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Customer Onboarding, KYC Verification and Follow-Up in Mutual Fund and Insurance Distribution: A Process-Based, Theory-Grounded Study of a Small Pune Distributor

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Abstract

Mutual fund and insurance products reach most Indian households through a fragmented layer of small distributors, yet the operational routine by which a client moves from first contact to a serviced, renewed relationship is seldom documented in the academic literature, which concentrates on fund performance, investor-satisfaction surveys or industry-level regulation. This paper addresses that gap through a process-based, theory-grounded study conducted at AL Investment and Insurance, an AMFI-registered mutual fund distributor and IRDAI-registered insurance intermediary in Pune, during an eight-week on-the-job training period (29 May to 15 July 2026). Drawing on fourteen academic, practitioner and regulatory sources spanning KYC compliance, relationship marketing, service quality and technology acceptance, the study documents a ten-stage sequence from customer requirement through onboarding, KYC verification, servicing, follow-up and reporting. The observed activity is illustrated, for expository purposes only, with a reconstructed set of weekly figures on onboarding, KYC turnaround, rejection reasons, insurance follow-up outcomes, client queries and a small satisfaction snapshot; these figures follow the pattern observed but are not exports from a formal database and are not presented as empirical findings. The illustration is consistent with three patterns: documentation quality, rather than portal complexity, is the main driver of onboarding delay (two causes account for 60% of logged rejection events); structured, dated follow-up appears to be what recovers pending insurance cases; and relationship quality compensates for process gaps (75% positive client ratings). The paper concludes that small-distributor servicing is a coherent implementation of established compliance and relationship-marketing principles rather than an ad hoc routine, and offers five low-cost process recommendations alongside directions for future empirical research using genuine firm-level data.

1. Introduction

India's mutual fund and insurance markets have expanded rapidly. Industry average assets under management stood at roughly ₹84.18 lakh crore in June 2026, with about 27.86 crore folios and 6.19 crore unique investors (AMFI, n.d.). Insurance is the world's tenth-largest market by premium, yet penetration of about 3.7% of GDP still trails the global average of around 7%, while insurance and pension funds account for close to 29.6% of household financial assets (IRDAI, n.d.). Between product manufacturers (asset management companies and insurers) and end clients sits a highly fragmented distribution layer of thousands of ARN-holding distributors, insurance agents and bank channels, now facing pressure from zero-commission direct plans and fintech platforms.

While the macro growth of these sectors and the satisfaction of mutual fund investors are reasonably well studied, comparatively little published work documents the task-level operational process through which a small distributor onboards a client, verifies documents, services requests and keeps the relationship alive through follow-up. Existing



Indian studies tend to examine investor perception, communication or fund performance (Bhowal & Paul, 2014; Keswani et al., 2020; Malavika & Suresh, 2023), and practitioner texts describe the regulatory and operational landscape in general terms (Sankaran, 2012; Pathak, 2023). Few situate the day-to-day sequence of KYC checks, portal-based requirement checking, tele-calling and daily reporting within compliance and relationship-marketing theory. This paper addresses that gap through a process-based study conducted at AL Investment and Insurance in Pune, tracing the client journey from requirement to relationship maintenance and interpreting each stage against established theory.

2. Review of Literature

This review synthesizes fourteen academic, practitioner and regulatory sources across four themes: the regulatory and operational context of distribution, relationship marketing, service quality and satisfaction, and technology and behavioral adoption.

On the regulatory and operational context, AMFI (n.d.) sets out KYC and distributor-registration requirements (ARN and EUIN, with Know Your Distributor norms), SEBI (n.d.) governs mutual fund conduct under its 1996 Regulations (under revision as of 2026), and IRDAI (n.d.) licenses insurers and intermediaries and sets conduct norms. Sankaran (2012) offers a practitioner-oriented account of how mutual fund distribution works in India, and Pathak (2023) situates mutual fund and insurance distribution within the wider structure of Indian financial markets and institutions. Together they establish why documentation checks are mandatory rather than optional for a distributor of any size.

On relationship marketing, Berry (1983) argues that attracting a customer is only the first step and that the real work of a service business lies in retaining and deepening relationships. Reichheld and Sasser (1990) show that small gains in retention disproportionately improve profitability, since acquiring a new customer costs far more than keeping an existing one. Sheth and Parvatiyar (1995) add the customer's side: clients often prefer fewer, deeper relationships with trusted providers over one-off transactions. Taken together, these works explain why distribution is better understood as continuing relationship management than as a single sale.

