Revolutionizing Asset Management Operations: The role of AI and GenAI

Summary

Introduction

Artificial Intelligence or "AI" has seen remarkable growth in both understanding, feasibility, and direct application over the last several years with no signs of slowing down in 2025. AI is gaining interest within asset management operations to improve efficiency and increase scalability of processes. While operational leaders have become accustomed to navigating through challenging times, they are still not immune to the ever-changing industry landscape stemming from both market and macro-economic forces. Therefore, the successful implementation of AI in asset management operations will allow firms to overcome these forces, enhance productivity, and be at the forefront of a new wave of operational transformation.

Sia Partners, in collaboration with the Asset Management Group of the Securities Industry and Financial Markets Association ("SIFMA"), conducted a comprehensive study to identify operational processes / functions within asset management firms that could benefit significantly from AI. The study went on to identify how and which type of AI could potentially accelerate these processes. The journey began with a survey of 12 asset management firms. After analyzing the survey responses, operations managers were interviewed to assist with selecting the final operational processes that became the use cases for the study.

Our dedicated team of consultants meticulously analyzed each of these four use cases starting with an outline of the key operational lifecycle steps, identifying the key pain points, and deriving a complex understanding of the currently available AI ecosystem to help asset managers transform these processes. Alongside this research, not just AI, but Generative AI or "GenAI" rose as a key area of opportunity to solve the complex challenges that these processes uncovered. While traditional AI looks to make predictions based on existing data, GenAI, a form of AI, is designed to create new, original content based on similar patterns and data. The combination of these two forms of AI is crucial to not just conquer specific challenges, but also to revolutionize asset management operations moving forward.

Use case 1: Documentation Analysis and Processing

The ability to read, interpret and analyze documentation has been a strong use case for AI across many industries to date, and asset management is no different. Our team analyzed two key processes that involve handling diverse types and a large amount of documentation, namely, client onboarding and alternative investments new asset set up. Both processes include collecting and organizing documents, extracting, and entering data into systems, ensuring compliance with regulatory requirements, and storing and retrieving documents.

Specifically, during account onboarding and new asset set up, asset managers deal with a wide range of documents, including legal contracts, investment management agreements, financial statements, identification, and compliance forms, each requiring different handling methods. Most tasks are still manual, making them time-consuming and prone to errors, which increases the risk of incomplete or inaccurate data entry. Verifying the accuracy and integrity of customer-provided data is crucial, as any errors can lead to significant issues like failed trades or non-compliance with trade restrictions.

AI and GenAI can significantly alleviate the challenges asset managers face by automating and streamlining various tasks. Utilizing GenAI across a firm's documents allows efficient extraction from diverse documents, including unstructured and text-based ones, reduces manual data entry time and effort while also minimizing human errors to ensure data accuracy. Intelligent Document Processing (IDP) uses a sub-set of technologies such as Natural Language processing (NLP) and Optical Character Recognition (OCR) to categorize content appropriately, compared to the given standard, and identify discrepancies. Given that GenAI is built for understanding human language these advanced models can help asset managers not just across these two processes, but across the enterprise by accurately and efficiently reviewing documentation, maintaining accurate records, complying with regulations, and streamlining the decision-making process. This proper integration across the enterprise allows a seamless way to validate client-provided data against multiple sources.

Utilizing GenAI allows the efficient extraction of critical operational information from diverse documents, including unstructured and text-based ones, reduces manual data entry time and effort while also minimizing human errors to ensure data accuracy. To make a more significant leap beyond these technologies, asset managers should look to combine GenAI with current workflow technology to significantly accelerate operational processes that are dependent upon large and diverse sets of documentation. Combining any existing suite of platforms with a complex workflow tool, including the underlying AI and GenAI capabilities, maximizes the effectiveness and scope that document analysis and processing can have across the organization.

