Unlocking operational excellence in fund administration through AI

A survey of fund administrators in private markets, conducted by Pascal Hernalsteen for Accelex and FactSet

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Content

The author

With over 30 years of experience across Luxembourg and the USA, Pascal is an independent consultant specializing in private capital asset servicing.

He has conducted RFPs for private capital funds and led in-depth market research initiatives, including competitive landscape analyses, client satisfaction surveys, and operational efficiency assessments.

Pascal Hernalsteen

Additionally, he developed transatlantic go-to-market strategies, enabling US players to enter Europe and vice versa.

Previously, he served as Managing Director of Standish Management Luxembourg and Regional Director for Europe at Standish Management LLC, where he integrated a newly acquired entity, coordinated AIFM and Depositary license applications, and expanded the firm's European footprint.

At CACEIS, he held leadership roles, culminating as Head of Private Capital Luxembourg. He also coordinated international entities in the USA, Hong Kong, and Ireland, and served as Group Head of Hedge Funds.

Approved by CSSF as a conducting officer on multiple occasions, he has served as a board member for both service providers and clients.

The survey

Participating firms represent

$13Tn Assets under Administration

53,000 Employees

16 Executives interviewed

Participants represent a cross-section of the industry

Small firms

Up to 100bn AuA

Medium firms

100bn to 1Tn AuA

Large firms

Over 1Tn AuA

Introduction

Over the past decade, the fund administration industry has undergone significant transformations, driven by globalization, consolidation, pressure on fees, cost reductions and shifting economic dynamics.

However, these changes have also introduced new challenges that require innovative solutions to ensure sustainable growth and competitiveness.

With this in mind, Accelex collaborated with FactSet to undertake a research initiative to explore the current state of the private capital asset servicing sector, identify critical pain points, and assess how service providers are responding to industry challenges.

Central to this investigation is the role of emerging technologies — particularly artificial intelligence (AI)— as a strategic lever to enhance operational efficiency, improve data quality, and meet the evolving needs of clients.

To gather insights, we conducted in-depth interviews with **senior executives from 16 leading private capital asset servicing firms**. These firms collectively oversee more than **$13 trillion in assets under administration** (AUA) and **employ over 53,000 professionals** worldwide.

The participants represented a cross-section of the industry, including **large, medium, and small service providers**.
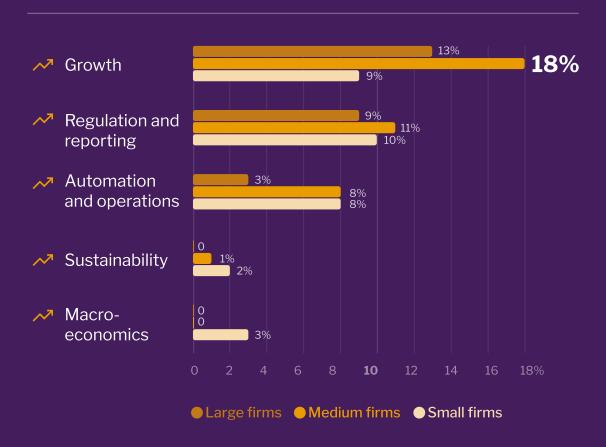
Our work aims to guide industry stakeholders in navigating a rapidly evolving landscape, where strategic adaptation and technological innovation are critical to sustaining competitive advantage.

Pascal Hernalsteen,
Luxembourg 2024

Market trends and expectations

"*What are the top market trends affecting the strategic direction of your business today?*"

Top three market trends affecting fund administrators

Trend	Large firms	Medium firms	Small firms
Growth	13%	**18%**	9%
Regulation and reporting	9%	11%	10%
Automation and operations	3%	8%	8%
Sustainability	0	1%	2%
Macro-economics	0	0	3%

0   2   4   6   8   **10**   12   14   16   18%

● Large firms   ● Medium firms   ○ Small firms

1. The growth of private markets

1.1. Retail investors

The inclusion of retail investors in private markets is reshaping the industry's scale and operational requirements. Unlike institutional investors, retail participants typically invest in smaller ticket sizes but in far greater numbers, significantly increasing the volume and complexity of data that fund administrators must handle.

Implications:

Data volume

Administrators must manage and process a significantly higher volume of transactions and investor records. This requires scalable data management systems that can accommodate hundreds, or even thousands of smaller investments.

Customization and reporting

Retail investors demand more frequent and detailed reporting, often requiring customization to meet varying levels of financial literacy and preferences.

Operational scalability

Processes like onboarding, AML/KYC compliance, and capital calls must scale efficiently without compromising on accuracy or speed.

