

Global 2025 Asset Servicing Survey Navigating Disruption



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“It's not the strongest of a species that survives, nor the most intelligent, but the ones most resilient and responsive to change.”

– Charles Darwin



Foreword

We are pleased to welcome you to Deloitte's Global 2025 Asset Servicing Survey. As a Global Asset Management industry adviser, we strive to maintain a close understanding of the evolving state of the market including the Asset Servicing sector (AS). This is the fourth edition of our AS survey and with our survey taking place every 2 years, we can observe how trends evolve over time. Our approach allows us to gather the data required to understand the current challenges faced by the entire investment management value chain, emerging major trends and the priorities driving transformation agendas.

With participation from 16 of the largest global players headquartered across Europe and the US, the results summarise the views of the Asset Servicers representing approximately 75% of the global assets under administration (AUA). The respondents provide a range of traditional services across the front, middle and back-office to their investment management, asset owner and other clients and cover organisations servicing both traditional and alternative assets.

Against a backdrop of geopolitical tensions, underwhelming global economic growth, and evolving monetary policies, the asset servicing and asset management sub-sectors continue to face challenges despite capital market growth. These include fee pressures, client expectations for more real-time data and insights, integrating alternative products and increasing operating model through digitalisation and AI.

Deloitte's Global 2025 Asset Servicing Survey highlights five critical trends: Tech modernisation and innovation; Artificial Intelligence; Front-to-Back (F2B) platforms; Operating model and culture; and Product trends. Tech modernisation is of paramount importance, driven by client demands for real-time data and digital experiences, focusing on data management, legacy system upgrades and cloud adoption, increasingly via FinTech partnerships. Front-to-Back platforms are maturing, with most firms building capabilities through strategic alliances, despite challenges such as legacy technology. Firms are focusing initially on specific AI

use cases to build confidence and demonstrate ROI before embedding the technology more broadly, though regulatory and data quality concerns persist. Fintech collaboration is also enabling Asset Servicers to simplify complex operating models and use data more effectively, aligning teams around clearer client and performance goals. Alternatives including private markets continue to expand as investment access widens especially in retail. At the same time, asset managers are taking a measured approach to digital assets given regulatory complexity, while the global appetite for active ETFs increases steadily. We hope you enjoy reading and would love to discuss this further.

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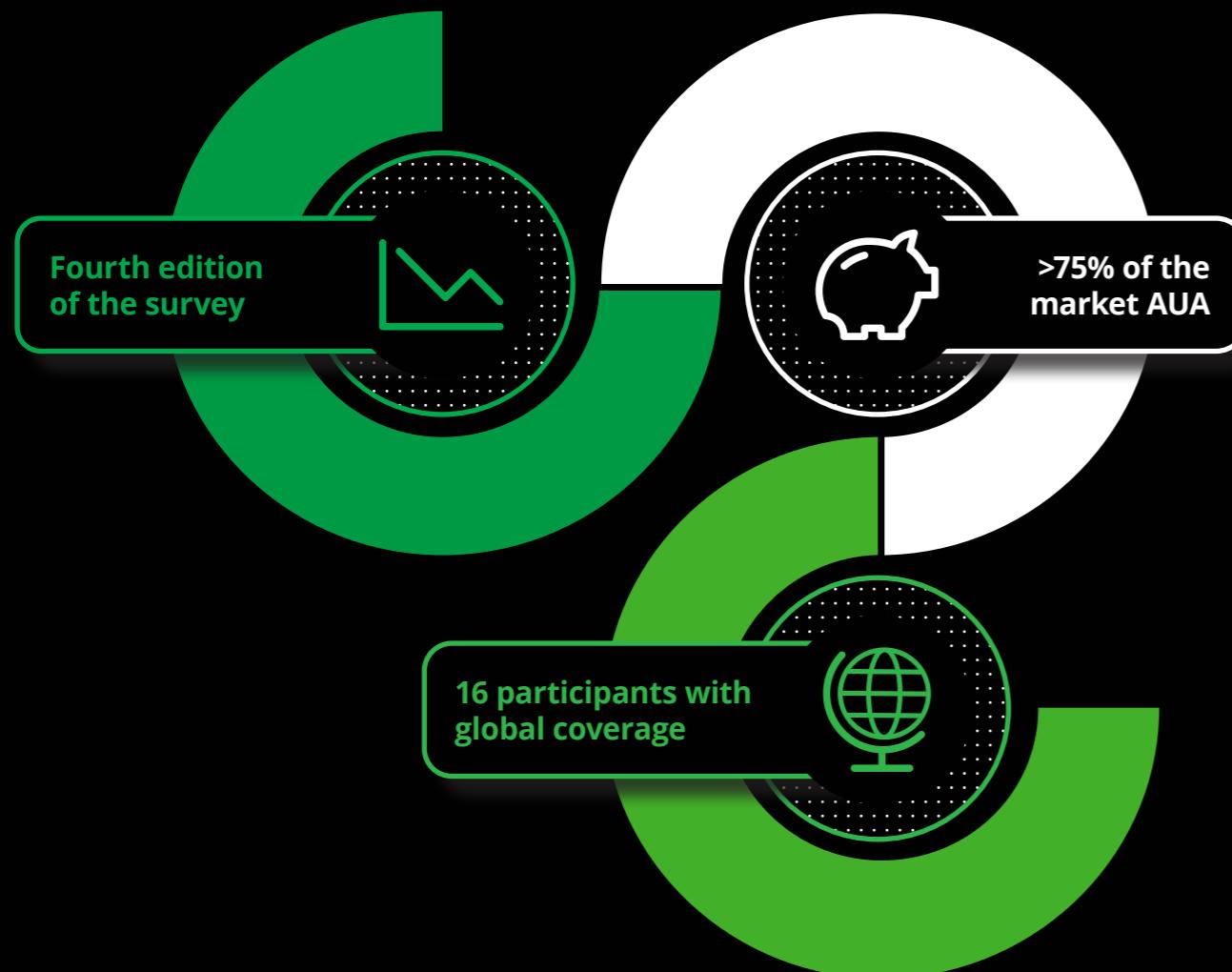
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Survey Participants Overview



Note: Firms were categorised as large or boutique based on their Assets Under Custody (AuC), with a £2 trillion threshold.

Based on latest publicly available market data for Asset Servicers

Five Key Asset Servicing Trends



TECH MODERNISATION AND INNOVATION

- Asset Servicers are pivoting investment from legacy systems to innovation and advancing digital capabilities to meet client demand for more insights/data.
- Asset Servicers are transforming data management landscape via enhanced governance, advanced architectures, and improved interoperability to deliver value from their data offerings.
- Modernisation efforts are strategically targeting Custody and Transfer Agency to streamline operations and improve efficiency.



ARTIFICIAL INTELLIGENCE

- Asset Servicers are strategically embedding AI, and increasingly generative AI (GenAI), into workflows and processes, leveraging hybrid deployment models to deliver greater operational maturity.
- Despite active experimentation, firms are prioritising operational efficiency and intelligent content processing, but full operational integration is still emerging.
- Dedicated AI leadership and internal upskilling are crucial, as challenges shift to governance, data quality, and regulatory hurdles.



FRONT-TO-BACK (F2B) PLATFORMS

- Demand for Front-to-Back solutions continues to grow and Asset Servicer offerings have evolved rapidly in recent years.
- Flexibility, interoperability, and vendor alliances have become key to winning new mandates, delivering scale, and meeting increasing asset manager demands.
- Beyond traditional offerings, Asset Servicers are positioning themselves as partners that can support their clients in keeping the pace with market trends and innovation.
- The biggest challenges to delivering F2B platforms are legacy technology, budget constraints, and technical expertise.



OPERATING MODEL AND CULTURE

- Asset Servicers have siloed operating models, impacting cross-departmental collaboration and delivery of client solutions.
- Offshoring remains a key part of Asset Servicer operational strategy but will decrease in importance by 2030 due to the greater use of managed service providers (MSPs) and automation (including AI).
- FinTech partnerships are and will continue to be essential in delivering more end-to-end digital solutions to the market.
- Acquisition and retention of talent with emerging tech skills, as well as employee upskilling, continue to be challenges for Asset Servicers.



PRODUCT TRENDS

- Alternative investments remain a significant source of growth in asset management and firms are investing in their tech and operational infrastructure to serve effectively and efficiently.
- Democratisation of Alternatives is a key driver of future growth.
- Strong DLT adoption is driven by industry collaboration.
- Although tokenisation is at an early stage due to limited buy-in from investors and distributors, and regulatory and operational barriers, it serves as an enabler to improve market access.
- Asset Servicers are prioritising investing in technology and enhanced capabilities to enable and capitalise on the global growth of active ETFs.



Tech modernisation and innovation



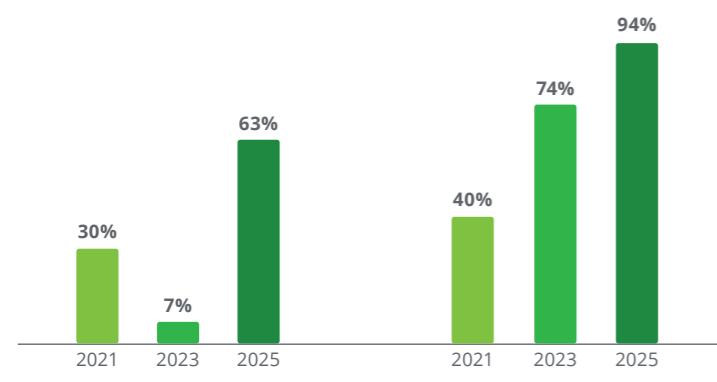
TECH MODERNISATION AND INNOVATION

"Respondents' main challenges revolve around **client expectations for data and insights**, with digitalisation a major trigger for disrupting current operating models."



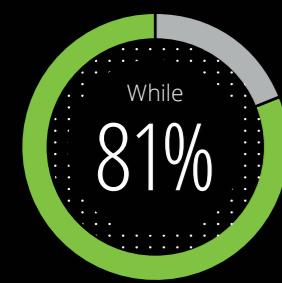
Data and digitalisation continue to be the biggest challenges for Asset Servicers

Key challenges faced by Asset Servicers



Disruption of operating models emerging through digitalisation

While 81% of respondents expect digitalisation to disrupt their operating models within three years, nearly one-in-five do not, indicating what may be a persistent gap in readiness across the industry.



The role of data and technology continues to evolve as Asset Servicers aim to meet the growing demands of asset managers and investors. Data remains the critical enabler driving the value chain, enabling firms to deliver value-added services and differentiate themselves in an increasingly competitive market. However, the industry is at a pivotal moment where client expectations for real-time data analytics and superior insights are no longer deemed to be a 'value-add' but rather a non-negotiable core feature.

In 2021, only 40% of firms viewed client expectations for real-time data analytics and insights as a high priority. By 2023, this had increased to 74%, and today it is a baseline requirement for firms to remain relevant. The challenge now is to turn data into actionable insights while aligning with client expectations for customised, real-time portfolio views. At the same time, digitalisation is reshaping operating models. 30% identified this as a top challenge in 2021, then interestingly in 2023, this reduced to 7%, with recipients anticipating it to be a bigger challenge in 3 years time (33%). This has risen to 63% today which indicates the increasing importance of integrating end-to-end digital solutions that combine outsourcing with self-service capabilities, enabling scalability and flexibility.

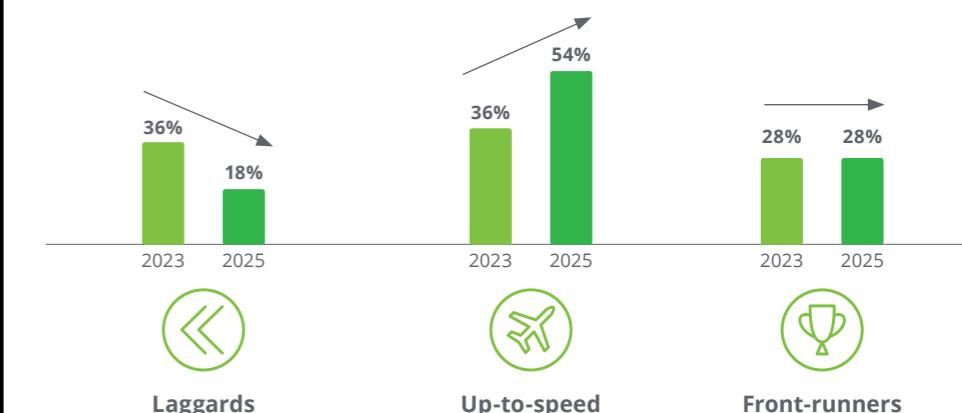
Asset Servicers are now facing a rapidly increasing demand for data insights, a trend their clients and other parts of their organisations have been adapting to for some time. This requires them to act swiftly to meet a crucial and growing market need.

