

Smart Reconciliations The buy-side perspective



The five realities redefining reconciliation,
control, and operational confidence.

What is changing in the buy-side reconciliation today?

Buy-side reconciliation is undergoing a structural shift

A decade of multi asset growth, Compressed settlement cycles, heightened regulatory expectations, increasing data volumes, and growing reliance on third party providers are exposing the limits of traditional, batch driven and operating models.

To understand how buy-side firms are responding, Smartstream convened an industry roundtable with operations leaders across asset management and investment firms. The findings highlight a clear pattern: while awareness of risk is high, many reconciliation models remain fragmented, reactive, and constrained by legacy approaches.

Key findings at a glance

Over **70%** of participants still rely primarily on end of day reconciliation

53% cite timing differences and data mismatches as the most common sources of reconciliation breaks.

Data quality and availability are the single biggest barriers to intraday control

70%+

Batch driven reconciliation remains the primary model

53%

Rising **timing differences** and **data mismatches**

Data
quality and availability
are the single biggest barriers to intraday control

This report distils the insights into **five realities shaping buy-side reconciliation** today and outlines how leading firms are beginning to respond.



Reality

#1

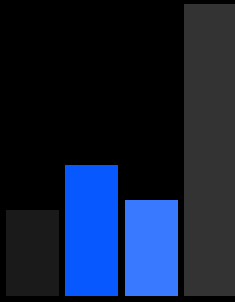


Where do buy-side firms face the biggest data integrity risks today?

The summary

Buy-side firms face their greatest data integrity risks not only internally, but across an extended ecosystem of custodians, brokers, and administrators where inconsistent formats, delayed delivery, and incomplete enrichment create compounding reconciliation pressure.

Poll insights



59%

cite external data dependencies as **primary integrity risk**

59% cite external data dependencies (custodians, brokers, administrators) as the biggest data integrity risk

47% highlight front to back internal inconsistencies

41% struggle with incomplete or insufficiently enriched data

47%

highlight front-to-back **internal data inconsistencies**

41%

struggle with Insufficient **data quality and enrichment**

Buy-side reality

Data risk no longer resides solely within internal systems. Buy-side firms depend on third parties for positions, cash, valuations, lifecycle events, and regulatory inputs. Each dependency introduces latency, opacity, and variance that traditional reconciliation processes were not designed to absorb. Legacy approaches, optimized for contained environments, often force teams into manual remediation when data arrives late, incomplete, or misaligned driving cost without improving control.

Why this matters now

Poor data integrity directly impacts:

- Funding and liquidity decisions
- NAV accuracy and governance
- Regulatory reporting defensibility
- Client confidence

Leading firms are shifting reconciliation **earlier in the data lifecycle**, prioritising upfront normalisation and enrichment rather than downstream break repair.



Reality

#2

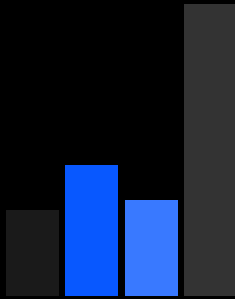


Why has T+1 settlement exposed weaknesses in operating models?

The summary

T+1 has shifted reconciliation from a back office safety net to a **time critical control function**, exposing gaps in data readiness, intraday visibility, and exception resolution speed. In effect, T+1 has acted as a **stress test** for existing operating models, highlighting where greater confidence in intraday data and controls is now essential.

Poll insights



say T+1 has made data quality a critical priority

41%

69% describe their T+1 model as partially adapted and still evolving

41% say T+1 has made data quality a critical priority

38% identify funding and liquidity management as the most impacted area

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38%

identify funding and liquidity management as the most impacted area

Buy-side reality

T+1 is not simply a change in settlement timing; but is a systemic stress test.

While many firms have implemented tactical process changes, few have redesigned reconciliation as a continuous, intraday capability.

