

Guide

Looking ahead 2025: Investment data management

Gain deeper insights into emerging trends in investment data management and develop strategies to drive more accurate, data-informed investment decisions.



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From investment manager to data leader

Investment data management teams find themselves at the centre of competing forces: intensifying regulatory requirements, accelerating technological advancements, and relentless pressure for operational efficiency. For investment operations leaders, keeping up isn't enough – they must proactively anticipate and adapt to these forces to address the growing demands of both stakeholders and clients.

Success requires a willingness to implementing innovative solutions and reimagining how the organisation uses data as a strategic asset to drive competitive advantage.



Investment data management and its continuous progress

While investment data has always been the foundation for investment decisions, it is now becoming a key differentiator in investment success. As markets grow more complex and interconnected, the ability to capture, process, and analyse data with precision and speed increasingly separates market leaders from followers. Many investment managers now have sophisticated data ecosystems that integrate traditional market data with alternative data sources.



Industry trends

Data as the core of strategy

Beyond the front office, data is essential for risk analysis, automated compliance monitoring, and performance attribution. Investment teams can also use well-structured investment data to better understand the investment processes themselves – uncovering implicit biases, identifying behavioural patterns, and highlighting opportunities for process improvement.

In this environment, treating data as anything less than a strategic asset means accepting a competitive disadvantage. The investment data management function isn't just a back-office function but one that is crucial to the success of the end-to-end investment process.

“Torture the data, and it will confess to anything.”

Ronald Coase

Adapting changes through technology

Artificial intelligence (AI) has already shown its value in investment data management through process automation and improved data accuracy, leading to better informed decision-making. With AI enabling faster analysis of large datasets, identifying patterns and trends, and providing actionable insights for portfolio optimisation and risk management, investment managers who embrace AI stand to gain a competitive edge with a strong focus on operational efficiency. However, successful adoption requires addressing challenges around data governance, transparency, and expertise. These considerations are crucial for ensuring AI use cases are both effective and sustainable in complex investment ecosystems.

The application of AI in financial systems demonstrates significant value, particularly in areas where accuracy and speed are critical. One such example is its role in maintaining the Investment Book of Record (IBOR). AI can ensure that IBOR is always up to date by analysing large volumes of trade and market data. This real-time approach helps portfolio managers and traders have up-to-date insights that can improve decision-making and enable faster action in the market.



On the other hand, ABOR (Accounting Book of Record) continues to serve as the foundation for operational accuracy, focusing on reconciling and validating financial records to ensure compliance and transparency. Integrating AI into ABOR processes can automate back-office functions such as NAV calculations, fee processing, and accounting adjustments, reducing the potential for discrepancies and manual errors.

AI-powered tools can automate reconciliation between IBOR and ABOR by identifying and resolving discrepancies in real-time. Machine learning algorithms can learn from historical reconciliation issues, improving accuracy and reducing manual intervention. Benefits include reducing operational risks and faster resolution of inconsistencies between IBOR and ABOR.

These advanced and continuously evolving technologies enable organisations to strike a balance between speed and accuracy. This transformation also emphasises the importance of real-time data and predictive analytics in driving competitive advantage.

Expanding regulatory demands

Regulators in both Australia and New Zealand, are demanding more from investment managers and superannuation funds. The regulatory frameworks on both sides of the Tasman are continuing to evolve with more focus on investment governance, liquidity management, valuation practices and operational resilience.

Australia

The Australian Prudential Regulation Authority (APRA) has several initiatives that will hit the investment operation function and have profound implications for investment data management.

The first one is Prudential Standard CPS 230, effective from 1 July 2025. This new prudential standard strengthens operational risk management across all APRA-regulated financial institutions and will impact these entities and their service providers.

The investment data management teams of APRA-regulated institutions must ensure their material third-party providers can support them in meeting the CPS 230 requirements. Fund managers who are not APRA-regulated but manage money for APRA-regulated entities including superannuation funds, must also meet these stringent new requirements.



JUL 2022**JUL 2023****DEC 2023****JUN 2024****JUL 2025**

APRA consults on draft CPS 230.

Material service providers / Critical operations must be identified.

Entities must be positioned to set the tolerance levels.

Final Practice Guide CPS 230 Operational Risk Management available.

