

How Streamlined Data Management Can Help Asset Managers Mitigate Risk



Risk management has evolved beyond just mitigating threats—strong risk management practices can be a competitive advantage. In today’s volatile markets, asset managers are tasked with navigating unprecedented complexity, adapting to tighter regulations, and leveraging data to build resilience and drive growth. Yet, traditional methods fall short, leaving many struggling with disjointed systems, siloed data, and delayed insights.

Consider this: A global survey of asset management firms identified that eliminating data errors is a pressing challenge for the majority of respondents, with fragmented systems and reliance on IT bottlenecks slowing progress toward better risk analytics and decision-making.



The Traditional Risk Management Dilemma

Risk management has always been essential, but in today's volatile markets, the stakes are higher than ever. Legacy systems and outdated processes are no longer sufficient for addressing the increasing complexity of regulatory, operational, and investment risks.



Siloed Data Slows Decisions:

Data scattered across multiple systems and applications, data lakes, data warehouses, external sources, and services creates fragmented views of risk, delaying critical decisions when timeliness is essential.



Lagging Reporting Tools:

Relying on latency-prone systems means decisions are often based on outdated information, reducing responsiveness to market shifts.



Increasing Regulatory Complexity:

Regulatory expectations are growing, with requirements like ESG, SEC Rule 22E-4, and PRIIPS demanding granular data. Meeting these demands with traditional methods is resource-intensive and difficult to sustain.

The Unique Risk Management Challenges for Asset Managers



Investment Risk:

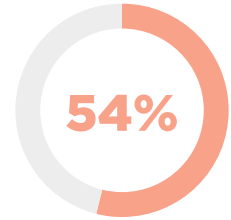
Enhancing Risk Analytics

Data Quality Remains a Key Challenge: Data fragmentation across internal platforms, third-party vendors, and custodians complicate comprehensive risk assessments. [A global survey of 375 asset management firms](#) revealed that 54% identified eliminating errors as their top data management challenge, highlighting the critical need for cohesive data systems.

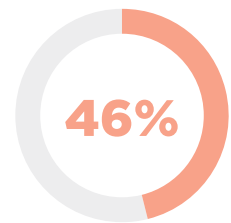
Delayed Insights Undermine Action: Traditional systems often provide outdated information, hindering timely responses to market fluctuations. The same survey found that 46% of firms use data that is over 24 hours old for decision-making, underscoring the necessity for more current data access.

Predictive Capabilities Are Lacking: Effective risk management requires tools to forecast potential risks and model various scenarios. However, many firms lack these predictive analytics capabilities, leaving managers reactive rather than proactive. The survey also revealed that [63% of firms cited consolidating disparate data sources as a top challenge](#) in risk management, while 47% struggle with incorporating current data. Without accurate and timely data integration, asset management firms cannot anticipate risks effectively, leading to slower decision-making and increased exposure to market fluctuations.

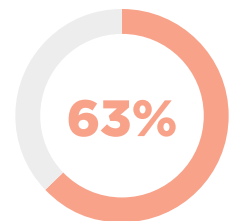
By implementing a streamlined data management strategy, firms can enhance their ability to leverage predictive analytics, ensuring they stay ahead of potential risks rather than reacting after the fact.



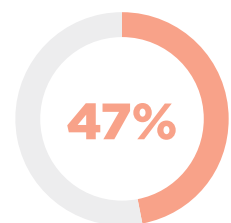
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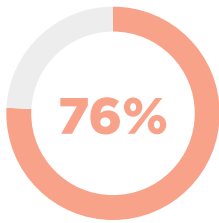


of firms struggle with incorporating current data in relation to risk management

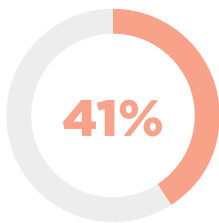


Operational Risk:

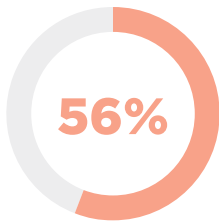
Managing Complexity with Limited Resources



