

How CAMS is making sure that your SIPs go through

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What do UPI transactions worth a nominal ₹16 or ₹18 reveal? Anuj Kumar, managing director of CAMS, provides a clue: "Chips and (bottled) water sell for ₹10 or ₹20." Therefore, frequent ₹16 or ₹18 transactions might hint at cigarette purchases—crucial information if you've declared yourself a non-smoker to your underwriter.

Computer Age Management Services Ltd (CAMS), India's largest mutual fund transfer agency, is now leveraging such granular data through the Account Aggregator (AA) framework, raising critical considerations for both consumers and financial institutions. The AA framework can also alert you if your bank balance is insufficient right before a systematic investment plan (SIP) debit, preventing rejections.

In this interview, Kumar shares insights on how CAMS is enhancing investor experiences, particularly in the mutual fund ecosystem.

Edited excerpts:

How are you innovating with the Account Aggregator?

We found that 2-3% of SIPs fail due to insufficient balance in bank accounts. With the consent of the mutual fund asset management company (MF AMC) on the Account Aggregator, we can ping you on the morning of the SIP debit date and notify you if your balance is low. This ensures your SIP goes through and also helps you avoid bounce charges that some banks impose.

We're also using AA for personal finance management (PFM) and lending. In PFM, we enable AMCs and wealth managers to provide advisory services even to smaller clients. Here's how we help: if you are the target customer, we would ask you to register with CAMSinserv. This allows us to fetch details of your bank, depository, mutual fund, insurance, pension fund, among others, on behalf of your wealth manager.

Once done, they can analyse the patterns and help plan your finances more effectively.

For insurance use, if UPI payments of ₹16 or ₹18 are frequent, indicating cigarette purchases, we can alert underwriters to verify the policyholder's disclosures. Additionally, AA facilitates refreshing bank account details for F&O (futures and options) accounts annually.

How can we use email for transactions?

Today, we allow our users to send emails for transactions. You can write to us requesting to buy or sell 1,000 units of the XYZ fund. Our system reads the message, calculates the NAV (net asset value) times the quantity, converts it into a link, and sends it back to the investor for verification and execution.

Often, users don't remember login details for multiple apps and have one preferred app. If that platform is down or under maintenance, this feature can be very useful.

However, email transactions can become confusing when people send double-intent messages. For example, a customer might write, "I bought this MF which you said will pay an annual dividend and I haven't received it, but

Enhancing the investor experience

Quick takes with CAMS' Anuj Kumar.

2% SIPs fail due to insufficient funds. Any solution?

► We can now tell you, 'Hey, you don't have enough balance' using AA tech. This will reduce the failure rate.

Any other innovation using AA?

► There are many. Frequent ₹16 transactions indicate cigarette purchases, information which we can share with insurance companies.

How can we use emails for transactions?

► Write to us saying 'I want to buy 1,000 units of the XYZ, scheme' and we'll send you a link to complete the transaction.

How are you using AI and ML?

► Our chatbot captured 30 questions before. Now it can understand the intent of the question better and also take voice commands.

Anything on the PMS and AIF side?

► We are doing digital onboarding. About 50 signatures from the client is required, almost all of it can now be done online.

What about non-financial transactions?

► We have moved 95% of non-financial transactions to T+1. It used to be 3 to 5 days.

Anything else?

► I think the UPI mandate will replace NACH (& e-NACH) for registering SIPs. Trigger time is shorter for UPI.

CAMS is the largest MF transfer agency and it is actively participating in the AA ecosystem

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Anuj Kumar,
Managing director, CAMS

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the NAV has also not gone up by much so please redeem and send me the money as my daughter is getting married." Such instructions can be confusing for automated systems. We now have the capability to read these intents, confirm them through a checker, and then execute the transaction or respond to the customer query more quickly.

We were also the first to introduce a chatbot in the mutual fund space, capable of answering about 30 to 40 different queries. This is now being enhanced with artificial intelligence (AI) and machine learning (ML) to understand both voice and intent.

Any innovation on the AIF and PMS side?

We were the first ones to bring about digital onboarding. This was the last bastion of the relationship manager where they had to collect 50 signatures from the end investor.

Today, almost all of it is done online with a few clicks. We have already onboarded 130 portfolio management services (PMSes) and alternative investment funds (AIFs). We are currently adding about one new player every week. They are acquiring the digital solution from us. And a lot of them have moved 25% to 35% of their traffic to online. That makes things a lot easier.

If investors were in Mumbai, it was still simpler, but think of those in Nashik or Ludhiana, etc. The flow of information has now become much faster.

Any improvement in account opening speed?

What used to happen was that KYC verification consumed time. Investors submitted a set of documents and we

had to locate the same documents through the Aadhaar or from DigiLocker. That's because we had to compare the details including the investor's name, father's name, date of birth, etc.

Now, through smart ML and AI, we can do this in less than 10 minutes. This has crunched the time it takes to start investing especially for mutual funds as the person can start transacting from day one. This has taken a lot of wrinkles out of the KYC system.

However, on the demat form of holding, the creation of the unique client code (UCC) still takes about a day. So they cannot transact on the same day of registration.

What about non-financial transactions?

We have moved all non-financial transactions to T+1. This used to happen over a period of time typically three or five days. But we realized that the expectation of the customer is the same as the same-day food

service delivery. This has taken a lot of automation and investment in it. Currently, we are executing more than 95% of non-financial transactions on a T+1 basis.

We also have immense capabilities for fraud prevention. We send more than 1 billion emails and 1 billion SMSes every year. We can reconcile all of that. Any investor could come up to us and say their units got redeemed but they hadn't applied for it. They might say that they did not receive the SMS or email for this. In this case, I can search my archives and establish what messages were sent from our side to the service provider, from them to the

telecom provider, whether the telecom company sent the message to the customer, and if the customer received the message or not.

And if they did not receive, or there was a glitch in the network we can find out if you had gone outside your circle or if your phone was shut. We can figure all these out.

Your opinion on MF Central?

MF Central has two objectives: to attract traffic to the site and to enable MF capabilities on partner websites. Today, on MF Central, you can do financial transactions, you can take common account statement (CAS),

you can take capital gains (CG) statements, etc. All these capabilities are now live on partner websites. Today, more than 1 lakh people use CAS capability each day.

MF Central is gathering users at a rate of about 60,000 to 80,000 a month and this is an era where we haven't pushed the pedal on marketing. That aside,

financial transactions are one area where we expected a lot more growth.

Anything else?

For years, the National Automated Clearing House (NACH) and the e-NACH, which was the SIP mandate, have been the standard way of paying for mutual funds. Now UPI autopay is becoming a viable alternative for that.

In some time, you may see UPI replacing NACH since the time to register and time to trigger are both shorter in case of a UPI mandate. UPI mandate happens on the date of the SIP while for NACH this timeline is T-1.

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