Firms are investing strategically in legacy modernisation, digital experiences and AI/GenAI to accelerate their ascent from 'Up-to-speed' to 'Front-runner' and secure competitive advantage.



Asset Servicers are progressing steadily up the digital maturity curve, making strategic choices to invest in next-gen technologies to become Front-runners

Evolution of digital maturity



The 2025 survey reveals a mixed picture of progress in digital maturity and innovation across the asset servicing industry. Consistent with 2023, 28% firms identify themselves as Front-runners, at the forefront of digital adoption. 54% of firms describe themselves as Up-to-speed, and 18% identify themselves as Laggards, struggling with outdated systems and limited digitalisation. This represents a notable shift from 2023, when 36% of firms considered themselves Laggards: this suggests a considerable industry-wide effort and success over the past two years in addressing outdated and limited digitalisation.

Innovation is now a critical factor for staying competitive. The strongest drivers of innovation in the asset servicing sector are primarily client demand for digital service experiences and rising cost pressures, both cited by 82% of firms.

Currently, the majority of Asset Servicers are engaged in a dual effort: both refining

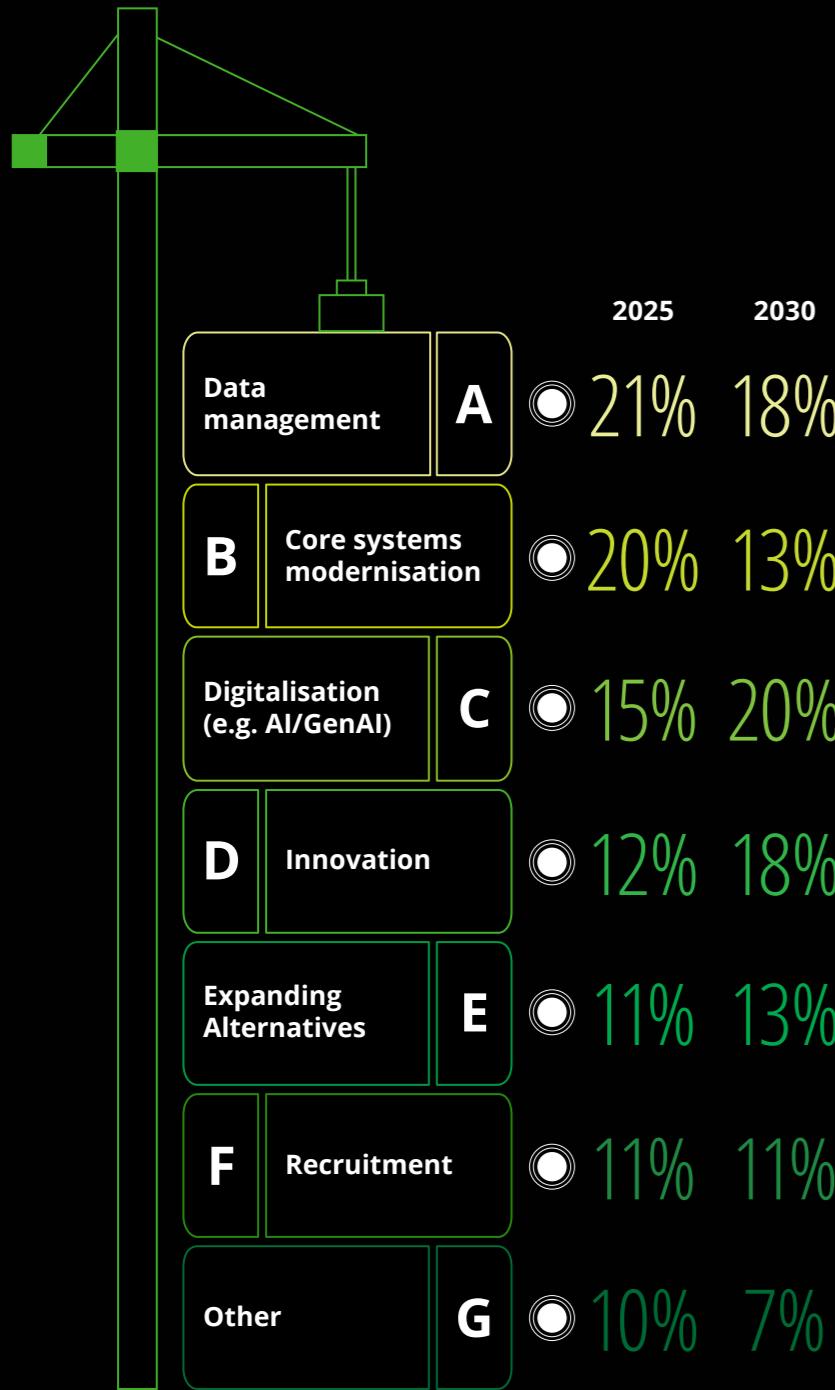
their current digital capabilities and actively pursuing new innovations to elevate their digital maturity and solidify their competitive standing. Firms need strategic investments to lead and stay current, or they will lag in an evolving market.

To achieve these objectives, Asset Servicers are prioritising several key areas. 82% are focused on modernising legacy systems to enhance foundational capabilities, while 55% are investing in new digital experiences such as real-time analytics for decision-making and next-generation client portals. The adoption of AI, most recently GenAI, is also a priority for 55% of firms, seen as vital for efficiency and insight generation, alongside 45% who are digitalising key processes such as client onboarding and regulatory reporting to achieve operational excellence. Ultimately, success in this dynamic environment will depend on making decisive strategic choices about digital investment and the integration of new technologies to enhance profitability and optimise operational margins.



TECH MODERNISATION AND INNOVATION

What are the key areas of current investment for firms, and how do they foresee these allocations changing in the next five years?



Whilst maintaining steady investment in data management, Asset Servicers are expecting to shift investment from core system modernisation to digitalisation and emerging tech

Asset Servicers are strategically choosing their investment priorities, with data management remaining a consistent focus, as budget allocations remain relatively consistent at 21% today and 18% in five years. This highlights the critical role of data management in enabling scalability, interoperability and advanced analytics. Meanwhile, spending on core systems modernisation is expected to decline significantly from 20% to 13% over the next five years, reflecting the fact that many firms are currently undertaking modernisation projects and anticipate being in a stronger position by 2030.

At the same time, investment in innovation and digitalisation is set to rise sharply, increasing from 27% now to 38% in 5 years' time, signalling a growing emphasis on adopting emerging technologies like AI, GenAI and distributed ledger technologies (DLT). This shift indicates that once core systems are modernised, firms are pivoting towards integrating new technologies to drive operational efficiency, enhance client experiences, and remain competitive in a rapidly evolving market.

Investing in innovation and digitalisation extends beyond technology to include a strong focus on talent. Asset Servicers are investing 11% of their overall budget allocation to the recruitment of experts in AI, data and cloud technologies, while also fostering a culture of learning and upskilling. By enhancing internal capabilities and empowering talent, particularly through reskilling and upskilling for agentic AI, firms are positioning themselves to integrate emerging technologies effectively and sustain long-term innovation, anticipating the transformative impact that the next wave of AI will have across all industries.



Meeting client expectations is a key driver, but other critical factors are also shaping technology investment





TECH MODERNISATION AND INNOVATION



To overcome innovation constraints from legacy systems, Asset Servicers are modernising their architecture, focusing on data transformation and leveraging the cloud for scalability and efficiency

Modernising legacy architecture

- 92% of Asset Servicers report that their ability to innovate is partially constrained by legacy systems.
- Modernising legacy systems is essential to enable seamless integration with cloud and advanced data platforms.

Transforming data

- Data is the foundation for innovation, but Asset Servicers struggle with interoperability across platforms and silos (83%) and compliance with data privacy regulations (67%). This significantly restricts their capacity to unlock the full potential of their data, slowing down innovation and complicating efforts to meet evolving client demands and regulatory mandates.
- Scalable, interoperable and real-time data platforms are critical for delivering insights and driving automation.



Though legacy systems continue to hold firms back, modernisation efforts are paving the way for transformation and growth

Legacy systems limit scalability, create interoperability challenges, and hinder integration with cloud platforms and advanced data solutions. Modernising legacy systems is not just a technical upgrade—it is a strategic imperative. When asked about IT system changes over the next three years, 75% of Asset Servicers indicated plans for significant upgrades or replacements, reflecting the urgent need to address existing constraints. 67% of firms are focused on enhancing middle and back-office technology systems to streamline operations and improve efficiency.

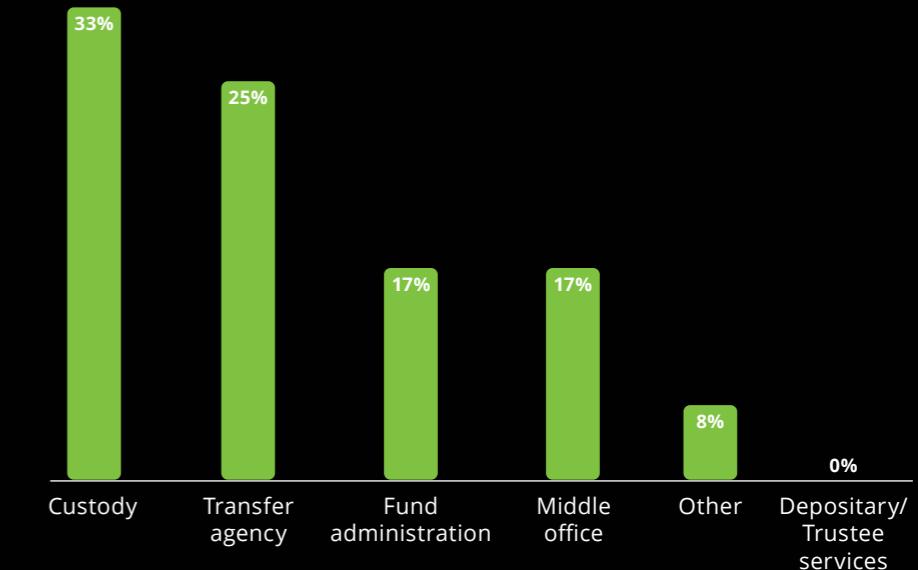
These efforts are fundamentally reshaping the industry, establishing a robust and adaptable infrastructure ready for future technological advancements and evolving regulatory landscapes.

Modernisation efforts are strategically targeting Custody, Fund administration, and Transfer agency to build future-ready operational capabilities. According to the 2023 survey, firms identified Transfer agency as having the greatest digitisation potential, with Fund administration and Custody ranking second and third respectively. By 2025, we observe a shift in investment priorities: Custody now tops the overall list for large-scale technology investment,

selected by 33% of Asset Servicers. This is driven largely by the strategic pivot towards digital assets, with 50% of large firms prioritising Custody investments. Transfer agency remains a strong focus, with 25% of respondents identifying it as an area for

large-scale technology investment, and 50% of boutique firms specifically highlighting TA. Fund administration and Middle Office follow with 17% of firms selecting each as their top investment priority.

Key business areas requiring large scale technology investment



Increasing cloud adoption

- Asset Servicers agree that cloud enables scalability (100%) and efficiency (83%) for modernisation. However, recent cloud outages highlight a critical challenge to resilience, as extensive reliance on cloud infrastructure exposes firms to significant disruption risks.



TECH MODERNISATION AND INNOVATION



Modernisation efforts are strategically targeting Custody, Fund Administration, and Transfer Agency to build future-ready operational capabilities

Custody	Transfer Agency	Fund Administration
<ul style="list-style-type: none"> In the 2025 survey, Custody has emerged as the primary area for budget investment, marking a notable rise from its previous position as the third-highest potential in 2023. This rise reflects the industry's strategic pivot towards digital assets. Investment is now shifting from optimising traditional, RPA enabled functions to addressing new security concerns and adapting frameworks for emerging digital asset classes. This necessitates significant investment in new infrastructure and cybersecurity protocols for blockchain-based digital assets, supported by 73% of respondents involved in DLT projects. Ultimately this strategic investment, enhanced by AI for efficiency, positions Custody as the critical gateway for the future digital asset economy. 	<ul style="list-style-type: none"> The 2023 survey identified TA as having the most potential for digital transformation. The 2025 survey confirms substantial progress, with 83% of firms actively engaged in or having achieved advanced stages of digital transformation. This commitment is evident in widespread innovation projects: 92% have implemented e-document management and archiving, 82% offer investor self-service portals, and 62% have introduced digital client onboarding solutions, including advanced KYC/AML. Over half of respondents are exploring or implementing DLT-driven solutions (55%) and automated transaction processing (54%), demonstrating a clear drive towards enhanced efficiency and scalability. While there are challenges such as budget constraints and prioritisation, the overall trend indicates a robust and ongoing commitment to modernising TA operations. 	<ul style="list-style-type: none"> Building on its recognition in the 2023 survey as the function with the second-highest potential for digital transformation, Fund Administration continues to be a key focus area, with 17% of firms now selecting it as their top investment priority. Firms are actively targeting hyper-automation through RPA, AI and workflow orchestration, alongside developing real-time NAV and reporting capabilities that leverage cloud-native architectures. Further advances include enhanced predictive analytics for cash flow and anomaly detection, the adoption of DLT for inter-party reconciliation, and robust ESG data integration. These innovations aim to automate manual processes like real-time inconsistency highlighting and transaction reconciliation, ultimately driving accuracy, speed and compliance readiness.



