A Younger Workforce Rides the AI Tsunami

In the last few years, from the pandemic and the great resignation to the war in Europe and the ongoing market turmoil, professionals have had to continually watch for waves of financial sector volatility, while looking out for new approaches, and spotting short- and long- term opportunities when they roll in. One bright spot through these challenges has been the growth and adoption of cutting-edge technologies.

We're seeing institutional investors integrate new technologies, such as generative AI, machine learning (ML) and robotic process automation (RPA), into their the fund lifecycle. Managers are applying the latest technologies to streamline portfolio management and drive returns, as well as improve operations performance and compliance.

On the client reporting side of the business, though, we are still seeing a large gap between services offered and client expectations. It's increasingly common to hear that clients don't want to spend time working with spreadsheets, slide decks, or PDF reports, a trend that aligns with how the younger workforce views these outdated formats. Yet asset managers still send their clients reports in a format that doesn't align with their needs.

Fortunately, state-of-the-art technologies for client reporting, data management, and business intelligence are available to empower asset managers and their clients. A technology-enabled workforce combines the strengths of both people and technology to meet the complex needs of today's market.

Schedule a demo to see how Clearwater's state-of-the-art technology can empower asset managers and their clients ›

Zooming in on the Market's Younger Workforce

According to a study by Pew, millennials (born between 1981 and 1996) and Generation Z (born between 1997 and 2012) are the largest segment of the workforce, and are expected to make up 75% of the workforce by 2025. These younger generations have grown up using the latest tech and they expect their employers to provide them with modern and innovative tools to do their jobs.

More than 80% of employees say using modern tools and methodologies is very important. They expect employers to provide them with access to the latest technologies, including mobile devices, cloud-based applications, and collaboration tools.

In terms of data and analytics, younger generations are looking for real-time information that is easily accessible and presented in a format that is easy to understand. A survey conducted by Dell Technologies found that 91% of high school and college aged students say that the technology offered by an employer would be a factor in choosing among similar job offers.

Younger generations want to avoid older technology like Excel instead opting for programs that can handle a large portion of the organization and formatting involved in data management. Rather than spending time updating spreadsheets, the top accountants and investment professionals would prefer to focus on high-impact tasks that make an immediate difference for the business.

In so many words, the findings are strikingly clear about technology and how it must play a central role. It's not a stretch then, to say that a highly tech-savvy *younger workforce expects their employers to provide them with access to the latest technologies and data tools to carry out their job responsibilities*. And viewed from another perspective, employers want to attract and retain younger workers who want real-time data that is easy to access and understand, are eager to try new technologies and can readily adapt to the changing markets.

Stop Losing Top Talent

These days, it can be difficult to acquire top talent in investing and accounting. If the technology is outdated and relies on tedious manual processes, it can make a poor impression on the top candidates who want to work with cutting-edge technology.

The cost of losing top talent and having to onboard new personnel is significant. Professionals employed at asset management companies, insurance companies, and institutional investors possess specialized skills and expertise that drive the success of these organizations. As such, these talented individuals are highly sought after, and they tend to gravitate towards organizations with established, intelligent finance functions.

Established finance functions offer several advantages for top talent. Firstly, they provide access to advanced technologies, data analytics tools, and robust financial systems. These resources enable professionals to make informed decisions, optimize processes, and deliver superior results. Talented individuals are attracted to organizations that can provide them with the necessary tools to excel in their roles and contribute meaningfully to the organization's success.

Moreover, organizations with established finance functions often foster a culture of innovation and collaboration. They prioritize staying ahead of industry trends, embrace emerging technologies and create an environment that encourages creative thinking and problem-solving. These attributes appeal to top talent, as they seek intellectually stimulating work environments that facilitate professional growth and challenge them to reach their full potential.

To attract top talent, it is critical to make sure the workplace is attractive. By creating a tech-friendly environment that fosters innovation and maximizes performance, a younger workforce willingly learns from their peers, easily experiments with the newest tech (especially when it's easy to use) and interacts with applications with interfaces that are as familiar as consumer applications. Not only do organizations see increased employee engagement and productivity, but the risk of key-person dependency also decreases because valuable information persists in easy-to-access, consumable formats.

Tech to Manage the Present While Preparing for the Future

Here are some of the modern-day technologies that investment and accounting firms are adopting to reimagine their business functions for the future.

