

tech tools for your money



On 19th June, Moneylife Foundation and IDBI Mutual Fund held a workshop for mutual fund investors on the free online tools offered by leading registrars, Karvy and CAMS (Computer Age Management Services), to track portfolios. These tech-tools empower investors by providing a snapshot of their investments. A very lively interaction with a demanding audience gave us invaluable insights on customer issues and the solutions available. In this Cover Story, for the first time, **Raj Pradhan** offers you the most comprehensive information ever on tech-tools for managing your investments. Karvy has also decoded, especially for *Moneylife* readers, the process of ensuring hassle-free transmission of shares in an easy-to-understand format

We are in a world dominated by technology. One can sit anywhere in the world and execute a trade online, pay credit-card bills or buy insurance. You no longer have to call your broker to place a trade, pay bills by snail-mail or buy insurance only when an agent comes knocking on your door. Many tech-tools have already become a part of our lives, allowing us to transact, track our portfolios and receive transaction alerts from banks, brokers and service-providers on a 24-hour basis. Tools are available for pulling together data from different sources (Karvy and CAMS provide consolidated 'Active Statements'), consolidate and monitor investments on an ongoing basis, either online or through software products that sit in our personal computer. Some of these services also allow you to execute many low-risk changes to your personal information records. *Moneylife* has surveyed almost the entire landscape of financial tools and tested

some of them to bring you the findings.

Let's start with personal money manager (PMM) tools. Their usefulness lies in their ability to not merely search and compare investments, but also to consolidate them. Most of us have multiple investments with a separate banking relationship for each of these; we may also have investments in different geographical locations. PMM allows us to pull these together to get a clear macro picture.

Online Options

An online PMM application gives you a 360-degree view of your finances by consolidating bank accounts, credit cards, loans, insurance and other investment details. All this information is available in a single window. The online money manager allows you to categorise and list your spending and track your balances, trades and purchases ►►

▶ from your linked accounts, rather than tracking each account individually. This gives a clear insight into the health of your finances and, consequently, enables better financial decisions. PMM has a financial calendar also and sends alerts and reminders through email or SMS on your budgets, payments and dues, to help you avoid slip-ups, payment of late fees and penalties that could affect your credit score.

The three key players in the Indian market are: Intuit India (its parent company, Intuit Inc, is the market leader in personal finance tools in the US), Perfios Software and Arthamoney. Perfios is a Bengaluru-based company co-founded by VR Govindarajan (one of the founders of Aztec Software which was later taken over by Mindtree Consulting). Arthamoney is financially powered by the *Times of India* group. These products are targeted at the urban Indian customer base which is ambitiously estimated at a million users in three years. Each product allows you to create an online account without having to buy the software. While the other two are free currently, Intuit has a nominal charge and offers a free trial.

The key question is: Will Indians ever want to pay for such a product? Mint.com, a leading PMM in the US, is offered free. Intuit India's managing director, Umang

introduce a priced version shortly." Arthamoney also has cross-selling arrangements with banking, insurance and financial services companies. Mr Majumdar says, "We do not share data but offer the products to our customers and if they are interested, we work with the partners to complete the service." It is hard to believe that this will not involve a degree of push for partner products. This is how the three products compare on some key parameters:

Security Issues

An online money manager will work well only if you provide online access to banking accounts for a one-time setup. This raises security concerns, but here is how it works. The login username and password for individual online banking accounts is used to retrieve read-only data. The 'transaction password' for online banking should be different from the 'login password' for greater security. You don't have to reveal your 'transaction password'. Customers do not have to give any personally identifiable information, making the process safer. Moreover, the account is completely anonymous and requires only a username and password. All the banking accounts are linked to provide consolidated data. In the consolidation process, vendors will have access to your financial records on a read-only basis, but privacy policies of these entities should prevent abuse of information.

All three vendors use impressive technology with decent security features. They have security certification from several reputed third-party service-providers and, without getting into technical details, it can be safely assumed that the tracker is as secure as your online banking account. The caveat is that you are not directly connected to an online banking account but indirectly through the online money manager.