Instead, compressed timelines amplify reliance on manual oversight, concentrating operational risk on already stretched teams.

What T+1 exposes

- Limited intraday visibility into cash and funding positions
- Exception resolution timelines misaligned with settlement deadlines
- Increased operational risk and escalation pressure

Forward looking firms are reframing reconciliation as an 'always on' control layer, rather than an end of day checkpoint.



Reality #3

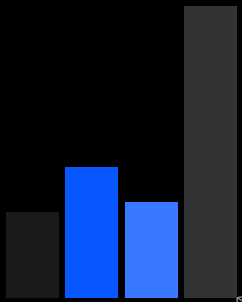


Why is batch reconciliation no longer sufficient for buy-side firms?

The summary

Batch reconciliation reveals issues too late in the process, increasing exception volume, manual effort, and risk particularly as transaction complexity and settlement velocity increase.

Poll insights

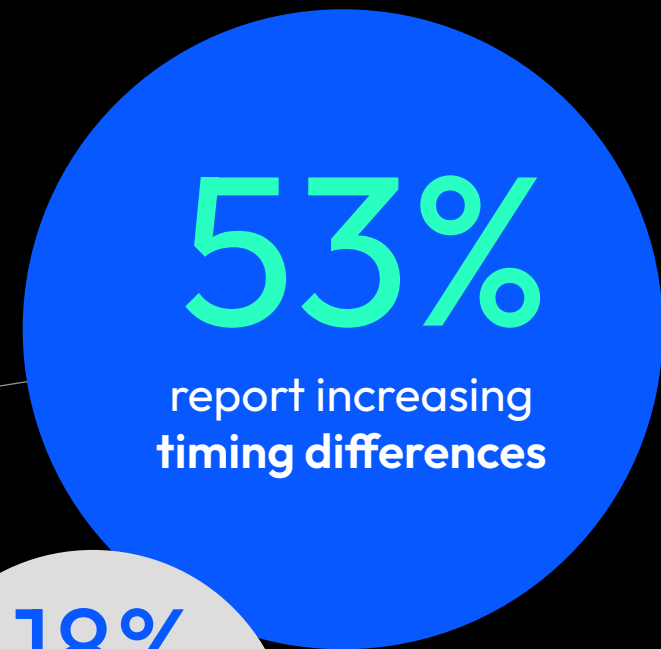
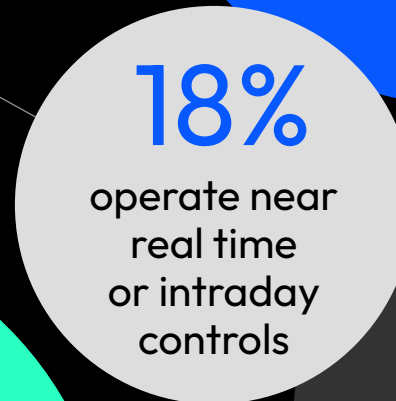
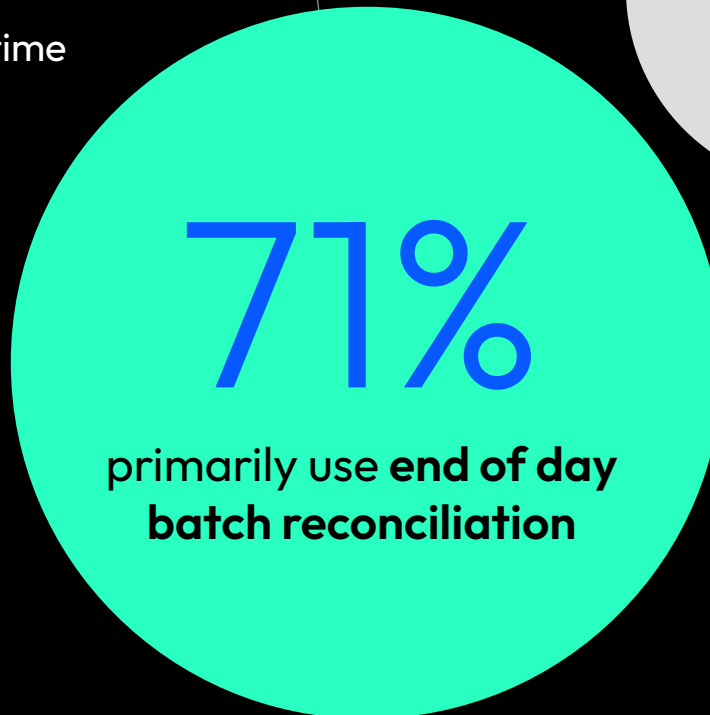


