

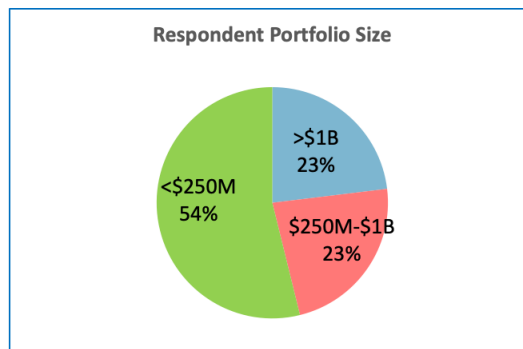
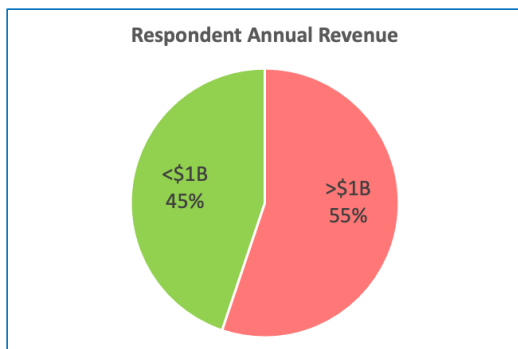
## Investment Reporting and Accounting Research Program Executive Summary

The Carfang Group March 2021

The object of this research is to gain a deeper understanding of corporate investment reporting and accounting processes. We want to probe the level of automation in the business processes surrounding the function as well as the level of satisfaction with those processes. Further, we explored the areas which survey participants self-identified as opportunities for improvement. Finally, we evaluated the level of participant satisfaction with outside partners / vendors.

### Survey Sample

The survey was conducted during November and December 2020 among managers in accounting and treasury departments familiar with their company's investment reporting activities. The sample was drawn from companies ranging from under \$50M in annual revenue to over \$10B. Similarly, we covered a wide range of portfolio asset levels.



### Survey Scope

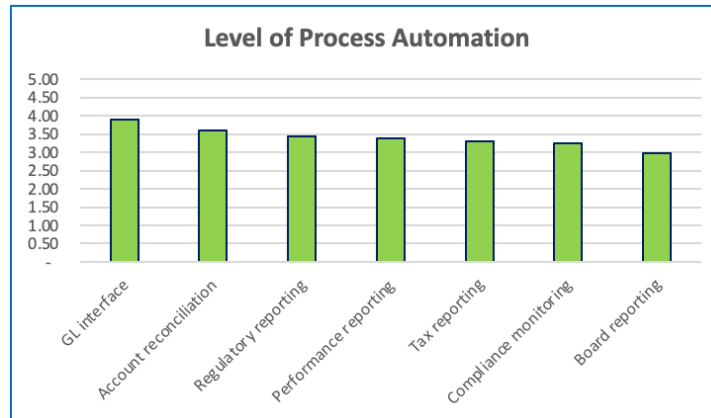
The seven business processes examined were:

- GL interface
- Account reconciliation
- Regulatory reporting
- Performance reporting
- Tax reporting
- Compliance monitoring
- Board reporting

## Process Automation

We were surprised at the relative lack of automation in the investment reporting processes. On a scale of 1 (low) to 5 (high), the highest average score was for automation of the GL interface, but it was only 3.89.

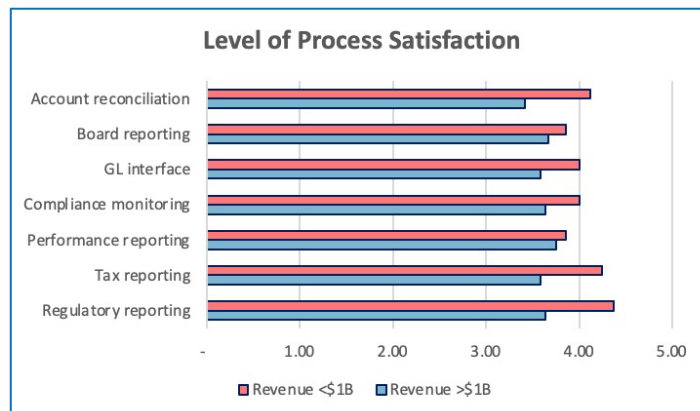
Not surprisingly, the highest scores were accorded the core functions of GL interface and Account reconciliation. The lowest scores were for more middle office activities such as Board reporting.



