

Mutual funds seek to jump into a cashless society



Reliance Capital is busy rejuvenating one of its old products.

HEMANT MISHRA/MINT

BY KAYEZAD E. ADAJANIA
kayezad.a@livemint.com

The rush to move to a cashless society has begun and how. After the government scrapped Rs500 and Rs1,000 currency notes on 8 November, financial planners have been nudging their clients (the investors) to move towards banks.

Yes, we all have bank accounts but to start using them more, is the point here, and to also start using e-wallets (internet-based wallets where you can transfer cash using internet banking and then use to them to make various payments and purchases).

But Reliance Capital Asset Management Co. Ltd is busy rejuvenating one of its old products that, some distributors and advisers say, may just be what investors could use much more in future. It's called Reliance Any Time Money (ATM-debit) card.

Launched in 2006, this card—in collaboration with HDFC Bank and Visa—was offered to investors of Reliance Liquid Fund (Treasury Plan), Reliance Liquid Fund—Cash Plan and Reliance Money Manager Fund.

All these are liquid schemes, where investors can park their surplus cash. At present, you can withdraw up to 50% of your prevailing scheme corpus, or Rs50,000, per day, whichever is less. This limit, of course, is subject to any extra

limitations that could be prevalent, such as the current withdrawal limits set by the Government of India due to demonetisation.

The card also doubles up as a debit card, where you can spend up to 50% of your corpus or Rs1 lakh, per day. "We want to encourage people to use liquid funds. As more money comes into the banking system and interest rates go down, people will move toward liquid and other mutual funds," said Sundeep Sikka, chief executive officer, Reliance Capital Asset Management Ltd.

Sqrrl (pronounced as Squirrel), a fintech start-up, is also offering the same product (ATM-debit card bundled in Reliance Capital's liquid schemes) but promises to offer similar products if other fund houses jump in.

Sqrrl is, essentially, a robo-advisor that also offers investment and financial-planning products. Its co-founder Samant Sikka is banking not just on the fund industry's (as well its own) push towards nudging investors to invest in liquid schemes but also on some fund houses' future plans to allow investors to redeem their own money in a matter of minutes, as opposed to a day that it currently takes to redeem money from a liquid fund. Already Reliance Capital, as well as DSP BlackRock Asset Management Co. Ltd, allows investors to redeem in a matter of seconds to a few min-

utes. "The debit card is just an add-on. That, coupled with the instant liquidity, offers investors to do more with their idle money that would otherwise lie in their bank accounts and earn just 4% interest," said Sikka. Liquid funds, typically, offer 7-8% returns, annually.

Some advisers feel that the ATM-debit card makes sense. "The government wants us to go cashless as far as possible. Liquid funds offer better returns than savings bank accounts," said Mumbai-based financial planner Gaurav Mashruwala. A Mangalore-based financial adviser, who did not wish to be quoted, said that mutual funds will have to work hard on popularising the usage of such cards, if they offer one, as online wallets have got aggressive. "Look at the large Paytm advertisements everywhere after demonetisation. But yes, with the usage of e-wallets going up sharply in the past week, the ATM-debit card is a very useful facility," he said.

Some, however, are cautious about them. "Offering an ATM-cum-debit card in investment products is like offering an investment plan in an insurance product. If insurance is the insurance company's strength, then that's what it should stick to. Similarly, if I want to add value to investors, I will focus on offering investments; these sort of cards are just an enabler," said a Mumbai-based distributor who did not wish to be named.