Through cloud adoption, Asset Servicers are building the agility and scalability needed to thrive in a digital-first world

Primary motivators for cloud adoption

Enhances scalability and availability



Improves efficiency and agility



Allows innovation through cloud-native services



Allows easier management and optimisation of our costs



Allows easier adaptation to new business models



82% are either running cloud projects internally or in partnership with other organisations.

Cloud adoption is fundamentally transforming asset servicing, evolving from a technical upgrade to a strategic imperative. While the main drivers are immediate operational benefits—such as enhanced scalability (100%), improved efficiency and agility (83%), and innovation via cloud-native services (83%)—a strategic approach is emerging. The emphasis on adapting to new business models, crucial for unlocking new commercial opportunities, is a priority for only 58% of firms. This highlights that while opportunities for efficiency and cost optimisation are recognised, the broader, transformative potential of cloud to reshape business models and drive strategic differentiation has not yet been fully embraced.

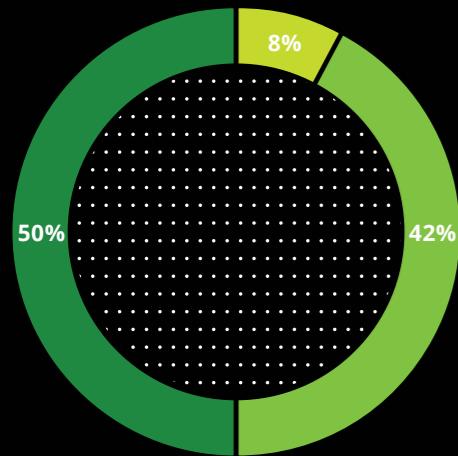
Nevertheless, Asset Servicers are actively leveraging cloud platforms across their operations. They are increasingly using cloud for data management and analytics, with tools like Snowflake and Databricks widely adopted to create scalable data lakes, enable real-time insights, and support advanced analytics. Cloud also plays a pivotal role in regulatory and compliance reporting, helping firms manage complex, cross-border requirements with greater efficiency and accuracy. Client reporting and investor portals are enhanced through cloud-based dashboards, providing real-time access to customised data and insights. Beyond these applications, cloud infrastructure supports the integration of digital assets, including tokenisation, blockchain-based custody, and digital asset servicing, positioning firms to capitalise on emerging opportunities in the market.

Despite this transformative potential, cloud adoption in asset servicing remains incomplete. While 82% of firms are actively pursuing cloud projects, 37% of work—a significant proportion—is still carried out on-premise. Critical barriers to full cloud adoption include data residency and sovereignty laws, the risk of data breaches, and challenges of interoperability with existing legacy infrastructure. These concerns are amplified by resilience challenges, as demonstrated by recent cloud outages, which highlight how extensive reliance on cloud infrastructure exposes firms to significant disruption risks.

Overcoming these challenges requires embracing hybrid environments, investing in robust data security frameworks, and adopting vendor-agnostic strategies to ensure long-term success and deliver next-generation client experiences.



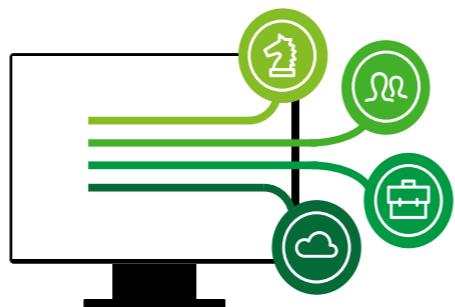
TECH MODERNISATION AND INNOVATION



Only **8%** of firms consider themselves 'Leading' in data platform maturity, while **50%** believe they are competitive with peers, and **42%** are still developing and lagging behind leading competitors.



Asset Servicers are transforming data management via enhanced governance, advanced architectures, and improved interoperability to deliver value from their data offerings



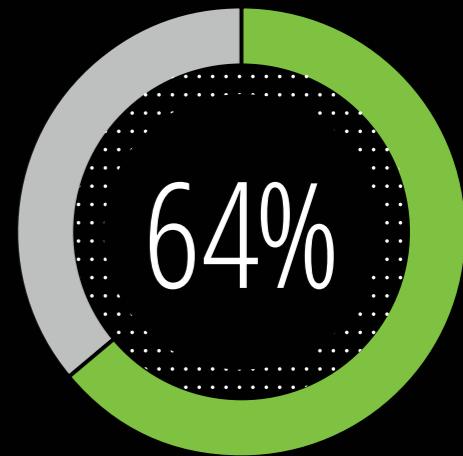
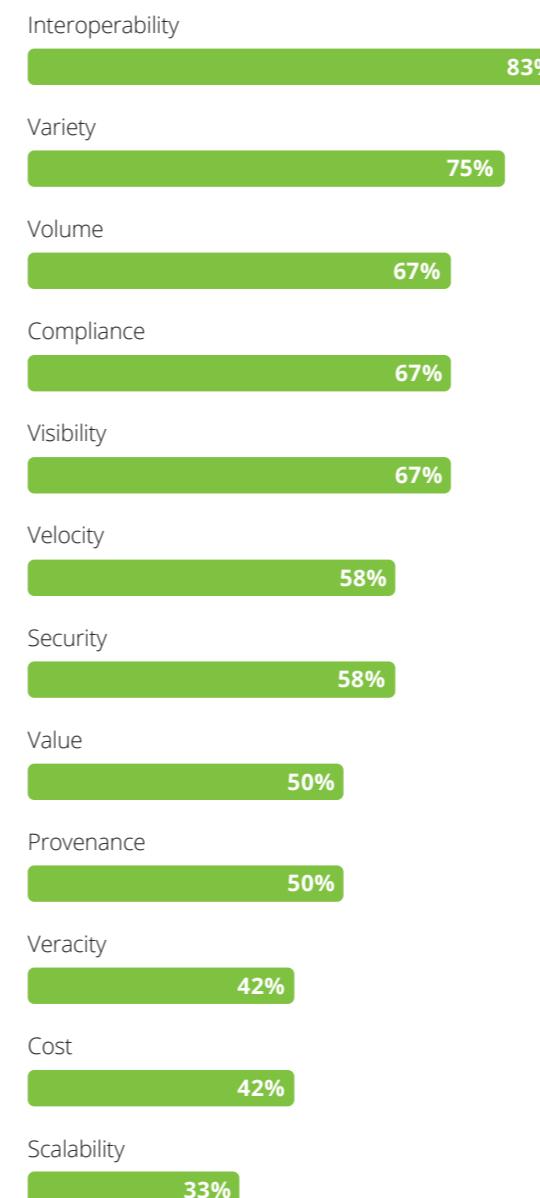
Asset Servicers face a complex array of data management challenges, with interoperability being the most significant (cited by 83% of firms). The difficulty in managing data effectively across disparate internal systems and external platforms (e.g., OMS, fund accounting, trading platforms) creates fragmentation, hindering the delivery of integrated real-time client services. Other critical challenges include managing data variety (75%), volume (67%), compliance (67%), and achieving data visibility (67%). Many Asset Servicers are making progress but remain behind leading competitors, with only 25% feeling 'very confident' that their current technology effectively addresses these fundamental data sharing and governance challenges.

In response to these challenges, Asset Servicers are strategically shifting away from traditional on-premise 'legacy' data management systems towards cloud-based infrastructures. Firms are adopting holistic, multi-layered strategies that leverage cloud-native architectures, real-time data streams and automated data quality controls to address the complexities of data volume, velocity and veracity. Tools like Snowflake and Databricks are emerging as critical enablers, offering scalability, interoperability and modular integration. Additionally, AI/ML, proprietary software, and data mesh/fabric architectures are deployed to boost efficiency, insights, interoperability and flexibility. Throughout these efforts, governance of data remains a cornerstone, with 67% of firms adopting a hybrid data

ownership model, blending centralised governance with team-level autonomy to maintain both control and flexibility.

Looking ahead, the most pressing strategic priorities for Asset Servicers over the next three years continue to be enhancing data infrastructure and storage capabilities (75%), improving governance and regulatory compliance standards (67%), and expanding data accessibility and interoperability across systems (50%). These priorities reflect a growing recognition of the critical role data plays in driving innovation, operational efficiency and client satisfaction. Successful data transformation will be key to unlocking new monetisation opportunities and securing a leading position in the industry.

Most significant data management challenges



64% Asset Servicers said they will increasingly deliver more end-to-end digital solutions through a mix of **outsourcing services** and **self-service solutions**, providing greater accessibility and autonomy for asset managers in their data and processes.



TECH MODERNISATION AND INNOVATION

75% of Asset Servicers identify establishing clear and accurate requirements among their top three challenges for delivering large-scale technology projects. This is closely followed by 67% who cite regular change requests impacting scope as one of their top three concerns. Without robust initial definitions and requirements, projects frequently encounter scope creep, derailing timelines and inflating costs, and availability of budget therefore becomes an issue. Interestingly, only 8% of respondents identified the availability of technical skills as a top three priority. This suggests that firms generally have access to the necessary technical expertise. The challenge therefore appears to be less about a fundamental skills gap and more about skilled teams being burdened by an expanding scope of project requirements, which stems from a lack of clarity in initial requirements.

Addressing these challenges calls for enhanced upfront planning (requirements and scoping), robust change control mechanisms, and a clear articulation of the targeted return on investment for technology investments. Additionally, firms are increasingly adopting strong governance frameworks and ensuring active hands-on sponsorship, with projects led by a clear 'business champion' and demonstrating greater focus and momentum. The use of agile, iterative development methodologies, such as the Minimum Viable Product (MVP) approach, has enabled firms to refine solutions quickly and adapt to shifting priorities. Collaboration across cross-functional teams, integrating technology, operations and risk, has proved essential for delivering practical and widely adopted solutions.

Coupled with effective business change management practices, these strategies are enabling organisations to overcome barriers, build resilience and deliver enhanced client experiences, while maintaining a competitive advantage.



Asset Servicers are improving technology project delivery by strengthening requirement specifications, scope management, governance, and cross-functional collaboration

Key challenges in large-scale technology project delivery: Ranked by top three

Establishing clear and accurate requirements	75%
Regular change requests impacting scope	67%
Availability of budget	50%
Clarity on tech vision, strategy and objectives	33%
Availability of project management skills	25%
Challenges in meeting/exceeding client expectations	25%
Deep organisational understanding of new technologies	17%
Availability of technical skill	8%



Asset Servicers are leveraging 3 strategic approaches to drive digitalisation and accelerate innovation...



91% have established Centres of Excellence (CoE)

- CoEs are an ideal structure for addressing key tech delivery challenges, by centralising expertise and best practices while cutting across business units.
- CoEs are enabling Asset Servicers to effectively seize new business opportunities presented by emerging technologies, and to capitalise on the potential of new digital asset classes, ensuring a consistent and high-quality response to market demands.
- CoEs focused on data and analytics, automation and testing and quality assurance have become increasingly prevalent across the industry.



82% have dedicated transformation teams

- Dedicated transformation offices are being created to identify, prioritise and implement large-scale technology initiatives.
- Transformation offices manage implementation roadmaps and budgets, allocate resources, and engage stakeholders, helping organisations navigate the complexities of digital transformation.
- They embed business change management, foster innovation, and ensure seamless adoption of new technologies and processes across the organisation.



73% have partnered with FinTech

- Half of Asset Servicers maintain a balanced mix of in-house and partnered technology, while 25% rely predominantly on external providers for 75% or more of their technology needs.
- FinTechs are particularly active in areas such as KYC/AML services, transfer agency, collateral management, and regulatory reporting.
- The widespread collaboration with FinTechs and external partners highlights a strategic shift towards acquiring new capabilities rapidly to drive innovation, rather than building everything internally.

