



ARTICLE

FROM MANUAL TO ROBOTIC

A Q&A WITH WAYNE RICHES



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HOW EMERGING TECHNOLOGIES ARE REINVENTING ASSET MANAGERS FROM THE INSIDE OUT

In this Q&A with Wayne Riches, director of strategy and solution management for FIS' asset management business, we discuss the ways emerging technologies are changing how asset managers operate and provide value to investors. From Wayne's vantage point, technologies such as robotics process automation (RPA) or artificial intelligence (AI) are areas to explore today – these are not mere buzzwords to ignore. Read on for the full conversation.

Q1. The industry conversation around technology feels different today than ever before. What's different about emerging technology right now that's making this area feel like a fever-pitch topic of discussion?

A1. It feels different because it is different. From my perspective, if you go back three or four years to when blockchain was just emerging, some people thought it would "revolutionize" the industry. While there are some solid use cases being implemented today, there simply hasn't been a widespread adoption that let people quickly see the value. Many revolutionary technological innovations in the past have this aspirational sense to them, where the use cases need to catch up to the tech capabilities.

Now, where we have robotics, AI and machine learning as the technologies du jour in asset management and across the financial services landscape, that aspiration is turning to realization. When firms strategically place robotics-empowered solutions in their processing environments, they can realize quick wins with new levels of automation and operational efficiency as soon as they go live. Think of it as future-proofing your productivity.

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Q2. Terms like “robotics” may conjure certain images in people's minds – which may in fact be off-base when it comes to how this type of technology can be applied in a buy-side firm. What does robotics really mean in the context of asset management?

A2. Robotics in investment operations itself isn't new, but the ways we can apply it are. It all started with simple scripts generated to complete a task. Scripting itself was in place back in the 1950s. It has evolved from “do A or B” to “if it's A then do B” to becoming a more complex language. So this isn't a new concept, but now we have the technology and advanced processing capabilities to support these algorithms. We've seen this evolution happen gradually over the years.

Now, on the flip side, let's look at a business problem that asset managers need to solve: fees and margins are being squeezed, so how can we gain higher levels of efficiency and automation? Robotics process automation is a technology-enabled answer to this business problem. With RPA, asset managers can process transactions, mine and manipulate data, or manage exceptions and [intelligent workflows](#) with greater speed and accuracy than humans ever could alone. The result: a more highly automated and efficient operational environment, reducing that ever-present pressure from shrinking fees.

Let's consider some real-world examples. For instance, you may have a largely manual reconciliations process, where mapping data takes many days to complete. With robotics-driven solutions in place, you can harness the power of machine learning to process all that data and even recognize patterns that will help further [automate your matching processes](#), almost at the click of a button. Or, in the passive space specifically, asset managers can use robotics and AI to automate the rebalancing of their portfolios, which can dramatically reduce overhead and ease the ever-present pressure from shrinking fees.

Again, this isn't futuristic innovation talk; these are the kinds of solutions asset managers can implement now and start seeing greater efficiency right away.

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Q3. It seems there are obvious benefits to applying robotics and other emerging technologies to internal operations. Can these technologies empower an enhanced customer experience as well?

A3. Absolutely. A great example is robo-advice, which is becoming increasingly common, especially with millennial investors. In this scenario, robotics can aide the front office in guiding individuals to make smarter investment decisions. It's about layering RPA on top of human decision-making to empower a better experience and result.

Then there is client reporting, where emerging technologies like robotics and AI overlap with digitalization. We live in a real-time world, and investors expect a certain level of ease to the experience of doing business with you. Using technology to enable stronger returns is one part of the game; ensuring you attract and retain investors with a digitally-enabled “shop window” is another. Overlooking this area could jar investor confidence. You don't want your investors to be thinking, “This is so outdated. Are they investing in technology at all?”

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Q4. If asset managers don't seriously consider emerging technologies like robotics, AI and machine learning in the near term, what could they be risking for the future?

A4. They're risking their business, plain and simple. If you look at the [FIS Readiness Index](#) and compare the Readiness Leaders with the rest of the industry, you'll see why. Leaders outscored the rest of the industry by a long shot in their capabilities around automation, and these same Leaders are far outpacing their peers when it comes to growing both revenue and assets under management.

But there's still a lot of room for improvement. In our 2017 survey, fewer than one in 10 asset managers have achieved full automation that incorporates robotics technology across most of the activities we examined, which include portfolio management, risk management, compliance, post-trade processing and more. My expectation is that we'll see these numbers change significantly in the next few years.

The bottom line is that this isn't pie-in-the-sky innovation. Emerging technologies such as robotics, AI and machine learning can be applied in asset managers' operational environments today to add value almost immediately. And the time is now to get ahead of the game, before you're too far behind to catch up.

Contact us:

To learn more about how FIS empowers asset managers with future-ready technologies, contact us at getinfo@fisglobal.com.



About FIS

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