71% primarily use end of day batch reconciliation

Only 18% operate near real time or intraday controls

53% report increasing timing differences

53% report rising data mismatches



Buy-side reality

Batch reconciliation now hinges on data trust

Batch models were effective when settlement cycles were forgiving and portfolios less complex. Today, they create blind spots, surfacing problems only after intervention windows have narrowed or closed entirely.

Batch reconciliation was designed for an era of longer settlement cycles and lower complexity. In a T+1 environment, it remains workable—but only where data quality is consistently high. Without early confidence in data, batch processes expose teams to late stage risk and shrinking remediation windows.

At the same time, exceptions are becoming more complex driven by:

- **Multi leg transactions**
- **Cross asset portfolios**
- **Increased dependency on multiple counterparties**

The result is rising operational effort without proportional gains in control.

For many buy-side firms, batch reconciliation remains viable, particularly where transaction volumes are manageable.

But success in a T+1 environment depends on **exceptionally high confidence in data quality**. Where data cannot be trusted earlier in the day, batch models become fragile rather than resilient.

As a result, leading firms are prioritising high risk, **high value reconciliations** for intraday automation, rather than pursuing real time coverage everywhere, while maintaining operational efficiency to remain competitive.



Reality

#4

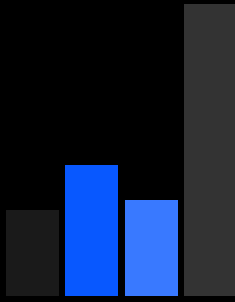


How effectively are buy-side firms managing third party providers?

The summary

Despite growing dependency on external providers, many buy-side firms still lack independent, timely, and auditable oversight leaving accountability fragmented and risk opaque.

Poll insights



44%

report no major change in third party oversight

Most buy-side firms have yet to rethink third party oversight models

Cross party data consistency is the dominant pain point

Visibility and timeliness remain key gaps

38%

identify data consistency across parties as the biggest challenge

25%

cite transparency and timeliness gaps

Buy-side reality

As reconciliation responsibility extends across custodians, brokers, and administrators, ownership becomes blurred.

Many firms rely on third parties to detect, explain, and resolve breaks, often after critical deadlines have passed.

This introduces:

- Reduced control over critical records
- Increased operational and regulatory exposure
- Audit and evidencing challenges

More mature models establish **independent validation**, with governed workflows and full lineage, without duplicating operational effort.

Selection of vendors is key. Several participants noted that, despite outsourcing to administrators, internal teams still perform additional validation. This reflects a growing focus on trust, SLA delivery, and provider accountability, where firms want partners that can be relied upon without continuous manual verification



Reality

#5

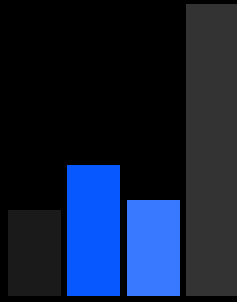


Where are the biggest efficiency gains in buy-side reconciliation?

The summary

Sustainable efficiency gains are increasingly driven by improved data quality, automation, and the ability to operate from a trusted single source of truth. AI plays a growing role in enabling this shift, particularly in data enrichment, exception handling, and workflow optimisation.