The vendors have worked at keeping customers' login credentials for accessing the website safe; for this, the security of a password and its location are important. The three companies have dealt with this in different ways. Perfios has chosen to alleviate security concerns by locating the encrypted login on the customer's personal computer (PC) and not on their server. Only the encryption key is stored on their server. But what if the customer's PC is not secure? Intuit has built-in security at three levels: product, partner integration and company. Aditya Prasad points out that "In Perfios, the credentials are encrypted and stored in the customer PC, but the key to decrypt them are not stored in the user's system. So, even if the customer PC is compromised, there will not be much damage. Similarly, if you change your PC, all you need to do is to re-create the credentials for your account. All the data is preserved and there is no need ▶▶

Online Money Management Options - How They Compare

	Intuit	Perfios	Arthamoney
Price	Rs365 p.a.	Free	Free
Password Location	On server	On user PC	On server
Tax Computation	Yes	Yes	No
Tools for Retirement	No	No	Yes
Alerts for Premiums, EMIs	Yes	Yes	Yes
Mobile Access	Yes	Yes	Yes

Bedi, tells us, "We believe a rupee a day is a fair price for the offering. We are the market leaders in North America because we believe that customers find our solutions to be superior. We have a similar belief about Intuit Money Manager wherein we charge for the product and reinvest the money into keeping it unmatched in safety and security, which is a big concern."

Aditya Prasad, head of sales and business development of Perfios, says, "Our base product will continue to be free forever. The value-added services will be packaged as part of a paid subscription service. We are working on many monetisation avenues. Some of them are already in place and have been generating revenues." Rahul Majumdar, CEO of Arthamoney, says, "We have kept the service free because we want the Indian consumer to first experience the service. However, we do plan to

▶ to create a new Perfios registration.” The other two vendors store the encrypted login on their server which they say is secured by enhanced physical security, firewall protection, electronic shielding and other security measures. According to Rahul Majumdar, Arthamoney does not find any major difference in security levels with respect to a PC-based solution for password location. “In fact, the reliability and security is better managed centrally on a server within a controlled environment,” he says.

How do the vendors fetch read-only data from an individual’s online banking website, when Indian banks don’t allow a third-party API (application programming interface)? Until the Reserve Bank of India (RBI) issues some guidelines or the banks open up their API, vendors have to rely on what is called ‘screen-scraping’ or some equivalent technology. A screen-scraping collects character-based data from the display output of another program. They can extract the data and present it in a richer format with graphs or tables. The problem with screen-scraping is that when banks change the layout of their website, the data feed from which the vendors

grab the read-only data may not work and need re-programming.

Umang Bedi tells us, “Most data communication from the partner site to ours is done using the Online Financial Exchange (OFX) standard which is adopted by over 5,000 banks and is deemed an industry benchmark. Alternatively, we use Web Connect, another leading global standard adopted by over 21,000 financial institutions worldwide.” Intuit also aggregates data via standards-based approaches, once it has the user’s consent to do so. The company refused to answer our specific question about the impact of changes to the layout of the bank’s website, saying, “The question is related to proprietary technology.” Mr Prasad tells us that Perfios’s application “is designed to handle the change in the layout of the bank’s web pages. To the extent possible, we shield these changes from our users and make the required changes even before our user notices them. In addition, we are also interacting with various banks to see how well we can integrate with them.” Rahul Majumdar says, “We use screen-scraping technology and have a team which continuously tracks and monitors changes on ▶▶

MoneyLife Foundation Workshop on Tools for MF Investors

The mutual fund industry, as well as the financial advisors’ community, is reeling under the onslaught of a series of rule changes forced by the market regulator, but investors themselves have never had it so good. If they are in a mood to listen, the industry is wooing them with financial education as well as a series of tools to track their investments.

Karvy Mutual Fund Services and Computer Age Management Services (CAMS), India’s top two registrar & transfer agents (RTAs), who together dominate this business, have got together to develop and offer some amazing online free tools that permit investors to access details of their mutual fund holdings and to track their entire portfolio. MoneyLife Foundation, along with IDBI Mutual Fund, organised an interactive workshop in Mumbai on 19 June 2010, to introduce these tools through presentations by senior executives of CAMS & Karvy.

