



## Meradia's Industry Outlook - 2024

**As we conclude the first quarter of 2024, the financial services industry continues to evolve at a rapid pace, driven by transformative technologies with potential to reshape investment operations. At Meradia, we anticipate a dynamic year will continue to unfold, characterized by innovation, regulatory shifts, and strategic opportunities. Reflecting on discussions with my team and clients, it became apparent that several key topics were consistently top of mind. Here is a summary of the trends driving change across the investment management industry today.**

### **Data and AI / ML: Maximizing Technological Synergy**

The intertwining of cloud data platforms and the rapid evolution of AI and ML isn't just a trend; it's the cornerstone for future growth in the financial services industry. This partnership between automation and data isn't just transforming operational processes; it's becoming the catalyst for revolutionary solutions all over organizations. The journey from tech debt to tech wealth hinges crucially on the meticulous optimization of data structures. This optimization is the key that unlocks the full potential of AI technologies, ushering in an era where data-driven decision-making becomes not just an advantage but a necessity.

### **KPIs and the Move to T+1: Precision in Measurement**

Establishing meaningful Key Performance Indicators (KPIs) isn't merely a routine exercise but a strategic imperative for measuring a path to success and adapting to industry shifts. The adoption of T+1 settlement reflects a broader commitment to precision and efficiency in financial operations. As financial landscapes evolve, the strategic implementation of KPIs becomes paramount, guiding organizations toward agile decision-making and ensuring operational resilience in a dynamic market environment.

### **Private Markets and Private Credit: Paving the Way for Profitability**

Identified as top trends for the next decade, the focus on profitability in private markets and the ascent of private credit exemplify a strategic shift within the investment management eco-system. This momentum underscores the changing dynamics of institutional investment portfolios and highlights unique opportunities for growth and diversification. Asset owners and managers appear compelled to dive into private asset classes at a rate that outpaces operational maturity across most of the industry.

### **AI in Operations Automation: Beyond Efficiency, Redefining Strategy**

AI is not merely a tool; it emerges as a strategic edge, fundamentally reshaping operational efficiency in investment management. The application of AI extends far beyond the mundane, with the capability to decipher intricate Investment Management Agreements (IMAs) and streamline complex processes such as compliance, reporting, and billing. This strategic incorporation of AI is poised to redefine how investment firms approach their day-to-day operations, introducing an era of unprecedented productivity, accuracy, and strategic foresight.

### **Risk Assessment and Predictive Models: Pioneering GenAI**

Within the complex landscape of risk management, GenAI is emerging as a pioneering force in assessing risks. By training algorithms to generate risk models and identify potential negative scenarios, GenAI significantly accelerates the industry's ability to assess and mitigate risks efficiently. (continued)

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### **Risk Assessment and Predictive Models: Pioneering GenAI (continued)**

The infusion of artificial intelligence not only enhances decision-making processes but also improves operational stability, by creating sophisticated risk assessment programs that empower management and risk mitigation strategies.

### **Digital Assets and Funds: Navigating the Crypto Wave**

The rise of digital and alternative assets marks a paradigm shift in investment considerations. While gaining traction, the mainstream adoption of these assets hinges on the evolution of regulatory frameworks. The recent SEC approval of 11 Digital Asset ETFs signifies a milestone, emphasizing the growing significance of these instruments in the financial market. Navigating the complexity of this digital frontier requires not only a comprehensive understanding of market dynamics but also a strategic approach to regulatory compliance. Operational challenges for these innovative new assets and funds compound the need to adapt infrastructure rapidly.

### **CONCLUSION**

As we move into the second quarter of 2024, the year continues to hold promise as a transformative period for both Meradia and the financial industry. Embracing these trends and navigating the associated challenges will position us strategically and contribute to the ongoing evolution of the industry. We look forward to a year characterized by growth and innovation!

### **HOW MERADIA CAN HELP**

Anticipating change and analyzing your options requires time and perspective that we know are difficult to acquire from inside an investment management organization. Meradia provides a spectrum of consulting services to guide executive-level strategic evaluations and program planning. Our industry experts conduct detailed analytical and workflow evaluations, technical implementations, and project delivery that transform your business for the better.

Meradia will help you prepare, plan, and execute transformation initiatives that will enable you to meet your business objectives and capitalize on this wave of industry evolution.

**Laurie Hesketh, CIPM, PMP**, is a Managing Director who oversees strategic engagements for Meradia's clients. Laurie leads and advises on the complex nuances involved in transformation projects from a change management perspective. She is an expert in investment performance as well as the accounting and market data inputs that drive meaningful analytics. A seasoned consultant, Laurie has served many organizations including asset managers, asset owners, wealth managers, service providers as well as key industry vendors. Having started her career in technology as an application developer and then application architect, she has a strong understanding of the technological underpinnings that are necessary for large-scale transformation and repeatability.

**Rich Mailhos** is an investment performance measurement expert who advises Meradia's clients on complex business transformation engagements. With over 25 years in the financial services industry, Rich has extensive management consulting and project experience ranging from architectural and operational reviews to global portfolio management platform deployments. He is an energetic leader with a proven track record for building trust among stakeholders while motivating project teams to reach operational goals. Through his deep knowledge of solutions, outsourcers, and global asset managers, Rich has written extensively on the Performance Book of Record (PBOR).

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