Regulatory Compliance

As retail participation grows, regulations aimed at protecting smaller investors are likely to become more stringent, adding further operational complexity.

1.2. Private credit

Private credit is rapidly becoming a dominant segment within private markets, driven by demand for alternative lending solutions and the search for higher yields. This growth is, in part, a response to the increasingly regulated banking credit market, which has constrained traditional lending avenues and created opportunities for private credit providers. However, this growth introduces unique data and operational challenges far more complex than those encountered in traditional private equity or real estate investments. Implications include:

Regulatory shift as a driver

Stricter regulations on banking credit markets, including capital adequacy requirements under Basel III and Basel IV, have limited banks' ability to lend, particularly for riskier or non-standard credit needs. Private credit funds have stepped in to fill this gap, offering bespoke lending solutions that appeal to borrowers excluded from traditional channels.

Complex data structures

Private credit involves sophisticated terms such as covenants, multi-tiered loan tranches, floating interest rates, and bespoke repayment schedules, all of which require meticulous tracking and reporting.

Dynamic data updates

Loan-level data must be updated frequently to reflect real-time changes in interest rates, borrower creditworthiness, and covenant compliance.

Increased transparency requirements

As the private credit market expands, regulators are imposing stricter reporting and risk management standards to ensure market stability.

Administrators must be equipped to handle detailed disclosures on loan performance, risk exposures, and portfolio diversification.

Technological integration

Advanced platforms are necessary to consolidate, analyse, and report on these complex datasets, ensuring both operational efficiency and compliance with regulatory requirements.

1.3. Outsized growth for medium sized firms

The outsized growth of medium-sized firms, as highlighted in the chart, is indicative of a broader trend within private markets. These firms are carving out a competitive niche, offering tailored services that appeal to both institutional and retail clients, while avoiding the scalability and complexity challenges faced by larger firms.

Nimbleness and specialization

Medium firms are often better positioned to specialize in niche strategies, such as mid-market private equity, infrastructure, or specific geographic regions. Their focused expertise allows them to deliver higher perceived value to clients.

Scalability advantage

Medium firms can adapt their operations more efficiently than larger firms, leveraging technology and partnerships to expand their offerings without overextending resources.

Appeal to investors

These firms strike a balance between the boutique attention of small firms and the broad capabilities of large institutions, making them particularly attractive to mid-sized institutional investors and high-net-worth individuals.

Challenges ahead

As they grow, medium firms will face the challenge of scaling operations while maintaining quality and responsiveness, particularly in the face of increasing regulatory demands and technological advancements.

2. Increased reporting and regulatory requirements

Our research reveals that regulation and reporting were the second biggest priority for fund administrators, reflecting the critical importance of data accessibility in their operations.

Investment management operates at a pace that necessitates immediate access to accurate and comprehensive data. Clients require real-time reporting to make informed investment decisions, manage risks effectively, and capitalize on market opportunities.

Traditional periodic reporting is no longer sufficient in an environment where delays can result in missed opportunities and suboptimal decision-making.

This demand for real-time or near-real-time data is driven by several factors:

Regulatory compliance

Regulations increasingly require more frequent and detailed reporting, necessitating robust data management capabilities.

Compliance deadlines are often tight, and penalties for late or inaccurate reporting can be severe, including fines and reputational damage.

Risk management

In a fast-paced financial environment, the ability to access and analyse up-to-date information allows organizations to identify potential risks and respond proactively. Timely data ensures that decision-makers are equipped with the most accurate information possible.

This not only helps in mitigating risks but also in meeting the stringent expectations of regulators and investors who prioritize transparency and accountability.

LP's expectations

LPs demand transparency and timely information about their investments, putting pressure on asset managers and, by extension, their fund administrators. Enhanced reporting capabilities can be a competitive advantage in attracting and retaining LPs, as it demonstrates a commitment to transparency and accountability.

LPs are also seeking customized reports that cater to their specific information needs. Clients operating across different time zones require consistent and immediate access to data, further emphasizing the need for real-time reporting capabilities.

However, many fund administrators struggle to meet these demands due to inherent challenges in data acquisition, processing, and dissemination.

The reliance on manual data handling processes and outdated systems contributes to delays, errors, and a lack of real-time visibility—factors that are increasingly unacceptable in today's fast-paced market.

3. Process automation, operational efficiency, technology

3.1. Process automation

Automation is a key trend in private capital asset servicing, because it addresses the twin pressures of rising operational complexity and fee compression. By streamlining repetitive tasks, automation enables firms to scale efficiently while meeting client demands for speed and quality.

