



MACKENZIE
Investments

Dealer Relations

The role of automation in the investment funds industry



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The world is becoming increasingly automated across society and industries, and technology is developing at a rapid pace. New innovations allow for work to be carried out more efficiently and for intellectual capital to be freed up to focus on more complex issues and situations.

The financial services industry in particular has seen a rise in automation over the last few years in specific parts of our business, such as account opening and the use of electronic signatures. However, more can be done.

Some of the benefits of automation include:



Timeliness of transaction execution

- Human error reduction
- Audit trail



Productivity increase

- Faster processing times
- Less time spent following up on manual work



Cost Reduction

- Lower processing costs
- Quick return on investment

Why financial services has often been slow in technology uptake

The financial services industry has historically lagged behind when it comes to the uptake of new innovations and technology. This has partly been due to the sensitivity of information, the need to ensure privacy and a general view that changes to existing processes that work are unnecessary. The feeling was, if it's not broken, don't fix it.



Governments have also been notoriously slow to innovate and implement changes to their policies and procedures. However, recent reports indicate that the Ontario government is [looking to finally phase out the use of fax machines](#) by the end of 2021. If a government can implement this change, the investment funds industry should certainly also be able to do so.

While it may always be necessary to receive client-signed paperwork for specific transactions, due to regulatory reasons, removing the use of faxes can be achieved with the help of existing technologies that transfer documents through an entirely digital environment (email and messageserv).

The need for automation has been discussed in the investment fund industry for many years, particularly the requirement to send and receive paperwork for the settlement of transactions.

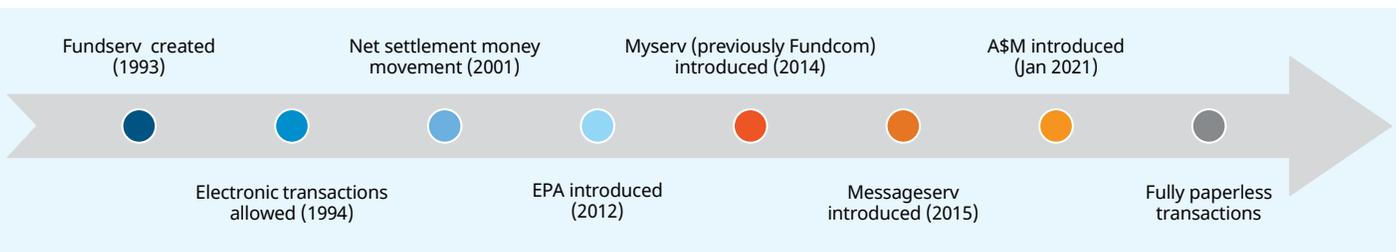
What about non-financial information?

The ability to transmit non-financial information has been available for a long time and provides several benefits to both the industry and clients. One key benefit is that the information can be updated across multiple platforms almost instantaneously. This keeps all systems and accounts for clients up to date and avoids situations where clients' statements or tax receipts are lost in the mail.

Additionally, the use of online client portals has grown in popularity due to the convenience that self-service options offer.

What the future holds

[Fundserv](#) has been delivering solutions to financial services distributors, service providers and fund manufacturers for over 25 years. Some of the more notable innovations over that time are:



More recently, the COVID-19 pandemic forced firms to implement new technologies to accommodate increased numbers of employees working from home. The pandemic also increased the uptake of two technological innovations in particular:

Secure documents

- Electronic signatures and the use of solutions that allow for encrypted secure transmission of documents, such as [DocuSign](#) and [One Span](#), became more widely used.

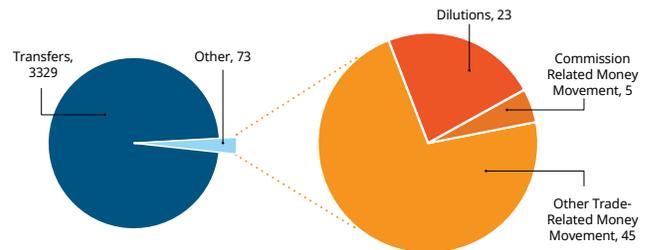
- The ability to have advisors and clients review and sign documents electronically, in a secure end-to-end encrypted solution, has helped the industry to move away from physical paper-based forms.
- The next logical step is to enhance this process to allow dealers to store their client-authorized documents electronically and place transactional orders electronically, without the need to send paperwork to settle them.

Money Exchange

- The most recent example of an automation enhancement is a new platform that facilitates the movement of money between financial institutions, which had traditionally been carried out using cheques. This service, A\$M (Ad-Hoc Money Movement), was put together through industry-wide collaboration over the late summer and fall of 2020.
- The main goal of A\$M was to replace the use of inefficient and time-consuming cheques, as well as to provide a first step towards automating all transfers in the industry.

From January 25 – March 26, 2021, 98% of the money movement through A\$M for Mackenzie was for transfers (see chart below). Over that period, we moved over \$120 million using this new service. This meant we avoided sending out just under 3,000 cheques, with approximate savings of \$73,000¹ for our firm within the first two months of use.

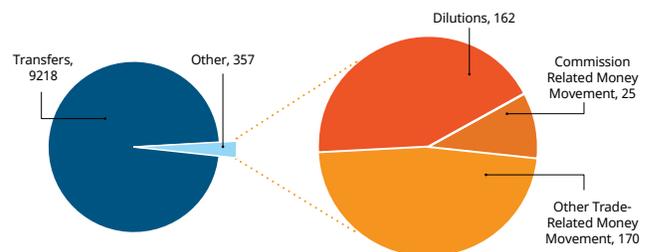
Mackenzie companies A\$M money movements January 25 to April 8, 2021



Source: Fundserv, January 25 – April 8, 2021

In the industry, since implementation, there have been over 9500 requests sent which totaled in excess of \$358 million dollars in money movement. This translates into hundreds of thousands of dollars saved in cheque costs by the industry as a whole. As more firms join the platform, the benefits to all industry participants adopting this new service will continue to increase.

Industry A\$M Money Movements January 25 to April 8, 2021



Source: Fundserv, January 25 – April 8, 2021



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Looking forward

We all have a significant role to play in driving these new technologies and innovations forward so we can improve our industry and the services we provide. Changes to procedures and policies are never an easy undertaking by any means, but we believe the end goal and benefits to our clients will far outweigh the costs. A\$M has been a great example of how quickly firms can adapt and change, for the better. The best way to move forward is together, invested in technology and invested in our clients' experience.

Talk to your dealer relations account manager for more information on how automation can help improve your business.

¹ Based on assumption of \$25 per cheque

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.