Others	379	2,51,99,339	332884	5392	17390	11998
C	Balanced Schemes	25	19,90,516	32,259	288	4,708	4,419
D	Exchange Traded Fund (i+ii)	48	6,99,729	13,839	782	780	-3
i	GOLD ETF	14	4,65,765	6516	76	1	-76
ii	Other ETFs	34	2,33,964	7322	706	779	73
E	Fund of Funds Investing Overseas	31	1,46,155	2369	57	31	-26
Total (A+B+C+D+E)		1,884	4,17,40,206	11,73,293	13,33,920	13,08,835	-25,087

BECOME A FIAI MEMBER

FIAI invites all National Distributors, Banks and IFA Associations to become its members to be able to successfully pursue the objectives of the body in interest of the entire industry & distributors at national level.

Membership Benefits

- ▶ FIAI provides an excellent opportunity to participate in the process of building a think tank that puts forth well-researched and independent points of view on topic relevant to the financial products distribution / advisory practice.
- ▶ Members will be able to suggest and participate in building of the research subjects and the underlying reports.
- ▶ Members will get access to the updates of regulatory and business changes.

- ▶ The FIAI members will be privy to our reports immediately prior to submission with regulatory bodies.
- ▶ Members will have the opportunity to engage with eminent people and organisations through a range of events.
- ▶ Members will be able to reach remote areas by the use of the planned FIAI regional/ zonal offices.
- ▶ FIAI will undertake services for promotion of financial business of its members and the development of the securities market.
- ▶ FIAI will undertake studies /surveys on important matters and access to such report will be helpful for the business practices of its members.

Registration Process

To become a member, kindly contact us...



CONTACT FIAI

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Financial Intermediaries Association of India

MEMBERS

