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with confidence

ADVANCING CUSTOMER EXPERIENCE THROUGH DIGITALIZATION AND SCALABLE DELIVERY

LUXEMBOURG ASSET SERVICING BENCHMARKING SURVEY RESULTS 2025

Foreword

In wealth and asset management, digitalization has had a significant impact on asset managers, asset servicers, alternative investment fund managers (AIFMs), and management companies (ManCos) – the entire wealth and asset management industry in general. Across Europe, cost management and consolidation are molding the landscape, driving scale and intensifying competition. For asset servicers, digitalization is therefore pivotal in potentially enabling operations at a lower cost.

In financial hubs like Luxembourg, where fintechs are drawn to the dense investment fund landscape, those asset servicers who fail to embrace digital innovation are at risk of being sidelined by tech-powered players who have the potential to dominate the market. Staying competitive means investing in digital capabilities that deliver efficiency, resilience and value at scale.

In our third study since 2022, we see asset servicers increasingly adopting cloud-based platforms, AI, and automation tools to streamline operations, enhance client services, and ensure regulatory compliance. Generative AI (GenAI) has gained prominence, helping firms automate decision-making, improve portfolio management, and enhance risk assessment processes. Blockchain technology is also becoming critical for ensuring transparency and security in transactions, particularly in fund administration and custody services.

These technological advancements are reshaping business models, enabling firms to provide more personalized services, optimize operational efficiency, and stay ahead of evolving regulatory requirements. As digital tools continue to evolve, asset servicers, AIFMs, and ManCos must remain agile, adapting their strategies to harness the full potential of these innovations.

Yet, we still find most firms have not yet fully benefited from their digital investments in terms of cost and service. Nevertheless, asset servicers increasingly appear to have a better understanding of their digitalization needs and customer expectations, which is an improvement over previous years' (potentially) overly optimistic views on transformation success.

This report presents a comprehensive analysis of the 2025 digital survey findings, gathered from 48 asset servicers in Luxembourg, examining multiple facets of companies' digital journeys. The first section of this report explores the 2025 results, identifying key insights, challenges, and patterns that emerge from firms' digital strategies, priorities, and operational hurdles, and comparing them to prior years. The second section evaluates whether digital maturity has improved across key operational areas. We hope you find the insights valuable and that they give you a good sense of your firm's position relative to its peers in the digitalization journey.

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Executive Summary

As digital capabilities evolve, asset servicers become much more aware of their limitations

Only 43% believe clients see themselves as customer-centric, with 57% acknowledging the need for improvement. This contrasts with 2024, where 48% had high confidence in customer experience quality, suggesting that as digital capabilities evolve, firms become more self-aware. Twelve percent (12%) of asset servicers admit to not measuring customer experience at all.

Consistent motivations for digitalization

#1 The primary motivation for digitalization remains consistent, with operational improvements driving the digital strategy in both 2024 and 2025, shifting from only cost reduction in 2022.

Funding an obstacle, despite deliberate plans to invest and slow payback

In 2025, only 33% of respondents reported full funding for digital initiatives, a significant drop from 52% in 2024. While another 49% received partial funding (up from 40% in 2024), most firms allocate up to 10% of revenue to digital initiatives, and only 5% achieve payback within 12 months.

Notable decline in product development as part of the digital initiative

Digital product development has declined, with only 48% of firms having launched digital products and services in 2025, down from 70% in 2024. This suggests execution challenges, possibly due to resource constraints or reassessing product viability.

Top challenges remain operational inefficiencies and lack of standardization

79% of asset servicers (up from 61%) cite manual workflows and lack of standardization as the key operational hurdle. Only 21% report most or all processes being digitalized, a decrease from 41% in 2024, with 41% indicating only *a few* processes are automated, primarily relying on workflows.

Choosing to centralize influenced by the 3 Cs: cost, control and customization

Asset servicers utilize a mix of models, with 40% using a centralized approach and 30% collaborating with fintechs. While in-house development offers control and customization, it requires significant investment and resources, especially in advanced technologies like AI.

Fintech partnerships provide ready-to-deploy solutions, facilitating faster digitalization with lower initial costs. However, reliance on external providers can lead to core intellectual property (IP) issues, ongoing licensing costs and integration challenges.

Data platforms outperform AI in terms of most transformative technology

Three-quarters (76%) of asset servicers view data platforms as the most impactful technology, slightly down from 78% in 2024, while 65% of asset servicers expect AI and workflow automation to have the biggest impact on operations and process organization (vs. 61% in 2024). Investor and client onboarding are among the highest-priority use cases for digitalization, followed by co-sec meeting and reporting and board pack automation, and fund lifecycle management and NAV calculation.

Preference for several major technology applications maintained

The preference for key applications like Microsoft, Salesforce, ServiceNow and SAP remains strong, but firms are moving towards more central end-to-end platforms rather than just point solutions, even though they are still used in several instances.

The same asset servicers who digitalize in-house face frustration with point solutions

A significant 56% of companies prefer to handle digital initiatives in-house, either through centralized digital teams (40%) or local digital teams (16%). This aligns with the fact that many organizations cite lack of customization (47%), integration challenges and process fragmentation (62%), and scalability concerns (29%) as major drawbacks of point solutions.

Lack of digital talent a setback for digitalization progress

A lack of digital talent hinders progress, with firms increasingly using online learning (65%) and promoting cross-functional collaboration (56%) to address knowledge gaps.

Strong presence of AIFM/UCITS ManCo and PSF licenses suggests that many firms are engaged in alternatives and specialized financial services

Almost half (48%) of surveyed firms hold an AIFM/UCITS ManCo license, highlighting Luxembourg's role in alternative investment funds, while over 58% possess a PSF license.

