

Digital Transfer Agency turbocharges the asset management industry's transformation

If asset managers are to win wealth management and retail mandates and launch a new generation of digital products, then they need to achieve operational efficiencies and embrace innovative technologies. As more buy-side firms look to future proof their businesses, demand for digital transfer agency (TA) solutions is only going to increase, as Larissa Sototskaya, Global Head of Transfer Agency and Collective Investment Schemes, Investor Services, Citi, explains.

Fund investing- stuck in the past

Today, ordering groceries, hailing a cab or organising a holiday are just a few clicks away on a touch-screen device. Not only is it easy to make these purchases, but people can also receive real-time updates and notifications about what is happening with their transactions, or if there is a problem.

This is very far removed from what the funds industry currently offers its investors.

The fund subscription and redemption processes are manually intensive and far less frictionless than making an online order, with transactions often taking several days or more to settle, a problem compounded by the industry's ongoing reliance on legacy technology.

"In contrast to other industries spending vast sums on designing their products and services to be as user intuitive as possible, investment funds and TAs are more focused on finding ways to get investors to 'fit into' their own models. This sometimes creates a gap for queries and makes it harder for firms to offer customised solutions," according to Sototskaya.

Investors go digital – a wake-up call for the funds industry

Seismic shifts are happening in the retail investor market, which will force asset managers to take digitalisation more seriously.

Not only is the wealth management market expected to grow by 12% by 2027¹, but a new generation of investors is emerging, a hard fact asset managers can no longer ignore, especially as millennials and Generation Z-ers are expected to inherit up to \$90 trillion in the US alone over the next few years.²

Many of these same investors also happen to be digital natives, and amongst the biggest users of social media, AI, and online gaming platforms. Unsurprisingly, research by EY reveals that 32% of millennials said a strong digital offering was an important criterium when choosing a wealth manager, exceeded only by performance.³ Additionally, the same study found that 59% of millennials are more likely to select a wealth manager, which continuously improves its digital platforms.⁴

"If the funds industry wants to win over millennial and Generation Z investors, then managers will need to make adjustments to their services, with a focus on digitalisation, AI and real-time delivery of information across multiple channels," she added.

Without digitalisation, product expansion will be limited

Accessing new markets and diversifying into digital product suites (i.e. digital assets and tokenisation) will be tough for firms lacking next generation platforms and data.

Without giving investors a fully digital lifecycle of their transactions, asset managers risk being put at a competitive disadvantage, especially as digital assets and tokenisation become more embedded within the industry.

“When distributing digital asset products, a follow-the-sun model will be a critical enabler for asset managers. Alternatively, a dual region pricing model – supported by real-time cashflow engagement and customisable dealing cut-offs across a diversity of funds and share classes, could also suffice. Supporting this pace of change requires asset managers to engage with innovative technology vendors to build platforms that operate 24/7 and are fully scalable,” commented Sototskaya.

The drive to efficiency

Transitioning away from legacy systems has been given a renewed sense of urgency amid some of the spiralling cost pressures and risks facing asset managers.

Although Assets under Management (AUM) rebounded 12% in 2024 to reach a record \$128 trillion⁵, margins continue to be squeezed.

Whilst transitioning from analogue to digital is important, the short term costs of maintaining legacy systems whilst simultaneously digitalising operations cannot be underestimated.

“For many asset managers, digitalisation and re-platforming are expensive and difficult undertakings. At the same time, digitalising legacy systems does not solve all of the challenges facing managers, as the underlying limitations and issues with legacy technology often still remain,” said Sototskaya.

However, the longer-term cost benefits of pushing through with digitalisation could be significant.

McKinsey data shows asset managers typically spend 60%-80% of their technology budget on running legacy systems, with the remainder earmarked for digital change programmes.⁶ The McKinsey study calculated that intelligent adoption of AI, for example, would allow a mid-sized asset manager, e.g. looking after \$500 billion, to make savings totalling 25%-40% of their total cost base through efficiency gains.⁷

“Real-time new generation platforms will help reduce the cost of oversight, and possibly eliminate legacy processes and systems, allowing managers to move to data-based processes when interacting with their service providers,” said Sototskaya.

Getting to the next level...

Leading providers, including Citi, are developing solutions to support the funds industry and its investors with their digital transformation. A notable example here is Citi's Digital TA, a TA infrastructure which provides an automated, digital and secure TA service for investors.

“The solution speeds up the client onboarding process. For example, we onboarded an institutional client in a record 27 minutes to trade after they submitted a fund subscription request. It is a fundamentally new technology, leveraging partnerships with fintechs and automation of data at source. Citi TA supports real-time trading* (*within fund's cut offs), along with 24/7 access and real-time reporting. Ultimately, this means all investors have to do is submit a trade and watch it being executed. If they want to access key post-trade information, they can do so through a single account view,” said Sototskaya.

For asset managers, the operational synergies facilitated through Citi's Digital TA will help them reduce costs.

“Savings are enabled as the platform supports simultaneous as opposed to sequential processing, with real-time client oversight of all key processes running in the background. The platform's agility allows funds to significantly scale back their legacy systems, whilst helping them develop and distribute new products,” she continued.

Leveraging new-generation technology systems which are scalable and customisable will be critical if the asset management industry is to grow its market share moving forward.

1. Global Wealth Management Market Overview (Oct'24), ReportLinker
2. Knight Frank – February 28, 2024 – [How will millennials spend US\\$90 trillion?](#)
3. EY – April 23, 2023 – [How can today's millennial investors drive tomorrow's business growth?](#)
4. EY – April 23, 2023 – [How can today's millennial investors drive tomorrow's business growth?](#)
5. Boston Consulting Group – April 2025 – [Global Asset Management Report 2025: From Recovery to Reinvention](#)
6. McKinsey – July 16, 2025 – [How AI could reshape the economics of the asset management industry](#)

Services

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