On service quality and satisfaction, Parasuraman, Zeithaml and Berry (1988) identify reliability, responsiveness, assurance, empathy and tangibles as the dimensions customers use to judge service. In the Indian mutual fund context, Bhowal and Paul (2014) find that the clarity and promptness of a distributor's communication measurably drive investor satisfaction, Keswani, Gangwani and Dhingra (2020) conclude that satisfaction is shaped by service-related factors beyond fund returns, and Malavika and Suresh (2023) report that perceived trustworthiness and responsiveness of the distributor mattered more to satisfaction than scheme performance itself.

On technology and behaviour, Davis (1989) shows that perceived usefulness and perceived ease of use are the strongest predictors of technology adoption, which is directly relevant to distributor portals. Ajzen (1991) proposes that intentions, and therefore behaviour, depend on attitudes, social norms and perceived behavioural control, which helps explain why some clients act quickly on investment or renewal decisions while others hesitate even when fully informed.

These sources confirm that distributor servicing rests on well-established compliance and relationship principles, yet none documents the onboarding, KYC and follow-up sequence task by task at a small distributor, which is the gap this paper addresses.

3. Research Objectives

Building on the gap identified above, and numbered to align with the corresponding findings in Section 6, the study was designed around four objectives:

1. To examine how customer onboarding and KYC verification work in practice at a small mutual fund and insurance distributor, including the documentation errors that delay a case.
2. To characterize how mutual fund accounts and insurance policies are serviced and renewed, including the use of the RM Portal and MFD Portal as everyday working tools.
3. To analyse the discipline of client tele-calling and follow-up, and how pending cases are chased, logged and converted into business.



4. To identify the everyday challenges of this work and the low-cost process improvements that could address them.

4. Research Methodology

The study follows a qualitative, process-based, single-site design combining participative observation with review of the firm's own working records, appropriate because the objectives concern the sequence and interdependence of operational tasks rather than the statistical distribution of outcomes across a large sample. Primary data were collected over an eight-week period (29 May to 15 July 2026) at AL Investment and Insurance, Chandan Nagar, Wadgaon Sheri, Pune, through: (i) direct involvement in four recurring task groups, namely onboarding and KYC verification, mutual fund and insurance servicing, portal-based requirement checking, and tele-calling, follow-up and daily reporting; (ii) guided interaction with the managing director on product questions and ambiguous compliance cases; and (iii) review of the follow-up logs, KYC checklists and daily reports used in the firm's workflow (Parit, 2026). Client identities are not reported, and sample record formats use placeholders. Sector context was drawn from AMFI, SEBI and IRDAI sources, cited individually where used.

Section 7 additionally presents an illustrative reconstruction of the weekly pattern of activity, including onboarding volume, KYC turnaround, rejection reasons, insurance follow-up outcomes, client query types and an informal satisfaction snapshot of 40 clients. The firm does not run a large digital MIS, so these figures could not be exported from a formal database; where exact figures existed in daily logs they were used, and the remainder are reconstructions of the observed pattern. Because the two cannot be separated, all figures in Section 7 are treated as illustrative and directionally faithful rather than statistically precise, and must not be read as empirical results. The study is confined to one firm and one geography (Pune, Maharashtra) and was written from an intern's vantage point; its findings are analytically generalisable to similar small-distributor settings rather than statistically representative of the national market.

5. Theoretical Framework

Building on Section 2, four theoretical strands frame the analysis. KYC and anti-money-laundering compliance theory explains why financial intermediaries must establish who their clients are, enforced through RBI's KYC directions and SEBI and AMFI requirements for distributors; at the firm level it translates into PAN and Aadhaar verification, address-proof matching and signature checks before any file can progress. Relationship marketing and customer relationship management (CRM) theory (Berry, 1983; Reichheld & Sasser, 1990; Sheth & Parvatiyar, 1995) holds that the long-term relationship, not the single transaction, is where value lies, and CRM operationalizes this through structured follow-up, record-keeping and consistent communication. SERVQUAL (Parasuraman et al., 1988) supplies five dimensions for judging service quality, and the Technology Acceptance Model (Davis, 1989) explains portal adoption through perceived usefulness and ease of use.

Table 2 maps the four strands to the practices observed.

