

Client Profiling Guidelines

When designing a Client Profiling Form, the following key attributes need to be kept in consideration to make the form effective:

1. Relevance & Comprehensiveness of the Information sought.
2. Simplicity of the form in terms of ease of understanding and filling.
3. Length of the form / Time taken to fill the form.

For any profiling exercise to be termed complete and fruitful in the true sense, the first step i.e. information gathering should essentially cover the following points:

Information sought:

1. Personal Details
 - a. Name
 - b. Age
 - c. Educational Qualification
 - d. Marital Status
 - e. Basic details of Family Members / dependants
2. Income Details
 - a. Net Total Income (including income from other sources)
 - b. Expenses
 - c. Liabilities (Loans / Mortgages, etc.) with EMIs
 - d. Disposable Income
3. Occupational Details: (This will also help assess factors such as stability / variability of income)
 - a. Salaried (Govt. / Pvt. Ltd / Public Ltd. / PSUs / Proprietorship/etc.)
 - b. Professional (Doctor / Lawyer / CA etc.)
 - c. Business (Proprietorship, Partnership, Pvt. Ltd, Public Ltd. etc.)
 - d. Professional Risks viz. stability of income, stable job, business cycles, seasonal variations, etc.
4. Current Portfolio of Financial Products: This should give us information on the client's overall financial portfolio
 - a. High Leverage Products (Derivatives)
 - b. Long Term Wealth Creation Products (Equity, MFs,)
 - c. Safe Savings products (Debt, FDs, etc.)
 - d. Liquid Products (For contingency/short term parking of funds)
 - e. Tax Saving products
 - f. Insurance products (Life, health, accident)
 - g. Pension / Retirement products
 - h. Any other investment in Financial Products
5. Basic life goals (having financial implications) & time period for achieving them.
6. Approximate cash requirement for meeting these goals (Present Day value to be found out and extrapolated to future requirements)

The information gathered should help us assess:

1. The current financial health of the client & his overall risk appetite
2. Whether the client's financial portfolio helps him manage basic life risks and other contingencies
3. Whether the client's financial portfolio helps him secure a comfortable post retirement life
4. Whether his current financial portfolio helps him meet key life goals
5. Whether the client's financial portfolio helps him manage taxes efficiently
6. Whether the client's financial portfolio helps in long term wealth creation

In short, the information gathered should help identify gaps if any, in the areas mentioned above, and suggest suitable course corrections.

Kindly Note: *Ideally, the information sought through the Client Profile Form should be drawn during the interaction with the client, and the form should be completed by the Business Partner himself. As far as possible, clients shouldn't be burdened with the task of filling up the forms themselves.*