Increased Accuracy

Data Collection, Quality & Delivery

Reduced Time

Use case 2: Accounting Reconciliations for Alternative Investments

Reconciliation is a critical process within asset management, aimed at ensuring the accuracy and integrity of financial data by comparing and verifying the firm's internal records against those provided by external sources such as custodians, brokers, and banks. This process involves matching data across various categories (transactions, asset holdings, cash balances, investment valuations, and more) against third-party records to detect and rectify discrepancies. The reconciliation process ensures accuracy in financial reporting, as discrepancies, if left unchecked, can lead to misstatements that can have significant downstream effects and damage a firm's reputation. A proper reconciliation process also upholds regulatory compliance, as financial services firms must maintain precise records that reflect actual positions and cash flows.

The reconciliation process for alternative investments, for asset management firms has several challenges that can disrupt efficiency and introduce significant risks. The main challenge around reconciliations is the proper integration of complex data. Asset managers often receive data from multiple third-party sources that each may use different systems and have different policies on handling the data including timing and accounting standards. This lack of standardization necessitates manual adjustments and extensive data mapping, creating opportunities for errors and inconsistencies.

Additionally, inconsistent file formats add to the complexity, so a proper document processing AI/GenAI solution combined with the tool's ability to integrate throughout the reconciliation process can alleviate the manual and slow process needed to validate any data breaks.

AI can transform asset management reconciliation in a variety of ways. First, it can identify potential causes of breaks, by quickly analyzing the various data sources and detecting patterns with mismatches, which in turn speeds up the break resolution process. After identification, it can continue to learn and evaluate these breaks, which can be used to implement process improvements resulting in fewer breaks over time. Next, GenAI can be used to create key performance metric reports that share valuable insights to have productive dialogue with other departments and third-party service providers. AI enables firms to leverage advanced learning, so the solution can begin to predict where future breaks may arise. This not only speeds up reconciliation but also supports compliance by catching irregularities early. With fewer upstream processing errors and faster reconciliations, AI creates a more efficient, compliant, and agile reconciliation process, allowing asset management firms to operate more effectively in today's fast-paced environment.

Automated Analysis

Break Identification

Improved Processing

Break Prediction

Use case 3 :
Corporate Actions

The corporate action process involves notifying stakeholders of events impacting securities and portfolios, including mandatory actions (such as dividends and stock splits) and voluntary actions (such as tender offers or rights issues). For asset managers, it is crucial to ensure that client portfolios are accurately adjusted based on the type of event and its impact on the designated security. Each event must go through proper due diligence to understand what the decision options are, their respective impact, and efficiently communicate the decision-making options and process with clients.

Corporate action processing poses significant challenges due to high volumes, complex data, and the lack of standardization across the industry. Over 3.7 million corporate action announcements occur annually with over 46% of this event data being processed manually: proving to be a significant area of smart automation[1].

With the industry's transition to T+1 settlement cycles, the need for streamlined, automated solutions has become even more critical, especially to counteract other obstacles in the process like data extraction from unstandardized announcements, timely stakeholder communication, decision processing, and data reconciliation. Being able to streamline this process will not only assist the thousands of different parties involved in the process, but also alleviate some of the $3-5 million in costs to run these corporate actions annually[2].

The corporate actions lifecycle is inherently complex, involving multiple stages that demand precision and coordination. It begins with the initial announcement, where a lack of standardization across sources complicates identifying relevant events and critical data, especially when global event data requires translation. Data validation is essential; asset managers must ensure consistency and accuracy by cross-referencing the same corporate action event across multiple sources. Even minor errors can trigger compliance and financial risks. Asset managers must communicate event details accurately and timely to clients and stakeholders, enabling sound decision-making. Finally, they process elections and execute trades to reflect client decisions, adding operational complexity and risk, particularly when reliant on manual data mapping and reconciliation processes.

These challenges can be remediated by instituting proper AI and GenAI processes. IDP is able to process unstructured data from various sources, like regulatory filings and international documents and convert them into ready-to-use formats, including extracting relevant data. This allows firms to be able to efficiently monitor and summarize corporate action notices. As asset managers may receive multiple notices for the same corporate action, GenAI can compare multiple notices and highlight these differences, including from any subsequent amendments that come across after the initial processing. Finally, AI and GenAI, in conjunction with a proper workflow tool, can significantly reduce the manual efforts required to process a corporate action and communicate it out to internal and external stakeholders. Collectively, these tools can dramatically revolutionize the corporate action process today.