1 July 2025 CPS 230 comes into effect.

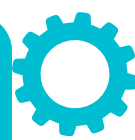
APRA emphasises that operational risk management should be integrated into the overall risk management framework and processes of regulated entities.

The second relevant initiative from APRA relates to its 2024 review into how superannuation funds implemented its enhancements to Prudential Standard SPS 530 Investment Governance. This review found a significant proportion of trustees still displayed material gaps in key areas. Given the proportion of unlisted assets continues to increase, APRA has put the industry on notice that addressing risks related to valuation governance and liquidity risk management is a critical issue for the industry and a priority for APRA.

New Zealand

New Zealand's two-phased financial services reform, driven by the government, aims to streamline regulations and reduce compliance costs. Phase one, which came into effect in July 2024, included the removal of prescriptive affordability assessment requirements under the Credit Contracts and Consumer Finance Act (CCCFA), granting lenders greater flexibility while ensuring responsible lending practices.

Phase two, expected to commence in 2025, focuses on further reviewing the regulatory legislation. Key initiatives include transferring the regulatory oversight of the CCCFA to the Financial Markets Authority (FMA) to consolidate supervision and reduce duplication. Additionally, the introduction of single conduct licenses aims to simplify compliance for financial institutions.



For investment managers, these reforms are significant. The regulations are expected to lower operational costs and enhance market efficiency, fostering a more conducive environment for investment activities. The consolidation of regulatory oversight under the FMA is anticipated to provide clearer guidance and reduce the complexity associated with compliance, allowing investment managers to focus more on strategic decision-making and client service.

Staying abreast of these regulatory developments and partnering with technology providers capable of ensuring compliance while enabling scalability is crucial to navigating these changes effectively.

Compliance teams can effectively and efficiently meet these evolving needs through technology and system automation to transform these critical compliance tasks into a streamlined, efficient process.

Cybersecurity: Protecting investment data at all costs

Cybersecurity risks in investment data management and investment operations are a growing concern, especially given the reliance on technology, vast amounts of sensitive data, and interconnected systems. These risks demand the critical need to embed strong, reliable security measures within all data platforms.

Investment operations teams face unique cybersecurity risks due to the sensitive nature of their data and the reliance on interconnected systems. Addressing these risks requires prioritising advanced cybersecurity solutions and adopting a proactive approach to mitigate risks. This is fundamental for investment data management to maintain stakeholder confidence and meet regulatory requirements.

“It takes 20 years to build a reputation and a few minutes of cyber-incident to ruin it.”

Stephane Nappo



Top challenges of fund managers

The challenges facing fund managers in 2025 extend far beyond traditional investment management concerns. Success requires addressing fundamental operational and technological hurdles while simultaneously meeting heightened demands from regulators, clients, and internal stakeholders.



Navigating multi-asset complexities

The proliferation of alternative investments and private market assets has created unprecedented data management challenges. Traditional systems struggle to handle non-standardised data formats, irregular pricing, and complex valuations, while the lack of scalable solutions threatens operational efficiency across portfolios.

Ensuring data quality and governance

Despite significant investments in data infrastructure, many funds struggle with fundamental data quality issues. Poor data governance, inconsistent data definitions, and inadequate validation processes create a cascade of downstream problems that impact everything from investment decisions to client reporting.

Addressing critical talent shortages

The scarcity of professionals who combine investment knowledge with data expertise has become acute. Funds face a stark choice: invest in developing or recruiting the required expertise or risk falling behind peers who have successfully built these capabilities.

Meeting intensifying regulatory demands

New regulations, such as APRA's CPS 230 and evolving ESG reporting standards, require substantial data capabilities and resources. Failing to comply with regulations can result in not just financial penalties but lasting reputational damage.

Overcoming legacy system constraints

Many funds continue to rely on spreadsheets and manual processes for critical tasks such as portfolio reconciliation, performance reporting, and risk assessment. This reliance not only increases operational risk but also limits scalability and agility.

Meeting greater client expectations

Investors demand for transparency and personalisation is continually growing. They now expect granular transparency on fund performance, fee structures, and ESG impacts. Meeting these expectations requires advanced reporting capabilities, real-time data access, and personalised customer communication strategies.



Building blocks for 2025

The path to effective investment data management in 2025 requires a focus on foundational elements that drive efficiency, accuracy, and resilience. By addressing key priorities such as data quality, technology integration and regulatory readiness, organisations can build a robust framework to support future growth and innovation.