Poll insights



Automation emerges as the primary lever for buy-side efficiency

A **single source of truth** is seen as foundational to operational improvement

62%

identify **automation** as the biggest efficiency opportunity

62%

prioritise establishing a **single source of truth**

Demand for

real time visibility

is being driven by operations and the front office

Buy-side reality

Many firms attempt to modernise by layering automation on top of fragmented data and legacy processes, limiting returns and increasing complexity.

Sustainable efficiency requires:

- Consolidating data first
- Normalising and enriching before matching
- Governing exceptions, not multiplying them

Reconciliation is being repositioned as a **strategic control layer**, enabling faster decision making, stronger oversight, and greater operational resilience.

At the heart of this shift is a **single source of truth**: trusted, high quality data integrated across the enterprise, powering efficiency at scale and accelerating the adoption of AI enabled services and agentic workflows.

From reconciliation as cost → to reconciliation as confidence

Modern reconciliation is no longer just about matching records. It is about trust, timeliness, and defensibility in an environment where delays and inconsistencies carry immediate financial and regulatory consequences.

The buy-side industry
is clearly in transition:

aware of the risks,
constrained by legacy models,
and actively seeking a more resilient
operating paradigm

Smart Reconciliations Powered by Agentic Intelligence

Buy-side firms face extreme data fragmentation, making accuracy and auditability essential.

Smart Reconciliations provides a single intelligent control layer that unifies data and workflows turning reconciliation into a strategic source.

300+

Smart Reconciliations clients

30+ yrs

leading the market

1bn+

monthly SaaS transactions

RedDot
AWARD

1st ever financial app

Keep ownership via
on-premise/local install

Reduce TCO via
on-demand hosting (SaaS)

Use our best-in-class
fully managed service (BPaaS)

From data to decision



1. CONNECT

Ingests any source and normalises data instantly

2. PREPARE

AI detects anomalies, enriches context, and recommends rules for clean matching

3. MATCH AT SCALE

Enterprise-scale matching across all asset classes and volumes

4. RESOLVE

Smart Agents autonomously investigate and action low-risk breaks

5. GOVERN

Audited, policy-aligned workflows with human oversight

6. IMPROVE

Real-time analytics expose root causes and drive continuous optimisation

Use cases designed for real-world complexity

Purpose-built intelligence for the reconciliation challenges that define buy-side operations.



Cash Control

Reconciles cash across custodians and internal ledgers for accurate intraday balances and confident funding decisions.



Trade Break Resolution

Compares OMS/EMS data with broker executions to identify and resolve breaks earlier and reduce settlement risk.



Positions & Holdings Alignment

Aligns IBOR with custodian data to provide accurate exposure and position views, reducing breaks and NAV risk.



NAV / General Ledger Integrity

Validates internal records against fund administrators, ensuring consistent valuations, fees, and pricing data.



Regulatory Reporting Assurance

Delivers consistent, auditable data for EMIR, UCITS, AIFMD, MiFID II and related regimes with full lineage and control.



Collateral Control

Aligns exposures with counterparty records to centralise margin calls, improve eligibility checks, and reduce regulatory risk.





Helping buy-side firms thrive in these changing realities



See Smart Reconciliations in action within your workflows.

Register your interest for a tailored demo today.

Contact

smart.stream/connect

Smartstream provides a unified, AI enabled reconciliation and control platform purpose built for buy-side complexity, enabling firms to move from reactive batch processing to proactive, defensible operational control.

About Smartstream

For more information visit:
smart.stream

Smartstream unlocks trusted, intelligent data insights – clearly, consistently, and without compromise.

Empowering leading global financial institutions and enterprises with innovative solutions that deliver accurate, timely data insights to streamline operations, reduce costs, and meet regulatory demands with confidence.

By harnessing data at the core of customer operations, Smartstream drives smarter, faster outcomes across reconciliations, liquidity, collateral, corporate actions, fees, and reference data solutions.