

SIPs the digital way

The digital revolution has made investing through SIPs quite easy. However, do educate yourself in the use of digital means of investing.

It's no news that digital revolution has taken over the world. With smartphones becoming ubiquitous, we all have round-the-clock access to the internet. In fact, many of us would find it difficult to imagine a life without the internet and smartphones. With rising digitisation, e-commerce has also grown rapidly, with many of us even buying groceries, fruits and vegetables online. Naturally, the financial world has also transformed dramatically.

However, there are still apprehensions in people's minds when it comes to online financial transactions. For instance, many of us still don't like to use internet banking and prefer to visit the bank branch. Cheques haven't gone out of fashion yet, even when they require a couple of days to clear. Though consumers are increasingly shopping online, many still prefer the cash-on-delivery mode.

This anxiety about financial transactions stems from a lack of knowledge and hesitation to take the first step. Digital frauds have also spooked many. Given the convenience of digital transactions, it's worthwhile that we educate ourselves. Also, the authorities concerned have taken steps to make digital transactions safer. For instance, many banking transactions now require two-factor authentication: you need to use both your password and a one-time password.

Mutual funds and SIPs are not untouched by the digital revolution. Retail investors who want to invest through direct plans can now simply go to the AMC's website to transact, provided they are KYC-compliant. If they are not, they can go to a registrar-or-transfer agent (such as CAMS) or an AMC

office (where they want to invest). In-person KYC is necessary. However, once you become KYC-compliant, you can transact online with any AMC. Fortunately, the idea of e-KYC is again in the works. As soon as it gets operationalised, you can get your KYC done online. That will do away with in-person verification, thus further aiding the swiftness in mutual fund transactions.

AMC websites also allow you to set up an SIP. You can even give a standing instruction to your bank such that the SIP amount is automatically deducted from your bank account every month on a particular date. This automating of SIPs not just saves effort but also brings discipline to investing. Of course, it's also the ultimate remedy for forgetting!

Today many mobile apps such as Paytm Money, ETMoney, myCAMS, etc., help you invest in mutual funds through SIPs. These apps have little or no transactional costs. Still, many investors don't trust them. In reality, these apps just act as a channel through which your investment is passed on to an AMC. It's the AMC that allots you a folio number and manages your investment in the end. You can always

approach the AMC for any details of your investment or for redeeming it. Even if the app shuts down or is unavailable, there is no need to worry as you can directly get in touch with the AMC. However, do ensure the authenticity and the credibility of the app.

Digital transactions are the mainstay for do-it-yourself investors and for direct-plan investors of mutual funds. They provide immense flexibility and ease of transacting. The only requirement is that you educate yourself in their use. Start small. Do small transactions first and as you gain more confidence, go the whole hog. You will definitely like the experience.