By automating repetitive tasks such as data entry, reconciliation, and basic reporting, firms aim to reduce human error, speed up processes, and lower operational costs. However, the effectiveness of automation hinges on the quality of the input data—a common challenge fund administrators face.

Data quality as a prerequisite: Automation can only function effectively if the input data is accurate, structured, and timely. Many fund administrators grapple with unstructured and inconsistent data sources, such as fund manager reports and other financial documents delivered through disparate systems, which significantly limit the potential benefits of automation.

Without qualitative input data, automation risks producing inaccurate outputs, compounding existing challenges rather than resolving them.

Shift toward high-value tasks

Automation enables skilled professionals to focus on complex, high-value tasks like client advisory and strategic planning, enhancing service quality and responsiveness.

Data dependency

Automation's success hinges on data quality. Poorly managed or inaccurate data can render automated processes ineffective or introduce new errors, emphasizing the need for robust data governance.

Increased reliance on technology

As firms automate more processes, they become increasingly dependent on technology platforms. This reliance necessitates ongoing investments in IT infrastructure and cybersecurity to ensure resilience and scalability.

Standardization vs. Customization

While automation thrives in standardized workflows, it struggles with highly customized client needs, potentially creating gaps in service delivery for niche or complex requirements.

3.2. Fee reductions

Fee compression has been a persistent theme in private capital asset servicing, driven by client demands for cost-efficient solutions. However, while reducing fees remains a priority for providers, its **significance as a client differentiator is diminishing.**

Quality over price

Clients are increasingly prioritizing responsiveness and quality – as defined by timeliness and accuracy – over cost savings. Previous survey data indicates that many clients are willing to pay a premium for superior service, reducing the emphasis on fee competition.

Potential risks of cost-cutting

Aggressive cost-cutting measures, such as offshoring or reducing staff levels, can undermine service quality. This creates a paradox where cost reduction strategies may ultimately lead to client dissatisfaction and higher churn rates.

Technology as a cost lever

Investments in automation and AI offer a more sustainable path to cost reduction, enabling firms to optimize workflows without compromising service quality.

3.3. Scalability

Scalability has become a critical objective for fund administrators as they navigate the demands of a growing private markets sector and an increasingly diverse client base. Achieving scalability requires balancing operational efficiency with the ability to maintain service quality.

Scaling operations often highlights talent shortages, especially for skilled client-facing roles. Firms must invest in training and retention strategies to ensure that their workforce can grow in parallel with operational demands.

Operational agility

Scalable operations allow firms to handle fluctuating workloads and growing client volumes without significant increases in headcount.

This will be particularly crucial in retail-focused private markets, where transaction volumes are higher but investment sizes are smaller.

Technology-driven scalability
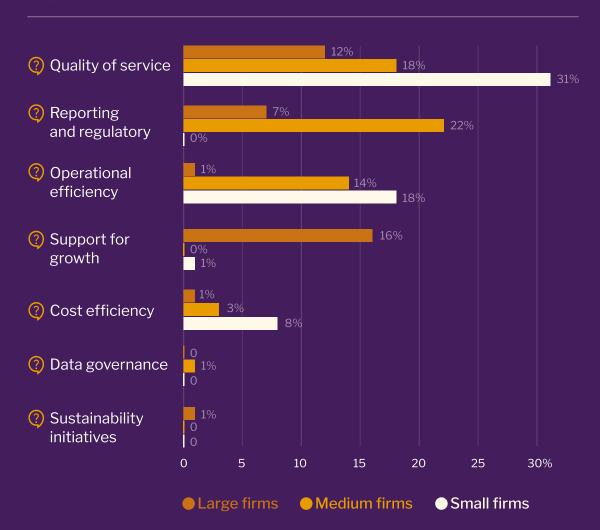
Advanced technologies like AI and cloud platforms enable firms to scale seamlessly by automating data-intensive processes and providing real-time access to client information. These tools also integrate with client systems.

Quality risk

Rapid scaling can strain existing resources and systems, increasing the risk of errors and service inconsistencies. Administrators must ensure that scalability initiatives do not compromise client satisfaction.