Introduction

Assets under management in Luxembourg reached €5,820.1 billion in 2024, a 10% increase from 2023, nearing the record high of €5,859.6 billion in 2021.[1] To support this growth, asset managers are adopting technologies like AI, advanced analytics, and real-time data platforms to enhance decision-making, transparency and client engagement. However, they face fee pressures and rising customer expectations, necessitating investments in digital initiatives while managing tighter budgets and limited services.

The effectiveness of these advancements relies on asset servicers – custodians, fund administrators, and transfer agents – keeping pace with digital evolution. Delays from servicing partners can lead to operational friction, slower product launches, and gaps in client experience.

In the past year, artificial intelligence (AI) has been the buzzword. Firms across the globe have increasingly sought to leverage emerging technologies, particularly AI, with investment in generative AI (GenAI) projected to reach $644 billion by 2025, a 76.4% increase from 2024.[2] There's a growing recognition that AI is not just "an edge" – it is becoming a baseline. Companies worry that without meaningful investment, they will fall too behind to catch up. The same can be said about emerging technologies overall.

Our 2025 study shows us that asset servicers recognize the importance of digitalization, deliberately investing in transformation, albeit with somewhat limited budgets. Despite investment prioritization, firms continue to face operational challenges due to manual processes and lack of standardized procedures which are seemingly more pronounced this year. Talent shortages and skills gaps slow down maturity advances even further.

Survey background

EY's survey aims to gauge the importance of digitalization for asset servicers and benchmark the industry's progress in digitalization, focusing on three primary areas:

- Strategy and organization
- Customer centricity and operations
- Technology and innovation

With the data collected from the survey based on the above-mentioned three pillars, we see an average "Advanced" level of maturity in the industry, with a ranking of 2.3/5 in 2025, remaining unchanged from 2024, but reflecting a steady increase from 1.6/5 in 2022 ("Basic"), showing that asset servicers have made significant investments and are ticking along in their digitalization journey. What follows in this report are the key insights from the survey and an exploration into how these firms are further embarking on their digital journey.

[1] Development of net assets and number of UCIs, CSSF, 31 December 2024
[2] Gartner Forecasts Worldwide GenAI Spending to Reach $644 Billion in 2025, Morningstar, 31 March 2025

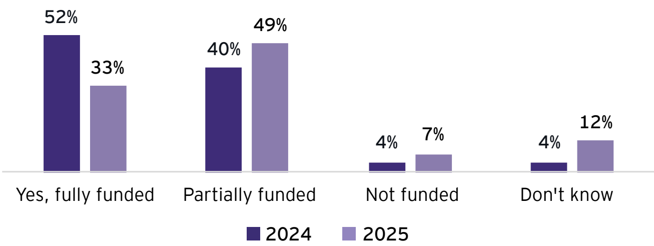
Insight

Funding remains a hurdle, despite deliberate intentions to invest

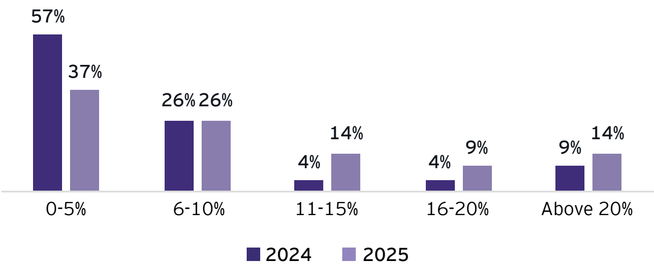
Despite the widespread recognition of digitalization's importance, funding remains a significant hurdle. Only 33% of respondents said their digital initiatives were fully funded – a concerning drop from the 52% in 2024, while 49% reported that they were partially funded (vs. 40% in 2024). This financing challenge is further reinforced by the fact that the majority of firms allocate only 0-10% of their revenue to digital projects.

If we refer to the 2022 study, 79% of firms were actively investing in digitalization, with the majority (53%) planning to invest between € 1 and 3 million in the next three years.

Is your firm allocating appropriate funding and resources for digital initiatives locally?



What percentage of your revenue has been allocated to digital initiatives by your company?



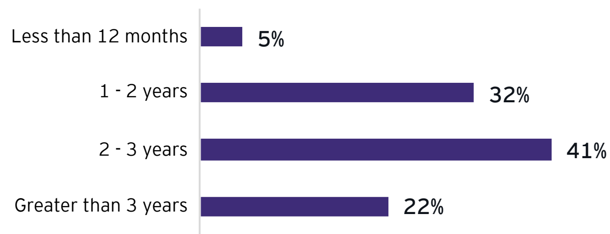
This suggests that while organizations are willing to invest in digital transformation, they may not be allocating ***enough*** resources to fully support these initiatives. A lack of proper funding for true digital programs can limit digital efforts to small, incremental improvements, such as minor efficiency gains, rather than driving the transformational changes needed for innovation and long-term growth.

"In other words, underinvestment in digitalization may optimize existing processes but fail to create fundamental shifts required for true business model evolution."

This challenge is particularly relevant in a sector increasingly backed by private equity (PE) investors, who heavily finance digital transformation and closely monitor digitalization efforts with the expectation of higher returns on their investments. PE firms prioritize scalability, operational efficiency, and cost optimization, making digital transformation a critical factor in their value-creation strategies. However, when companies fail to allocate sufficient funding for digital initiatives, it can delay the realization of these expected benefits, slowing down operational improvements and reducing the potential for growth. Given that PE investors seek rapid value creation, underfunding digital initiatives can lead to missed opportunities, inefficiencies, and challenges in achieving high valuations upon exit.

