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A R T I F I C I A L I N T E L L I G E N C E

Why artificial intelligence matters for fund administration

A series on AI and fund administration, part one: what is actually changing in how funds are administered, and why it matters to promoters, managers and investors.

Fund administration has always been a business of reconciliation — matching instructions to records, records to statements, statements to the fund's governing documents. For decades that reconciliation work has been done largely by hand, by experienced people working carefully through spreadsheets, bank statements and investor correspondence. Artificial intelligence is now changing the pace and shape of that work, not its purpose.

01 Where the change is actually happening

The practical uses of AI in fund administration are narrower, and more useful, than the general conversation about artificial intelligence might suggest. Administrators are applying it to the parts of the job that are repetitive but still require judgement: reading subscription documents, trust deeds and bank statements and extracting the fields that matter; matching bank deposits to capital calls and investor instructions, including payments with incomplete references or currency conversions; drafting the first version of investor reports and commentary from data that already exists in the fund's records; and screening investor and counterparty information against sanctions and politically exposed persons lists on an ongoing basis, rather than only at onboarding or at a periodic review.

In each case, the pattern is the same. AI narrows a large volume of routine matching and drafting work down to a shorter list of exceptions, which a person then reviews, corrects and approves. The work does not disappear; it moves from doing to checking.

02 What this means in practice

The benefits being reported across the industry are consistent, even allowing for the fact that some of the loudest claims come from software vendors with an interest in making the case. Reconciliations that once took a full day of an administrator's time can, with good exception-handling, need closer to an hour of review. Report generation that depended on an analyst assembling figures and commentary by hand can be materially faster once the first draft is machine-produced. Routine investor queries — a NAV figure, the status of a redemption, a copy of a statement — can increasingly be answered without waiting for a person to become available.

None of this removes the need for a fund administrator's judgement. It changes where that judgement is applied: less on data entry and transcription, more on the exceptions, the edge cases, and the figures that do not reconcile on the first pass. That is, if anything, a better use of experienced staff time than the alternative.



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03 Why oversight still matters

The same industry commentary that reports these gains is consistent about the risk: AI tools can misread complex legal language, and an error in a fee or waterfall calculation can lead directly to an investor dispute or regulatory scrutiny. The sensible response is not to avoid the tools, but to keep a person accountable for every figure that reaches an investor or a regulator — reviewing exceptions, maintaining an audit trail, and never allowing a calculation to be released without sign-off. Administrators that get this right treat AI as a way of surfacing exceptions sooner, not as a replacement for the review step itself.

Data protection sits alongside this as a separate, equally important discipline. Fund administrators hold investor personal data, often across more than one jurisdiction, and the tools used to speed up the work cannot be allowed to loosen the handling of that data. Any AI tool an administrator adopts needs to be assessed on that basis first — where the data goes, who can see it, and under what agreement — before it is assessed on what it can do.

04 How Berkley is approaching this

This article opens a short series looking at AI and fund administration from Berkley's own perspective — including why a smaller, senior-led administrator is often better placed to adopt these tools thoughtfully than a larger one carrying legacy systems and slower procurement cycles, how the efficiency gains described above translate into day-to-day service for Berkley's clients, and the governance and data protection standards Berkley applies before any such tool is used on client or investor data.

Berkley Fund Services administers a focused number of Caribbean-domiciled funds, and treats the protection of investor data as a condition of that mandate rather than a feature to be marketed. Promoters and managers considering how their own administrator is approaching artificial intelligence are welcome to raise the question directly with Berkley's team.

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