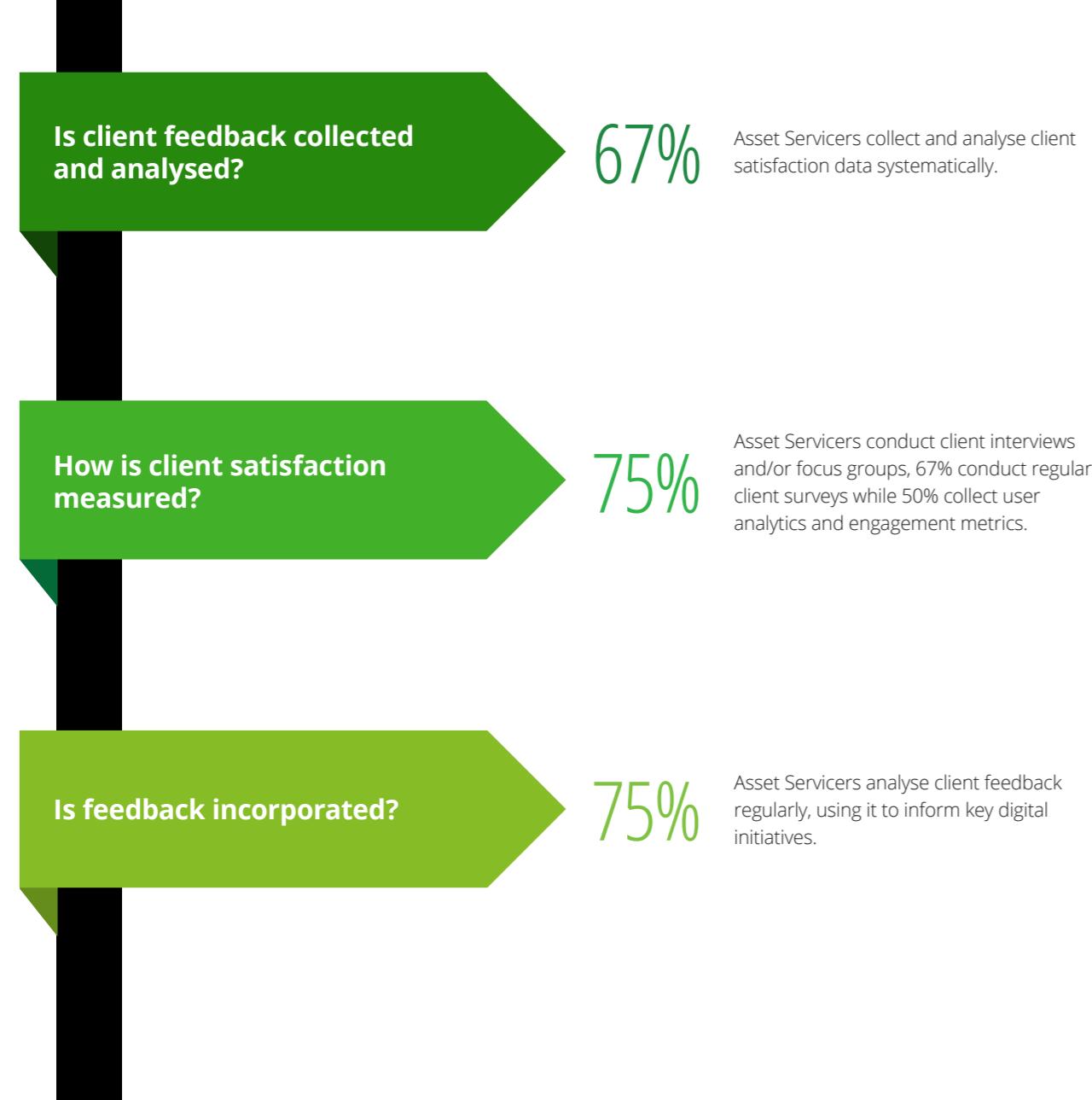
"Large Asset Servicers primarily drive innovation through dedicated internal structures like innovation labs and transformation teams, while boutique firms show a greater reliance on external partnerships and third-party support."



TECH MODERNISATION AND INNOVATION



... and using client satisfaction and cost savings as key metrics to measure the success of transformation initiatives



Asset Servicers are increasingly prioritising client satisfaction (92%), cost savings (92%), and productivity gains (83%) as their top metrics for evaluating success. Notably, 67% of respondents collect and analyse client feedback data systematically. These metrics align with the industry's emphasis on delivering superior client experiences while improving operational efficiency and reducing costs.

Other important measures include revenue creation (75%) and efficiency gains (75%), which highlight the growing need for technology investments to drive tangible business outcomes. However, many firms still struggle to measure ROI and intangible benefits like fostering an innovation culture or improving agility. Clear metrics and dashboards demonstrating early wins—such as reductions in manual errors or time saved—are helping firms secure ongoing stakeholder support and funding for further transformation initiatives.

Overall, digital transformation is challenging, but Asset Servicers that prioritise innovation, align investments with strategic goals, and focus on measurable outcomes will be best positioned to meet evolving client demands and drive operational excellence.



Artificial intelligence



ARTIFICIAL INTELLIGENCE

"Respondents are strategically embedding **AI** and **GenAI** within their **digital transformation agendas**, largely through **hybrid deployment models**, as they actively formalise their **future roadmaps**."



Asset Servicers are actively embracing integrated, hybrid AI and GenAI strategies, signalling a maturing but still evolving transformation strategy

Organisational approach towards AI implementation

Hybrid approach **54%**

In-house development **23%**

Exploring options **15%**

No AI & GenAI use **8%**

Third-party vendors only **0%**

Strategic roadmap for AI adoption

Part of broader digital strategy **46%**

Roadmap in development **38%**

Dedicated AI/GenAI strategy **15%**

Not a priority **0%**

Balancing internal expertise with external innovation: Our respondents show a strong preference for a hybrid approach (54%) over AI solution rollouts and blending in-house development with external solutions to balance control and specialised expertise. 23% of firms are developing AI entirely in-house, emphasising the strategic importance of protecting sensitive data and intellectual property.

Notably, no firms reported exclusive reliance on third-party vendors, suggesting a broader industry shift towards greater internal control. However, this contrasts with observations that boutique firms often depend on standard productivity platforms (like Copilot) or their software vendors.

Finally, the absence of any mention of agentic AI by respondents is surprising, given its potential for operational transformation.

AI and GenAI are a core digital enabler, not a standalone initiative

Initiative: Nearly half (46%) of Asset Servicers are embedding AI and GenAI into their broader digital transformation strategies, recognising their critical role in streamlining compliance, enhancing KYC processes, data management, reconciliations and optimising trade operations. This strategic integration, coupled with a clear preference for hybrid deployment models (55%), signals a shift from isolated pilot initiatives to a more unified, enterprise-wide approach.

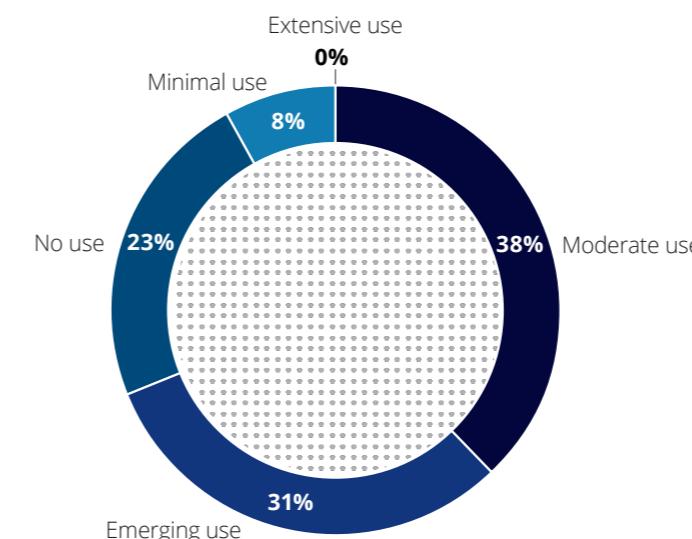
Roadmaps are under construction, signalling future acceleration

Many firms (38%) are actively developing their AI and GenAI roadmaps, moving from initial exploration to formal execution plans. This critical phase is key for defining competitive advantage. However, a significant divide is emerging: 22% of large firms already have dedicated AI strategies, compared to 0% of modest firms. This disparity means smaller firms, lacking sufficient resources, risk falling behind their larger counterparts in leveraging AI for competitive advantage.

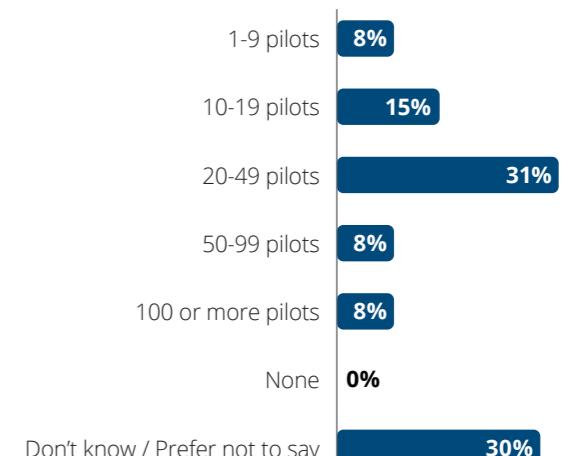


Asset Servicers are actively experimenting with AI and GenAI, but full operational integration is still emerging

Extent of AI & GenAI incorporation



Numbers of pilots & POCs



High experimentation, gradual integration

Despite no firms reporting 'extensive' use of AI/GenAI, a significant proportion (62%) are actively running between 1 and 99 experiments, pilots, or proofs of concept. This indicates a strong appetite for exploration and validation, driving a current state of 'moderate' (38%) or 'emerging' (31%) operational integration.



Cautious, phased adoption

The absence of 'extensive' use, coupled with the prevalence of 'moderate' and 'emerging' integration, suggests a cautious, phased approach to AI/GenAI deployment. Firms are likely focusing on specific use cases to build confidence and demonstrate ROI before embedding them more broadly, prioritising accuracy and reliability in a highly regulated environment. Firms that are looking to extensively embed AI are considering reusable Agentic architectures. This change in strategy could account for the cautious phased approach seen in the data.



Significant untapped potential

A notable 23% of respondents currently report 'no use' of AI/GenAI in their asset servicing operations. A third (30%) 'don't know/prefer not to say' their experiment count, suggesting potential decentralisation or tracking challenges in innovation efforts. There is a significant opportunity for these firms to embrace AI and to learn from ongoing market AI experimentation. It is unclear whether this low engagement with AI reflects a capability and/or budget gap compared with other Asset Servicing firms.



"Respondents are actively engaged in **AI & GenAI** experimentation, yet operational integration remains largely **moderate or emerging**, indicating a **cautious** but **deliberate** path towards broader adoption."

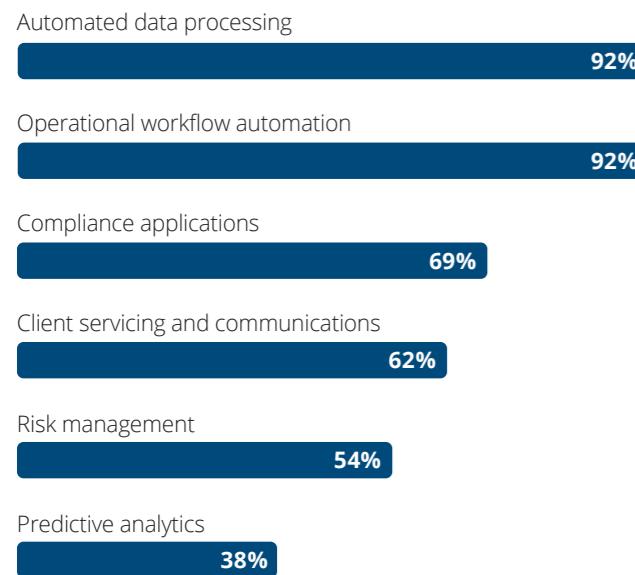


ARTIFICIAL INTELLIGENCE

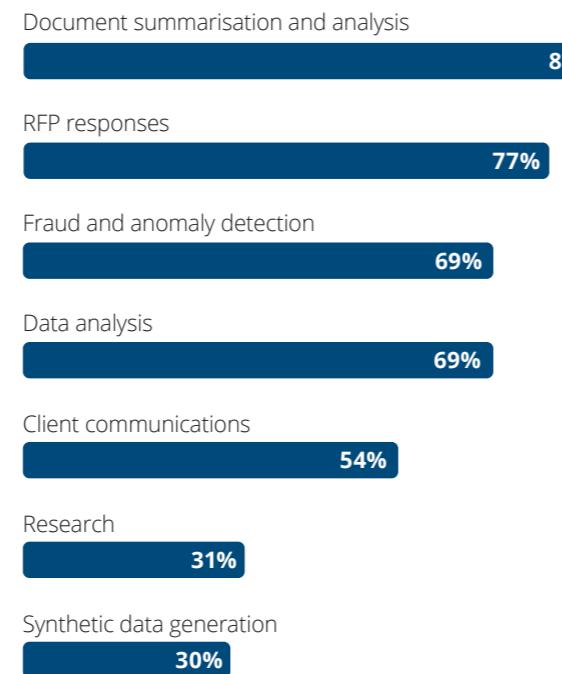


Asset Servicers prioritise AI and GenAI for core operational efficiency and intelligent content processing

Use cases for AI/GenAI in Asset Servicing



Potential use cases for GenAI in Asset Servicing



Current use cases

Asset Servicers overwhelmingly are prioritising AI/GenAI for foundational operational improvements, with automated data extraction, processing and workflow automation identified by 92% of respondents as areas of greatest potential. These findings suggest a strategic intent to leverage AI/GenAI to streamline labour-intensive tasks, enhance data utility, and improve responsiveness in critical business functions like compliance (69%) and client servicing and communications (62%), indicating a move towards more intelligent and automated core processes.

