Speaking Notes of Shri Amarjeet Singh, WTM, SEBI at the FICCI Financial Products Distribution Summit

Theme: Reimagining Financial Distribution: Scale, Trust and Sustainability

May 13, 2026

A. Introduction

1. Good morning. It is a pleasure to be here. I thank FICCI for inviting me.

2. Financial distribution is sometimes viewed as the 'last mile' of finance. To my mind, it is much more central. Distribution determines whether finance remains concentrated in a few hands or whether it truly becomes a vehicle for broad-based economic participation. I therefore compliment the organizers for choosing a very relevant theme of Reimagining Financial Distribution.

3. Over the past decade, we have seen a remarkable expansion in the financial distribution space. Digital channels have grown rapidly. Technology has widened access. Social media has transformed the way financial products are accessed and discussed.

4. The conversation today is therefore no longer only about enhancing the scale of distribution. It is about how distribution can scale responsibly, how trust can be strengthened in an increasingly digital environment, and how the ecosystem can remain sustainable for investors, intermediaries, and markets alike.

5. My remarks today are in three parts. First, I will briefly touch upon the distribution landscape in India. Then, I will briefly mention some of the emerging risks and issues in the distribution ecosystem. Finally, I will share a few thoughts on some of the expectations from distributors.

B. Context – distribution landscape

6. Over the past decade, India has witnessed significant financialization, with household savings increasingly channelled into capital markets. This is reflected in the rapid growth of demat accounts and the fund management industry — assets managed across Mutual Funds, PMS[1], and AIFs[2] has grown at a CAGR of over 19%, reaching INR 91 lakh crore as of March 2026.

7. Mutual funds have been central to this transformation. Nearly 54% of industry's AUM as on March 31, 2026 is mobilized through regular plans. This underscores the importance of distributors in deepening investor participation. For many retail investors, particularly first-time investors, distributors remain the first point of engagement with financial markets.

8. The broader distribution ecosystem has expanded in parallel: AMFI-registered active distributors have grown from 2.4 lakh to 3.4 lakh over five years[3], Business Correspondents from 5.4 lakh to over 16 lakh[4], and insurance agents (associated with life, general and health insurance) from 34 lakh to over 54 lakh[5] — reflecting the growing scale of India's financial distribution architecture.

9. Yet significant headroom remains. A recent SEBI investor survey provides some interesting insights in the mutual fund space. While 53% of households are aware of mutual funds or ETFs, only about 6.7% actually invest. In rural India, awareness falls to 45%, and participation to around 4%. Participation remains closely linked to education, income and occupation.

10. The industry's future growth will therefore depend on reaching investors, **across geographies, income segments, and demographic groups.** Recognizing these

[1] Excluding EPFO / PF AUM
[2] Funds raised by AIFs
[3] Source: AMFI, period – March 2021 to March 2026
[4] Source: media reports, period – 2020 to 2025
[5] Source: IRDAI Annual report of FY 2019 - 2020 and FY 2024 - 2025

structural realities, SEBI has accordingly adopted **calibrated incentive frameworks** - including Beyond-30 (B-30) location incentives, additional incentives for onboarding new women investors, and the introduction of the Chhoti SIP framework - to support responsible expansion.

11. Similar to the successful model of mutual fund distribution, SEBI is examining a proposal to introduce a specialized category of distributors to increase the reach of debt securities, expand the investor base and promote the retail-isation of bonds. Much like mutual fund distributors, it is envisaged they will simplify the investment process for retail investors by assisting with KYC formalities, documentation, and initiating transactions.

C. Emerging Risks and Issues

12. Increasing complexity

a. Financial products are becoming more sophisticated, from passive products and factor investing to alternatives, private credit and other wealth management solutions. SEBI's recently introduced Specialized Investment Fund (SIF) framework reflects this evolution, offering investors regulated products with greater flexibility and risk-taking capability.

b. Complexity in itself is not a problem. But complexity without adequate understanding can be problematic.

c. Investors often grasp the upside narrative far better than the downside. This makes the role of distributors critical in helping investors understand risk, navigate uncertainty, maintain discipline, and make decisions aligned with their long-term financial goals.

