

## **PREFERENCES FOR WEALTH MANAGEMENT SERVICES: AN EMPIRICAL STUDY IN UDAIPUR, RAJASTHAN**

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### **ABSTRACT**

Money has its own importance for everyone in this world. People work hard throughout their life and most of their daily activities are ultimately circled around money making. But wealth is more than money and it means a lot to everyone. The problem comes when people are not well aware with financial tools and options and hence are confused when it comes to manage their own wealth, and then it becomes mandatory to choose wealth management services provided by banks or other financial institutions. The accumulation of wealth has prompted the development of wealth management services today mostly provided by private banking which optimize, protect and manage the financial goal of the investors. Wealth management is equally important as money making. This study proposes to outline the concept of 'Wealth Management' and traces its growth and future in India. The main objective of this study is to identify the preference for wealth management services and to study the relation between various demographic determinants and the preference for wealth management services. A survey was been carried out by using questionnaire distributed among 100 respondents in Udaipur district. The results were analyzed using. The study found that there was a significant correlation between various demographic determinants in determining wealth management services preference.

**Keywords:** Wealth management, Portfolio, financial planning, bank financial services.

## **INTRODUCTION:**

Money has its own importance for everyone in this world. In order to be wealthy, one not only has to earn money but should also manage it wisely. After the creation of wealth it becomes more important to protect it by managing it in a planned manner. Following a proper saving and investment plan and utilization of wealth in a systematic manner provides a secured future for one and family. Nowadays there are a variety of investment options and plans with complex risks. So most people get confused while choosing the best option. The fear grows with the size of the investment involved. Greater diversification is needed then in earlier stages of investing. This is where independent financial advisers or large corporate entities help their clients through professional wealth management. Wealth management is more than just investment advice, as it can encompass all parts of a person's financial life. It is a service provided by financial institutions to help investors protect and grow their wealth. It involves providing a diverse range of services, such as financial planning, investment management, tax planning and cash flow and debt management, based on client requirements. It has also been defined as a service to optimize, protect and manage the financial well being of individual, family or corporation.

It is one of the fastest growing sectors of the financial services industry. It addresses every aspect of a client's financial life in a consultative and a highly individualized way. It uses a complete range of products, services and strategies. What wealth management requires is connecting with client on a personal level that is way beyond the industry norm". Wealth managers help individuals to identify their goals and achieve them. Goal setting which was outside the scope is also becoming an integral part of wealth management services.

This industry is gaining significance every day because of the phenomenal increase in the number of the super rich in India. Various private and public sector banks have also started providing wealth management services to help high net worth individuals and affluent people to protect and grow their wealth.

In India, Wealth management services include investment in equity-linked portfolio management services, structured products, insurance and mutual funds. But companies have started broadening the scope to include tax planning & assessment, real estate, art advisory and estate planning, within their ambit.

## **REVIEW OF LITERATURE:**

(Budge, 2007) addressed a segment of the wealth management market which he believes is not yet served adequately: business owners who are facing a number of unique challenges surrounding management of their overall balance sheet through time. In his study (Ceru, 2004) suggests that financial service institutions' interest in the "new wealth management" is a natural evolutionary response of institutions seeking to regain and renew their competitive advantage and discuss the business and technology drivers that should be considered by financial institutions when deciding to implement technology solutions to enhance their wealth management business. (Isdale, 2006) discusses the steps that wealthy individuals and their advisors can take to increase the efficiency and effectiveness of their wealth management efforts.

The book by (Pompian, 2012) intended to be a guide both to understanding irrational investor behavior and creating individual investors portfolios that account for these irrational behaviors. (Dwivedi, Dwivedi, & Singh, 2008) state the importance of Indian financial institution in choosing wealth management business in foreign countries for its success, most probably middle-east countries, which provide some relief for the downward moving Indian economy. The data in the interview study by (Hamilton, 1992) address investment patterns, criteria for selecting investment managers, cash management, and investment strategy. The objective of the article (Amenc, Martellini, Milhau, & Ziemann, 2009) was to shed light on the potential benefits of asset-liability management techniques, originally developed for institutional money management, in a private wealth management context. (Brunel, 2002) in his book identifies the factors which demand a different approach from that of traditional portfolio management strategy. He suggests a new approach to wealth management, proposing practical steps which will take a person beyond the role of portfolio manager to that of "wealth manager".

