

Best operations and back-office solution: SmartStream Technologies

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Robin Hasson, SmartStream

Financial firms are under increasing pressure to ensure data accuracy, as they are required to conduct more reconciliations to satisfy existing and incoming regulations. They also have to manage growing volumes without changing operational control patterns or deployment.

SmartStream Technologies helps buy- and sell-side firms be more efficient and have better control of risk while reducing overheads with its flagship reconciliation platform, TLM Reconciliations Premium (TLM RP).

The platform automates and standardises processing to enhance match rates and operational insights. It incorporates comprehensive exception management, which is essential to identifying, prioritising, allocating and auditing issues identified by reconciliations.

SmartStream's platform can be deployed and consumed through the cloud (as a microservice) on-site or via managed services.

SmartStream has been a provider of reconciliation solutions for over 20 years. It has more than 1,000 clients globally, including 75% of tier one banks and financial institutions. TLM RP is used across various businesses and for purposes spanning general ledger, treasury, nostro, securities services, payments, intersystem and static data reconciliations.

The latest version of TLM RP helps organisations reconcile any data for any reason. The upgrade includes a more flexible self-service user experience, comprehensive trend analysis for match rate optimisation and exception reduction, as well as model choices for each reconciliation.

Its matching engine and exception management capabilities help ensure any failed transactions are escalated, repaired and returned to the process flow. Other features include financial proofing and data analytics capabilities.

Robin Hasson, senior product manager, reconciliations, at SmartStream, says TLM RP can provide clients with complete transparency in the form of real-time visibility of operational status and risk. It can also increase automation of manual reconciliation processes, and provide tools that allow firms to build, test and gain insights.

TLM RP also incorporates emerging technologies, including artificial intelligence and machine learning. SmartStream has integrated Affinity, its machine learning matching service technology, to observe users' actions. Affinity establishes its own understanding of how records correlate and assists the user in reducing the time it takes to match complex datasets.

Affinity automatically predicts match groups based on historical user activity. For business lines and accounts with changing data patterns, it can learn from user matches, allowing the system to evolve the match outcomes without reviewing and managing the configuration.

Affinity can also remove dependencies on key person processing, as it uses machine learning to learn how the processing is performed.

Once the neural network is trained, Affinity acts as a virtual user to support businesses dealing with large amounts of data. The more it observes, the more efficient it becomes, thereby boosting matching rates.

Hasson says this reduces operational risk when users' access to systems can be impacted due to uncontrollable factors.

A major global financial institution currently using SmartStream's reconciliation onboarding service has experienced an improvement in auto-match rates over 97%, while the bank's exceptions have gone down by 67%.

Hasson says several major Asia-Pacific banks are taking advantage of the latest release of TLM RP and are moving from an established on-premise solution to a fully-managed service.

An international insurance firm uses the platform in a central shared service operation centre to manage the daily, automated matching of money transfers, delivering complete transparency, reporting and a control framework and audit trail.

A top-tier bank uses TLM RP to reconcile around 140 million transactions per month, processing data from over 40 systems, over 3,200 files and more than 1,100 reconciliations for various business lines. The firm was able to reduce system complexities, involving decommissioning third-party reconciliation tools, reducing cost and delivering an enterprise-wide control framework for the bank.

As open banking grows, data volumes increase, and new digital, challenger and disintermediation platforms enter the market, financial institutions are keen to increase automation and lower operating costs to better manage increased volumes and easily onboard new customers, all while optimising margin.

Aside from its traditional business, SmartStream sees a take-up among new players such as neo-banks, payment services providers and telecommunications firms.

In the past year, SmartStream has enhanced user independence through its user interface, TLM View, which enhanced productivity and insights for clients.

Looking ahead, Hasson says SmartStream will focus on user experience and make improvements across management reporting, administration and operational aspects of the user interface to ensure all user demographics are in control at all times.

SmartStream will also continue investing in modernising its technology and refreshing aspects of the architecture while protecting the breadth and depth of the capabilities its clients rely on.

Another area SmartStream looks to enhance is the onboarding process. Hasson says SmartStream will improve on the time-to-market characteristics of the product, to manage the growing demand to reconcile all types of information and data.

One *Asia Risk* judge commended SmartStream's concept of user independence. "This is the future. We need to think of no-code implementations of our work. There is a focus on data quality and data management," the judge said.