A key consideration is the expected return on investment. The 2025 survey revealed that most firms anticipate a payback period of two to three years (41%), with only 5% expecting returns in under a year.

What is your typical payback period on an investment related to digital transformation programs in 2025?



The motivations behind digitalization have remained relatively stable in some areas but have also evolved to reflect shifting business priorities. Operational improvements are consistently the top driver, emphasizing the industry's focus on efficiency and process optimization. However, secondary drivers have experienced notable shifts.

Top three drivers of digitalization strategy

2025	1. Operational improvements 2. Customer experience 3. Business growth
2024	1. Operational improvements 2. Business growth 3. Customer experience
2022	1. Cost reduction 2. Need for scalability 3. Pressure to unlock synergies from existing resources

Companies frequently express a desire to accelerate digitalization, yet many remain hesitant to commit the necessary financial resources. As a result, digital projects may be underfunded or take longer than expected to generate tangible benefits. Without increased investment, firms risk falling behind competitors who are more aggressive in their digital transformation efforts.

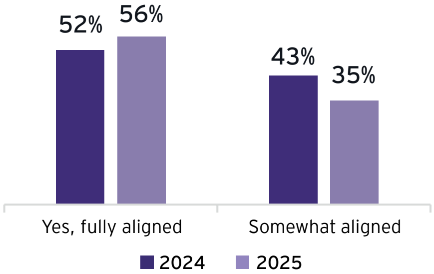
Strong alignment between digital and enterprise strategies, but trouble lies in execution

Lack of complete alignment in digital strategy raises questions about leadership commitment

One of the first questions explored in the survey was whether organizations have a digitalization strategy that aligns with their overall enterprise strategy. The results indicate that while digitalization is a clear priority for many firms, execution remains inconsistent. When the survey was first launched in 2022, asset servicers described their digitalization efforts as fragmented (75%), with only 20% considering it fairly advanced.

In 2024 and 2025, more than half (52% and 56% respectively) of respondents stated that their digital strategy is fully aligned with their enterprise strategy, while 35% indicated only partial alignment, highlighting a marginal decrease from 2024.

Do you have a digitalization strategy aligned with your group enterprise strategy?



Yet, this consistent lack of complete alignment over the last two years raises questions about leadership commitment and organizational coordination. Supporting the ambiguity around leadership commitment, survey respondents cite that the Chief Digital Officer most commonly reports to the Chief Operating Officer and the Chief Executive Officer (26%), followed by the Chief Information or Technology Officer (30%). This variation suggests that organizations are still determining how best to integrate digital transformation within their leadership frameworks.

Notable decline in digital product development, hinting at execution challenges

In 2024, 70% of firms had already launched digital products and services, with only 13% in the implementation phase. However, by 2025, these figures had shifted, with just 48% of firms having digital products and 31% planning to implement them. This suggests that asset servicers may be facing execution challenges, potentially due to resource constraints, competing priorities, or a reassessment of digital product viability.

70% → 48%

Decline in launching digital products and services

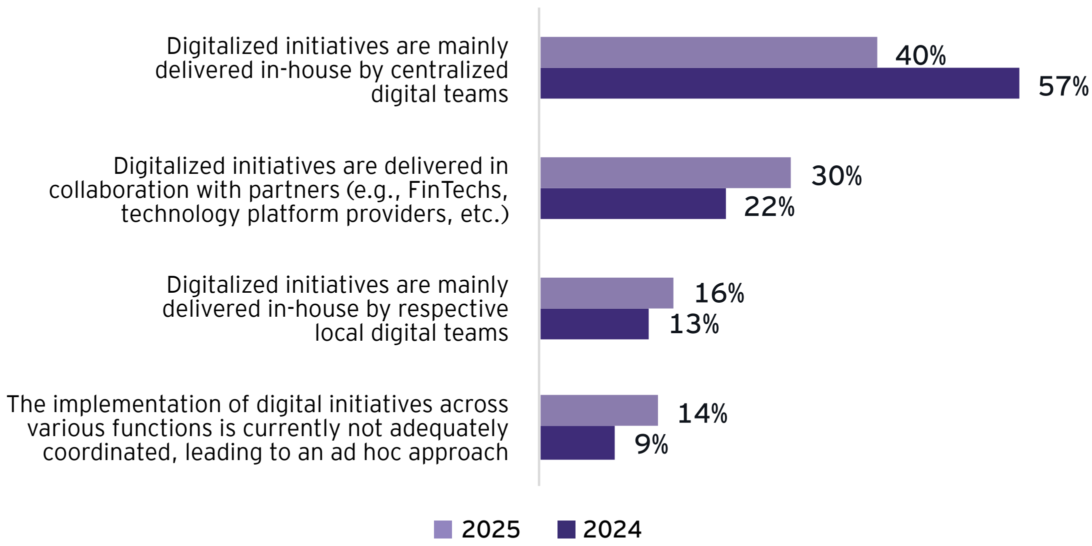
It is clear that many asset servicers recognize the importance of digitalization but face implementation challenges due to organizational fragmentation. Effective digital transformation requires top-down leadership and alignment with business goals, but insufficient investment can hinder even the best strategies.

Mixed approach to digital implementation suggests asset servicers struggle to find the right operational structure

Operational inefficiencies and lack of standardization point to structural difficulties

Seventy-nine percent (79%) of asset servicers – up from 61% – have identified manual workflows and the absence of standardization as their primary operational hurdle. Appropriate funding and a well-defined strategy are only part of the equation – organizations need a structured approach to implementation. When asked how they organize their digitalization efforts, asset servicers reported a mix of centralized and decentralized models. While 30% collaborate with fintechs or external technology partners, 40% rely on a centralized digital team, and 16% use local teams. However, 14% admitted that their approach to implementation is uncoordinated.