As Prabal Nag, vice president (business development) at CAMS, pointed out, the two RTAs have gone well beyond what is required of them in terms of facilitating and making the entire process of investing a more pleasant and easy

experience. He urged investors to take advantage of the website services. These easy-to-use tools only require investors to register their email address with each mutual fund folio which, in turn, helps them access their account by creating a one-time password. Once in, an investor can get a consolidated view of his/her mutual fund investments, across different funds, fund houses or distributors, with information about returns, dividends, switches, etc; and



generate transaction statements and update information across folios through a PAN-based service.

Apart from demonstrating the online tools, executives of CAMS and KARVY gave the audience some useful tips on ▶▶

- ▶ web interfaces of banks.” This, he claims, ensures that the Arthamoney site is always updated with accurate information.

Customers not only change their passwords or online banking credentials, but many institutions also force them to change passwords on a regular basis. It is important to update them through the online money manager. Normally, after three incorrect attempts, a customer would be locked out of an online banking account and would need to get the password reset by the bank. All the three PMM vendors said that their product alerts users if any change to online banking/financial institution credentials is detected at login. The customer can make the necessary updates to reflect them on the PMM.

Offline Option

For those who are not comfortable with providing banking credentials online for fear of hacking, phishing, identity theft, spoofing, etc, the offline option of PMMs is the answer. The big drawback is that the financial data is not real-time and will need manual updates, depending on the vendors. Instead of linking online banking to get

real-time information, users need to use the vendor tools to upload e-statements of credit cards, bank accounts, etc, so that the system has all your financial data. The offline functionality differs for each vendor; I found Perfios had better offline functionality.

Umang Bedi tells us, “When you’re offline, the customer is dependent on the security residing on his/her computer. Recent reports rank India at number five in terms of malicious computer activities. So offline and manual processes pose increased risk to customers. To Intuit, if it is a toss-up between security and convenience of manual uploads, we would prioritise our customers’ security and data privacy first.” Perfios too allows manual uploads; more importantly, it gives users the option of simply forwarding e-statements to Perfios which will automatically update users’ accounts. Rahul Majumdar tells us, “In any case, all such asset classes would not have real-time data and the focus, therefore, is on value assignment, not transaction details. All online statements are, in any case, directly picked up.” Also, Arthamoney does not provide email-based interventions for offline uploads. ▶▶

- ▶ how to ensure that the entire process is smooth and easy. They also mentioned the dos and don’ts to keep in mind while investing in mutual funds.

V Ganesh, CEO of Karvy Computershare, explained how the regulator had take several steps to simplify the procedure and empower investors through process changes. He said that CAMS and Karvy were working closely with the regulator to provide investors with a consolidated statement of their holdings across funds on an off-line basis as well. He also took investors through the process of ensuring a smooth transmission of shares by getting a few basics right. He explained various checks and balances employed by Karvy to ensure secure transmission of ownership rights, appointment of nominees, getting account statements, know your customer (KYC) requirements, etc. (For more on these tools, see the accompanying box).

Interestingly, an investor asked Karvy why the transmission process for UTI Mutual Fund (UTIMF) schemes was especially excruciating. Mr Ganesh’s answer was quite an eye-opener. He said UTIMF, India’s oldest mutual fund set up in 1964, continued to suffer from legacy issues. Many of its investors had purchased units when most people did not even have a telephone, leave alone emails or other authentication details. Consequently, UTIMF’s unit-holders, especially senior citizens with long-term holdings, were most susceptible to fraud. Mr Ganesh said that Karvy had come across cases where key identity details were morphed

to gain access to these investments. That is why Karvy was extra cautious in dealing with UTIMF units.

Investor feedback on the tools demonstrated was extremely positive; they said it freed them from the drudgery of tracking various account statements and calling mutual fund helplines to inquire about statements from one of the 35-odd asset management companies. Now you can get all the information you want at the click of a button, 24x7. “You can actually get a combined account statement of all your investments across all funds served by the three RTAs—Karvy, CAMS and Franklin Templeton,” pointed out Mr Nag. Ms Malati Majumdar, general manager—customer relations at CAMS, made a detailed presentation of the various tools offered by the registrar through a live demonstration.