"*What are the top three things your clients are asking for?*"

Top expectations of fund adminstrators' clients

Quality of service
- 12% (Large firms)
- 18% (Medium firms)
- 31% (Small firms)

Reporting and regulatory
- 7% (Large firms)
- 22% (Medium firms)
- 0% (Small firms)

Operational efficiency
- 1% (Large firms)
- 14% (Medium firms)
- 18% (Small firms)

Support for growth
- 16% (Large firms)
- 0% (Medium firms)
- 1% (Small firms)

Cost efficiency
- 1% (Large firms)
- 3% (Medium firms)
- 8% (Small firms)

Data governance
- 0 (Large firms)
- 1% (Medium firms)
- 0 (Small firms)

Sustainability initiatives
- 1% (Large firms)
- 0 (Medium firms)
- 0 (Small firms)

X-axis: 0, 5, 10, 15, 20, 25, 30%

● Large firms ● Medium firms ○ Small firms

Client expectations: What they value most from their providers

	Key client expectations	Key challenge for providers
1. **Service quality**	GPs demand accuracy, timeliness and knowledgeable customers' service	High staff turnover, decentralised processes in multiple geographic processing centres
2. **Operational issues**	Scalability, seamless technology integration, talent retention	Data quality issues, fragmented systems, high operational costs
3. **Reporting & regulatory**	Transparent, tailored reporting	Real-time access

Based on this and previous surveys and insights, clients prioritize three key dimensions in their interactions with private capital asset servicing providers: **service, operational excellence, reporting and regulatory compliance**.

These expectations shape their decision-making and influence provider selection, retention, and satisfaction.

1. Service

Clients value providers who deliver not just transactional services but also proactive, relationship-driven engagement.

Key expectations are:

Responsiveness	Clients demand timely responses to inquiries and quick resolutions to issues. Slow or unresponsive service teams are some of the primary drivers of dissatisfaction and churn
Knowledgeable client teams	Continuity and expertise in client-facing roles are critical. Clients expect account managers and service teams to have a deep understanding of their specific needs and operational nuances, avoiding repetitive explanations or knowledge gaps caused by staff turnover
Proactive problem solving	Clients appreciate providers who anticipate issues and offer solutions before they escalate. This includes flagging potential compliance risks
High-touch engagement	Particularly in the high-value private markets space, clients expect a personalized, "high-touch" service model. This involves regular check-ins, customized solutions, and a consultative approach that goes beyond routine interactions

2. Operational efficiency and scalability

Operational efficiency is a cornerstone of client satisfaction. Clients expect providers to demonstrate both the capability to handle their current needs and the scalability to grow alongside their operations.

Key expectations are:

Accuracy and timeliness	Clients require precise data and reports delivered within agreed timelines. Delays or errors in operational processes—such as LP's onboarding, regulatory reporting, LP's reporting, or fund closings—can jeopardize clients' investments, damage their reputation and eventually erode trust
Scalability	Clients increasingly expect providers to scale their operations seamlessly, especially with the growth of private markets and the inclusion of retail investors. This scalability must not come at the expense of service quality
Technology integration	Clients value providers who leverage advanced technologies, such as AI, to improve efficiency and reduce manual errors. They expect operational systems to integrate with their own IT infrastructure for seamless data exchange and reporting
Talent retention	Operational consistency is tied to staff expertise and retention. High turnover disrupts processes and reduces the institutional knowledge required for efficient operations.

3. Reporting and regulatory compliance

Clients place significant emphasis on robust reporting capabilities and proactive regulatory compliance to meet their obligations and maintain trust with their stakeholders.
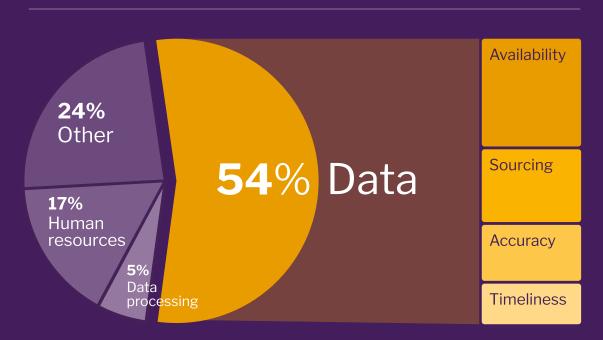
Key expectations are:

Robust reporting	Clients expect detailed, accurate, and transparent reporting that provides actionable insights into their investments. This includes tailored reports that align with their specific requirements, rather than generic templates
Real-time access	As private markets grow more complex, real-time or near-real-time reporting is becoming a standard expectation, particularly for performance metrics, risk assessments, and capital allocation updates
Regulatory expertise	Clients rely on their providers to stay ahead of evolving regulatory requirements, such as AML/KYC, AIFMD II, DORA, and ESG frameworks. Providers must ensure compliance while minimizing disruptions to the client's operations
Audit readiness	Clients value providers who maintain thorough documentation and a clear audit trail, ensuring that regulatory audits and investor reviews can be completed efficiently.

Today's challenges

"What are your main challenges today?"