How is your company organized to deliver on the digitalization strategy?



"When structuring digitalization efforts and deciding what to centralize, organizations are primarily guided by factors such as cost, expertise, speed of deployment and integration with existing systems."

Developing solutions internally requires substantial upfront investment in infrastructure and specialized talent but provides greater control, customization, and potential long-term cost efficiencies. However, maintaining in-house expertise – particularly in advanced areas like AI and blockchain – can be resource-intensive.

Fintech collaborations offer ready-to-deploy solutions that accelerate digitalization without the need for extensive research and development (R&D), making them ideal for companies seeking faster implementation and lower initial costs. Yet, reliance on external providers may lead to recurring licensing fees and integration challenges, as third-party solutions often require additional customization to align with existing IT infrastructures. While in-house development ensures seamless integration and full technological oversight, fintech partnerships provide agility and access to cutting-edge innovation.

Given possible challenges in implementation, it is encouraging that companies have already developed and launched digital products and services, albeit only 48% in 2025 compared to 70% in 2024. An additional 31% plan to do so (vs. only 13% in 2024).

The creation of truly effective digital products requires more than just technical solutions – it demands a **product-centric organizational model**. Such a model ensures that teams are aligned around the lifecycle of the product, from ideation through to continuous improvement, with clear ownership and accountability for delivering value to customers. To support this, organizations must invest in specialized talent, processes, and technologies that foster innovation, collaboration, and agile development.

Difficulty digitalizing manual processes continues to be a top challenge

Even among organizations that have embraced digitalization, operational challenges persist. The biggest reported issues are identical in 2024 and 2025: manual processes, non-standardized processes and dependencies on human resources. An inability to identify bottlenecks is more of an issue in 2025 (38%) than 2024 (13%).

These challenges highlight that firms continue to struggle with insufficiently digitized processes, which lead to ongoing inefficiencies.

This is further reflected in the level of digitalization across organizations. While some firms have made significant progress, only 21% claim to have most or all of their operational processes digitalized (compared to 41% in 2024), while 41% of respondents indicate that only a few of their processes are automated, primarily relying on manual workflows. This confirms that digital transformation remains an ongoing effort rather than a completed journey.

Top three challenges

2025	1. Manual processes and related inefficiencies 2. Standardization and dependency on human resources 3. Inability to identify bottlenecks
2024	1. Manual workflows and the absence of standardization 2. Limited adoption of digital platforms by asset management clients who still require significant human support in addition to digital products 3. Resistance to change from clients in adopting new digital products

Preference for certain technology providers shows continued focus on CRM, workflow operation and data platform modernization

In 2022, all respondents cited Microsoft as a key platform, given its extensive suite of workplace and business applications. Other widely used tools included Salesforce (31%), ServiceNow (25%) and SAP (18%), valued for their integration capabilities, security, and scalability.

This foundation has remained largely unchanged in subsequent years. In both 2024 and 2025, Microsoft continues to dominate workflow ecosystems, Salesforce maintains its position as the second most widely used platform (30%), while Pega is the least cited (5%). However, firms are increasingly diversifying their digital ecosystems, signaling a shift toward more specialized and adaptable solutions. Emerging platforms such as Navigator, Enate, and Fenergo are gaining traction, alongside the development of in-house solutions tailored to specific business needs, highlighting an openness towards flexibility and customization.

Strong aspirations to be client-centric, but tools are needed to measure customer experience

Customer-centricity is often cited as a key goal of digital transformation, but how well do organizations actually measure and track their success in this area? As per the 2025 survey, customer experience is the key factor when prioritizing investment in digital initiatives (90%), followed by a focus on increasing profitability (83%) and simplifying delivery models (64%).

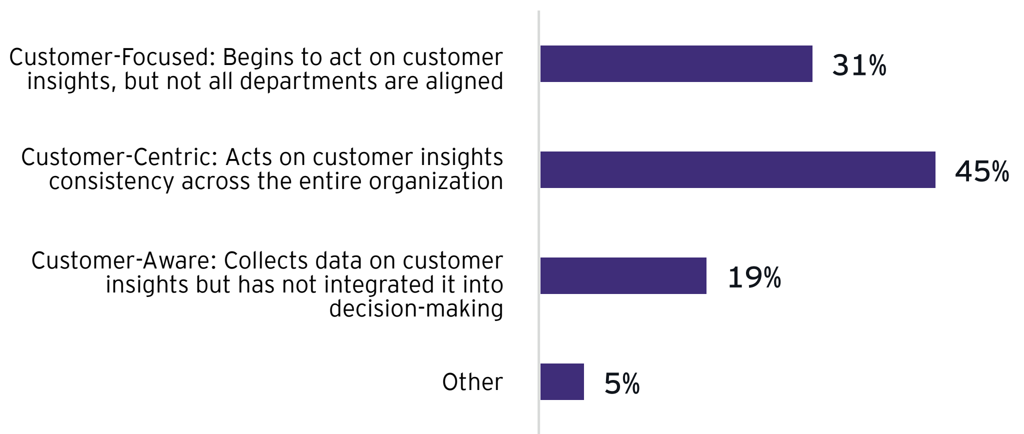
Top three prioritization factors

Firms prioritize their investments based on...

2025	1. Customer experience 2. Profitability 3. Simplifying delivery models
2024	1. Business impact and alignment with strategic objectives of the organization 2. Customer needs and preferences 3. Budgetary constraints and return on investment
2022	1. Improving client and investor experience 2. Reducing error rates 3. Increasing employee productivity

When asked what customer-centricity means to them, firms emphasized the importance of consistently using customer insights to guide decisions and actions across all departments and levels (31%). Nevertheless, they acknowledged that not all departments are always aligned in this effort (45%).

