



## Smartstream: buy-side aligning reconciliations as “always-on” control layer

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- Over 70% of firms still rely primarily on end-of-day reconciliation, while 53% cite timing differences and data mismatches as the leading causes of breaks.
- 59% of participants identified external data dependencies as the primary risk, while 47% highlighted internal inconsistencies. And 41% struggle with incomplete or insufficiently enriched data.
- 69% describe their T+1 model as partially adapted and still evolving. Whilst 41% say T+1 has made data quality a critical priority.

Smartstream detailed new findings from its latest industry research report, *Smart Reconciliations: The Buy-Side Perspective*, highlighting 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.

The five realities shaping buy-side reconciliations:

1. Data integrity risk extends beyond the enterprise

Firms face their greatest data challenges across a complex ecosystem of custodians, brokers, and administrators. 59% of participants identified external data dependencies as the primary risk, while 47% highlighted internal inconsistencies. Incomplete and insufficiently enriched data continues to compound reconciliations pressure, directly impacting liquidity decisions, NAV accuracy, regulatory reporting, and client confidence.

2. T+1 settlement is a systemic stress test

The move to T+1 has transformed reconciliations into a time-critical control function. While 69% of banks report partially adapted models, significant gaps remain in intraday visibility and exception resolution. The result is increased operational risk, particularly in funding and liquidity management.

3. Batch reconciliations is no longer sufficient

Traditional batch processes are increasingly misaligned with today's transaction complexity and settlement velocity. Only 18% of firms operate near real-time or intraday controls, leaving the majority exposed to late-stage risk and compressed remediation windows. And 53% report rising data mismatches.

4. Third-party oversight remains fragmented

As reliance on external providers grows, accountability and visibility are becoming more opaque. 44% of firms report no significant evolution in oversight models, while data consistency across parties remains the dominant challenge. Leading firms are moving toward independent validation frameworks with full auditability and governance.

5. Efficiency gains depend on data, automation, and AI

Automation is emerging as the primary driver of efficiency, with 62% of firms prioritising a single source of truth. However, sustainable transformation requires more than layering automation onto legacy systems. Firms must first consolidate, normalise, and enrich data to unlock the full value of AI-driven reconciliation and workflow optimisation.

The report highlights a clear shift in leading firms toward repositioning reconciliations as an 'always-on' control layer rather than a retrospective, end-of-day checkpoint. This approach enables earlier risk detection, faster decision-making, and stronger operational resilience.

Robin Hasson, product management at Smartstream, said in a statement: "As buy-side firms navigate increasing complexity and tighter timelines, the ability to establish trusted data foundations and real-time control frameworks is becoming a competitive differentiator. Our report highlights the urgent need for firms to modernise reconciliation strategies to meet the demands of a rapidly evolving financial landscape."