Main challenges by category

24%
Other

54% Data

17%
Human
resources

5%
Data
processing

Availability

Sourcing

Accuracy

Timeliness

1. Data problems

Effective data management and governance are at the core of private capital asset servicing.

However, the increasing complexity of fund structures, coupled with growing regulatory demands, has intensified data management challenges.

Our survey indicates that **55% of fund administrators consider data acquisition and data governance their primary operational challenge**, with significant concerns expressed about data availability, accuracy, and timeliness.

The main issues in data management include:

Data acquisition and aggregation

Fund administrators receive data from a multitude of sources, such as the Deal Team, tax advisors, lawyers, investor portals etc, and in various formats such as plain text emails, PDF, Excel spreadsheets. Aggregating and processing this largely unstructured data is labour-intensive and prone to errors.

The lack of standardized data formats complicates the integration process, leading to delays and inconsistencies. Furthermore, the volume of data is increasing exponentially, making manual processing unsustainable.

For example, a risk manager we interviewed highlighted that they spend "80% of my time on data collection and only 20% on actual analysis."

This imbalance indicates that highly skilled professionals are bogged down with manual data extraction tasks, diverting their expertise away from value-added activities such as risk assessment and strategic analysis. This not only affects productivity but also job satisfaction and retention.

Accuracy and consistency

Ensuring data accuracy is critical for reliable reporting and decision-making. However, disparate data sources and complex fund structures make it challenging to maintain consistency.

Inaccurate data will lead to errors in client reports, regulatory filings, and internal analyses, resulting in a loss of trust and potential legal and financial repercussions. Data discrepancies can also lead to conflicting information being presented to different stakeholders.

Timeliness

The speed at which data is processed and made available is crucial in today's market. Administrators still relying on manual processes struggle to meet the demand for near real-time data availability.

Slow data processing exposes firms to the risk of sanctions (fines and negative publications) from the regulator if they miss regulatory or tax reporting deadlines. LPs may be impacted by missing their own reporting and tax deadlines.

Integration with client systems

Clients often use their own systems and require data to be compatible with their platforms. Lack of seamless integration can lead to inefficiencies and client dissatisfaction.

Customizing data feeds for different clients increases operational burdens. The reliance on manual data handling is a significant contributor to these challenges.

Manual processes are not only time-consuming but also increase the risk of human error. Without adopting advanced data management technologies and practices, fund administrators risk falling behind in their ability to provide the level of service clients expect.

2. Talent retention

Our survey reveals that nearly one-fifth (17%) of fund administrators struggle with HR challenges. The private capital asset servicing industry faces a talent shortage, particularly in specialized areas such as operations and compliance: High turnover rates among client-facing staff exacerbate this issue, disrupting client relationships and impacting service quality.

Factors contributing to talent retention challenges include:

Scarcity of specialized skills

The demand for professionals with specialized skills exceeds the supply in the country of domicile of the funds. This scarcity leads to intense competition among firms to attract and retain qualified individuals, often resulting in higher labour costs. Specialized roles such as compliance officers and fund accountants are in high demand across the financial sector.

Lack of long-term incentives

Without attractive career development opportunities and long-term incentives, employees are more likely to seek opportunities elsewhere. This turnover disrupts continuity and undermines the firm's ability to maintain deep client relationships

Fatigue due to manual processes

Employees spending excessive time on mundane, repetitive tasks, such as manual data entry, are more likely to experience fatigue.
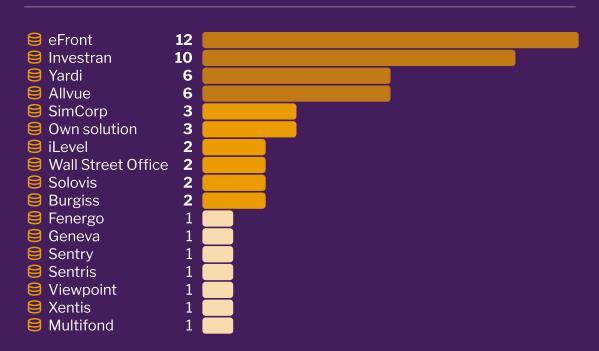This not only affects retention but also productivity and morale.

Scalability challenges and offshore talent

To mitigate talent shortages and control costs, many firms turn to offshoring and nearshoring. While offshoring can provide cost benefits, it often introduces challenges related to process fragmentation, service quality and communication barriers.

Clients frequently express dissatisfaction with offshored teams due to issues like delayed responses and a lack of nuanced understanding of their needs. Offshored teams may also lack the specialized knowledge required to navigate complex regulatory environments.