What does customer centricity mean to your firm?



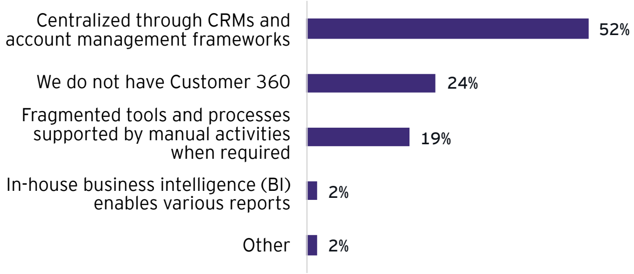
Yet, when it comes to measurement, only half (54%) of respondents rely on structured analytical metrics to assess customer interactions and satisfaction. In contrast, others use less structured methods like net promoter score (NPS) and customer satisfaction (CSAT), which, while providing a snapshot of customer sentiment, fail to explain the underlying reasons behind satisfaction or dissatisfaction. Notably, 12% of respondents admit to not measuring customer experience at all, highlighting a significant gap in customer insight and performance evaluation.

12% of respondents admit to not measuring customer experience at all

This discrepancy suggests that while firms aspire to be customer-centric, many lack the tools to quantify and improve their efforts. A crucial part of achieving customer-centricity is having a comprehensive, real-time view of customer data across various touchpoints, such as activity, sales, operations, and complaints.

When asked about their Customer 360 capabilities, 24% of respondents reported not having a unified view of their customers. While 52% utilize centralized systems like CRMs and account management frameworks, which help streamline customer data, 2% rely on in-house business intelligence (BI) tools, and 19% report using fragmented tools and processes, often requiring manual effort to fill the gaps.

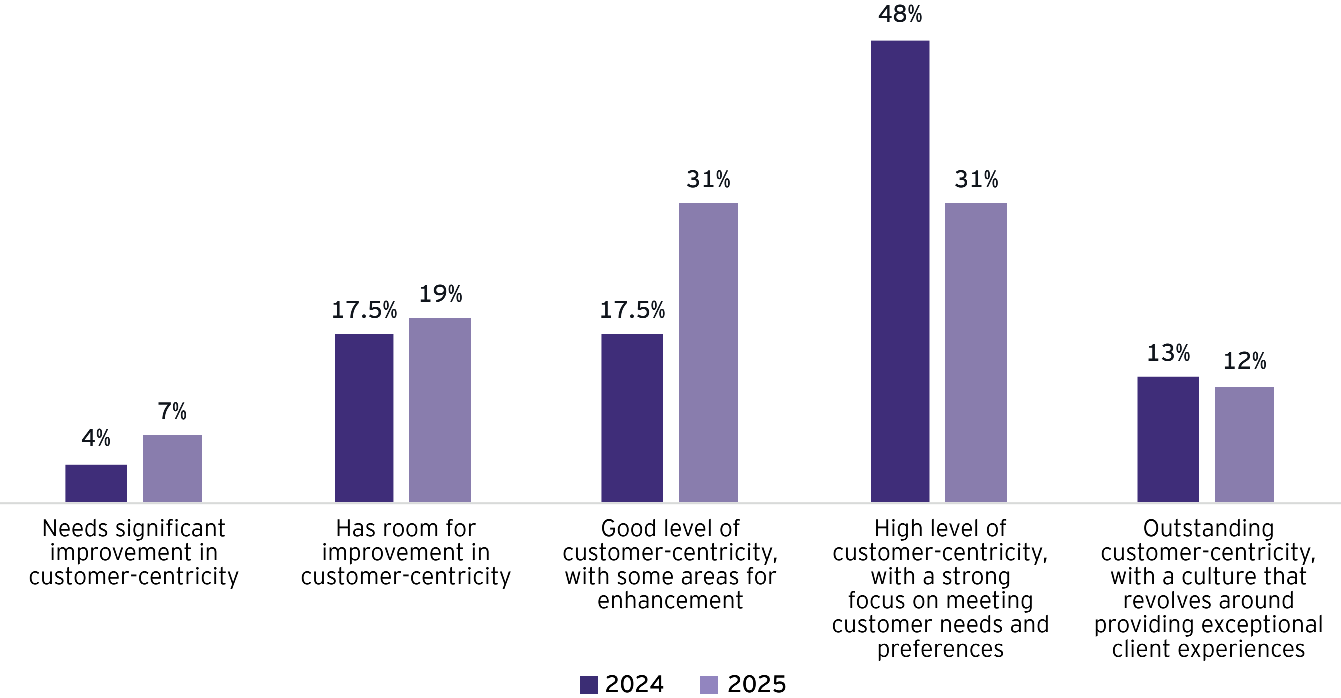
What processes and tools do you have in place to measure Customer 360 (activity, sales, operations, complaints etc.) proactively?



In 2022, 77% relied on traditional methods like emails and PDFs, with only 15% using workflow systems. By 2024, 61% still used email-based communication, and only 17% had advanced methods, declining to 10% in 2025. This stagnation highlights the challenges in implementing integrated data platforms and automation, keeping many firms in the early stages of digital client engagement. To improve, significant investment in these areas is crucial.

10% Only 10% of asset servicers use advanced methods to communicate with clients

To what extent do you believe your clients perceive your organization as client-centric?