Event Type Mastering

Data Validation

Effective Decisioning & Processing

Event Monitoring

[1] Agent-Interaction-WP-2023-Final.pdf
[2] Big Financial Institutions Solve A $3.1 Trillion Problem with AI And Blockchain

Use case 4:
Data Vizualization
Quality & Predictions

An underlying theme across these use cases has been the availability and interpretation of data. Universally, quick access to data is critical to perform daily functions, analyze past trends, identify risks, and make educated predictions on future events and asset decisions. This is even more important in asset management where data moves instantaneously and the ability to access, structure, visualize, and predict based off the data becomes paramount.

Via a simple prompt, GenAI can provide data visualizations and reports automatically, speeding up insights and enhancing decision-making. Technical and non-technical teams alike can benefit from implementing GenAI as technical teams can utilize tools to automatically create adaptable and customizable visualization scripts. On the other hand, non-technical teams can quickly produce the visual insights they need with minimal hand-holding and self-service capabilities. Not only can GenAI touch stakeholders from your front to back office, but also provide effective scaling across extremely large datasets that prioritize speed and automation.

GenAI applications and programs can help improve the accuracy, consistency, and usability of data. These programs provide solutions to unlabeled or redundant data by proposing accurate solutions, normalizing inconsistencies, and eliminating erroneous outliers. Proper workflows should be established that alert teams when GenAI detects these abnormalities or inconsistencies, allowing for greater data monitoring capabilities and data control. With this detection system, all users of data can cleanly view and customize their "golden" datasets.

A key differentiator to asset managers is not only how to have access to clean data, but how to efficiently make predictions based on their historical data and trends. GenAI takes this estimation to the next level by implementing prediction models that require minimal support and will continue to learn based on the data fed into the program. To be able to have a prediction model, users must first clarify the problem statement, including forecasting targets and success metrics, and set up the right parameters and models to be able to execute on the desired criteria. Once set up, the GenAI tool will automatically optimize performance through both experimentation and limited manual review. The ability to better forecast cash flows, liquidity requirements, operational risks and more allow these asset managers to mitigate future risk and enhance decision making.

**Optimized
Performance**

**Surfacing
Insights**

**Predictive
Decision
Making**

**Issue
Detection
& Prevention**

How can Sia Partners Help?

Strategy

- Identifying and defining AI/GenAI goals.
- Finding the best AI/GenAI software based on company goals.
- Evaluating current-state capabilities and implementation efforts.
- Defining a Target Operating Model and Roadmap to reach the desired maturity level on the GenAI journey.
- Defining key AI/GenAI roles and responsibilities.

Use Cases

- Identifying and prioritizing the right use cases for the initial Go Live and beyond.
- Testing use cases and challenging AI/GenAI outputs.
- Developing metrics to calculate ROI on the GenAI roll out.
- Creating dashboard reporting for end users.

Risk & Controls

- Establishing risk governance framework over the AI/GenAI solutions.
- Creating data governance policies, procedures, and ethics.
- Addressing data privacy considerations.

Data

- Identifying data sets for each use case.
- Enhancing data collection process infrastructure.
- Testing and maintaining data quality.

Automation

- Exploring key automation opportunities.
- Designing, testing, and implementing new automations.