13. Rise of Social media and mis-information

a. Financial distribution today operates amid information abundance, viral narratives, and intense competition for investor attention. While digital channels improve awareness and outreach, they can equally amplify misinformation, speculative behavior, and short-termism.

b. Market participation should be driven by informed decision-making and long-term planning — not momentum or social-media trends. Distributors have a key role here, and I urge the industry to ensure that all digital communication — like offline communication — reflects the same standards of suitability and transparency.

14. Technology and AI

a. Digital onboarding, mobile platforms, and AI-enabled tools are transforming how financial products are accessed, distributed, and monitored — creating significant opportunities for financial inclusion while simultaneously raising new challenges.

b. The growing use of AI in financial intermediation raises important questions around accountability, transparency, and suitability, with rising risks of "AI washing" where technology claims outpace actual capabilities.

c. The core principles of transparency, suitability, accountability, and investor protection cannot become secondary merely because interactions are digital. The challenge before the industry is therefore how digital distribution can scale responsibly without eroding investor trust.

15. Conduct risks

a. Another important challenge relates to incentives within the ecosystem. Excessive focus on short-term performance, rapid customer acquisition, or distribution volumes can create risks of mis-selling, unsuitable recommendations or product churn.

b. These concerns have directly informed our regulatory approach. SEBI’s shift towards a trail-based commission framework in the mutual fund industry, seeks to better align distribution incentives with long-term investor outcomes.

D. Expectations – towards building a responsible distribution ecosystem

16. Financial products are fundamentally different from most other products. Investors commit their long-term savings based on confidence in the institutions and trust in those who guide them.

17. This places distributors in a uniquely important position. Distributors are not merely facilitators of transactions; you are stewards of the investor journey.

18. **Ethical distribution**

a. The distribution landscape is evolving rapidly. Competition is intense. Pressure to grow assets and acquire customers has become more pronounced, even as regulatory expectations have strengthened over the years.

b. This environment can sometimes tempt firms to prioritise growth over suitability and short-term acquisition over long-term investor outcomes. However, growth not built on investor trust will ultimately become difficult to sustain. Ethical distribution is therefore essential.

c. Conflicts of interest are inherent to financial intermediation and cannot be eliminated entirely. The endeavour should therefore be to ensure that such conflicts are recognised, disclosed, and managed transparently, with investor interest remaining paramount.

d. As the ecosystem evolves, we may also need to reflect more on what success in the distribution industry truly means. Assets under management alone cannot become the sole measure of success. Equally important are metrics such as investor persistence, investor behaviour across market cycles and periods of volatility, quality of service, and grievance redressal.

e. Entities involved in financial distribution should also pay close attention to their internal incentive and remuneration structures. If compensation frameworks are driven excessively by short-term asset gathering or sales velocity, they can weaken judgment even in the presence of detailed rules.

f. Ultimately, culture is what sustains Ethical conduct - not compliance manuals. Leaders must set the tone at the top, embedding integrity, transparency, and into organisational decision-making. A culture of integrity and accountability is perhaps the strongest competitive advantage any distributor can build over the long term.

g. AMFI has constituted an ethics committee which is a very welcome step. SEBI, through NISM, would be glad to partner with the industry on ethics capacity-building for key participants, including distributors and AMC professionals. Initial discussions on this have already begun.

19. **A few key principles**

Responsible distribution rests on a few practical principles:

- Full and fair disclosure to investors, without any explicit or implied assurance of returns,

- Suitability of product with investor needs. Apply the family test – would you say and do exactly the same if the investor were a family member?

- Ongoing engagement - Distribution does not end at the point of sales. Continued servicing is central to the role of a distributor requiring a shift from a sales centric to relationship-centric approach

- As products, technologies, and investor behaviour evolve, distributors must deepen their understanding of suitability frameworks, behavioural aspects of investing, technology and cyber risks, liquidity risks, and portfolio construction.

E. Concluding Remarks

20. Let me conclude by reiterating that India's financial markets are entering a phase of unprecedented expansion and transformation. As we reflect on the future of financial distribution, it is also useful to recognize that scale, trust, and sustainability are not independent objectives, but reinforce one another. Scale without trust becomes fragile. Trust without sustainability becomes difficult to preserve. And sustainability without scale limits broader economic participation.

21. The task before all stakeholders - regulators, intermediaries, distribution community, platforms and industry bodies is therefore to build a distribution ecosystem where these three pillars strengthen each other.

Thank You !