Krishnamurthy Vijayan, CEO of IDBI Mutual Fund, discussed why investing in index funds is a wiser option for investors. “When investing, all you need are well-run companies that are representative and liquid. There are different indices that offer this. But the best possible indices for the lay investors are the bellwether indices of the stock exchange. The stocks in the portfolio of an index fund are picked as per the constitution of the index. Here, you will find the top picks of all fund managers—and you pay a lot less than giving a fund manager money to select them for you. So an index fund is a cheaper and simpler option to buy stocks which you buy anyway when you buy a mutual fund.” ■

► Portfolio Management—Online

Most people who need a PMM tend to hold several stocks and mutual fund schemes and sometimes even multiple broker accounts. After all, there are 40 asset management companies (AMCs) offering over 240 equity schemes and 600 debt schemes. Ideally, we would need to consolidate mutual fund holdings across AMCs

and, often, across various members of one family, if each has a different set of investments. How does one track the holding and performance of other investments like unit-linked insurance plans (ULIPs), other insurance, gold, property, etc?

For doing this, there are portfolio management tools (PMTs). In this sphere, Moneycontrol.com claims to be ►►

Other Tools

India's top two registrar & transfer agents offer interesting tools to keep track of your mutual fund investments

Karvy and CAMS, India's top two registrar & transfer agents (RTAs) who, between them, handle the bulk of the share transfer business, have worked together to go way beyond their designated role of executing share or mutual fund transfers. These online tools are excellent for tracking your mutual fund investment portfolios.

Consolidated Statements of MF Holdings

The best part of the tools offered by Karvy and CAMS is that they allow users consolidated access to mutual fund (MF) folios across AMCs without having to log into individual AMC accounts. Customers can request for a single consolidated account statement (CAS) of their entire holdings across mutual funds serviced by Karvy, CAMS and Franklin Templeton, free of cost by logging in a request on a secure webpage. The web page is located at <https://www.karvymfs.com/platformservice> or at <https://www.camsonline.com/default1.html>.

The one requirement for access is that all your mutual fund folios across AMCs should have registered your email address. The request for CAS is kept very simple. You don't have to create an online account or specify a PIN. All you need to do is to enter your email address and create a one-time password of your choice that is used to encrypt your account statement before sending an email to you. You have to remember and use this one-time password to access the statement, which is sent as a PDF file through your email account.

The starting point for investors is to update their email address on every folio with AMCs, especially if the units were purchased before emails became widely used. If you don't update your email address, you will not be able to get the full

benefit of CAS.

Requesting for a CAS by entering your PAN is also an option. If it is left blank, all the folios which have the same email address will be consolidated. For instance, if several family members have registered the same email address, the CAS will provide consolidated holdings across all members of the family if the PAN is left blank; otherwise, the holding for the specified PAN will be provided. In today's world, even family members may not necessarily want to share financial data with each other. In that case, each family member can register an individual email address with the AMC. Each member can then get access to his/her own consolidated MF holdings by requesting CAS for his/her email address.

Reports Specific to Karvy or CAMS

There are some MF reports that can be requested from Karvy and CAMS which, between them, service almost the entire mutual fund industry. Their consolidated active statement not only allows you to consolidate your portfolios but also carry out some low-risk changes/corrections to your account. The portfolio statement shows your investments by security, cost value, market value, period of holding and return on investment. The 'realised gains' statement gives your investment performance, capital gains and income for the current and past financial years. The beauty of these offerings is that the investor does not have to set up any new account or remember a password for more than the time taken to open the emailed CAS. The investment information is already available with the RTAs and is made available in the CAS on your request.