If customer experience is truly a priority, organizations need to implement clear key performance indicators (KPIs) rather than rely on subjective assessments. This is especially important given that 31% of respondents believe their clients perceive them as customer-centric, while 57% admit the need for improvement. This is in stark contrast to the results of 2024, where almost half (48%) if asset servicers had high confidence in the quality of their customer experience. The trend suggests that as digital capabilities evolve, firms are becoming more self-aware about their limitations in delivering truly customer-centric services. While initial efforts focused on enabling more client-driven interactions, firms may now be realizing that digitalization alone is not enough – it must be accompanied by meaningful, data-driven engagement strategies.

Without a unified Customer 360 system, firms may struggle to proactively measure and track customer satisfaction, making it difficult to implement the structured, data-driven approaches needed for continuous improvement. This lack of integration between customer data and digital tools reinforces the broader issue of insufficient measurement systems.

Data platforms still outperform AI in terms of most transformative technology

Artificial intelligence (AI) and automation are recognized as transformative technologies, with asset servicers recognizing the latter as a top emerging priority in 2022, 2024 and 2025. In 2022, alongside automation, data analytics was cited a priority by 93% of respondents. In 2025, while most technology priorities have remained stable, blockchain adoption has decreased notably from 30% in 2024 to 19% in 2025, suggesting a reduced interest.

76% of asset servicers expect **data platforms** to have the biggest impact on operations and process organization, compared to 78% in 2024.

65% of asset servicers expect **AI and workflow automation** to have the biggest impact on operations and process organization compared to 61% in 2024.

By targeting specific points along the value chain, asset servicers are looking to optimize processes that ultimately drive operational efficiency, improve client service, and enhance compliance, all of which contribute to value creation. Asset servicers see a number of use cases for leveraging AI and workflow management tools across different stages of the value chain.

Front end

At the front end of the value chain, investor onboarding (64%) and client onboarding (56%) are among the highest-priority use cases. These areas are critical for firms to quickly and seamlessly integrate new clients into their service offerings. By automating and streamlining these processes through AI, asset servicers can reduce manual workloads, improve customer satisfaction, and accelerate the time-to-value for clients. These steps not only enhance the client experience but also enable firms to scale their operations more effectively without proportionally increasing costs.

Core operational processes

Moving further into the core operational processes of the value chain, use cases like fund lifecycle management (44%) and NAV calculation (44%) are next priorities for planned workflow management and AI. These functions are foundational to asset servicing, and automation through AI can significantly enhance their efficiency. By reducing the time and manual effort required for these critical tasks, firms can drive cost savings, increase accuracy, and ensure that they can handle more assets without having to expand their workforce.

Governance and regulatory compliance

Governance and regulatory compliance also being prioritized through the use of AI. Co-sec meeting and reporting and board pack automation (58%) show that asset servicers are increasingly turning to technology to streamline complex, time-consuming compliance and reporting activities. By automating these processes, firms ensure they maintain regulatory standards while improving decision-making transparency and reducing human error.

Back office

While much of the focus is on operational efficiencies, there are also use cases aimed at improving the back-office functions of asset servicing. Areas such as risk reporting (22%) and contract and legal document management (33%) are also under consideration, albeit to a lesser extent. These areas, while traditionally manual and often complex, can benefit greatly from automation. By digitizing these tasks, asset servicers can reduce operational risks, mitigate errors, and ensure that compliance is not only met but exceeded, which enhances the overall security and integrity of the value chain.

Functional areas

The digitalization of asset servicing functions has shown consistency in priorities over the years, but progress remains uneven across different business areas. In 2022, fund accounting was identified as the function with the highest potential benefit from digitalization, with 65% of respondents ranking it as a "high benefit." The rationale behind this was clear: information captured at one step in the fund accounting value chain could be leveraged across multiple departments, minimizing repetitive manual tasks and reducing clerical errors, hardcoding mistakes, and inefficiencies in linking financials to the general ledger.

Transfer agency has also benefited significantly from digitalization – specifically in 2022 (47%) and 2024 (55%), but less so in 2025 (43%). Notably, in 2025, domiciliation services (8%) and collateral management (5%) are identified as the least digitally transformed areas, signaling new gaps in digital adoption that may require increased attention in the coming years.

The same asset servicers who digitalize in-house face frustration with point solutions

When digitalization is managed internally, companies maintain greater control over how solutions align with their specific needs, whereas point solutions often impose structures that may not fit seamlessly into existing workflows.

We notice a clear connection between the concerns asset servicers have about point solutions and their overall approach to digitalization. A significant 56% of companies prefer to handle digital initiatives in-house, either through centralized digital teams (40%) or local digital teams (16%). This aligns with the fact that many organizations cite lack of customization (47%), integration challenges and process fragmentation (62%) and scalability concerns (29%) as major drawbacks of point solutions.

At the same time, 30% of organizations choose to collaborate with external partners such as fintechs and technology providers to drive their digital initiatives. While this approach provides access to specialized solutions, it does not necessarily eliminate the common frustrations associated with point solutions. Integration issues and process fragmentation suggest that working with multiple external vendors can lead to disconnected systems rather than a smooth digital transformation. Furthermore, 53% of respondents highlight recurring licensing costs as a significant concern, reinforcing the idea that reliance on third-party solutions is not always financially sustainable in the long term.

A key finding is the link between fragmented point solutions and the absence of a coordinated digital strategy. Fourteen percent (14%) of respondents report ad hoc digital initiatives, leading to tool fragmentation and inefficiencies. At the same time, independent software adoption by teams complicates integration and scalability.

With the rise of GenAI, there is a growing expectation that AI will influence operations and process optimization (68%), customer service (50%), and risk management and compliance (35%) in the near future. As organizations look to streamline their digital processes, integrating AI solutions with existing SaaS tools may exacerbate current challenges like system fragmentation and integration hurdles. AI-powered tools offer promising capabilities, but they must also address concerns related to customization and scalability.