" *Which tech platforms are you using for your clients?"*

Platform usage

Platform	Count
eFront	12
Investran	10
Yardi	6
Allvue	6
SimCorp	3
Own solution	3
iLevel	2
Wall Street Office	2
Solovis	2
Burgiss	2
Fenergo	1
Geneva	1
Sentry	1
Sentris	1
Viewpoint	1
Xentis	1
Multifond	1

Average number of core systems used by fund administrators

1.4 Small firms	
3.4 Medium firms	
6 Large firms	

3. Fragmented systems

Systems fragmentation is another significant operational challenge.

Many fund administrators operate multiple IT platforms, which leads to data silos and inefficiencies.

Larger providers, in particular, may use an average of more than six platforms, compared to less than two for smaller providers. This fragmentation complicates data governance, hinders integration, and increases the risk of errors.

Disparate systems often require manual intervention to reconcile data, which is time-consuming and error-prone. It also makes it more difficult to scale operations, as systems may not communicate effectively, leading to bottlenecks and delays.

The lack of integrated systems undermines the ability to provide consistent, accurate, and timely services to clients.
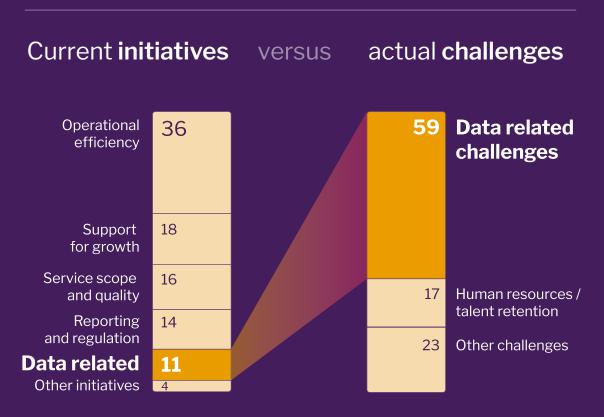
Additional implications of systems fragmentation include:

Increased operational costs	Maintaining multiple systems result in fragmentation of data assets and can be costly to integrate into workflows and maintain. Redundant systems also consume IT resources that could be allocated elsewhere.
Cybersecurity risks	Multiple systems increase the attack surface for cyber threats. Ensuring consistent security measures across all platforms is more complex, increasing the risk of vulnerabilities.
Employee training and expertise	Staff may need to be trained on multiple systems, which can be inefficient and confusing. This can lead to errors and decreased productivity.

*Strategies
and solutions*

"What are your top strategic initiatives for the next two years?"

Strategic initiatives

Current **initiatives** versus actual **challenges**

Current initiatives		Value
Operational efficiency		36
Support for growth		18
Service scope and quality		16
Reporting and regulation		14
Data related		**11**
Other initiatives		4

Value	Actual challenges
59	**Data related challenges**
17	Human resources / talent retention
23	Other challenges

1. Focus on automation: Missing the real problem?

Process automation is a significant focus area, with **25% of respondents' initiatives being directed toward automation efforts**. Automation aims to reduce labour costs and increase efficiency by streamlining routine tasks like data entry and reconciliation.

While automation can offer operational benefits, it is not a panacea for the industry's challenges. Its limitations include:

Dependency on data quality

Automated processes are only as good as the data they process. If data is inaccurate or inconsistent, automation can amplify errors, leading to flawed outputs.

Without robust data management practices, automation can result in the rapid dissemination of incorrect information. For example, an automated report generation system may quickly produce reports, but if the underlying data is flawed, the reports will be unreliable.

Rigidity

Automation systems may lack the flexibility to handle complex or non-standard client requests. This rigidity can result in inadequate responses to unique client needs, reducing satisfaction.

Clients often require customized solutions that standard automation cannot accommodate, such as bespoke reporting formats or specialized compliance support.

Insufficient addressing of core issues

Focusing on automating existing processes without re-evaluating and improving them can lead to suboptimal results. Automation should be part of a broader strategy that includes process optimization and data governance.

Focusing on automating existing processes without re-evaluating and improving them can lead to suboptimal results.

Automation should be part of a broader strategy that includes process optimization and data governance. Without addressing underlying inefficiencies, automation may simply expedite flawed processes.

2. Neglecting data management

Only a fraction of initiatives are focused on improving data quality and governance, despite their direct impact on reporting accuracy and timeliness.

