

SMARTSTREAM RESEARCH HIGHLIGHTS: 71% OF FIRMS INVEST IN REFERENCE DATA AND MANY INCREASE ALPHA GENERATION

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[SmartStream](#), the financial Transaction Lifecycle Management (TLM®) solutions provider, today unveiled the findings of a new survey conducted in collaboration with Acuiti Management Intelligence. The report titled 'The Future of Reference Data: From Compliance to Alpha', highlights the growing importance of reference data investments for financial firms and the strides being made in data standardisation and automation.

Participants were surveyed from across the derivatives market, including: hedge funds, proprietary trading firms, energy traders, bank and non-bank FCMs, and brokerages. The results reveal that in the last five years firms have made significant investments or changes in how their organisations manage and process reference data for trade data management, with automation emerging as the primary driver.

Key findings from the report:

- 71% of firms have invested in reference data during the last five years
- Standardising external data remains a significant challenge, cited by 46% of respondents
- 56% of respondents reported significant reductions in manual processes through automation, with notable improvements in reconciliations and trade workflows
- 24% of firms have fully automated their reconciliations systems, however this area continues to pose challenges despite recent technological advancements
- AI adoption is on the rise, with 25% of firms already leveraging AI or machine learning for data management, with 30% planning to integrate these technologies soon

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Linda Coffman, EVP SmartStream RDS, states: “Despite progress, challenges do persist, with fragmentation and complexity – when it comes to integrating data from multiple vendors and addressing the inconsistencies of external counterparties and exchanges. That said, the adoption of AI is transforming how reference data is utilised, driving more sophisticated applications across the trade lifecycle. This reflects a shift toward continuous investment in reference data, moving away from one-off major upgrades”.

“Reference data today has applications far outside the traditional use case of post-trade reconciliation,” says Ross Lancaster, Head of Research, Acuiti. “In today’s fast-moving market, firms are finding an edge and increasing the use cases for reference data to generate alpha and improve efficiency across the trade lifecycle”.

The report highlights an increasing trend towards AI and machine learning, with a quarter of firms actively leveraging these technologies for reference data management. While just under a third are planning to do so. AI adoption is still in its early stages, momentum is building for innovative applications of reference data. While initial costs and cautious approaches remain barriers, these are expected to diminish as adoption scales, unlocking broader use cases and efficiencies across the financial sector.

The findings point to an industry steadily advancing toward automation and AI-driven innovation, with firms recognising the critical role of reference data in achieving operational excellence and mitigating risk.