Table 2. Theoretical framework applied to the firm

Theoretical dimension	Applied at AL Investment and Insurance
KYC compliance	PAN and Aadhaar verification, address-proof matching and signature checks during onboarding
Relationship marketing and CRM	Structured, dated follow-up logs for pending insurance cases and renewals; daily reporting of pending cases to the manager
SERVQUAL	Query resolution, tele-calling responsiveness and the informal client satisfaction observed during servicing



Theoretical dimension	Applied at AL Investment and Insurance
Technology Acceptance Model	Adoption and use of the RM Portal and MFD Portal for requirement checking and servicing

Two simple measures are used in Section 7 to express the findings:

Renewal conversion rate (%) = (Renewed cases ÷ Total logged cases) × 100

Turnaround reduction (%) = [(TAT at start − TAT at end) ÷ TAT at start] × 100

where TAT is the average KYC turnaround time in days.

6. Findings and Discussion

The observed client journey is a ten-stage sequence (Table 1), discussed below by objective; each discussion integrates how the finding relates to the theory in Sections 2 and 5.

Table 1. Stage sequence observed at AL Investment and Insurance

Stage	Activity	Primary actor(s)
1	Customer requirement identified	Client, manager
2	Customer onboarding and collection of information	Client, support team
3	Account opening formalities	Support team, portal
4	KYC and document verification against the checklist	Support team
5	Product and service support (MF: NAV, SIP, redemption; insurance: premium, claim, renewal)	Support team, portal
6	Customer interaction and query resolution	Support team, client
7	Follow-up on pending requirements and renewals	Support team, client
8	Case tracking in the dated follow-up log	Support team
9	Issue resolution or escalation to the manager	Support team, manager
10	Daily consolidated reporting	Support team, manager

Source: Compiled from observation and the firm's working records during the OJT period (2026).

1. **Onboarding, documentation and KYC.** Each new client submits a PAN, Aadhaar, address proof, photograph and signature, which are checked against a checklist for completeness and consistency before the file is submitted through the portal. Mismatches are flagged and returned to the client. This confirms the compliance logic of Section 5: strict screening exists to protect the firm and the financial system, and a small



distributor cannot trade it away for speed. The firm was observed to decline documentation shortcuts even where they would have closed a case faster. The illustrative data in Section 7 point to two predictable errors, address-proof mismatch and PAN-Aadhaar non-linkage, as the main source of delay.

2. **Servicing and renewals.** Mutual fund clients mostly raised performance (NAV) and SIP questions, while insurance clients mostly needed renewal and premium support. Servicing is therefore not one uniform skill: the two product lines call for different kinds of client conversation and different preparation. The RM Portal and MFD Portal acted as the everyday backbone of this work, and adoption followed the pattern predicted by Davis (1989): once the purpose of a portal check was understood (perceived usefulness), speed improved before every screen had been mastered (ease of use).

3. **Tele-calling and follow-up.** Calls were made from daily lists, outcomes were logged as renewed, pending, declined or not reachable, and pending cases were rescheduled to a dated follow-up. In the illustrative data about a third of insurance cases sat in the pending category and under one in ten were genuinely unreachable, which suggests that most pending cases are recoverable through better-scheduled rather than more frequent calls. This is consistent with Reichheld and Sasser (1990): retention effort pays off, but only when it is organized.

4. **Challenges and the compensating role of relationships.** The main challenges were documentation gaps, slow client response, multiple portal logins with occasional slowness, breadth of product knowledge, balancing servicing with end-of-day reporting, and staying inside compliance lines with no dedicated compliance function. Despite these process gaps, client ratings were largely positive. Read through SERVQUAL, reliability and responsiveness appear to have been met at the human level even where the process dimensions were imperfect, in line with the finding of Malavika and Suresh (2023) that trust and responsiveness matter more to satisfaction than product performance. Personal relationship quality is therefore currently compensating for process weakness, which is good for retention today but not something the firm should rely on indefinitely.

Taken together, the four objectives support this paper's central claim: servicing at a small distributor is not a set of arbitrary habits but a structured implementation of compliance and relationship-marketing principles, and its main friction arises from documentation discipline and follow-up scheduling rather than from systems or products. Five low-cost practices could reduce that friction without new technology:

- A one-page pre-submission KYC checklist signed off before each file moves forward.
- One standard, dated follow-up log (client, case type, date of contact, outcome, next follow-up date) reviewed weekly with the manager.
- A short, living product quick-reference guide with approved answers to frequent client questions.
- A fixed daily rhythm separating client-facing servicing from internal reporting.
- A short structured walkthrough of both portals for new interns before independent client work.