To cater to the needs of mutual fund distributors, Karvy and CAMS have developed an integrated solution—FinNet—which empowers distributors and independent financial advisors to cut across geographical

barriers, access information and buy and sell units in various schemes of over 35 mutual funds through an Internet-enabled user interface. Customers can walk into the office of a distributor or IFA to avail these services. ■



▶ India's no. 1 financial portal. Its PMT offers live price updates. So does valueresearchonline.com. Moneycontrol.com supports more asset classes than valueresearchonline.com which is focused primarily on stocks and mutual funds. Both of them show transaction history, gains & losses, fundamentals of stocks/MF holdings and fund performance on a daily, monthly and yearly (up to five years) basis. The portfolio analysis even shows the break-up of the stocks in which each MF is invested (equity or debt) along with the portfolio rating. The customer does not have to disclose his identity, broker client ID or MF folio number. There is no software to be installed as this is completely online. Your portfolio data resides on the

server of these portals, so be discreet. For instance, some customers do not even enter their entire holding; they may enter only 10% of each stockholding and calculate their profit or loss by multiplying with 10 the gains/losses calculated on the portfolio management site.

Portfolio Management—Offline

We checked out a couple of offline portfolio management tools—MProfit and Invest Plus. Both require you to install their software on your PC. You do not need Internet access to run the product; you may want it to update prices. Manish Jain, VP business development of MProfit, says, “One reason why people choose MProfit is our grouping features. They allow a customer to aggregate all investments in a single combined view, even if the investments are in the name of wife, son or daughter, etc. Also, our reporting capabilities are unmatched; we provide many easy-to-understand reports such as asset allocation, annualised returns and capital gains, to name a few.” A new version to be launched by July-end will also allow users to import data from brokers’ digital contract notes, excel formats, files from (RTAs like Karvy and CAMS and several online portals. MProfit also provides intra-day, short-term and long-term capital gains reports for equity investments. Using the reports of MProfit, a customer can print out capital gains statements which can be used for filing taxes. MProfit has made a strategic decision to focus on macro-analysis (investments). It believes that accounts/banking and investments are two separate categories.

Mitul Dadhania, director of Invest Plus, says

“Invest Plus is integrating both banking and investment portfolios. Banking cannot be ignored whenever we want to build an investment portfolio. If you want to prepare a balance sheet of your assets and liabilities, you need to have all the transactions integrated, whether it is banking or investment. Keeping this in mind, Invest Plus is geared with all personal accounting and investment features. For example, when you make a payment for a mutual fund SIP, your bank account is debited. Thus,

Portfolio Tracking Options - How They Compare

	Moneycontrol	Value Research	Mprofit	Invest Plus
Mode	Online	Online	Online only to get updates on stocks/MFs	Online only to get updates on stocks/MFs
Price	Free	Free	Free trial. Rs1,488 for first year and Rs1,188 renewal charge every year from next year. Unlimited licence	Single-user licence free. Free trial for multi-user Rs2,500/Rs4,500/Rs8,500 for first year and Rs750/Rs1,000/Rs1,500 renewal charge every year from next year for 3, 25 & 100+ users
Focus	Stocks, MFs, ULIPs, bullion, FDs, loans, property	Stocks, MFs, bonds & FDs	Stocks, MFs, ETFs, loans, FDs. Manual update currently for ULIPs, gold, property	Investments & banking (not online). stocks, MFs, loans, F&O, FDs. Personal accounting, asset management

bank accounts are integrated with investments. We offer bank statement upload facility and import of broker bills or contract notes.” Invest Plus has a comprehensive tax report facility; also available are stock market (including futures & options) and mutual fund investments with advance-tax estimation reports separately. A free single-user licensed version of the Invest Plus software can be downloaded from www.investplusfree.com.

The products and services we have discussed are still evolving and improving. There is a first-time effort (except in the online PMM and mutual fund tracker of Karvy/CAMS) of getting started and uploading one’s data on a new tracking system. Some of the features, like bank statement upload, broker bill import, etc, will have to be tested for customer-specific banks and brokers, to ensure that they work smoothly. ‘Ease of use’ is a subjective matter. Not all software products are the same; neither are customer requirements. The technology world is as complex as the financial world. We wish it were as easy as buying consumer goods. The products we have mentioned here are either free or have a free trial; there are many more in the market. You can test drive the product and see if it works for you before you pay for any service. The choice of product will, ultimately, depend on individual needs and the willingness to manage one’s portfolio effectively. Some of you may need ‘consolidated’ data for better management of your finances to achieve financial goals; others may look at diversified financial accounts tracked separately as an advantage to manage risk by being discreet. Good luck with your finances! ■

