

# Ability and agility

**SmartStream's Robin Hasson outlines the company's unique reconciliation offerings and its plans for the future**



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 SMARTSTREAM

**Robin Hasson**

Head of reconciliation solutions  
SmartStream

## We've come a long way

**SmartStream remains committed to providing market-leading reconciliations solutions. And there's more to come, explains Robin Hasson, the company's head of reconciliations solutions**

SmartStream was founded in 2000 and started life as a reconciliations solutions provider for the financial services industry.

It has grown through investment and acquisitions to become a leading provider of middle- and back-office solutions and services for buy- and sell-side institutions across the globe.

The company's head of reconciliations solutions, Robin Hasson, takes this opportunity with Asset Servicing Times to outline its current and future reconciliations offerings — the very area of expertise the company started its journey with.

"Whether it's data quality for accuracy or for compliance, reporting or driving automation through the business, reconciliation is no longer a siloed operation. It's connected to so many moving parts that impact all operational elements."

Hasson began his tenure with the company as a graduate developer 25 years ago.

Detailing his career, he explains: "Early on, I was fortunate enough to be involved in the key stages of our flagship reconciliations solution, which was a game changer for the industry."

Hasson has since worked in development and system design for the company. In recent years, he has moved into product management and has become the driving force in its future roadmap for reconciliations.

"I have recently taken on the task of heading up the whole of the reconciliations business at SmartStream. My focus has changed slightly, but the goal is clear: to take the company in one, single direction."

### SmartStream's artificial intelligence strategy

At Sibos in 2019, SmartStream launched what was the first AI-enabled reconciliation platform, SmartStream Air. The solution, a cloud platform, uses AI technology to analyse, learn and identify what data needs to be compared — reducing the time this process takes from minutes to a matter of seconds. It then presents a list of unmatched records or disputes for investigation. Its latest upgrade, released in June of this year, leverages exception management capabilities to manage cash balances.

"SmartStream's AI-enabled solution was genuinely a first-to-market solution — AI and machine learning are the central components," says Hasson.

"From that point onward, the company has been carrying out further development to identify the value propositions across the whole reconciliation space, and across the wider SmartStream solution suite. It's about making sure that when we introduce AI technology into a software stack, it delivers business value, with a very clear and precise purpose — helping users understand data automatically, while driving efficiency, automation and cost reduction."

He adds: "We can help to predict data values and data points as data arrives onto the system. This fixes data quality issues, which results in accurate reporting for the business. In addition, it can assist operational control by predicting the cause of the break, or the time it would take to resolve the issue."

Machine learning is an umbrella term, often collected under the banner of AI. Hasson explains that SmartStream has deployed something different — observational learning.

## "We are well underway with plans to create the next-generation reconciliations platform"

"By utilising observational learning, the platform can learn from manual activity by users. It replicates this on a daily basis to improve accuracy," he outlines. "This removes the obstacle of human error."

"Learning how manual matching is performed by users and introducing that knowledge into the system is paramount. If a certain individual knows how to match certain data, but this has never been configured, the system can learn from this, and it remains resilient by doing so. As the system itself learns the patterns of data, reliance on key resources reduces. This promotes a more robust operation."

"When those factors are blended with existing configuration, SmartStream enables users to maximise automation, particularly when compared to how much or how little control they would have using other standard, traditional reconciliations solutions."

Hasson goes on to explain that all the above considerations should, in theory, bring SmartStream's clients additional business insight, which is then used to improve operational efficiencies and processes and creates new revenue opportunities.

### How the industry has changed

During his tenure at SmartStream, Hasson has seen colossal change in the industry. He outlines how, early on in his SmartStream career, he helped to create a configurable web client, a no-code workflow capability. "This was a first in our space, and this capability led to the foundations of the reconciliations utility model we see across so many firms today," he says.

"What's been fantastic to witness is the evolution of the SmartStream reconciliations business. It used to be a point solution in the back-office, now it is a critical function used across many organisations for processing accuracy and control, regulatory compliance and driving automation."

"Broadly speaking, what is strikingly different about the way industry solutions are being developed now, compared to just 15 to 30 years ago, is the skill sets required. The industry needs to function in a way that allows it to be prepared for a global pandemic-type event, for example. Essentially, different skill sets are needed to build resilience. At SmartStream, we blend new and young talent with new skill sets and new ideas, along with our established expertise."

