

Global Emerging Markets

India's investment boom

How the growth of the Indian asset-management industry is creating opportunities for emerging-market investors

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Rising household savings, digitalisation and financial literacy are driving rapid expansion of mutual funds in India, unlocking value across the investment ecosystem.

One humid evening in Mumbai, a young professional takes the last seat on a crowded commuter train and opens the Groww investment app on her smartphone.¹ Five years ago, her savings might have been held in the form of bank deposits or gold jewellery. Now, as she considers how to allocate her annual bonus, she has dozens of mutual fund options available at the tap of a screen.

This discerning investor is representative of the millions across India currently powering an asset-management boom. Over the last decade, the country's households have accrued almost US\$10tn in wealth,² and this has coincided with the advent of mobile-first investment platforms and the rollout of financial education programmes. Taken together, these factors have contributed to burgeoning demand for investment products. Total mutual fund assets rose from INR9tn (US\$150bn) in 2014 to reach INR81tn (US\$840bn) as of April 2026.³

In this article, we explore how this trend is creating opportunities for a range of companies within the broader investment ecosystem, including Chennai-based Computer Age Management Services (CAMS). With investment institutions forming its customer base, CAMS looks to be well positioned as households put more of their wealth to work in India's dynamic capital markets.

Rise of the Indian investor

India's digitally savvy modern investors are part of a long history. The first organised share-trading activity in India occurred during the colonial era in the mid-19th century, when brokers gathered under the shade of a banyan tree outside the town hall in Bombay. The Native Share and Stock Brokers' Association (later the Bombay Stock Exchange) officially launched in 1875, making it the oldest exchange in Asia.

The growth of India's capital markets was slow, however. After Independence in 1947, the government took steps to formalise stock trading and strengthen the regulatory framework, but many companies continued to rely on direct loans from the country's large state-owned banks rather than tapping debt or equity markets. Institutional participation was limited, and wealthier households preferred to hold physical assets such as gold and property rather than invest in stocks.

This began to change in the early 1990s, when the government deployed a package of industrial, trade and financial reforms to liberalise India's economy. In 1993, the regulator allowed private sector and foreign players to operate mutual funds for the first time (until then, the industry was run as a monopoly under the Unit Trust of India and a clutch of other state-owned bodies).

More recent reforms have further incentivised market investments. In 2015, the government freed up pension

¹ For illustration purposes only. Investment involves risk. It does not constitute investment advice and/or recommendation (including any investment platform/tools) and should not be used as the basis of any investment decision.

² "The US\$10tn positive wealth shock", Morgan Stanley, November 2024.

³ Association of Mutual Funds India, 2026; Crisil Research, Anand Rath Research, 2025.

funds to allocate more of their assets to equities. The following year, demonetisation of all INR500 and INR1,000 banknotes led to vast amounts of cash moving into the formal financial system, where it made its way into bank deposits and was then channelled towards higher-yielding mutual-fund investments.⁴

In 2012, India's government mandated that asset-management companies (AMCs) must devote a small percentage of their profits to investor education and awareness. Between 2010 and 2019, Indian AMCs conducted 85,000 education programmes covering 25 million people, and this helped foster a culture of systematic investment among India's increasingly affluent middle classes. Overall Systematic Investment Plan (SIP) contributions to mutual funds have risen eightfold since the 2010s.⁵

Digital solutions

Despite these developments, household allocations to mutual funds, and the equity market more broadly, remain modest by the standards of other major economies (see Figure 1). There are reasons to believe penetration will rise further, however.

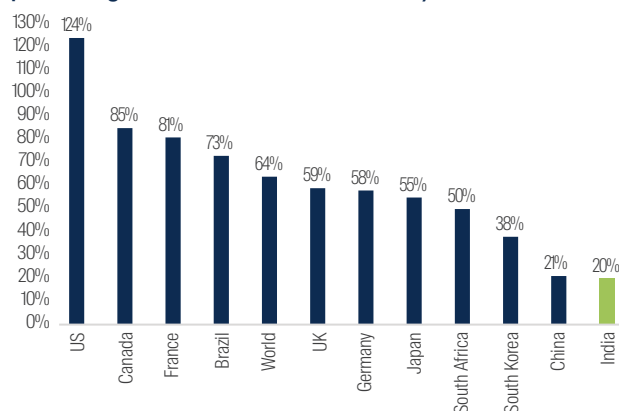
Analysts at Morgan Stanley Research draw parallels between India today and the US in the last few decades of the 20th century. Starting in the early 1980s, US 401(k) retirement savings plans were allowed to invest in stocks, a move that coincided with the Federal Reserve's successful efforts to tame rampant inflation. These factors supported a surge in flows into mutual funds that lasted for more than 20 years.⁶

India's efforts to incentivise greater household participation in equities are projected to spark similar dynamics. India's population today is slightly younger than the US's during its investment boom – with a median age of 28, versus 30 for the US in 1980⁷ – which suggests an even longer runway for growth. Another difference: Indians today have access to a proliferating range of investment apps, including Groww, ET Money and Zerodha Coin.