Potential use cases

The strong focus on efficiency and accuracy is further reinforced by the specific applications of GenAI, where document summarisation and analysis (85%) and RFP responses (77%) lead the adoption. Further to this, in a continued effort to clean up and analyse data, there was focus on fraud and anomaly detection (69%) and data analysis (69%). Finally, the theme of client engagement and insights is prevalent as we see (54%) and (31%) of recipients highlighting client communication and research as potential use cases.



Asset Servicers establish dedicated AI/GenAI leadership, prioritising internal upskilling for strategic growth



Dedicated AI/GenAI or innovation team

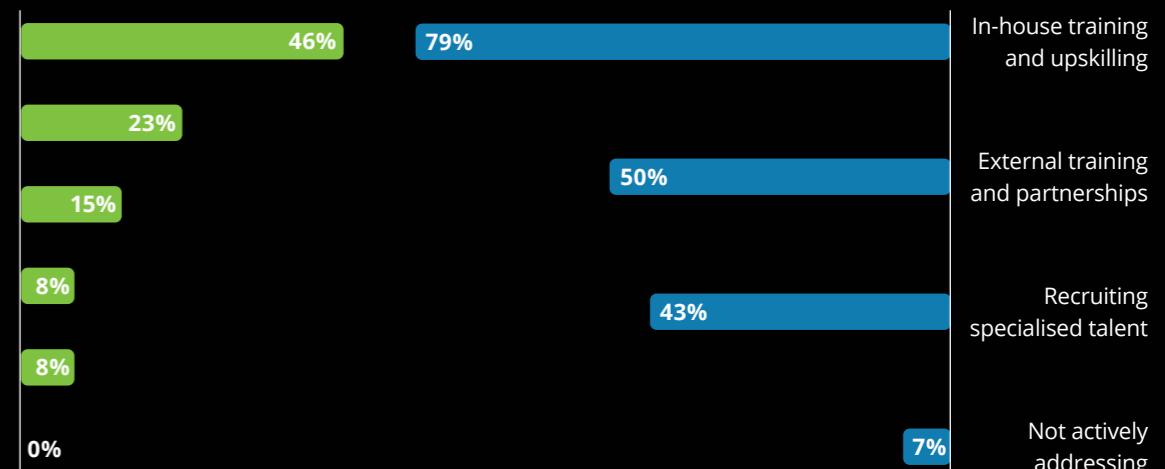
IT/Technology team

Cross-functional team

Operations team

Product team

Risk & compliance team



"Respondents are **strategically investing** in dedicated **AI and GenAI leadership** and comprehensive internal **upskilling** to build sustainable capabilities and drive **innovation** across Asset Servicing."



ARTIFICIAL INTELLIGENCE

Challenges in launching AI/GenAI pilots have shifted from technical integration to governance and data centric concerns.

Previously, technical integration (63%) and change management (25%) were primary hurdles, with regulation being a non-issue (0%).

Now, regulatory and legal hurdles are the top concern for 62% of participants followed by data quality (54%) and scaling up from POCs (46%).

Ongoing management of AI solutions shares the challenge of quality data. A lack of 'AI ready data' seems to be a key theme in the market.



Key challenges in launching AI/GenAI pilots and POCs

2023 Challenges

Integration of the technologies with existing processes/workflows

63%

Change management

25%

Lack of skills and experience internally

13%

Buy-in of other industry participants

13%

Regulation

0%

Project profitability

0%

2025 Challenges

Complex regulatory and/or legal hurdles to navigate

62%

Inconsistent or poor-quality data to train models

54%

Difficulties getting from the POC to full-scale implementation

46%

Insufficient internal technical skills for building and scaling AI/GenAI solutions

31%

Cultural resistance to AI/GenAI within the organisation

23%

Budgetary or other resource constraints

23%

Limited senior stakeholder and/or executive buy-in

15%

None of the above - we have not piloted AI/GenAI or run POCs/implementations

8%

To tackle these key challenges, firms are investing in:

- enhancing AI governance and compliance frameworks to improve adaptability to the fast-changing regulatory environment
- improved data controls/governance as well as upgrading data/cloud technologies
- internal upskilling and external talent search.



AI/GenAI: Performance measurement and future expected benefits

Performance measurement



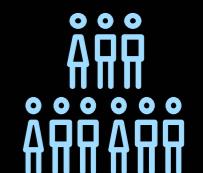
Future expected benefits

>78% expect



- Enhanced operational efficiency
- Enhanced operating model
- Elimination of repetitive/low value tasks
- Improved client satisfaction metrics
- Cost reduction

35%-65% expect



- More effective regulatory compliance and risk mitigation
- Increased revenues
- Fundamental transformation of our end-to-end asset servicing processes
- Increase speed to market for new systems

Organisations measure AI/GenAI success primarily through cost savings and ROI. Looking ahead, a majority (over 78%) anticipate that AI/GenAI will enhance operational efficiency, improve operating models, eliminate repetitive tasks, boost client satisfaction, and reduce costs. Additionally, 35-65% expect benefits such as more effective regulatory compliance and risk mitigation, increased revenues, fundamental transformation of end-to-end asset servicing processes, and increased speed to market for new systems.



Front-to-Back (F2B) platforms



FRONT-TO-BACK (F2B) PLATFORMS



Demand for Front-to-Back solutions continues to strengthen and Asset Servicer offerings have evolved rapidly in recent years

In 2023

36% of respondents listed end-to-end solutions as one of the biggest priorities over the next 2-5 years

In 2025

79% of respondents are evaluating, developing, or have developed Front-to-Back propositions

Asset Servicers broadly sit within or across three primary Front-to-Back models:



Full Front-to-Back: Managing the entire value chain as a single provider, through in-house development and/or acquiring platform vendors.



OMS partnerships: Collaborating with an OMS vendor partner to provide an end-to-end modular solution.



Cross-vendor integrated: Bespoke models designed per client, comprising an ecosystem of in-house systems and vendor alliances.

Of the 79% respondents planning to offer a Front-to-Back proposition, where are they on that journey?

Mature (3 years + in production)

55%

Established (Less than 3 years in production)

18%

Developing F2B capabilities

9%

Evaluating

18%

73% of respondents with Front-to-Back propositions rate themselves as 'Mature' or 'Established', which represents a major shift from 2023, when only 36% listed end-to-end solutions as one of their biggest priorities over the next 2-5 years.

Interestingly, while only 36% were prioritising Front-to-Back solutions in 2023, 55% of those with F2B propositions in 2025 rate themselves as 'Mature'. This is surprising, given the limited number of live models across the various market participants versus other solutions and how quickly the market and end-client demands are evolving. This may represent variations in how Asset Servicers define Front-to-Back, or may represent a more bullish self-assessment of capabilities from those looking to capitalise on the growing market demand.

Given the speed in which F2B offerings have been brought to market, the 27% who are 'Developing' or 'Evaluating' may quickly find themselves outpaced by competitors who already have established client relationships and delivery partnerships.

One key driver of demand has been a continued shift up the value chain, with Asset Servicers building out Front Office adjacent services

2023

33%

% of Asset Servicers looking to extend product offerings to include Front Office activities

2025

75%

64% are seeing a greater interest in outsourced trading activities, whereas in 2023 the primary focus was Middle and Back-office.

75% are looking to extend their product offerings to include Front-Office adjacent activities, a significant increase compared to 33% in 2023.

Examples of services are Front Office batch deliveries, Front Office support services, OMS support and training, market insights and commentary, and consultancy services.

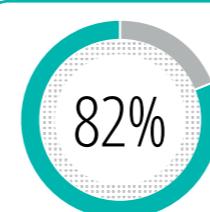


Flexibility, interoperability, and vendor alliances have become key to winning new mandates, delivering scale, and meeting increasing asset manager demands

Attitudes have shifted notably, with a heightened willingness to engage in partnerships/strategic alliances to support new market initiatives. In 2021, only 50% of respondents were committed to collaborating with third parties to address challenges including operational technology. Today, 80% of Asset Servicers are planning to leverage alliances to deliver or scale their Front-to-Back service model.

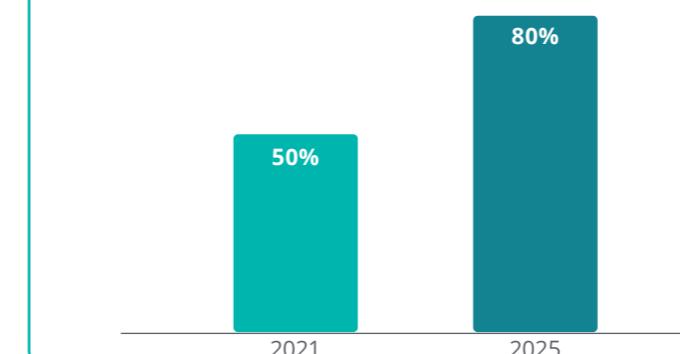
This illustrates a shift towards the 'Cross-Vendor Integrated' model and 'OMS Partnership' models. OMS Partnerships where a modular OMS solution is implemented end-to-end remain prevalent in the market, but there appears to be a shift towards the 'Cross-Vendor Integrated' model where Asset Servicers are building bespoke operating models that are client-specific whilst integrating offerings from multiple vendors.

This shift is driven by the expectations of asset managers. Asset Servicers are finding F2B mandates more difficult to win unless they allow for flexibility in end-to-end operating models and systems architecture. The increase in market competition means that asset managers can leverage a competitive RFP process to bargain for the bespoke builds and vendor integrations they desire. Two key examples of this would be 1) asset managers communicating their chosen OMS up-front and 2) setting expectations for data consolidation and integration (e.g. Snowflake). However, there is an inherent conflict between the scalability and efficiency of more standardised offerings and meeting increasing client expectations for interoperability and more bespoke architecture.



of respondents plan to offer an open-ended architecture as part of their Front-to-Back offering and operating model

% of Asset Servicers planning to leverage alliances to deliver or scale their Front-to-Back offering



Early market predictions, followed by our survey in 2023, indicated that Asset Servicers would favour building proprietary 'Full Front-to-Back' models, consistent with traditional approaches that prioritise owning infrastructure.

While there are some notable in-house full F2B models, attitudes have shifted in recent years towards more flexible service offering and leveraging strategic alliances, particularly when looking to meet increasing end-client expectations and market competition.



FRONT-TO-BACK (F2B) PLATFORMS



Beyond traditional offerings, Asset Servicers are positioning themselves as partners that can support their clients in keeping pace with market trends and innovation

Strategic activities planned to develop and/or launch in the next five years (% of times selected by respondents)



Diversification of offerings

These strategic activities represent expanding offerings to cover wider products/services. These were rated much higher by larger Asset Servicers, indicating ambitions to leverage scale to diversify offerings and expand existing relationships or win new mandates. Across larger Asset Servicers, 89% chose private markets and 33% chose wealth platforms, compared to 40% and 0% respectively for boutique firms.

Differentiation through innovation

The content of development roadmaps is a key battleground for winning new business. Most strategic investment priorities focus on activities that can support end clients, such as helping them develop and service digital assets, providing them with access to better data quality with deeper insights, the democratisation of private markets, and enhanced ETF servicing capabilities.

While this percentage may seem low, it aligns with the fact that 73% of respondents rate their existing F2B offerings as 'Mature' or 'Established', and wouldn't be expected to select F2B as an area to develop and/or launch.



Delivering a Front-to-Back platform that meets increasing client demands is a major commitment and is not without its challenges

What challenges does your organisation face in delivering a fully integrated, data-centric Front-to-Back platform for your asset management clients?

Constraints posed by legacy technology constructing new platform development

92%

Budget constraint

54%

Lack of technical capabilities required to deliver the platform

31%

Lack of appropriate talent within the organisation to deliver and operate the platform

15%

Lack of strategy and dedicated product lead to define and deliver the platform

15%

Difficulty acquiring senior stakeholder support for a new platform

8%

Lack of understanding of product requirements needed to deliver the platform

0%

Top 3 challenges faced in delivering Front-to-Back platforms

1. Constraints posed by legacy technology

Legacy technology is the biggest challenge by far, affecting 92% of Asset Servicers. Data-centric and flexible Front-to-Back platforms require increased interoperability, customisation and scale. Often, the biggest challenge is how to build this on to long-established technologies while adding new functionality and product coverage. This is not just a technology challenge: support models built around the legacy technology are also being disrupted.

2. Budget constraints

It is not surprising that budget constraints are the second-biggest challenge, although we would have expected to see this higher than 54%. We expect to see this arise in two areas: 1) providing scale, customisation and innovation is not cheap, particularly when building on legacy technologies (above), and 2) many large platform implementations overrun initial timelines and budgets and transformations as significant as Front-to-Back outsourcing have proved to be no different.