▸ Passing It On - Efficiently

Tracking your investments is important and we have provided a review of tools available. However, not only are investors careless about tracking investments, they are also careless about passing it on to their legal heirs and loved ones. The laws governing transmission

of shares and mutual funds don't make our job easy either. If you have not followed the right processes, your heirs and nominees would be given a run around for months by companies. For the benefit of readers, we requested Karvy to summarise the archaic, tedious and cumbersome process of passing on shares efficiently.

Situation	Transmission to	Documents Required
Investor is major and nominee is available	Transmission request where nomination is available. Or request from nominee due to death of sole holder or all the holders	- Application form in the prescribed format duly signed by the nominee/guardian (in case nominee is a minor) - Affidavit executed by the nominee on Rs20 non judicial stamped paper duly notarised & 1*
Investor is major and joint holders available	Transmission request where nomination available/not available. Or joint holdings: Request from surviving holder/s due to death of one or more holders	- Application form duly signed by the surviving holder/s & 1*
Investor is major and nominee is not available but probated will, succession certificate or letter of administration is available	Transmission request where nomination not available but probated will, succession certificate or letter of administration is available. Or request due to death of sole holder or all the holders	- Application form duly signed by the claimant/guardian (in case claimant is a minor). - Copy of one the following, duly notarised by a magistrate: (a) Probated will confirmed by a court of law (b) Succession certificate issued by a court of law (c) Legal heirship certificate, with no-objection letter from other legal heir/s (d) Letter of administration issued by a court of law & 1,3*
Investor is major and nominee is not available but probated will, succession certificate or letter of administration are not available	Transmission request where nomination not available and probated will/succession certificate/letter of administration are not available. Or, request due to death of sole holder or all the holders	- Application form duly signed by the claimant/guardian (in case claimant is a minor) - Indemnity bond signed by the claimant/legal heir - No objection certificate from other legal heirs duly notarised & 1, 3*
If the partner in whose name the investments are held dies	Transmission request from surviving partner where investments are in one partner's name	- Investment cannot be in partner's name - Partnership needs to be dissolved and fresh investment can be made - Attested copy of fresh partnership deed to be submitted - In sole partner's name investment cannot be continued
In case of investments by HUF, if the <i>Karta</i> dies	Transmission request from HUF family where investments are in HUF	- HUF cannot have nominees - Subsequent male head of the family will be the default <i>Karta</i> for HUF - No units will get transferred in any individual's name - Only the authorised signatory gets changed with new <i>Karta</i> 's signature - For changing signature, need to provide banker's letter certifying the signature & 1*
Investment by a minor with guardian and minor has died	Transmission request from guardian/legal heir	- Units will be transferred to legal heir (guardian can also be legal heir). Guardian also can claim along with legal heir & 1, 2, 3*
Investment by a minor with guardian and also a nominee	Transmission request from nominee when guardian has died	1, 4, 5, 6*
Investment by a minor with guardian and nominee not available	Transmission request from next natural guardian when guardian has died	- Legal heir certificate & 1, 4, 5, 6*
Investment by a minor. Is joint-holding allowed?	Transmission request from first joint holder when guardian has died	1, 4, 5, 6*
Investment by a minor and guardian and joint holders available	Transmission request from first joint holder when minor has died	- Units will be transferred to legal heir (guardian can also be legal heir). Guardian also can claim along with legal heir - Legal heir certificate & 1, 2, 3*
Investment by a minor and guardian and joint holders available	Transmission request from first joint holder when guardian has died	1, 2, 3, 4*

*1. Copy of death certificate duly notarised 2. Application form duly signed by the claimant 3. Indemnity bond signed by the claimant/legal heir 4. Units will be in minor and next natural guardian of minor will become guardian 5. Affidavit executed by the nominee on Rs20 non-judicial stamped paper duly notarised 6. Application form in the prescribed format duly signed by the nominee/guardian (in case holder is a minor).