Generative AI, such as ChatGPT

ChatGPT continues to disrupt business functions by fundamentally transforming customer service. Its ability to understand and respond to customer inquiries with human-like conversational skills will revolutionize customer support, enhancing satisfaction and driving loyalty. ChatGPT's automation capabilities are streamlining administrative tasks, such as data entry and document processing, increasing operational efficiency and reducing costs. Furthermore, ChatGPT is changing marketing and sales with personalized and persuasive interactions that engage customers in unique ways, leading to improved conversion rates and revenue growth.

Artificial Intelligence (AI) and Machine Learning (ML)

These technologies are used to automate tasks such as portfolio management, risk management, and trading. For example, AI and ML can be used to identify investment opportunities and make predictions based on historical data.

Big Data Analytics

Asset managers, insurers, and institutional investors can use big data analytics to analyze large amounts of data to identify market trends, monitor their portfolios, and make better investment decisions.

Robotic Process Automation (RPA)

RPA is used to automate repetitive tasks such as data entry and report generation, freeing up time for asset managers, insurers, and institutional investors to focus on more strategic tasks.

Blockchain Technology

Blockchain technology can be used to improve transparency and efficiency in the asset management industry. For example, blockchain can be used to securely store and share investment data, enabling investors to access real-time information on their investments.

Cloud Computing

Cloud computing can be used to store and manage large amounts of data, enabling asset managers, insurers, and institutional investors to access their data from anywhere, at any time.

Digital Platforms

Digital platforms, such as robo-advisors and online investment platforms, are becoming increasingly popular among asset managers, insurers, and institutional investors. These platforms use algorithms to provide investment advice and portfolio management services, making investing more accessible to a wider range of clients.

Cybersecurity

As the amount of sensitive financial data being stored and processed online increases, cybersecurity has become a critical concern for asset managers, insurers, and institutional investors. Technologies such as encryption, multi-factor authentication, and intrusion detection systems are used to protect against cyber threats.

The rapid integration of this technology has led to many innovations in the investment and accounting space in recent years. It's noteworthy, however, that these advancements don't solely benefit professionals in the industry. End-users, or everyday individuals, can now enjoy many benefits from this technology. An end user might benefit from more efficient customer service experiences, or automated tasks that lead to faster, error-free transactions. Additionally, access to Big Data gives end-users greater insights into their investments and more transparency surrounding their investment options. Ultimately, the result is better tax decisions and better regulation decisions for end-users.

Global Financial Leaders Forge a Path Forward

Many larger organizations still use legacy, mainframe, and on-premise systems that have been around since the 1980s. These systems have evolved into different deployment methods, but still rely on the same outdated core infrastructure. Or worse yet, they are trapped in a world of manually-updated spreadsheets. Firms that don't keep pace face an existential threat.

Turning to modern technology, today's global financial leaders have taken the digital leap and adopted state-of-the-art tech solutions that deliver greater efficiencies and easily engage with clients, creating personalized, digital experiences. For example, J.P. Morgan Chase (JPM) has implemented several technology solutions to streamline their operations and improve customer experience. In one example, JPM uses artificial intelligence (AI) and machine learning (ML) algorithms to detect fraudulent transactions in real-time. Their global investment platform, *MORGAN MONEY® integrates with Clearwater to enable a seamless connection for institutional investors to gain a comprehensive view of their portfolio investments and make better investment decisions.*

Read this announcement to learn more about this strategic partnership.

See the technology in action. Talk to a Clearwater expert today to see world-class solutions for investment accounting and reporting ·>

How People + Technology Can Future-Proof Operations

Financial companies that continue to ignore AI technologies will lose trust, talent, and addressable market share. And although it's not easy, organizations that jump on AI now will set themselves up for a stronger future.

Yet there's more to the pro-tech argument beyond just survival. The combination of people and technology can be a powerful tool for mitigating business and operational risk while future-proofing operations for potential economic rollercoaster. Here are some ways in which this can be accomplished.

Generative AI
Generative AI eliminates the frustrations of time-consuming data collection and analysis. By automating these processes, generative AI allows employees to focus on higher-value tasks that require human intellect and creativity, maximizing their productivity and job satisfaction.

Enhanced data analysis
The use of technology in data analysis can help investors identify trends and patterns that may indicate potential risks or opportunities. By combining human expertise with sophisticated analytical tools, insurers and asset managers can identify potential risks and take proactive measures to mitigate them.

Automation
The use of automation can reduce human error and improve efficiency in processing and managing data aggregation, reconciliation, reporting and other operational tasks. This can also improve the customer experience, as faster processing times and more accurate decision-making can lead to greater customer satisfaction.

