ASSET & WEALTH MANAGEMENT

Buy sides get strategic with SmartStream's technology

Buy sides are using SmartStream's award-winning TLM Reconciliations to integrate regional operations.

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The rise of Asia's insurance companies as pools of capital, at the same time that digitization is sweeping the industry, is prompting them to look at efficiencies at a regional or global level, not just country-by-country.

This makes them more like traditional fund management companies, which continue to pursue regional solutions to their transaction-processing needs.

Whatever the nature of the firm, asset managers are under mounting pressure to reduce costs and tighten efficiency. Whether the mandate is to beat a benchmark, deliver absolute returns, or match a liability, every last unit of operational performance counts.

This is not just about automation, but sharing services such as finance, reconciliations, and corporate actions acrBoss business units, while still meeting local client demands and regulatory requirements.

Flexible yet evergreen

A truly "evergreen" infrastructure includes improving interoperability and integration among systems (both internal and those connected to third parties), to use accurate business intelligence to sharpen operations, and to ensure they can handle increasingly complex types of data.

SmartStream's award-winning TLM Reconciliations Premium is uniquely designed to meet these demands. Recognized by the DigFin Innovation Awards 2021, TLM Reconciliations Premium is a single, highly scalable, and flexible reconciliations solution.

It incorporates industry best practice and provides enterprise-wide transaction management. TLM facilitates the consolidation of transactional silos and removes the need for point solutions at different stages of the reconciliations lifecycle. Capable of handling reconciliations of all type, the solution enables organizations to bring all reconciliations activities under one umbrella.

This is why SmartStream is already the leader in financial transaction management solutions, with more than 2,000 financial institutions relying on their TLM solutions to improve operational control, reduce costs, build new revenue streams, mitigate risk, and comply accurately with regulations.

A.I. advances

SmartStream continues to evolve its capabilities using the latest in A.I. and machine learning tools.

The introduction of new A.I. modules further reduces manual touch points, as well as improving data quality and insight. Affinity, SmartStream's latest machine learning technology, is embedded within TLM Reconciliations Premium. By observing the users' actions, Affinity establishes its own understanding of how records correlate, and it assists the user to significantly reduce the time it takes for matching complex data sets. 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, boosting matching rates.

TLM Reconciliations Premium is accessed via a hosted service or deployed on premise. The former option is particularly suitable for smaller buy-side institutions, as there is no software footprint to install, thus minimizing infrastructure costs.

Buy sides are increasing their use of managed services, meeting all best practice security guidelines. The managed service is already bringing significant benefits to clients. A major global financial institution, currently making use of SmartStream's reconciliation onboarding service, has experienced an improvement in auto-match rates in excess of 97 percent, while the bank's exceptions have gone down by 67 percent.

Even before COVID-19, large buy sides including insurance companies were adopting TLM Reconciliations Premium OnDemand to deliver a central processing hub that can be accessed by teams distributed regionally or globally.

With the advent of the pandemic, operations teams had to work from home. Clients had to be engaged remotely. Flows had to be transacted and processed with people out of the office.

Users of TLM Reconciliations experienced little disruption because the system was already geared to supporting remote work practices. SmartStream didn't predict such a crisis, of course, but it has been steadily improving its systems to meet customer demands.

Strategic partnerships

The company has a long history of serving asset managers, and incorporating their feedback and ideas into its evolving technology and service. Reconciliation has been a key part of that: the firm continues to pioneer uses of machine learning and other forms of artificial intelligence to reduce any manual touchpoint.

In summary, recent key enhancements to the solution include:

1. Enhanced user independence. Through TLM View, clients benefit from increased productivity and keener insights.

2. Integration of AI capabilities in TLM Reconciliations Premium for optimal efficiency. SmartStream connects deep domain knowledge with data scientists to build optimal value solutions.

3. Affinity, SmartStream's latest machine-learning technology, observes the users' actions and establishes its own understanding of how records correlate. It assists the user to significantly reduce the time it takes for matching complex data sets.

"While fund management companies have been longstanding adopters of SmartStream's reconciliation products and services, in Asia the growth of insurance companies is leading them to do the same," said Radha Pillay, head of APAC at SmartStream.

"Many big insurers have grown via federated models, with each market an island unto itself," he said. "The need for efficiency is prompting a rethink. Sales and distribution, as well as investment decisions, may remain local, but many aspects of operations can be shared across markets. Reconciliation of trades and payments is an obvious starting point."

Given SmartStream's capabilities in other areas of processing, it's no wonder that a growing number of large buy sides are finding SmartStream to be a strategic technology partner.