

CASE STUDY

Insignia Financial – Custody Reconciliation



ABOUT INSIGNIA FINANCIAL

Insignia Financial has been helping Australians secure their financial independence for over 170 years. Founded in 1846, Insignia Financial has grown to become a leading provider of quality financial advice, products and services. The company has 500,000 customers and A\$137.8 billion* in funds under management and administration.

Insignia Financial believes that success only comes from caring about people, providing outstanding service and consistent performance. This focus on excellence and consistency is echoed throughout the company, which is why Insignia Financial chose SolveXia to streamline and automate key month-end reconciliations and reporting.

*(as at 31 Dec 2018)

THE CHALLENGE

The Fund Operations team at Insignia Financial must reconcile the company's General Ledger (GL) with data from their custodian (BNP Paribas). This task is vital for ensuring portfolio balances in the GL are accurate. The reconciliation is critical for the credibility of downstream reports given to the Chief Financial Officer and board.

Insignia Financial relied on a spreadsheet-driven process to perform their Custody Reconciliation each month. Staff used a different spreadsheet to prepare a reconciliation for each of the company's 80 portfolios. For each portfolio, staff would combine and sort data into accounts such as 'Cash' and 'International Equities'. They would then compare each account for variances, ready for review and correction.

"Using SolveXia we are now able to reconcile our General Ledger more quickly, freeing our staff so they can deal with more value-added functions."

Steven Sorraghan

Head of Fund Operations at Insignia Financial

The reconciliation was taking around two days each month to complete, which was a burden for staff. Another challenge was the slight variation in how each one of the 80 portfolios was reconciled. Insignia Financial wanted to simplify and consolidate this task to minimise the risk of human error. Management also wanted to ensure they could scale the reconciliation - to meet any growth in the number of portfolios.

SOLUTION

Insignia Financial chose SolveXia to automate their Custody Reconciliation. Because the software runs on the cloud and is business-led, the team felt that using SolveXia offered the most cost-effective and fastest way to automate. The alternative would have been to join the already long IT development queue.

The next step was to design an automated solution. The team acknowledged that the reconciliation needed to be re-engineered and simplified. Determining this early on was key to the project's success. Insignia Financial created a centralised 'rules' table in SolveXia to map data from each portfolio into a common set of reconciliation accounts. This eliminated the need to maintain 80 separate workbooks for the reconciliation.

Business users now need to only maintain a single rules table and reconciliation template. Furthermore, Insignia Financial can add new portfolios to the reconciliation in minutes (by updating the rules table).

SolveXia was able to ingest data from the custodian (a Zip of Excel files) and the general ledger. The automated solution validates the source files to ensure high quality input data. Source data is then mapped to a reconciliation account using the rules table mentioned above. The solution generates exceptions for mapping issues - such as new accounts - allowing for users to make corrections. Finally, SolveXia produces a summary and a detailed reconciliation report for each portfolio.

KEY RESULTS AND OUTCOMES

The Fund Operations team at Insignia Financial now prepares their Custody Reconciliation in minutes, not days. Managers have greater confidence that reconciliations are accurate. The company has also ensured that each portfolio is reconciled in a consistent way, every month.

By leveraging digital transformation, subject matter experts are able to reallocate their time. For example, staff can now focus on communicating and resolving exceptions with the custodian or within the general ledger.

Another benefit became apparent when key staff left the organisation shortly after automating. The new staff member was able to pick up the automated solution, understand it and run it with almost no impact on business continuity.

KEY METRICS



**1.5 – 2 DAYS OF TIME SAVED
EACH MONTH.**



**INITIAL SOLUTION DELIVERED
WITHIN 4 WEEKS.**



**RECONCILIATION OF ~80
PORTFOLIOS.**

KEY DATA & SYSTEMS

pControl Fund Processing