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Smartstream Research Reveals Five Realities Redefining Buy-Side Reconciliations

WHY THIS MATTERS: The core significance of this research lies in framing post-trade operations as a systemic risk point rather than a routine compliance task. The industry's shift to compressed settlement cycles, specifically T+1, exposes a critical vulnerability: the deep-seated reliance on outdated, end-of-day batch reconciliation. With three-quarters of the buy-side still operating in this manual, retrospective mode, the ability to manage complex multi-asset positions and meet strict regulatory reporting deadlines is severely compromised. This reliance on external data from custodians and brokers, coupled with fragmented oversight models, means firms are perpetually playing catch-up. This is not just an efficiency issue; it is a fundamental breakdown of control that directly impacts net asset value (NAV) accuracy and liquidity decisions. For asset managers, transforming operational resilience is now a competitive mandate, requiring an immediate move to real-time, AI-driven reconciliation to establish an 'always-on' control layer.

Smartstream, the trusted data solutions provider for leading global financial institutions and enterprises, today announces new findings from its latest industry research report, *Smart Reconciliations: The Buy-Side Perspective*, highlighting the structural shifts transforming reconciliation, control, and operational confidence across buy-side firms.

Based on insights gathered from a roundtable of senior operations leaders across asset management and investment firms, the report identifies five critical realities reshaping reconciliation strategies. Despite widespread awareness of rising operational risk, many firms remain constrained by fragmented, reactive, and legacy-driven models.

Buy-side reconciliations is undergoing a fundamental transformation driven by multi-asset expansion, compressed settlement cycles such as T+1, increasing regulatory scrutiny, and growing reliance on third-party providers. These forces are exposing the limitations of traditional batch-based approaches.

The research reveals that over 70% of buy-side firms rely primarily on end-of-day reconciliation, while 53% cite timing differences and data mismatches as the leading causes of breaks. Data quality and availability remain the single largest barriers to achieving effective intraday control.