3. Technical capabilities

While 31% of respondents highlight a lack of technical capabilities, this is down from 42% in 2023, likely because offerings have become more established. While it could be assumed that this downward trend would continue as models become more sustainable and the supply of talent with direct experience supporting implementations increases, this will likely continue as a challenge due to the scale of technical complexities and continued evolution of offerings.

The challenges lower down the list relate to product and platform strategy and senior support. It is not surprising to see these rated lower, as it is consistent with the fact that 79% are evaluating, developing, or have developed Front-to-Back propositions.

However, we would caution Asset Servicers not to be overconfident about their current strategies and understanding of product/platform requirements. The market is evolving rapidly, as evidenced by the focus on expanding product and technical offerings and increasing client expectation. A lack of flexibility and self-assessment could result in being left behind.



Operating model and culture



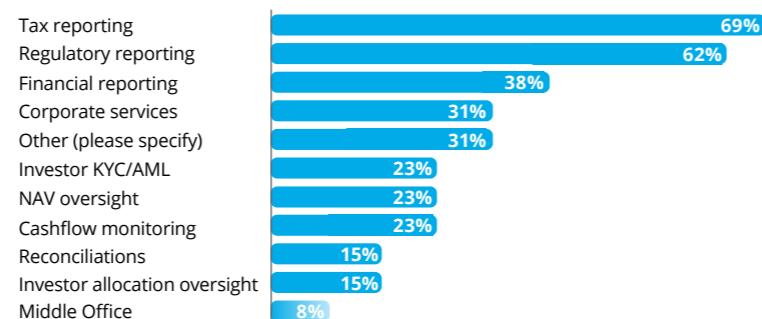
OPERATING MODEL AND CULTURE

81% of Asset Servicers cited that fee pressures on asset managers being passed down to them is a significant challenge facing their business. At the same time, the scale and complexity of expected services continues to evolve and firms are feeling the impact of geopolitical and macroeconomic factors. This combination of revenue and cost pressures makes it even more important to assess underlying costs and establish clear sourcing strategies for 'non-core' activities.



Revenue and cost pressures continue to drive sourcing strategy decisions. 'Reporting' is the main candidate for outsourcing to a managed service provider

Services that Asset Servicers expected to transfer to a managed service provider in the next three years

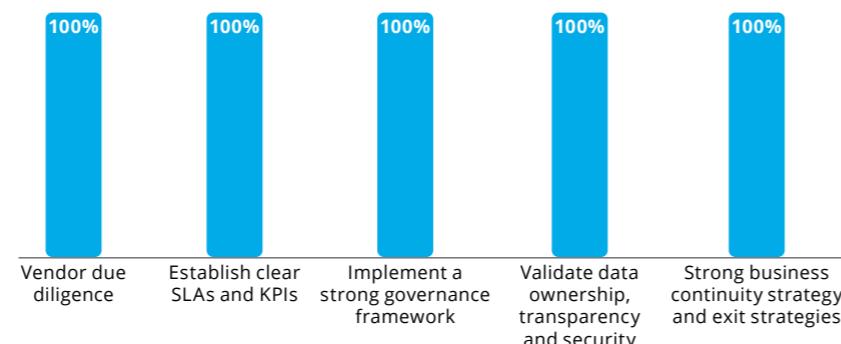


Asset Servicers continue to outsource to reduce their cost burden

- Asset Servicers are significantly increasing their outsourcing of reporting functions: Tax (69%, regulatory (62% vs 25% in 2023) and financial (38% vs 13% in 2023).
- Appetite for outsourcing core services remains low (e.g., Middle Office 8%, and Investor allocation oversight 15%), but there was interest in NAV oversight (23%) and Investor KYC (23%) which has increased substantially since 2023 (from 7% and 0% respectively).
- However, only 25% of respondents today are seeing the removal of non-core activities from operating models as a significant challenge. Our respondents also forecast that outsourcing to third party providers as a proportion of their investment budget will fall from 13% in 2025 to 10% in 2028, indicating that outsourcing is not a silver bullet to tackling the cost challenge and must be considered alongside other strategies (e.g. offshoring).

How would you typically expect to ensure stability and performance of services once they have been transferred to a third party?*

*Excludes 3 respondents that indicated this question is not applicable to them



Managing the risk of third-party outsourcing

- All respondents agreed that a multi-faceted approach is required mitigate risk when outsourcing and managing third parties. All 5 controls shown above were given equal weighting from our respondents.
- Responses indicated that Asset Servicers have processes in place to manage each part of the vendor lifecycle, from onboarding and contract negotiations, through to day-to-day service delivery, to continuity planning and exit strategies.

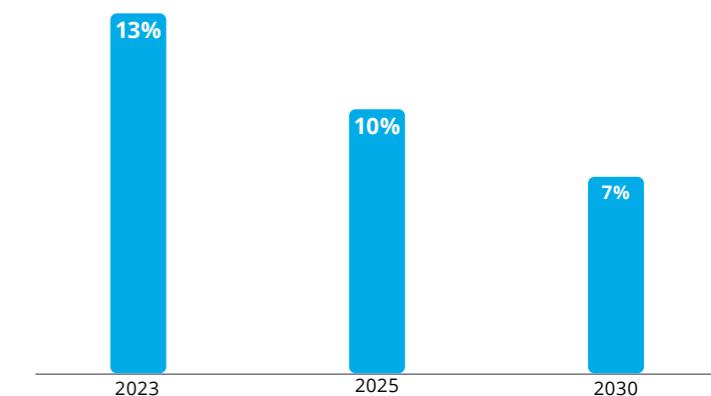


Offshoring remains a key part of operational strategy but will decrease in importance by 2030 due to the greater use of managed service providers and automation whilst firms aim to incorporate AI into non-core functions

In addition to the use of managed service providers, firms have continued to leverage offshoring as a key part of their operational strategy. This is reflected in the percentage of their investment budget allocated to offshoring (13% in 2023 and 10% in 2025).

82% of all organisations believe they have an optimal onshore/offshore balance. However, boutique firms struggle more than large firms to achieve a balance. For example, 33% of boutique firms believe that they have too little offshore talent whereas 88% of large firms have an optimal mix. This highlights the inherent challenges in obtaining an optimal balance despite the current level of maturity in large firms' offshore operations. Notably, 82% of respondents indicated that ensuring consistent performance across locations is a challenge, specifically in relation to legacy systems knowledge. In addition, 73% also commented that regulatory constraints prohibit offshoring in certain use cases and 55% noted that offshoring can lead to operational inefficiencies.

% of investment budget allocated to offshoring



Firms looking to implement or amend their offshoring strategy should consider taking the following steps before implementation:

- Undertake a detailed process review to:
 - assess task suitability across all locations
 - understand regulatory sensitivities to impacted tasks and functions
 - streamline interdependencies to deliver consistent client service.
- Develop a comprehensive upskilling strategy to ensure legacy skills and knowledge are transferred to offshore locations.
- Implement strong governance and oversight frameworks with clear internal SLAs.

However, firms also have the option to reduce their reliance on offshoring by increasing their use of managed service providers and using AI to carry out non-core activities. The likely uptake of this option is reflected in respondents' investment budget forecasts for 2030, which allocate only 7% of budgets to offshoring (down from 13% in 2023).



OPERATING MODEL AND CULTURE



FinTech partnership is and will be essential in delivering more end-to-end digital solutions to the market

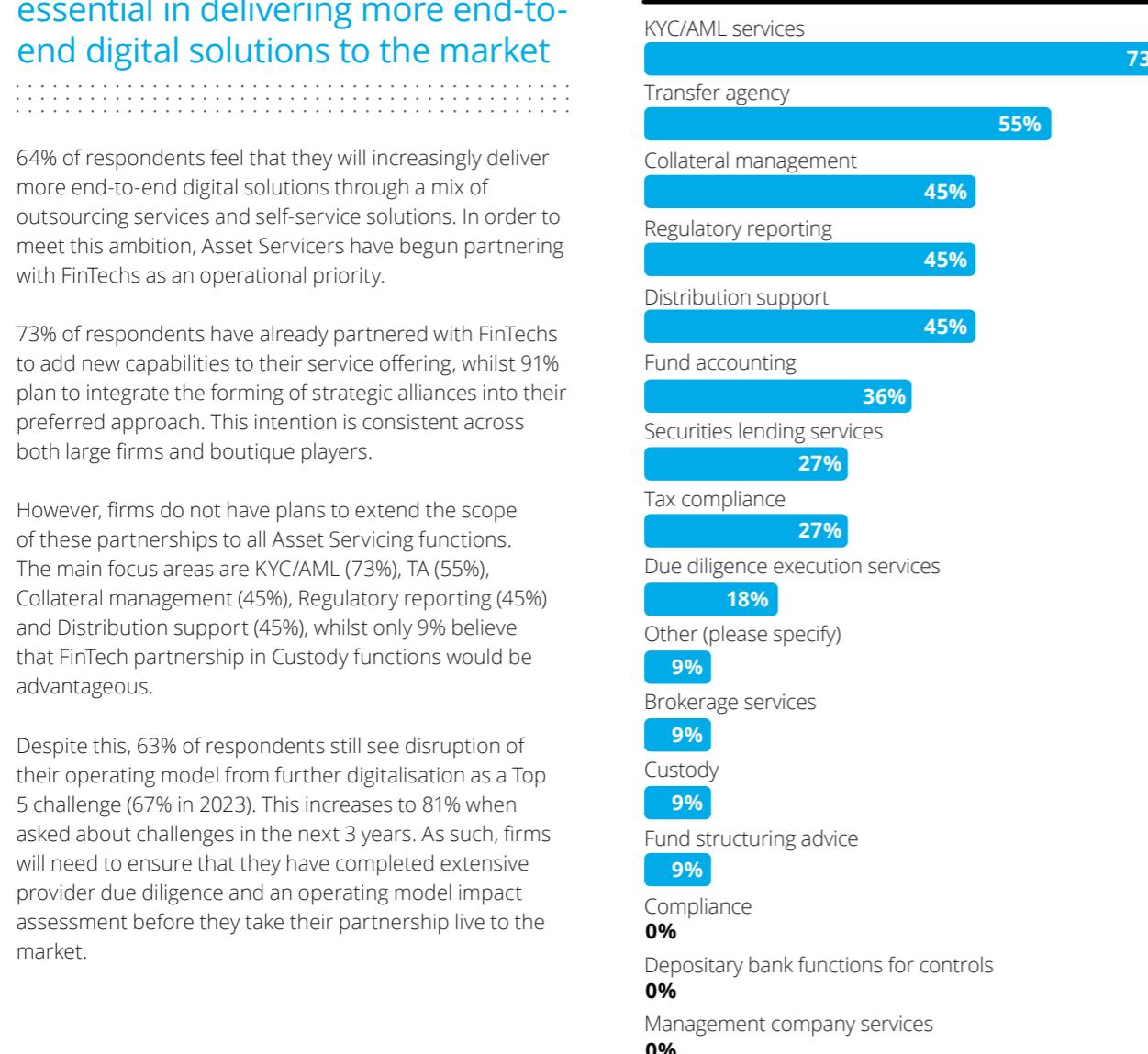
64% of respondents feel that they will increasingly deliver more end-to-end digital solutions through a mix of outsourcing services and self-service solutions. In order to meet this ambition, Asset Servicers have begun partnering with FinTechs as an operational priority.

73% of respondents have already partnered with FinTechs to add new capabilities to their service offering, whilst 91% plan to integrate the forming of strategic alliances into their preferred approach. This intention is consistent across both large firms and boutique players.

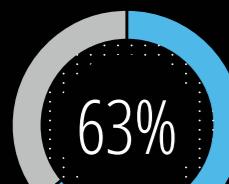
However, firms do not have plans to extend the scope of these partnerships to all Asset Servicing functions. The main focus areas are KYC/AML (73%), TA (55%), Collateral management (45%), Regulatory reporting (45%) and Distribution support (45%), whilst only 9% believe that FinTech partnership in Custody functions would be advantageous.

Despite this, 63% of respondents still see disruption of their operating model from further digitalisation as a Top 5 challenge (67% in 2023). This increases to 81% when asked about challenges in the next 3 years. As such, firms will need to ensure that they have completed extensive provider due diligence and an operating model impact assessment before they take their partnership live to the market.