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of firms struggle with ensuring consistent metadata and semantics in relation to compliance

Limited Resources, Growing Data Complexity: Risk management teams at independent asset management firms often operate with lean resources, balancing multiple priorities such as data management, compliance reporting, and portfolio risk assessment. This is alongside the growing volume and complexity of data in the world today. According to the [global survey](#), 76% of independent asset managers require six to nine people to process data for business needs, underscoring the exposure created by fragmented data workflows. Inefficient data processes, like relying on manual data preparation, do more than create operational burdens—they expose firms to potential errors.

Brittle Data Governance Frameworks: Without a structured and well-rounded approach to data quality, access, and use – firms risk inconsistencies, duplication, and errors in reporting—and potentially even breaches, data loss, and misinformed investment strategies. Regulatory bodies are increasingly scrutinizing data governance practices, and firms that fail to maintain accurate, timely reporting could face fines, audit failures, or even legal action.



Compliance Risk:

Rising to Meet Growing Demands

Regulatory Burdens Are Increasing: Without centralized and timely data, compliance can easily become resource intensive and error-prone. The survey also highlighted that 41% of firms aim to respond to business requests more promptly, emphasizing the need for efficient data management to meet regulatory demands.

The Need for Transparency: Compliance is no longer just about meeting regulatory requirements—it's about demonstrating the accuracy and integrity of data. According to the same survey, 56% of asset management firms struggle with ensuring consistent metadata and semantics, in relation to compliance, increasing the risk of compliance gaps. Inaccurate or incomplete reporting can lead to reputational damage, regulatory penalties, and loss of investor confidence.

A New Approach to Risk Management

To address these challenges, asset managers need tools that unify data, eliminate inefficiencies, and enable proactive decision-making.

InterSystems improves risk management by providing a better approach to data. Our solutions enable you to dynamically connect to all of your applications and data sources from inside and outside the organization, apply AI and analytics, and feed risk, compliance, and investment teams with the same, accurate, consistent data. Our technology integrates portfolio data, market data, customer data, and cloud or on-premises data stores; applies normalization, reconciliation, and validation; and enables ML and AI capabilities, helping you modernize risk management without replacing your existing architecture.

Mitigating Key Risks in Financial Data Management

Compliance Risk:

Ensure clear, auditable reporting to meet regulatory demands while safeguarding reputational integrity.

Investment Risk:

Monitor pre- and post-trade risk with predictive models powered by unified data.

Operational Risk:

Automate data processes to reduce errors and enhance consistency, freeing teams to focus on strategic priorities.



How Smarter Tools Empower Asset Managers



Integrated Decision Intelligence

A smart data fabric empowers teams to identify and mitigate risks by enabling teams to solve complex data problems in a single stack. InterSystems data technology, such as IntegratedML, allows your team to write automatic machine learning (ML)-style models using SQL. Thus, developers familiar with SQL can use ML predictions in their applications.



Real-Time Visibility

In fast-moving markets, access to real-time data is critical. A smart data fabric built with InterSystems data technology lets you work or “connect” with data where it lies and is uniquely positioned for high-speed, highly scalable, highly reliable, transactional computation as well as advanced analytics with embedded business intelligence (BI), ML, and Python.

Risk Management as a Strategic Advantage

Effective risk management does more than safeguard assets—it can be a key differentiator in competitive scenarios. Institutional clients, such as pension funds, increasingly demand robust risk analysis as part of RFIs. Demonstrating a sophisticated, data-driven approach can help secure new business and build lasting client confidence.

Closing the Loop

Real-time visibility and integrated decision intelligence can transform risk management from a reactive, fragmented process into a proactive, integrated strategy. InterSystems® Data Fabric Studio™ epitomizes these benefits. With implementation times as fast as 3-6 months, you can be up and running with your first project in no time, leveraging smarter tools to stay ahead.

To learn more, visit www.intersystems.com/industries/asset-management/



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