(Shamsuddoha, 2005) in his paper looks at the key strategies being applied by wealth management and their competitive position. The wealth management strategies were compared by (Pang & Warshawsky, 2009) for individuals in retirement, focusing on trade-offs regarding wealth creation and income security. (Driga, Nita, & Cucu, 2009) examines the features of private banking business focusing on the substantial growth in private banking over the last decade as commercial banks have targeted up market high net worth individuals.

## **STATEMENT OF THE PROBLEM:**

Today wealth management plays an important role in individual's life. So the study attempts to know the importance of wealth management and the effects of demographic determinants on the preference for wealth management services in Udaipur.

**OBJECTIVES OF THE STUDY:**

1. To study the impact of demographic factors on the preference for wealth management services.
2. To study the impact of demographic factors on the perception regarding benefits of wealth management services.
3. To study the impact of demographic factors on the perception regarding quality of wealth management services.

**HYPOTHESIS FRAMED FOR THE STUDY:**

**H<sub>01</sub>:** There is no significant association between the demographic determinants and the preference for wealth management services.

**H<sub>02</sub>:** There is no significant association between the demographic determinants and the perception regarding benefits of wealth management services.

**H<sub>03</sub>:** There is no significant association between the demographic determinants and the perception regarding quality of wealth management services.

**RESEARCH METHODOLOGY:**

The main objective of the study is to identify the impact of the demographic determinants on the preference for wealth management services, on the perception regarding benefit of wealth management services and on the perception regarding the quality of wealth management services.

**DATA COLLECTION:**

The study is based on the primary data collected from various respondents through a questionnaire. The questionnaire consisted of both open-ended and closed-ended questions. A pilot survey was conducted and on its basis a final questionnaire was developed. A Google document in the form of survey was created and circulated online to individuals who normally invested in the financial markets.

**SAMPLE DESIGN:**

The selection of samples of respondents was made by following the random sampling technique . The questionnaire was circulated among 125 respondents of which 117 were complete.

**ANALYSIS OF DATA:**

Chi-square has been used as a test for association and non-association between variables. The data has been analyzed using the statistical software and Microsoft Excel.

**DATA ANALYSIS & INTERPRETATION:**

**Table 1: ( Demographic Profile )**

Respondents Demographics		Frequency	Percent
Gender	Male	66	56.4
	Female	51	43.5
	Total	117	100
Availed Wealth Management Services	Yes	32	27.3
	No	85	72.6
	Total	117	100
Age	< 30 years	37	31.6
	31-40 years	40	34.1
	41-50 years	21	17.9
	> 50 years	19	16.2
	Total	117	100
Academic Qualification	Graduate	19	16.2
	Post Graduate	46	39.3
	Professional Degree	52	44.4

	Total	117	100
Marital Status	Married	72	61.5
	Unmarried	37	31.6
	Widow/Widower	4	3.4
	Divorcee	4	3.4
	Total	117	100
Occupation	Professional	48	41.0
	Self-employed	19	16.2
	Salaried	40	34.1
	Retired	10	8.5
	Total	117	100
Annual Income	< Rs 100000	16	13.6
	Rs.100000-300000	51	43.5
	Rs 300000-500000	27	23.0
	> Rs 500000	23	19.6
	Total	117	100

Table 1 show that the majority of the respondents were male members married and belonged to the age groups of 31-40 years. Maximum respondents had a professional degree with annual income between Rs.100000-300000. A significant proportion of the sample had not availed wealth management services.

**Table 2: Cross tabulation between respondents profile and whether they have availed wealth management services or not.**

	Have you availed wealth management services ?			Total
		Yes	No	
Age	< 30 years	8	29	37
	31-40 years	9	31	40
	41-50 years	6	15	21
	> 50 years	9	10	19
	Total	32	85	117
Academic Qualification	Graduate	9	10	19
	Post Graduate	15	31	46
	Professional Degree	8	44	52
	Total	32	85	117
Occupation	Professional	13	35	48
	Self-employed	7	12	19
	Salaried	12	28	40
	Retired	0	10	10
	Total	32	85	117
Gender	Male	18	48	66
	Female	14	37	51
	Total	32	85	117
Annual income	< Rs 100000	4	12	16
	Rs 100000-300000	12	39	51
	Rs 300000-500000	8	19	27
	> Rs 500000	8	15	23
	Total	32	85	117
Marital status	Married	21	51	72
	Unmarried	10	27	37
	Widow/Widower	1	3	4
	Divorcee	0	4	4
	Total	32	85	117

The above table shows that the individuals who had availed wealth management services were male with the

age group of 31-40 years and above 50 years. Majority of them were married and post graduate.

