



The Nature of Data

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When designing a Data Mastering System (DMS), it's all about the data. Data comes in many shapes and forms, and within every set of data there are hidden rules and complexities that are important to understand in order to process, store, surface, control and use that data; its nature if you will. This is the third of three articles about the nature of data.

Part 3. The Timeliness of Data

In many financial systems today, timeliness of data is a real issue.

If we look back 20 years, and consider retail bank accounts, knowing your balance and what you had spent meant walking into a branch and asking, or waiting for a monthly statement in the post. Fast forward 10 years, and telephone / online banking eased access, but even then your balance and list of transactions were updated only once a day, and not available until the next. Today retail bank accounts provide near real-time updates of balances and transactions, and

challenger banks such as Revolut, Monzo and Starling offer mobile alerts as transactions are processed; so buying a coffee and seeing the money leave your bank account before you've had your first sip is now a common occurrence.

In asset management most systems still operate like retail banking did over 10 years ago, being unable to see an accurate view of positions (balances) until the next day. Whilst clearly far from ideal, this is still widely accepted as the standard.

So, what is the point? Well, if you have a near real-time view of positions, you are able to make more informed decisions. Knowing how much cash you have to spend minute by minute allows for better investment of that cash; knowing if a mistake occurs in near real-time allows for correction of that mistake sooner, potentially limiting the damage; knowing if the market is moving against you and seeing how it affects your portfolio tick by tick, allows for immediate action; and knowing your costs intraday gives you a chance to optimise those costs. More information is generally considered better, more timely information doubly so.

Some in asset management don't see the need for a near real-time system, which is understandable as many portfolios are only rebalanced 2 or 3 times a week, sometimes even less. But if you were to buy or design a modern system today, why wouldn't you choose a near real-time one, for all the benefits above and the new ones which will arise in the future? Today, would you sign up for a retail bank account from 10 years ago or would you go with one that sent you real-time mobile alerts?

In many financial systems much of the data created intraday is not useable until the next day, which leaves opportunities for investment returns, and for cost reductions, on the table. As the saying goes, this is playing with one hand tied behind your back!

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