A 2025 survey led by the Securities and Exchange Board of India (SEBI) found 22% of current non-investors were keen to start, with many of them citing the availability of intuitive digital investment platforms and tools as an enabling factor.⁸ This aligns with the findings of a recent World Economic Forum report that showed Indian retail investors were more comfortable than their global peers with technological investment solutions such as artificial intelligence (AI)-assisted financial advice.⁹

As demand rises, opportunities are emerging for companies across the investment value chain, from brokers and exchanges to AMCs and rating agencies. Forming the backbone of this system are registrar and transfer agent (RTA) companies, which handle account creation, transaction processing, compliance requirements and investor communications (including queries and complaints) on behalf of fund managers. In this niche, one firm stands out: CAMS.

Figure 1. Mutual fund assets under management (as a percentage of Gross Domestic Product)



Source: International Monetary Fund, International Investment Funds Association, Reserve Bank of India, Association of Mutual Funds in India, Crisil Intelligence. 2024.

Case study: CAMS

CAMS was launched in 1988 by V Shankar, a business graduate with experience in data processing at consumer goods company Ponds India, and his wife Vijayasudha, a software programmer who had worked at Computer Maintenance Corporation, one of India's first information technology (IT) services companies.

CAMS started as a software development and computer education business, with a small IT arm, before it moved into financial services as an RTA, initially handling share issues. In an era before dematerialised (or demat) securities accounts, this involved transporting bulging gunny bags and steel trunks full of physical share documents and registration forms around the country.

"Before we came in with our new thinking, [financial records] were stored in physical form, in huge library-like structures," as V Shankar explained in an interview for the book *An Eye for Detail*, a corporate biography of CAMS. "People would go about with ladders and access documents based on requirements. There was always

⁴ "Mutual funds: Thriving in India", CLSA, April 2017.

⁵ Association of Mutual Funds India, 2023.

⁶ The equivalents of a 401(k) in APAC and EMEA regions are generally referred to as employer-sponsored or private retirement savings plans, such as superannuation in Australia, provident or pension funds in parts of Asia, and occupational or workplace pension schemes in many countries in Europe, the Middle East and Africa.

⁷ Source: UN, World Population Prospects, 2024; US Census Bureau 1980.

⁸ Kantar Investor Survey, SEBI, AMFI, NSE, BSE, NSDL, CDSL, 2025.

⁹ "2024 Global retail investor outlook", World Economic Forum, March 2025.

the danger of a fire or some other act of God destroying everything in a matter of minutes.”¹⁰

Drawing on its software background, CAMS began working on systems to digitise these processes, modernise risk management and boost efficiency. With the opening of the mutual fund industry the company spotted its big opportunity, and in 1995 it won its first mutual fund client, Alliance Capital (now Alliance-Bernstein), which was impressed by CAMS's innovative digital record-keeping software. This system allowed asset managers easily to keep track of key details, such as how much they owed distributors across different accounts, and the amount investors had put into different schemes from a particular fund.

Although CAMS was one of the earliest RTAs on the scene, competition soon grew fierce, with new entrants backed by Western financial giants such as Citibank and Deutsche Bank. Nevertheless, CAMS rose to become the pre-eminent mutual fund RTA.

One reason for this was its relentless focus on customer service. CAMS set high standards by responding to client complaints within 24 hours, an unheard-of turnaround time in an industry where responses typically took 30 days. Another factor was CAMS's cutting-edge digital offering. From the first, the company continually reinvested in technology to improve productivity, from laser printers to dial-up internet to the latest data-security protocols.

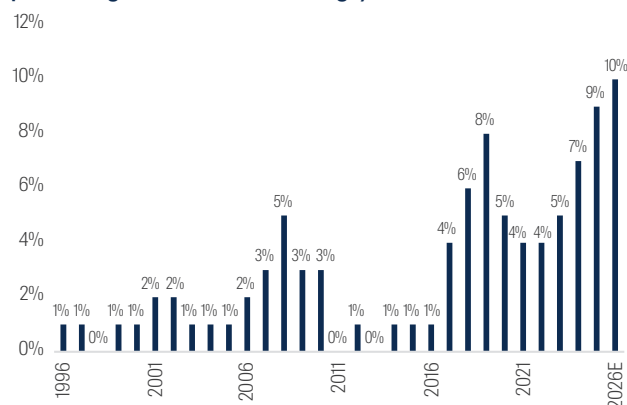
The company's commitment to modern technology enabled it to match international record-keeping standards, and this meant it was often ahead of local regulatory norms – for example, it was able to share relevant customer information with its clients long before SEBI instituted Know Your Customer (KYC) laws in 2008. And CAMS continues to innovate today, deploying AI algorithms to streamline its processes and improve its products.