Moreover, the use of GenAI in areas such as financial forecasting and analysis (26%) or knowledge management (44%) can enhance decision-making and operational efficiency, yet the fragmented nature of implementations means that achieving seamless integration of GenAI tools across various functions remains a challenge.

Ultimately, the data suggests that organizations struggling with point solutions challenges are often the same ones trying to balance internal development with external partnerships. Companies that choose in-house digitalization seem to do so to avoid common pitfalls like lack of flexibility and integration difficulties. Meanwhile, those that collaborate with fintechs or technology providers still grapple with cost concerns and process fragmentation. Without a well-coordinated strategy, the adoption of digital tools – whether developed in-house or acquired externally – risks becoming inefficient and disjointed rather than truly transformative.

Lack of digital talent a setback for digitalization progress

Achieving digitalization goals is hindered by a lack of talent, and asset servicers adopt a few distinct approaches to address this. Primarily, asset servicers prefer to address the lack of technical knowledge by leveraging online learning platforms (65% vs. 45% in 2024) for existing employees and encouraging cross-functional collaboration (56% vs. 64% in 2024). This approach empowers employees who may not have a technical background but are eager to expand their digital skills. However, it may not be as effective as partnering with universities for specialized digital training programs, a strategy adopted by only 15% of respondents, which provides deeper expertise and industry-aligned learning opportunities.

To drive innovation and continuous improvement, firms in both years prioritized open communication and collaboration. However, the proportion of firms rewarding employees for innovation increased to 12% in 2025, up by 3% from the previous year.

This talent gap represents a critical challenge. While firms may have bold digitalization plans, they may lack the workforce to implement them effectively. Without proper investment in talent development, even the best-laid digital strategies may fail to deliver their full potential.

To address the growing talent shortage, many financial institutions, particularly in Luxembourg, are increasingly turning to outsourcing as a strategic solution to both reduce operational costs and access a broader pool of digital talent. International outsourcing is becoming increasingly prevalent. Interestingly, 77% of EU enterprises source from another EU Member State. India is a top choice for international outsourcing for 17% of EU firms, attractive due to its lower costs.[3] Enterprises are also looking to India to develop their global competence centers (GCCs) more so than traditional back office operations. In recent years India has blossomed as a hub for GCCs, currently home to about 1,600, which are expected to generate $121 billion in revenue by 2030 (approximately 3.5% of India's GDP).[4]

As organizations face the dual challenge of staying competitive while implementing their digital transformation agendas, outsourcing provides a cost-effective way to meet their needs. However, outsourcing also introduces new challenges, particularly in light of evolving European regulations such as the European Banking Authority's 2019 Outsourcing Guidelines and the upcoming Digital Operational Resilience Act (DORA). These regulations impose stricter oversight and require additional due diligence, especially in managing relationships with large external contractors.

Relying on external partnerships for digital expertise coupled with a growing tendency to reallocate resources abroad to regions with lower labor costs can complicate matters. While it helps bridge the talent gap and cut costs, firms must focus on quality control, team integration, and cross-border communication. Balancing outsourcing with internal talent and technology investment is essential for successful digital transformation.

[3] 77% of EU companies sourcing abroad do it in the EU, European Commission, October 2022
[4] Global Capability Centres: Transforming India's job market, The Economic Times, 17 August 2024

The Asset Servicing Digital Maturity Model

Our Asset Servicing Digital Maturity Model is built around three pillars, to help asset servicers classify themselves as "Basic", "Advanced" or "Disruptive" digital organizations. The three pillars can be described as follows:

- **Strategy and organization**: Considerations are given to whether a dedicated digital strategy has been implemented across the value chain, the total planned investment for the next five years and if innovation is process versus product led
- **Customer centricity and operations**: Takes into account the client-centric capabilities of the business, the degree to which the end-to-end client experience journey is supported by advanced technology, the automation and interconnectedness of operational activities and whether a systems approach has been adopted, as opposed to an ad hoc (case-by-case) approach to problem-solving
- **Technology and innovation**: The extent to which the business makes use of emerging technologies and applications, whether "big data" is utilized to create efficiencies, how far the business is in migrating away from legacy technology, as well as the agility and adaptiveness of the organization to planned and unplanned change