Hasson affirms: "The AI offerings we have are particularly unique. Our Innovation Lab, formed seven years ago, is paying dividends because of the knowledge and skills it possesses. With knowledge of industry experts, combined with the expertise of data scientists and UX designers, we deliver benefits that nobody else can offer in this space."

"The people who use our systems are not the same community that used them 15 years ago. Since COVID-19, we have seen the emergence of a new generation of users with more technical insight — they expect more, their expectations are higher. From development and building prototypes to their eventual delivery and hosting, everything has changed to meet these evolving user requirements."

He adds: "When it comes to designing a solution, SmartStream has strong UX principles. Therefore, we often interview users to understand what their problems, obstacles and requirements are. From there, we can design a system that matches against a problem to meet a requirement. We were awarded a Red Dot Award for financial application design just last year. This accolade reflects how we've changed our operating model to better accommodate our clients' needs."

### ISO 20022

When asked what he thinks the prominent discussions at this year's Sibos will be, Hasson suggests the ISO 20022 standard and T+1 securities settlement. "The challenges of these changes make the headlines, not the implementations themselves."

He continues: "A firm's first consideration to meet the ISO 20022 standard is how to integrate it with the industry's current formats, as it will run in parallel with existing messages. The second should be identifying the value it will bring — it absolutely can bring value, as it enables data-rich messaging. It also has better traceability and transparency as well as the provision to provide additional information. This is in addition to faster payment processing,

regulatory reporting, and the potential to improve data matching rates and straight-through processing."

"The automation of payments investigation is an area in which SmartStream sees potential for great change; we are working with our industry colleagues to show how much time can be saved through automated processing of new messages. We will be showcasing this at Sibos this year, as a taste of what is possible."

Hasson adds: "We're also working with Swift on their new message formats designed to automate investigations of payments in a timely fashion, and to remove a lot of manual steps. This will significantly lessen the time it takes clients to manage exceptions."

### T+1 securities settlement

On the topic of T+1 securities settlement, Hasson does assert: "In an industry designed to run on a T+2 settlement cycle — or possibly still T+3 in parts — there is no doubt that the move to T+1 is going to trigger a huge amount of system change in the back-office — especially when more than 25 per cent of settlement systems are more than 20 years old."

"As we've seen with other landmark regulations, this mandatory change in a key area can be used as an opportunity to trigger wider and fundamental system change across the entire back office. Many of SmartStream's clients are already operating on T+0 compression time. Therefore, firms are already dealing with processing data at a greater speed, so we don't have any particular concerns about being able to work these volumes."

He adds: "SmartStream's core strategy has been to deliver on the straight-through processing concept. Our Trade Process Control module is a ready-to-go solution for those who need it — particularly smaller firms who may need to put something in place before May 2024."

"We're also seeing the benefits of leveraging reconciliations in-house, through connecting different solutions, for collateral management or corporate actions processing, for example. By using the data flow through the reconciliation system, customers can quickly understand their liquidity position, or it can feed back any breaks or issues in real time. All areas can improve when the data is well understood. We already service multiple business functions with our solution suite, which gives SmartStream a clear advantage."

## What the future holds

When asked what the future holds for SmartStream's reconciliation business and the company as a whole, Hasson affirms: "Our aim for the future is to properly share data, and by that I mean: process it once, but use it many times. This will drive more knowledge into our systems."

"If transactions are going to be turned around at a faster speed, the agility of a system is equally as important as the quality of data. Having the agility and ability to connect to both internal and external platforms and tools for reporting, or for data input, is paramount. When users are satisfied, the quality of the operation is better, and the return on investment increases."

Hasson concludes: "SmartStream has a deep understanding of the industry; our suite of solutions has been, and still is, visionary. Our strategy has always been to build a back-office suite for the future, using the latest technologies to keep ahead of the curve."

"However, in today's market, there's a need to access them in one central hub — one that still houses the multiple capabilities that we are globally known and admired for."

"We are well underway with plans to create the next-generation reconciliations platform that can continue to evolve with our partners' and clients' needs in the years to come." ■

Owned by the Investment Corporation of Dubai, SmartStream has become an industry-leading provider of financial transaction management solutions that enables firms to improve operational control, reduce costs, build new revenue streams, mitigate risk and provide unparalleled regulatory accuracy.

The company's solutions and services span the transaction lifecycle and incorporate the latest artificial intelligence and machine-learning technologies. These can be accessed in a variety of ways, for example via application programming interfaces and microservices, or deployed as managed services and cloud environments.