The investment view

At FSSA Investment Managers, we look for companies with strong management teams and quality franchises with defensive characteristics. We especially like those that occupy a dominant position in their domestic markets, and which stand to benefit from a favourable long-term secular demand backdrop. We believe CAMS has all these qualities.

India's RTA industry now functions as a duopoly, with CAMS holding a 68% share of mutual fund assets under management (AUM), ahead of its main competitor, KFin (on 32%). This means it is in a strong position to benefit if mutual fund penetration increases and flows continue to rise (see Figure 2).

Figure 2. Household flows to mutual funds (as rolling percentage of household savings)



Source: CEIC Data, Bernstein March 2025.

The company earns the majority of its fees based on the AUM of mutual fund clients, calculated on a sliding scale (fees fall as AUM rises, and rise as AUM falls). This allows investors in CAMS a way to gain exposure to the structural growth in mutual funds in India, with the pricing model acting as a cushion to the inherent volatility in flows.

Our conviction in the company is also bolstered by the fact that it enjoys a formidable competitive moat. This is largely down to switching costs: thanks to how deeply embedded CAMS is in its customers' operations, they would face significant disruption if they tried to switch to another provider.

Another factor behind CAMS's competitive advantage is regulation. Unlike its counterparts in other markets, SEBI requires asset managers' investor records to be held separately by an RTA (rather than at a bank), supporting demand for CAMS's services. SEBI also recently introduced new requirements on data handling, mandating that RTAs must hold records across four different data centres, one of which must be "air-gapped" for security. While such stringent rules may increase CAMS's costs, they also raise the barriers to entry for new RTA competitors.

A conservative culture

Despite its dominance, we detect no signs of complacency in CAMS's executive team. V Shankar stepped down in 2014, and the company has been ably led for the last eight years by CEO Anuj Kumar. On his watch, CAMS has followed a sensible capital allocation policy, gradually diversifying into areas adjacent to its core equity mutual-fund RTA business by offering equivalent services to insurers and alternative-investment houses and brokerages. It has also launched a payment platform, CAMSPay.

¹⁰ "An eye for detail: The chronicle of CAMS", Sriram V, 2016.

These spin-offs are all exposed to the same positive structural trends as CAMS's mutual fund business. Considering the cash-generative nature of the core business, it would be easy for the company's management to be tempted into other new areas and to ramp up the pace of expansion – but this is not the case with CAMS, whose executive team we believe know their strengths. As Kumar told us at a recent meeting: “We have too much of a good thing going to spoil it with a distraction”, emphasising the company's continuing commitment to efficiency and cost discipline.

Under Kumar, CAMS has increased its revenues while keeping headcount flat, and it is exploring new efficiencies based on technology. One recent example is its recruitment of AI experts to build applications that can automate certain tasks, such as the labour-intensive process of downloading and reviewing regulatory circulars to assess compliance. With its robust cost controls, we believe CAMS should be able to maintain its profit margins even if its prices fall.

As with every investment, there are risks. While CAMS has never made such a mistake, the possibility of an error in data protection or another technical process cannot be ruled out; this sort of misstep could prompt customers

to reconsider their choice of partner. The rise of passive investment in India is worth monitoring, as CAMS's yields (but also its costs) are lower when servicing this segment. Macroeconomic risks could affect market sentiment, with a knock-on impact on domestic mutual fund inflows.

Overall, however, we are confident that the quality of CAMS's franchise and the calibre of its management will allow it to remain resilient over the long term. Return on assets (ROA) and return on equity (ROE) have averaged 29% and 43%, respectively, over the last five years. And the company returns a significant share of its profits to shareholders – it maintained an average dividend payout ratio of 65% over the same period.¹¹

Beyond the numbers, the case for CAMS is fundamentally about trust, customer relationships and meticulous attention to detail. Recall our investor on the Mumbai commuter train: once she selects a mutual fund, CAMS quietly takes over, verifying her identity, creating her account, allocating units and issuing the first statement. The smooth and seamless way in which CAMS does this work reflects its status at the heart of India's market infrastructure – and its role in a growth story that is only just beginning.

¹¹ Source: CAMS, FactSet as of December 2025

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