## Process Satisfaction

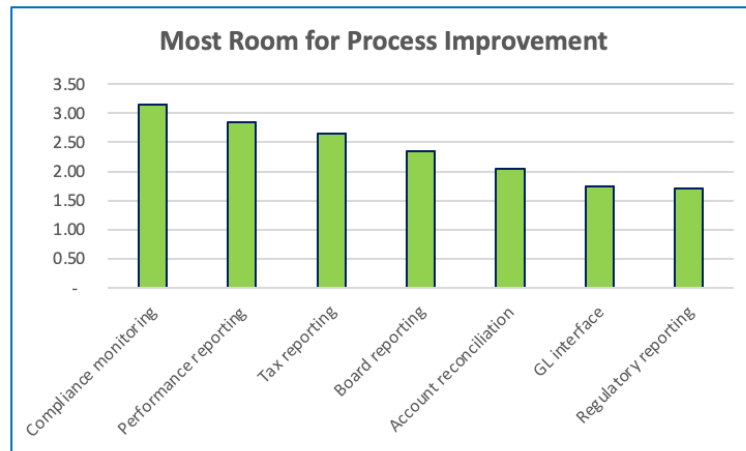
There was only a very weak correlation between process automation and process satisfaction. Automation did not lead to satisfaction.

We did a relationship between company size and process satisfaction. The larger companies, as shown below we less satisfied than smaller companies for each of the seven processes.



## Room for Improvement

Survey participants indicated that there is room for improvement in the investment reporting and accounting processes, most notably in the areas of Compliance monitoring and Performance reporting. Ironically, participants did not indicate a high level of satisfaction with their GL interfaces. However, they didn't cite it as a major area for potential improvement.



## Bank / Vendor Usage

Companies use a wide variety of banks and vendors in this function. Most participants reported using five or more vendors amongst each of these eight vendor categories:

- Commercial bank information services
- Trading portals
- External record-keeping services
- Regulatory reporting services
- Performance reporting services
- Compliance monitoring services
- Custody bank information service
- External pricing services

It appears that portfolio size increases complexity, more so than annual revenue. There was a much stronger correlation between size of portfolio and number of vendors than there was between company annual revenue and number of vendors.

## Level of Bank / Vendor Satisfaction

Just as was the case with process satisfaction, vendor satisfaction scores struck us as surprisingly low. The highest satisfaction was with Commercial bank information services and Trading portals but only in the 3.80 range on a 1 – 5 scale.



**In Conclusion**, the survey shows us that investment reporting and accounting is a highly complex function comprised of a number of business processes, none of which are fully automated, even among companies with \$1B+ in revenues and \$1B+ in average portfolio assets. Survey participants were only moderately satisfied with their processes and with their vendors.

The Carfang Group thanks you for your participation in this survey and welcomes any and all additional feedback you would like to share.

### *About The Carfang Group:*

*The Carfang Group specializes in consulting, writing, speaking, thought leadership and advocacy in the area of treasury management, payments, liquidity, fintech and banking. We know these areas intimately and bring unparalleled insights to our clients. We encourage you to provide feedback on this article or any other issues to [tony@thecarfanggroup.com](mailto:tony@thecarfanggroup.com). You can visit us at [www.thecarfanggroup.com](http://www.thecarfanggroup.com) or follow us at [www.linkedin.com/in/carfang/](http://www.linkedin.com/in/carfang/)*