Predictive modeling
Predictive modeling, enabled by machine learning and other advanced technologies, can help insurers and asset managers forecast risk and anticipate future trends. These insights can help decisions makers prepare businesses for potential challenges or spot opportunities.

Blockchain Technology
Blockchain technology can be used to improve transparency and efficiency in the asset management industry. For example, blockchain can be used to securely store and share investment data, enabling investors to access real-time information on their investments.

Cybersecurity
As technology becomes more integrated into insurance and asset management operations, the risk of cyber threats increases. A combination of technology and human expertise can help mitigate these risks by identifying potential vulnerabilities and implementing appropriate security measures.

Customer engagement
Technologies such as generative AI can be used to enhance customer engagement, by providing personalized services, real-time communication, and easy access to information. This can lead to greater customer satisfaction and loyalty, which can ultimately reduce risk and improve business outcomes.

By combining human expertise with advanced technology, financial professionals at insurance companies and asset management firms can identify potential risks, improve efficiency, and provide better services to their customers. This tech-empowerment strategy can help firms stay competitive and future-proof their operations in an increasingly digital world.

Want a Fulfilled Workforce? Hand Them State-of-the-Art Tech

Clearwater is helping organizations make the leap to a finance transformation. Institutional investors will be hard pressed to meet customer needs and scale responsibly without leveraging state-of-the-art technology to make effective investment decisions. Modern, AI-driven technology solutions from Clearwater Analytics are making it possible for financial professionals to stay ahead of the curve and navigate investment portfolios with the fullest transparency needed during these rapidly changing market conditions.

With tighter budgets and greater scrutiny around IT spending, finance leaders are looking to get more out of their technology partners. We understand this at Clearwater, since we often focus on how our clients benefit from our powerful investment accounting and reporting platform. The good news is there are even more advantages to embracing modern technology, with endless use cases to explore.
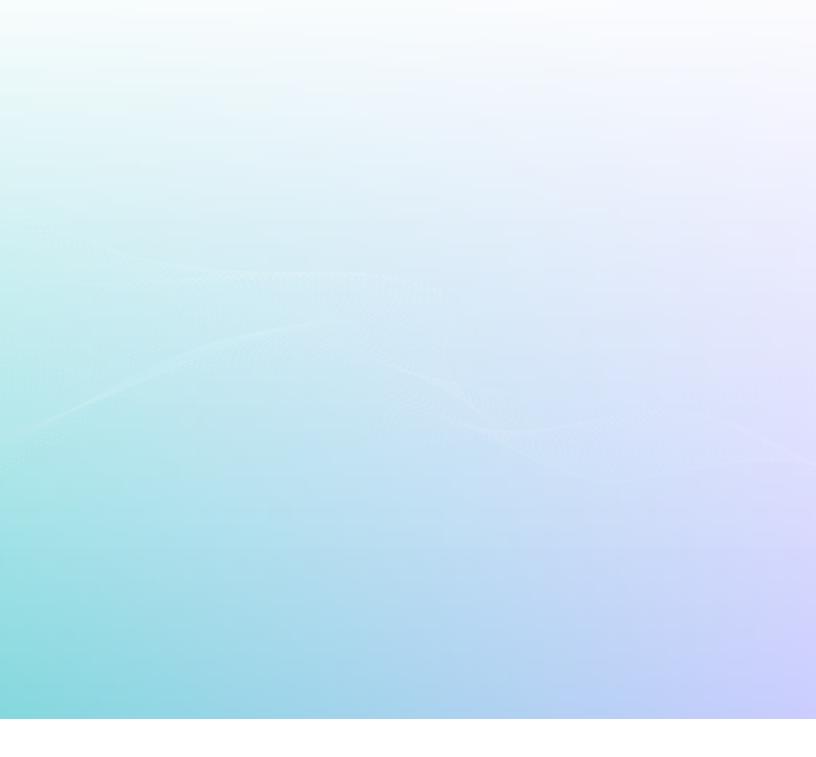
To help take your firm to a new level, here are three key considerations:

- Prioritize technologies, such as generative AI, that will help you meet business needs.

- Actively seek out technologies that are continually innovating and are built with a best-in-class infrastructure.

- Choose partnerships that empower your employees to sharpen their tech aptitude.

We believe a people + technology approach not only empowers a younger workforce with modern tech, but it also engages and delights them in a variety of ways that keep them curious, collaborative, and engaged, while adding value to the bottom line.

Ready to learn more? Talk to a Clearwater expert to learn how you can use this information to make your business processes more efficient and productive.

Speak to an Expert ·>

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