Data management improvements tend to be reactive, addressing specific issues rather than implementing comprehensive solutions.
Effective data management requires:

Data governance frameworks:

Establishing policies and procedures that ensure data accuracy, consistency, and security across the organization. This includes data validation protocols, access controls, and compliance with regulatory standards. A robust data governance framework provides a foundation for reliable data management.
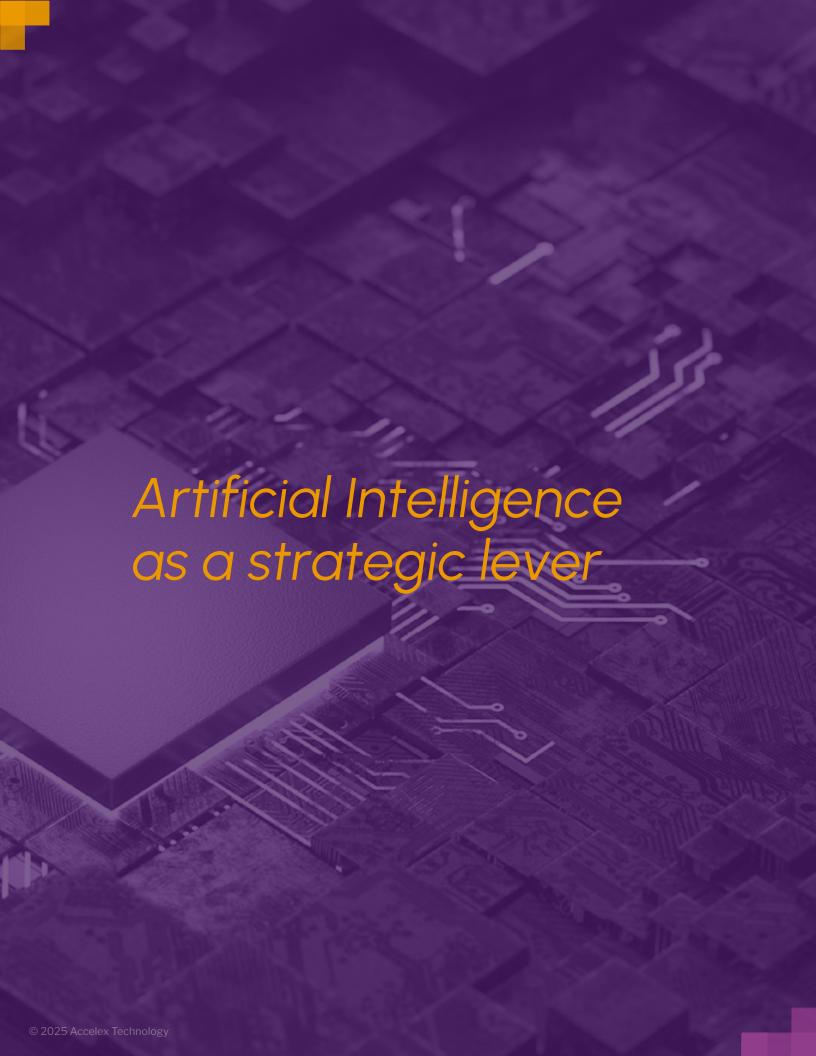
Advanced analytics and integration tools

Utilizing technologies that can handle unstructured data, integrate multiple data sources, and provide real-time insights.

These tools enable firms to manage complex data environments effectively. Implementing data warehouses or lakes can centralize data and facilitate analytics.

Cultural Shift

Fostering an organizational culture that prioritizes data quality and recognizes it as a strategic asset. Employees at all levels should understand the importance of data integrity and their role in maintaining it. Training programs and clear communication can reinforce this culture.

Artificial Intelligence as a strategic lever

"*Are you using AI tools today in your organisation, and how?*"

Top AI use cases today

✦ **Data governance** ▬▬▬▬▬▬▬▬▬▬▬▬▬▬ **14**

✦ **Reporting & regulations** ▬▬▬▬▬▬ **7**

✦ **Operations** ▬▬▬▬ **5**

✦ **Administrative tasks** ▬▬ **3**

✦ **Other** ▬ **2**

● Operational　○ Planned

How fund administrators are using AI to overcome their challenges

Artificial intelligence (AI) is emerging as a transformative force in the private capital asset servicing industry, addressing critical challenges and unlocking new opportunities for efficiency and quality.

Among its diverse applications, data governance stands out as a foundational use case, offering significant benefits in accuracy, compliance, and scalability.

Data governance is a key AI use case

Data lies at the heart of private capital asset servicing, influencing everything from reporting to compliance and decision-making.

However, as we shared earlier in this paper, administrators often struggle with unstructured, inconsistent, and incomplete data from multiple sources.

Therefore, it's no surprise to see **data governance revealed as the top AI use case.** AI-driven tools are increasingly being deployed to tackle these challenges head-on, enabling firms to:

→ **Automate data extraction** from unstructured formats like PDFs, emails, and spreadsheets.