AI/GenAI Roll Out

- Preparing program governance and project management.
- Building AI and GenAI solutions
- Coordinating the implementation with internal stakeholders.
- Serve as subject matter experts when defining and testing use cases.
- Drafting procedures and training materials.
- Training new users on how to best use AI/GenAI.
- Testing use cases.
- Defining and executing change management.
- Planning, preparing, and supporting AI/GenAI Go Live.
- Post Go Live support and stabilization.
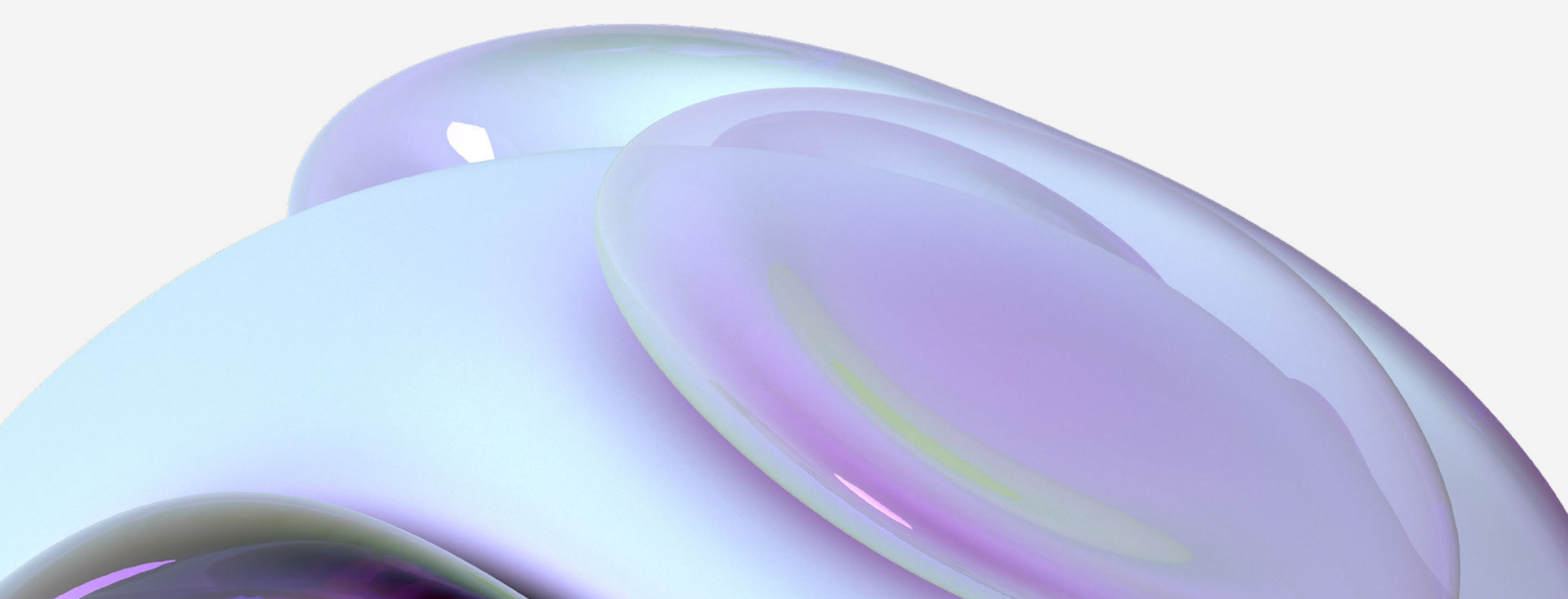
Closing Thoughts

While adapting to technological changes is not new for asset managers, the increasing prominence of AI and GenAI makes it essential to be at the forefront of the asset management industry. Our study analyzed four key use cases when, of course, AI and GenAI's applicability can expand well beyond. Although these technologies are available today, firms must first establish the right strategy prior to implementing them across these use cases or the entire enterprise.

With these four use cases, asset managers can take the first step to implementing AI and GenAI today. It is imperative that firms capture the essence of what is possible with AI and GenAI and use it not to replace, but elevate, the efficiency of resources and processes alike. However, organizations must first vet use cases for these technologies and establish concrete problem statements. Coinciding with this evaluation, it is key to understand current lifecycle process flows. This is an instrumental step to fully understand when and where in the lifecycle requires a solution and just as important, which type of GenAI or AI solution is best suited to solve the challenge. Once this evaluation is conducted, instituting proper workflow integration and alignment across the enterprise will ensure that asset managers are prepared to take on this next evolutionary step of business.

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Sia Partners

Sia Partners is a next-generation management consulting firm. We offer a unique blend of AI and design capabilities, augmenting traditional consulting to deliver superior value to our clients. With expertise in more than 30 sectors and services, we optimize client projects worldwide. Through our Consulting for Good approach, we strive for next-level impact by developing innovative CSR solutions for our clients, making sustainability a lever for profitable transformation.

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