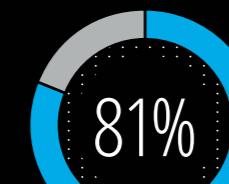
Functional impact



% of respondents who consider the impact of digitalisation on operating models a Top 5 challenge:

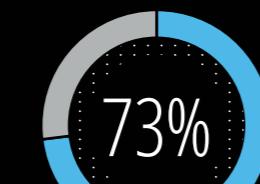


2025

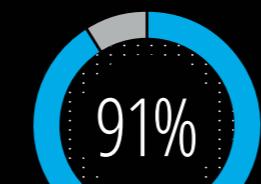


Next 3 Years

% of respondents partnering with FinTechs:



2025



Future



Asset Servicers have siloed operating models. This impacts interfirm collaboration and delivery of client solutions, reduces visibility into broader organisational goals and increases barriers to innovation

Whilst Asset Servicers look both to create a balanced onshore/offshore operating model and to expand their offerings through partnerships with FinTechs, 92% of respondents believe that silos exist within their organisation. The extent to which organisations suffer from the effects of these silos differs by size of organisation. Surprisingly, 75% of boutique firms are more impacted by organisational silos compared to 38% of large firms. This indicates that operational silos are not just the product of complex organisational structures but are an industry-wide issue. This needs to be resolved through an assessment of client journeys, focusing on the hand offs between different teams within Asset Servicers.

The impacts of a siloed organisation are substantial. Notably, 82% of respondents with organisational

silos believe that they limit cross-departmental collaboration, whilst 73% believe it causes inefficiency in delivering client solutions. 55% commented that this causes duplication of effort and lack of visibility into broader organisational goals whilst 45% said that it reduces innovation.

If left unaddressed, the reduced transparency, duplicated efforts and hindered collaboration efforts can embed an 'us versus them' culture. Silos limit the organisation's ability to drive accountability and responsibility for cross-departmental work, and that exacerbates the inefficiencies in solutions and duplication of effort. Ultimately it erodes the shared purpose and cultural norms that drive the organisation, leading to increased frustration, disengagement, reduced innovation and poor customer experience.

Main challenges with a siloed structure

Limits collaboration across departments

82%

Inefficiencies in delivering client solutions

73%

Duplication of effort and misalignment of resources

55%

Lack of visibility into broader organisational goals

55%

More difficult to innovate and adapt to client needs

45%



OPERATING MODEL AND CULTURE



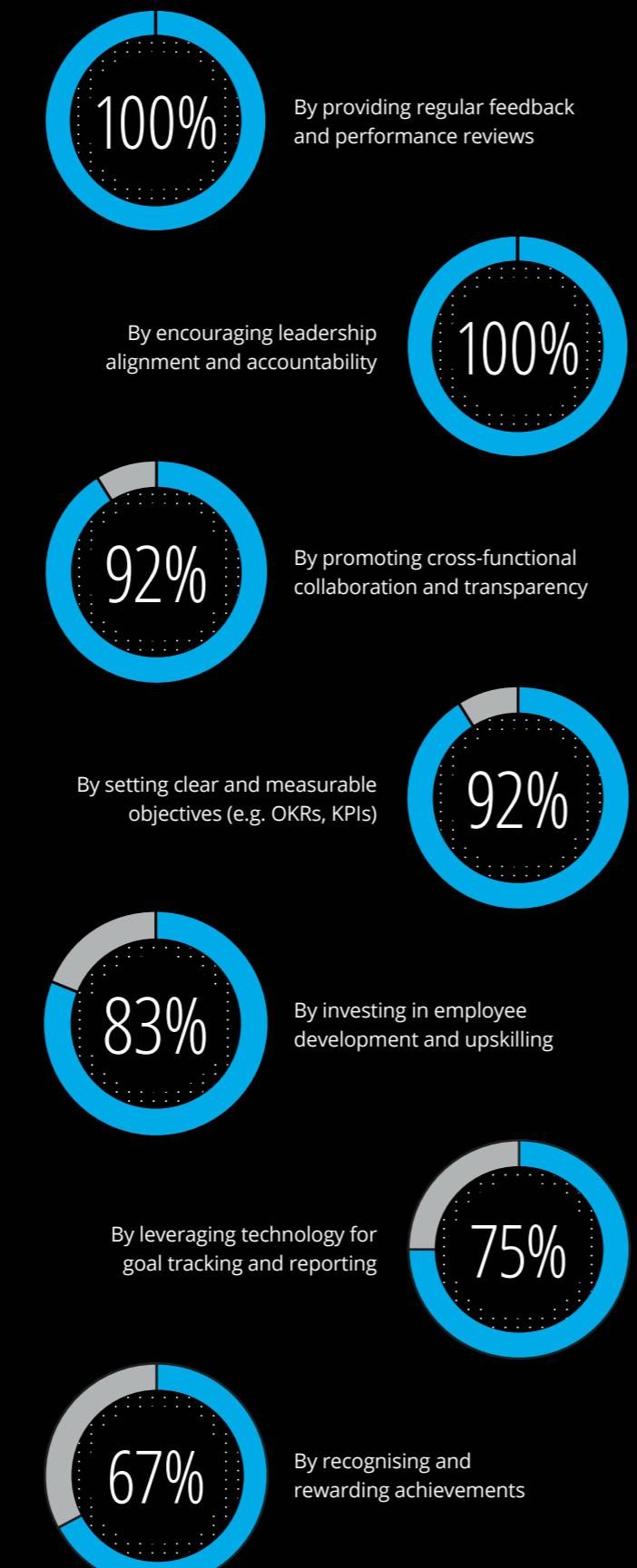
Organisations are implementing a data-centric feedback loop to drive a goals-based culture

One of the key impacts of a siloed organisation is lack of visibility into broader organisational goals. To address this, Asset Servicers are aiming to foster a goals-driven culture, notably through the implementation of a data-centric feedback loop. This involves the provision of regular employee feedback (which 100% of respondents are already doing), and setting measurable objectives and KPIs (which 92% of respondents are doing). Larger firms are also looking to put greater structure around the tracking of key organisational and personal KPIs. For instance, it is noteworthy that 88% of large firms (compared to 50% of boutique firms) are leveraging technology to track their performance throughout the financial year.

Leadership also plays a vital role in enabling a goals-driven culture. 100% of respondents agreed that alignment and accountability amongst the leadership group help drive performance, and 92% agree that leaders promoting cross-functional collaboration is key to this. However, the breakdown of boutique to large firm responses highlights an additional nuance. Only 75% of boutique firms are encouraging leaders to facilitate cross-functional collaboration. This contributes to earlier insight that client service of boutique firms is more greatly impacted by organisational silos than large firms.

Finally, the importance of employee learning and reward initiatives is recognised by respondents. They noted that investing in development and upskilling (83%) and recognising and rewarding achievements (67%) help improve team performance.

How do firms foster a goals-driven culture to align teams and drive performance?



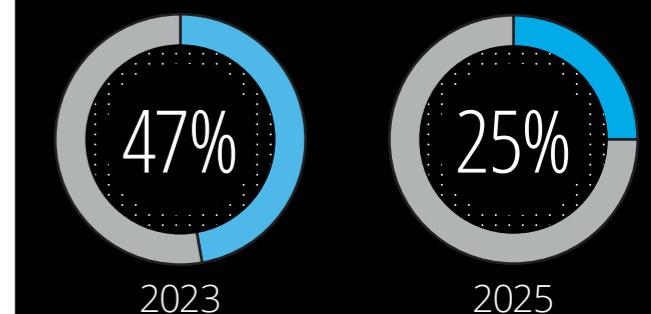
Talent remains a significant challenge for Asset Servicers in the acquisition and retention of talent with emerging tech skills

The proportion of Asset Servicers who consider attracting the right talent a Top 5 market challenge has dropped from 47% in 2023 to 25% in 2025.

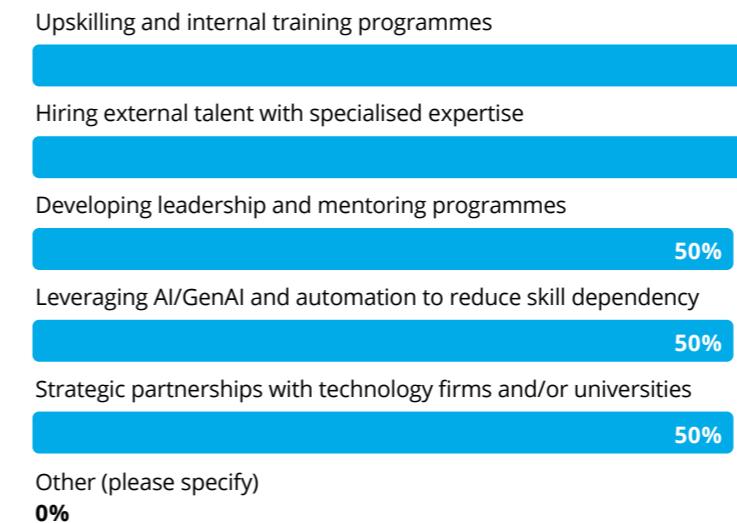
However, we believe that this decrease only reflects the fact that other challenges have superseded Talent as a Top 5 challenge rather than an easing of recruitment challenges in the past two years. This is evidenced by the issues faced by boutique firms in attracting talent. 40% of boutique firms consider talent attraction a Top 5 challenge, compared to 18% of large firms.

The respective allocation of large and boutique firms to investment budgets tells a similar story: boutique firms allocate 14% of investment budgets to recruitment whilst large firms allocate only 8%. Most of this budget is focused currently on Data analytics/GenAI expertise, as well as blockchain and digital asset knowledge, as organisations bid to tap into client demand for comprehensive data offerings and to assess the viability of digital asset servicing offerings.

Percentage of respondents who consider attracting the right talent a Top 5 market challenge:



Methods of addressing gaps in organisational skills



Asset Servicers are unable to source these skills in the market, with 64% of respondents commenting that there is a skills gap in emerging tech, and 55% believe that there is a lack of industry-specific expertise.

All Asset Servicers are addressing this problem through internal upskilling, and in the absence of large-scale recruitment an increasing number of firms are exploring strategic partnerships with tech firms and universities, as well as the use of AI, to fill the gap.

There are also issues with talent retention, for two main reasons: limited skillsets being in high demand and increasing employee demand for hybrid working. 55% of respondents flagged these issues as barriers to employee retention.

Many organisations are addressing these challenges by developing organisation-wide capability maps of their current skills, to identify those that will be of strategic importance for success. Not only does this allow them to funnel investment and resource to priority skills, but it also allows for the deployment of resources to areas which need them the most.

Fundamentally, the demand on organisations to adapt to the ever-evolving landscape of work, their workforce and changing priorities is greater than ever. Investing in a values-led culture that emphasises trust, agility and development is a powerful differentiator to unlock the performance required from employees.



Product trends



PRODUCT TRENDS

“Private debt, private equity, and real estate are projected to remain the Top 3 growth opportunities in 2025, with private debt leading.”



Alternative investments remain a significant source of growth

Where do you see the big next growth opportunity within the Alternatives space?

Top 5 asset classes with growth opportunities (2023 vs 2025)



Global alternative asset AuM is about £19 trillion¹ and is growing at around 10% annually across the globe² – driven by demand for access by retail investors and product innovation with new fund structures and tokenisation.

While the current macroeconomic environment, characterised by higher interest rates and economic uncertainty, has led to subdued short-term fundraising activity, the underlying structural drivers for Alternatives, including private markets, remain robust. The long-term outlook remains strong and is underpinned by continued institutional investor allocation strategies and the inherent advantages of private markets in value creation.

Private debt and private equity are still seen (as in 2023) as the areas with the next big growth opportunity in Alternatives, followed by real estate, hybrid funds and infrastructure.

Private debt has emerged as a powerful substitute for public debt markets, offering borrowers customised terms while attracting investors with the potential for strong yields in a high interest rate environment. Private equity continues to be popular with a focus on digital and cost transformation as levers for value creation.



Asset Servicers are investing in technology and operations infrastructure to prepare for growth in private markets

What proportion of your existing technology offering was developed in-house versus sourced from external partners?

Balanced mix (approximately 50% in-house, 50% partnered technology)



Mostly partnered (75% or more sourced from external providers)



Mostly in-house (75% or more developed internally)



Entirely in-house



Entirely partnered technology



Balanced approach to tech sourcing: Half of the respondents said that they have a balanced mix (developed in-house versus sourced from external vendors) in their technology offering. Moreover, in future 83% of respondents are anticipating using a combination of these approaches, though firms will need to be conscious of the challenges associated with integrating best-in-class third party solutions with their own in-house technology.

Successful investment managers have moved into new geographies, products and client segments. This has brought growth but requires investment in technology and operations infrastructure to effectively service the growth.

Asset Servicers are focusing their investment on building Front-to-Back private markets models (similar to public markets) to scale, in line with current and anticipated future growth. This strategic investment is not only in preparation for the growth in private markets but is also driven by the complexity, bespoke servicing needs, and nascentcy of new product types, which exacerbate challenges in creating real scale in their business.

Technology solutions in the industry have typically been stand-alone point solutions, but firms are now focused on building and integrating in-house and point solutions to provide a complete Front-to-Back solution for their end clients.

Focus areas for investment: Firms are investing in Middle and Back-Office technology (83%) to streamline fund administration and compliance. Firms are also investing in operational efficiency (83%) to automate workflows and processes.