→ **Ensure consistency and accuracy** through real-time validation and anomaly detection.

→ **Streamline reconciliation processes**, reducing manual intervention and the risk of errors.

→ **Maintain robust audit trails** for regulatory compliance.

Many fund administrators have started analysing AI solutions for specific use cases, such as production of board meeting minutes, AML/KYC compliance, reporting automation and predictive analytics. These early adopters are setting a precedent for the industry, showcasing AI's potential to revolutionize traditional processes.

Despite these advancements, the **adoption of AI remains uneven across the industry**. Smaller firms often lack the resources to invest in cutting-edge AI tools, while larger providers are still grappling with legacy systems and integration challenges. However, the trajectory is clear: as AI technology becomes more accessible and its benefits more evident, adoption is expected to accelerate rapidly.

Administrators using AI have reported dramatic improvements, such as <u>reducing data processing times by up to 80%</u> while achieving near-perfect accuracy.

These advancements directly enhance operational efficiency and strengthen client trust.

Specialized AI vs. general-purpose AI models

As artificial intelligence continues to evolve, it's essential to distinguish between general-purpose gen AI models such as ChatGPT, Gemini, or Copilot and specialized, dedicated gen AI solutions designed for specific industries. While general AI is incredibly versatile and can handle a wide variety of tasks, it often lacks the depth, precision, and domain-specific expertise required to address complex, niche challenges.

In industries like private markets, the demands for accuracy, structure, and tailored insights are far greater than what a generic AI can provide. Specialized AI models are built with a deep understanding of specific workflows, regulatory requirements, and data intricacies that general AI models cannot match.

The choice between general and specialized AI comes down to purpose. For private markets and other specialized sectors, dedicated AI ensures the right balance of automation, accuracy, and reliability—bridging the gap between cutting-edge technology and practical, real-world applications.

Conclusion

The private capital asset servicing industry stands at a pivotal crossroads, where the need to balance operational efficiency with exceptional service quality is more critical than ever.

As private markets grow and regulatory demands increase, administrators face mounting challenges, particularly around data governance. Accurate, consistent, and timely data is the backbone of private capital asset servicing, influencing everything from client reporting to regulatory compliance and operational scalability.

However, legacy systems, unstructured data, and fragmented workflows have hindered administrators' ability to meet these demands effectively.

AI offers a transformative opportunity to address these challenges. At its core, AI-powered data governance enables administrators to overcome the inherent complexities of managing and leveraging data.

By automating data acquisition from diverse and unstructured sources, AI ensures consistency and accuracy at scale. Real-time validation and anomaly detection capabilities further reduce errors, minimizing the risks associated with manual data processing. These advancements not only enhance the reliability of client deliverables but also build trust and confidence among stakeholders.

Automated workflows reduce the time required for audits and submissions, mitigating the risk of regulatory penalties while freeing up resources for value-added activities. Furthermore, AI's ability to maintain comprehensive audit trails strengthens accountability and simplifies compliance in an increasingly complex regulatory environment.

As fund administrators adopt AI, it is essential to recognize that not all solutions are created equal. The complexity of integrating AI into existing workflows, along with the need for reliable, high-quality data outputs, underscores the importance of working with a trusted partner.

Collaborating with a proven expert ensures that firms can leverage AI effectively, gaining not only operational efficiencies but also the confidence of their stakeholders. By aligning with the right partner, administrators can navigate this transformative journey with greater certainty and success.

Finally, improving data governance through AI is not just an operational necessity—it is a strategic imperative. By investing in AI-driven solutions with the support of trusted partners, fund administrators can transform their data into a competitive advantage, addressing client demands for transparency, accuracy, and timeliness while navigating the complexities of an evolving market.

Those who prioritize these advancements today will position themselves as the industry leaders of tomorrow, delivering operational excellence and fostering lasting client trust.

Supercharge your LP private capital asset servicing with Accelex's fully integrated data platform.

Accelex's AI workflow automation gives fund administrators the power to meet the operational challenges faced by service providers today.

⟶ **AI-powered platform, providing your clients with faster, more accurate data and insight.**

⟶ **Measurable service efficiencies for your clients**

⟶ **New value-add opportunities for you**

We know that the needs of asset servicers are complex and multi-layered.

We pride ourselves in building and supporting successful, long-term working relationships that deliver value to our partners and their clients.

This is why our client success team establishes close collaboration with each and every partner client. We implement a highly agile process of discovery workshops, onboarding, hands-on training and ongoing support.

Get in touch to see a demo of the platform – or just for an initial conversation about how we create value for partner clients.

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