Data quality and automation

Why it matters: Clean and reliable data is the foundation for decision-making and builds trust across the organisation. For investment managers, automating data processes—from ingestion to validation—can eliminate bottlenecks and reduce errors by up to 40% (1, 2).

Practical recommendations

- Adopt platforms with built-in exception management to identify and resolve data issues in real time, reducing manual intervention.
- Integrate automated anomaly detection tools to continuously monitor and maintain data accuracy, ensuring a proactive approach to potential issues.

Technology and integration

Why it matters: The growing complexity of global portfolios demands innovative technology solutions to improve operations and scalability. AI, advanced data analytics, and cloud technologies are reshaping investment management.

AI data and analytics

Incorporating AI can transform operations through capabilities like predictive analytics, intelligent data mapping, and natural language processing (NLP)-driven chatbots for internal support. Investment managers should look for advanced platforms with clear governance structures.

Scalable cloud solutions

Moving to cloud-based platforms simplifies operations, particularly for funds managing global portfolios. Cloud systems also offer improved disaster recovery and real-time data access.

Practical recommendations

- Evaluate SaaS vendors for their commitment to security, scalability and support for advanced analytics.
- Begin small-scale AI integration, focusing on high-impact areas such as onboarding or compliance reporting.



Regulatory preparedness

Why it matters: The regulatory landscape continues to evolve, with cybersecurity and operational resilience taking centre stage. Staying ahead requires a proactive approach to compliance and risk management.

Cybersecurity enhancements

With a 75% increase in cloud intrusion attempts globally (3), investment firms must strengthen defences to safeguard sensitive data and maintain trust.

Meeting CPS-230 standard

For APRA-regulated entities, CPS-230 introduces new requirements for vendor oversight, operational resilience and incident response by July 2025. Managers must collaborate closely with third-party providers to ensure compliance without compromising efficiency.

Practical recommendations

- Conduct a readiness assessment for CPS-230 compliance to identify gaps and develop an actionable compliance roadmap.
- Partner with cybersecurity vendors to conduct regular audits, enhance system defences and establish incident response protocols aligned with evolving threats.

1. IDT Summit, 2024.

2. PwC. *It's Time to Get Excited About Boring AI*. PwC, 2024. Available at: <https://www.pwc.com/gx/en/issues/artificial-intelligence/publications/ai-automation-data-extraction.html>.

3. CrowdStrike. 2024 Global Threat Report. CrowdStrike, 2024. Available at: <https://www.crowdstrike.com/en-us/global-threat-report/>.



Strategic recommendations

In 2025, investment managers must embrace strategies that balance operational efficiency, technological innovation, and regulatory compliance. The following recommendations outline a practical roadmap to achieve these goals while positioning your organisation for long-term success.



Invest in talent development

Equip teams with skills in AI, data governance, and cloud-based platforms to remain relevant in a rapidly evolving landscape. Upskilling employees fosters innovation, improves operational resilience, and ensures your workforce is prepared for future challenges.

Prioritise data governance

Adopt a "single source of truth" model to enhance data quality, consistency and accessibility. Centralised data governance ensures that decision-making is based on accurate, reliable, and timely information, reducing risks and enhancing trust.

Invest in data quality

High-quality data is the foundation for making sound investment decisions. Investment and fund managers should invest in data quality tools and processes to ensure their data remains accurate, consistent and reliable.

Incorporate ESG factors

ESG factors are becoming increasingly important to investors' decision-making. Incorporate ESG factors into your investment process to attract and retain investors.

Simplify | optimise | innovate

Follow a phased approach to innovation: simplify your current operations, optimise processes with technology, and then slowly implement advanced tools in operations. A measured approach minimises disruption and ensures sustainable transformation.



Looking ahead

To remain competitive and resilient in 2025 and beyond, investment managers must adopt a strategic approach to managing their investment data that balances operational efficiency, regulatory changes, technological innovation, and the increasing complexity of global markets.

Simplifying and optimising processes, investing in talent development, and adopting advanced tools for data quality and governance are critical to building a robust foundation for decision-making. This will not only improve operational efficiency but also position firms to adapt and lead in an increasingly data-driven and competitive environment.

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