Data platforms and analytics (75%) are also a priority area as firms continue to build a single source of truth pulling together unstructured and non-uniform data in multiple formats from clients, vendors and GPs in what was a previously an opaque market, to give clients the transparency and insights they seek.

Interestingly **AI-driven insights** (33%) do not feature high on the priority list in the near term, indicating that firms are still in the exploration phase or are tackling other pressing issues, such as getting the data right and building a unified platform strategy.

¹ CAIA association

² Preqin



PRODUCT TRENDS

“Two-thirds of respondents are committed to building platforms or services to facilitate retail investor access to private markets.”



Asset Servicers are engaging in supporting future growth in private markets democratisation



The democratisation of private markets is driven by an increased demand from mass affluent and high-net-worth (HNW) individuals seeking long-term capital appreciation and inter-generational wealth preservation. This trend has led to a strategic focus by GPs on expanding into new investor types and geographies. Other catalysts for growth are regulatory product wrappers such as the Interval Funds, Non-Traded REITs, and Non-Traded Business Development Companies (BDCs) in the US, European Long-Term Investment Funds (ELTIF 2.0) in the EU and the UK's Long-Term Asset Fund (LTAF). ELTIF 2.0 has removed regulatory barriers, simplifying rules and expanding eligible assets. Similarly the LTAF regime, initially targeting pension schemes, is now broadening access to retail investors, notably through Stocks and Shares ISA eligibility from 6 April 2026.



In response to these market shifts, private market managers are investing actively in technology and operations, as well as in investor and distributor education to mitigate mis-selling risks and ensure that all stakeholders, from distributors to end-buyers, understand the unique semi-liquidity profile and associated risks. This necessitates a review of operational models and processes to manage open-ended alternative funds effectively. For Asset Servicers, the rapid growth of semi-liquid structures presents significant operational challenges, for example, a lack of experience, knowledge, and, crucially, the established processes and technology required for efficient servicing these complex structures.



Efficient fund administration is of paramount importance, requiring specialised teams, processes and technology to integrate private markets expertise (asset side) with mutual fund expertise (liability side), and to manage the unique liquidity cycles and restrictions inherent in Alternative investments.

Is your organisation developing a platform or service in collaboration with asset managers to democratise private markets and expand access for retail investors?

Yes - we are actively developing a platform or service

50%

Yes - we are in the early stages of exploration

17%

No - but we are considering it for the future

17%

No - we have no plans to support retail investor access to private markets

17%

67% of the surveyed Asset Servicers have already committed to building platforms or services to facilitate retail investor access to private markets. While 40% of respondents in 2023 indicated the handling and provision of valuation for liquid alternative products as one of their Top 3 services for development, the strong engagement this year with private markets democratisation indicates the industry's recognition of the market opportunity and the need to adapt to evolving investor demands.

Looking ahead, 64% of respondents plan to develop and/or launch capabilities that support the further democratisation of private markets within the next five years, indicating a sustained and significant industry-wide transformation towards broader access to Alternative investments.



Strong DLT adoption is driven by industry collaboration. Although tokenisation is at an early stage due to limited buy-in from investors and distributors, and regulatory and operational barriers, it serves as an enabler.

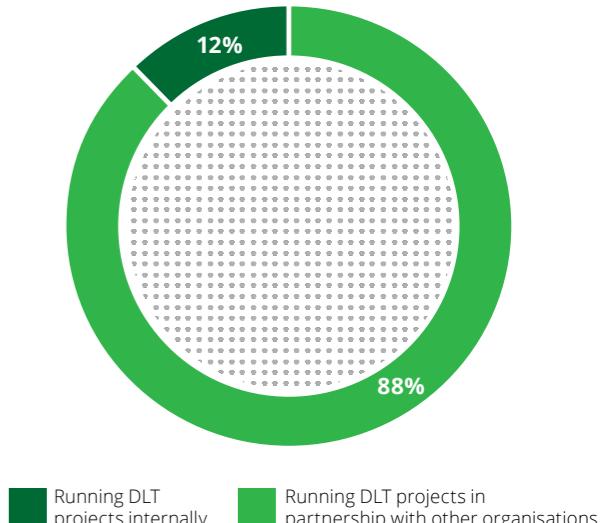
73% of respondents are actively involved in projects that leverage distributed ledger technology (DLT). Notably, 100% of surveyed large firms are actively involved, compared with none of the boutique firms.

88% of those engaged in DLT projects are doing so in partnership with other organisations. This implies that DLT implementation is rarely an isolated endeavour. Instead, it typically involves bringing in specialist technology providers, forming joint ventures or consortia to build shared infrastructure or establish common standards, and engaging directly with clients to co-create and deliver new DLT-enabled services.

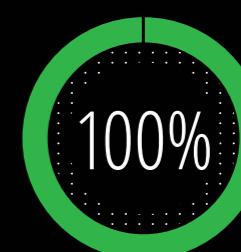
Strategic intent in digital assets and tokenisation – a key application of DLT – is strong among respondents. 93% plan to develop or launch digital assets capabilities in the next five years. Firms are actively looking towards tokenisation for scalability and future growth, diversification of revenue streams, and to meet evolving demand from both institutional and retail investors. Furthermore, the pursuit of competitive advantage and the potential for cost savings and reduced settlement times are compelling drivers.

However, firms in our survey remain cautious, and the average anticipated budget allocation of 4% is conservative. While DLT adoption is robust, private markets democratisation via tokenisation is still at an early stage of development. Tokenised money market funds (MMFs) as collateral and pilot digital bond issuances exist, but adoption has not yet scaled up. The biggest barriers to adoption are the distribution network and investors who have not yet embraced this investment option.

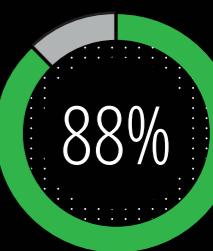
Other top challenges for implementing DLT solutions are predominantly regulatory and operational. These include fragmented cross-border rules (e.g., Switzerland's DLT Act, the EU's MiCA, and the UK's evolving stance), final rules on critical areas such as custody, stablecoin treatment, and systemic versus non-systemic designations. There are limited use cases for DLT-based TA solutions. Despite the challenges, the transformative potential of the widespread use of DLT and tokenisation in reshaping markets is growing.



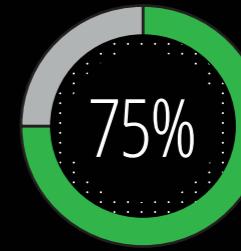
Top challenges in implementing Distributed Ledger Technology (DLT) solutions:



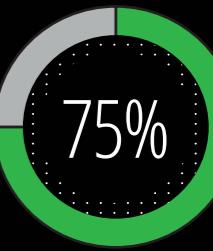
The fragmentation of cross border regulations concerning digital assets



Lack of regulatory clarity and consistent legal frameworks concerning digital assets



Interoperability challenges caused by existing technology infrastructure





PRODUCT TRENDS

"Half of respondents said their clients are not requesting crypto services – while there is promise, adoption remains low due to security and regulatory concerns."



Crypto and digital assets: Capability futureproofing

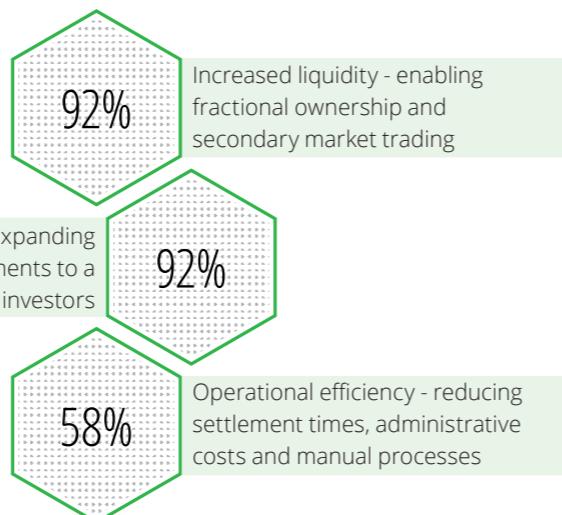
The survey highlights a measured approach among Asset Servicers to building digital asset capabilities. A clear distinction is emerging regarding how tokenisation is applied to Alternative assets versus liquid securities. While tokenisation of Alternatives, such as private markets, is seen as a transformative opportunity, broader adoption of tokenisation for liquid securities remains limited.

When asked about tokenisation in Alternatives, respondents identified increased liquidity (92%) and improved accessibility (92%) as the most attractive opportunities. By enabling fractional ownership and secondary market trading, tokenisation has the potential to unlock traditionally illiquid asset classes for a wider range of investors. This aligns with broader industry goals of democratising private markets and expanding access to retail investors.

However, the survey also reveals a gap in client demand for crypto-related services, especially for boutique firms. 50% of all respondents reported no current demand from clients, and only 25% (3 out of 12) provide crypto services globally. This suggests that while the technology holds future promise, adoption is still in its early stages, particularly for liquid securities. Challenges remain. Regulatory uncertainty was cited by 70% of respondents, alongside concerns about security and operational integration. These barriers highlight the need for clearer frameworks and robust infrastructure to support tokenisation initiatives.

Despite these hurdles, the potential for tokenisation to reshape alternative assets is huge. By addressing liquidity constraints and operational inefficiencies, it offers a compelling pathway for innovation in private markets.

Our survey highlights a strong consensus among respondents about the Top 3 potential opportunities tokenisation presents to enhance private markets offerings



Are your clients requesting crypto-related services? If Yes, in which geographic regions are you currently supporting them?



"Almost half of respondents are working on technology and automation initiatives or partnering with FinTechs and asset managers to accelerate active ETFs growth."



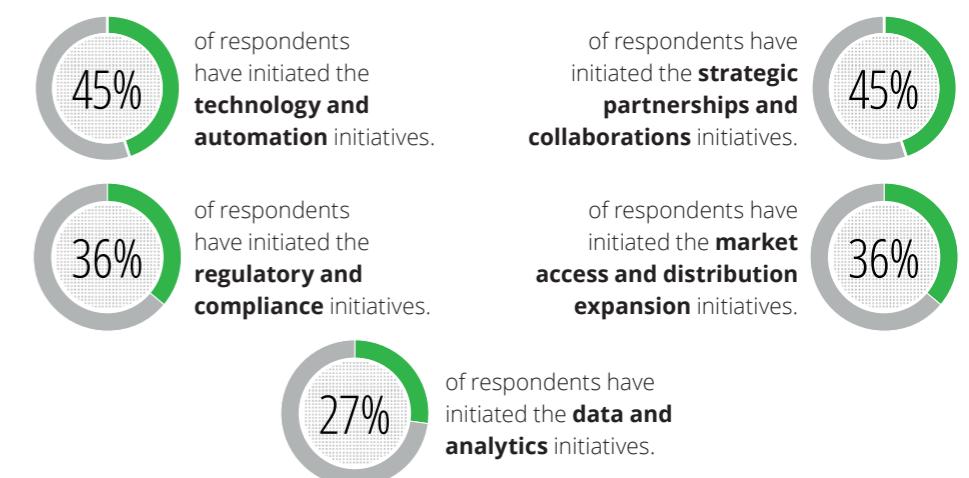
Asset Servicers prioritise investing in capabilities to capitalise on global growth of active ETFs

Respondents noted the significant growth of the global active ETFs market, particularly in North America, driven by accelerated adoption and supportive regulatory environments, including semi-transparent structures and clear naming conventions. This expansion is primarily fuelled by new product launches rather than conversions. A majority of survey respondents (62.5%) perceive mutual fund-to-ETF conversions as negligible, estimating they account for no new ETF funds, or less than 1% of them, with the other respondents giving estimates of 5% or 6.25%.

There was a general view among respondents that demand will grow substantially over the next 12 months and beyond, reflecting a broader market shift where active strategies are finding new life within the ETF structure, combining the benefits of active management with the operational advantages of ETFs. Respondents noted that active ETFs are particularly appealing to managers seeking to expand their distribution networks, offering a way to reach new investors while maintaining the flexibility to implement tailored strategies.

These products offer compelling benefits, such as intraday liquidity, ease of client

What accelerator programmes has your organisation initiated to support the development and growth of active ETFs?



access, seamless integration on digital platforms, and tax efficiencies in certain jurisdictions. To sustain this growth, investments in both technology (45%) and strategic partnerships with FinTechs (45%) are crucial, with high priority areas including supporting regulatory approvals (36%), enhancing market access, and strengthening distribution capabilities (36%).

For the Asset Servicing community, this growth presents both opportunities and challenges across the Front, Middle and Back-Office. Active ETFs require daily portfolio transparency, intraday liquidity, and real-time operational support, increasing operational complexity across functions, including data platforms services. Additionally, the rise of hybrid structuring arrangements, which combine listed and unlisted share classes within a single sub-fund, introduces new complexities that servicers must be prepared to manage.

As the market continues to expand, Asset Servicers have a critical role to play in enabling their success by investing in technology, enhancing operational capabilities, and supporting innovative product structures.

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