**Table 3: Respondents preferences for wealth management services**

		Preference of wealth management services				Total
		Highly preferable	Preferable	Less preferable	Not preferred	
Age	< 30 years	12	19	4	2	37
	31-40 years	10	22	4	4	40
	41-50 years	6	12	1	2	21
	> 50 years	5	9	3	2	19
Total		33	62	12	10	117
Academic Qualification	Graduate	4	12	1	2	19
	Post Graduate	13	23	5	5	46
	Professional Degree	16	27	6	3	52
Total		33	62	12	10	117
Occupation	Professional	12	25	5	6	48
	Self-employed	9	8	1	1	19
	Salaried	9	25	3	3	40
	Retired	3	4	3	0	10
Total		33	62	12	10	117
Gender	Male	20	32	8	6	66
	Female	13	30	4	4	51
Total		33	62	12	10	117
Annual Income	< Rs 100000	5	7	4	0	16
	Rs 100000-300000	13	30	3	5	51
	Rs 300000-500000	9	12	3	3	27
	> Rs 500000	6	13	2	2	23
Total		33	62	12	10	117
Marital Status	Married	22	36	9	5	72
	Unmarried	11	20	3	3	37
	Widow/Widower	0	2	0	2	4
	Divorcee	0	4	0	0	4
Total		33	62	12	10	117

Table 3 shows that individuals belonging to the age group between 31-40 years with academic qualification as professional degree preferred these wealth management services. Majority of them were with the annual income between 1-3 lakhs.

#### HYPOTHESIS:

H<sub>01</sub>- There is no significant association between the demographic determinants and the preference for wealth management services.

**Table 4: Chi-square test for preference for wealth management services**

	Chi-Square	Df	Tabulated Value	Accepted or rejected
Age	2.472	9	16.91	Accepted
Academic Qualification	2.334	6	12.59	Accepted
Occupation	11.138	9	16.91	Accepted
Gender	1.382	3	7.81	Accepted
Annual income	7.572	9	16.91	Accepted
Marital status	14.181	9	16.91	Accepted

\*Significant at 5% level of significance

The Null hypothesis is accepted in all the cases indicating no significant association between the demographic

determinants and the preference for wealth management services i.e., the demographic determinants do not affect the preference for wealth management services.

**Table 5: Perception regarding the benefits of wealth management services**

		Perception regarding benefits of wealth management services				Total
		Highly beneficial	Beneficial	Less beneficial	Irrelevant	
Age	< 30 years	6	29	1	1	37
	31-40 years	8	29	0	3	40
	41-50 years	3	16	1	1	21
	> 50 years	3	14	2	0	19
Total		20	88	4	5	117
Academic Qualification	Graduate	2	16	0	1	19
	Post Graduate	6	37	2	1	46
	Professional Degree	12	35	2	3	52
	Total	20	88	4	5	117
Occupation	Professional	7	38	2	1	48
	Self-employed	3	13	2	1	19
	Salaried	8	29	0	3	40
	Retired	2	8	0	0	10
Total		20	88	4	5	117
Gender	Male	11	49	2	4	66
	Female	9	39	2	1	51
Total		20	88	4	5	117
Annual income	< Rs 100000	2	12	2	0	16
	Rs 100000-300000	6	41	1	3	51
	Rs 300000-500000	5	21	1	0	27
	> Rs 500000	7	14	0	2	23
Total		20	88	4	5	117
Marital status	Married	8	60	2	2	72
	Unmarried	11	24	1	1	37
	Widow/Widower	1	3	0	0	4
	Divorcee	0	1	1	2	4
Total		20	88	4	5	117

The above table shows majority of individuals who regarded wealth management services as highly beneficial were male with age group between 31-40 years with professional degree and annual income above 5 lakhs.