7. Illustrative Data Analysis

The figures below are an illustrative reconstruction for academic demonstration. They follow the pattern of activity observed during the internship but are not exports from a firm database, and must not be read as empirical results.

Table 3. Weekly onboarding volume and average KYC turnaround (illustrative)

Week	New accounts onboarded	Average KYC TAT (days)
1	5	4.5
2	7	4.0
3	6	3.8
4	9	3.5



Week	New accounts onboarded	Average KYC TAT (days)
5	8	3.2
6	11	3.0
7	10	2.8
8	13	2.5

Weekly onboarding rose from 5 to 13 accounts (a 160% increase; 69 in total over eight weeks), while average KYC turnaround fell from 4.5 to 2.5 days, a reduction of 44.4% on the turnaround measure in Section 5. The two series moved together as the pre-submission checklist came into consistent use, and no promotional push occurred in the period. The pattern is consistent with a learning-curve and checklist effect, though an illustrative series cannot establish causation.

Table 4. KYC rejection reasons (illustrative; 50 logged rejection events)

Rejection reason	Count	Share
Address-proof mismatch	18	36%
PAN-Aadhaar not linked	12	24%
Incomplete form	9	18%
Photo or signature issues	7	14%
Other	4	8%

Two causes, address-proof mismatch and PAN-Aadhaar linkage, account for 60% of events. These counts are used as a distribution of reasons, not as a per-file rejection rate. The practical implication is that delay can be reduced by catching two specific, predictable errors before submission rather than by overhauling the whole process.

Table 5. Insurance follow-up call outcomes (illustrative; 150 logged cases)

Outcome	Count	Share
Renewed	62	41.3%
Pending / follow-up needed	51	34.0%
Declined	24	16.0%
Not reachable	13	8.7%

The renewal conversion rate is $(62 \div 150) \times 100 = 41.3\%$. The pending group, about one-third of cases, is the addressable backlog: it is not a dead end, and better-scheduled dated follow-up could plausibly convert part of it.

Table 6. Client query distribution (illustrative; 165 queries)

Query category	Count
NAV / performance (MF)	34
SIP-related (MF)	28
Redemption (MF)	19
Other MF queries	12
Premium payment (insurance)	22



Query category	Count
Claim process (insurance)	15
Policy renewal (insurance)	26
Other insurance queries	9

Mutual fund clients raised more queries overall (93, or 56%) than insurance clients (72, or 44%), mostly on performance and SIPs, while renewals dominated on the insurance side. A new intern's training should therefore start with these two areas.

Table 7. Client satisfaction snapshot (illustrative; informal check-in with 40 clients)

Rating	Clients	Share
Very satisfied	14	35%
Satisfied	16	40%
Neutral	7	17.5%
Dissatisfied	2	5%
Very dissatisfied	1	2.5%

Three-quarters of clients rated the experience positively and only 7.5% negatively. Because these check-ins happened during servicing calls, clients speaking to the person who had just helped them are likely to be somewhat more generous than they would be to an independent surveyor, so the result should be read with that in mind.

8. Limitations and Conclusion

As a single-firm, single-location, qualitative study written from an intern's vantage point, the findings are analytically rather than statistically generalizable, and the quantitative illustrations in Section 7 are reconstructions, not empirical observations. Eight weeks is enough to see real patterns but not a full business cycle, since insurance renewals do not all fall due within one two-month window. The author did not see the firm's finances, strategy or vendor relationships, and client feedback was informal rather than from a structured, anonymous survey. Future research could track genuine before-and-after data on KYC turnaround and case-closure time once a checklist and standard follow-up log are adopted; replicate this process documentation across several distributors and locations; compare the current portal-assisted but partly manual process with fully paperless onboarding using e-KYC and e-signatures; and gather client-side survey data to test whether the servicing improvements are actually felt by clients.

This paper has documented and theoretically situated the onboarding, servicing and follow-up process at a small AMFI- and IRDAI-registered distributor in Pune, addressing a gap between industry-level descriptions of distribution and the operational reality of an individual client case. Drawing on fourteen sources across compliance, relationship marketing, service quality and technology acceptance, the paper showed that the observed process is a coherent, theory-consistent sequence rather than an ad hoc routine. Its clearest practical message is that in this setting documentation discipline and structured follow-up, not new systems, are what move cases forward, and that five inexpensive process fixes could strengthen a business that currently relies heavily on personal relationships.

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Before submission, check the sector figures in Section 1 (AAUM, folios, investors, insurance penetration and household-asset share) against the original AMFI and IRDAI releases and cite those documents directly.