## HYPOTHESIS:

H<sub>02</sub>: There is no significant association between the demographic determinants and the perception regarding benefits of wealth management services.

**Table 6: Chi-square test for benefits of wealth management services**

	Chi-Square	Df	Tabulated Value	Accepted or rejected
Age	6.780	9	16.91	Accepted
Academic Qualification	4.397	6	12.59	Accepted
Occupation	7.308	9	16.91	Accepted

<b>Gender</b>	1.234	1	3.84	Accepted
<b>Annual income</b>	12.475	1	3.84	Rejected
<b>Marital status</b>	34.353	9	16.91	Accepted

\*Significant at 5% level of significance

Table 6 shows that age, academic qualification, occupation, gender and marital status have no significant association with the perception regarding benefits of wealth management services, whereas annual income have significant association with the perception regarding benefits of wealth management services

**Table 7: Perception regarding quality of wealth management services**

		Perception regarding quality of wealth management services				Total
		Good	Medium	Bad	Irrelevant	
<b>Age</b>	< 30 years	6	27	3	1	37
	31-40 years	8	28	0	4	40
	41-50 years	3	14	0	4	21
	> 50 years	2	16	1	0	19
<b>Total</b>		<b>19</b>	<b>85</b>	<b>4</b>	<b>9</b>	<b>117</b>
<b>Academic Qualification</b>	Graduate	2	15	0	2	19
	Post Graduate	5	36	4	1	46
	Professional Degree	12	34	0	6	52
	<b>Total</b>	<b>19</b>	<b>85</b>	<b>4</b>	<b>9</b>	<b>117</b>
<b>Occupation</b>	Professional	7	36	2	3	48
	Self-employed	2	13	1	3	19
	Salaried	8	29	0	3	40
	Retired	2	7	1	0	10
<b>Total</b>		<b>19</b>	<b>85</b>	<b>4</b>	<b>9</b>	<b>117</b>
<b>Gender</b>	Male	10	47	2	7	66
	Female	9	38	2	2	51
<b>Total</b>		<b>19</b>	<b>85</b>	<b>4</b>	<b>9</b>	<b>117</b>
<b>Annual income</b>	< Rs 100000	2	12	1	1	16
	Rs 100000-300000	5	39	2	5	51
	Rs 300000-500000	5	20	1	1	27
	> Rs 500000	7	14	0	2	23
<b>Total</b>		<b>19</b>	<b>85</b>	<b>4</b>	<b>9</b>	<b>117</b>
<b>Marital Status</b>	Married	8	56	2	6	72
	Unmarried	10	24	2	1	37
	Widow/Widower	1	3	0	0	4
	Divorcee	0	2	0	2	4
<b>Total</b>		<b>19</b>	<b>85</b>	<b>4</b>	<b>9</b>	<b>117</b>

The above table shows that the individuals who regarded quality of wealth management services as good were male with age between 31-40 year and with professional degree.

### **HYPOTHESIS:**

H<sub>03</sub>: There is no significant association between the demographic determinants and the perception regarding quality of wealth management services.



**Table 8: Chi-square test for quality of wealth management services**

	Chi-Square	Df	Tabulated Value	Accepted or rejected
<b>Age</b>	12.382	9	16.91	Accepted
<b>Academic Qualification</b>	12.57	6	12.59	Accepted
<b>Occupation</b>	6.414	9	16.91	Accepted
<b>Gender</b>	1.891	3	7.81	Accepted
<b>Annual income</b>	7.073	9	16.91	Accepted
<b>Marital status</b>	17.149	9	16.91	Rejected

\*Significant at 5% level of significance

Table 8 shows that age, academic qualification, occupation, gender and annual income have no significant association with perception regarding the quality of wealth management services, whereas marital status have association with the perception regarding quality of wealth management services.

## CONCLUSION:

The study concluded that-

- The demographic determinants do not affect the preference for wealth management services which shows lack of awareness among general public.
- Measures could be taken to educate the people regarding the importance of these services to manage their wealth
- Annual income has an association with perception for benefits of wealth management services. Marital status has some association with perception for quality of wealth management services as compared to other demographic determinants.

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