EY'S DIGITAL MATURITY SCALE FOR ASSET SERVICING

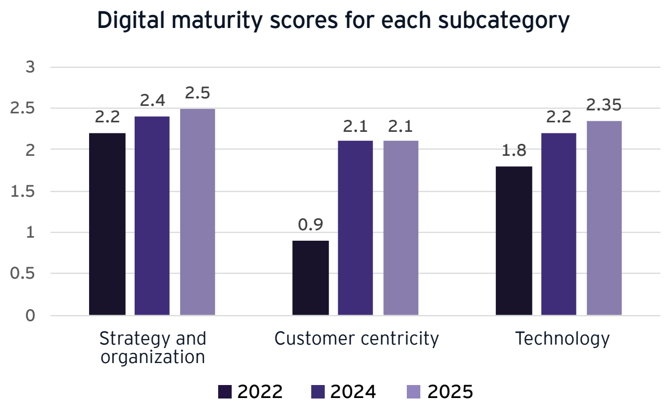
	Basic	Advanced	Disruptive
Strategy and Organization	• Organizational strategy has limited elements of digitalization • Non-existent digital roadmap and unclear business case for digitalization • Limited and siloed digital initiatives • Lack of funding and resources • Lack of understanding of and/or measurable outcomes for the business throughout the value chain • No collaboration with FinTechs to develop and unlock products	• Digitalization is part of the strategy • Limited alignment on actionable goals to digitalize the value chain • Limited funding and resources • Moderate level of partnership with FinTechs and limited innovation to unlock new products and services	• Digital first mindset with well-structured digital strategy aligned with enterprise strategy • Adaptive enterprise roadmap to incorporate latest digital solutions across functions • Moving towards embedding XaaS models with Managed Services to focus on core activities to create new business models and products • Accelerated FinTech adoption to expand product and service offerings • Appropriate funding and resources for technical debt reduction and digital initiatives
Customer Centricity and Operations	• Limited view of the client relationship/experience • Client engagement mainly transactional and managed through manual processes such as emails etc. • Some ad hoc workflows • Lack of focus on unifying operations • People dependent manual processes • No tools to measure the business levers (e.g., KPI, SLA, NPS etc.)	• A modest view of the client relationship/experience across most products • Some centralized workflow and self-service capabilities • Automation limited to certain elements of operations • Not fully data driven • Insufficient tools to view and measure SLA breaches, KPI, NPS, capacity planning etc., on an organizational level	• Strong client-centric workflow capabilities aligned and a 360-degree customer view and customer service capabilities • Transparent processes with maximum self-service capabilities • Automated service delivery processes with minimal manual intervention • Fully data-driven enterprise that enables accurate predictions and robust business decision-making • Advanced analytics used to view and measure SLA, KPI, NPS, capacity plans and other business levers at the enterprise level
Technology and Innovation	• Information fragmented and/or siloed across multiple systems • IT acts as an executional partner to business requirements (means to an end) • Obstacles to grow due to legacy systems • No tools to support the workforce in upskilling and leveraging new technologies	• Lack of unified IT products to support decision-making, limiting the enhancement of organization digital maturity • Ineffective IT landscape and capabilities to accelerate technology adoption • No SaaS platform available to support changing landscape • Lack of skilled workforce to leverage new technology	• Well-established and governed IT landscape and capabilities to continuously enhance the digital maturity • Tools and services are unified for all asset classes into a single platform • SaaS platform to support rapid development and deployment to manage varying processing demands • Highly skilled workforce to leverage the new technology and proper tools to support upskilling the workforce

Benchmarking Luxembourg's Asset Servicing industry

The overall digital maturity score in 2025 stands at 2.3 out of 5, remaining unchanged from 2024 but reflecting steady progress from 1.6 in 2022. This score is derived from three key dimensions: strategy and organization, customer centricity, and technology and innovation, all of which are currently rated at an "Advanced" level. However, while strategy and organization and technology have improved this year, customer centricity has stagnated.

Despite advancements in strategic alignment and technology, companies continue to face critical challenges in fully realizing their digital transformation ambitions, particularly in embedding customer-centric practices and leveraging technology to drive innovation.

Digital maturity landscape for asset servicing in Luxembourg



Strategy and organization

The strategy and organization dimension has seen continued progress, with a score of 2.5 in 2025, up from 2.4 in 2024 and 2.2 in 2022. A growing number of companies are ensuring that digital initiatives align with their broader corporate strategies – 56% of respondents confirm full alignment, while 35% report partial alignment. However, only one-third (33%) have fully dedicated funds for digital transformation, and the majority (37%) allocate only up to 5% of their revenues toward these initiatives, indicating potential constraints in execution.

In terms of delivery, 40% of companies drive digitalization efforts through centralized in-house digital teams, while 30% collaborate with external partners such as fintech firms. While external collaboration enables access to specialized expertise, it also raises concerns about integration, efficiency, and long-term digital independence.

Key current challenges

1. **Limited process digitalization:** Only 28% of companies have digitalized more than half of their processes, while the majority (41%) report that only 31-50% of their processes are digitalized. This muted pace of automation suggests that many organizations are still in the early stages of transitioning to fully digital operations.
2. **Reliance on external partners and lack of coordination:** While 30% of companies work with external partners for digital transformation, this reliance highlights a gap in internal digital capabilities. Moreover, 14% of respondents report a lack of coordination across functions, leading to an ad hoc approach rather than a structured digitalization strategy. This fragmentation can hinder efficiency and slow down transformation efforts.
3. **Challenges in fostering an innovative culture:** Encouraging an innovation-driven mindset remains an area for growth. While 52% of companies promote collaboration and open communication, this does not always translate into rapid or seamless digital adoption. To accelerate progress, organizations must ensure that innovation efforts are effectively integrated into their digital strategies.

Customer centricity

The customer centricity dimension experienced significant progress between 2022 and 2024, with its score rising from 0.9 in 2022 to 2.1 in 2024. However, in 2025, the score has remained unchanged at 2.1, indicating a lull in further advancements. While previous improvements suggest that organizations have increasingly prioritized customer-centric approaches, the slow progress over the past year highlights potential challenges in sustaining this momentum.

Organizations continue to recognize the importance of acting on customer insights across all functions, with 45% of respondents stating that true customer centricity means embedding this approach throughout the organization. Measuring customer interactions is also becoming more structured, with 56% preferring an analytical approach, conducting periodic reviews with clients to assess their experience and satisfaction.

Despite these efforts, the plateau in scoring suggests that organizations may be struggling to translate intent into further tangible improvements. While many companies aim to be customer-centric, 40% acknowledge that their level of customer interaction remains at an intermediate stage, and only 31% believe their clients perceive them as having a good or high level of customer centricity. This persistence of challenges signals a need for organizations to reassess their strategies and take additional steps to fully embed customer-centricity into their operational frameworks.

Key current challenges

1. **Operational inefficiencies and manual processes:** The most pressing challenge remains the persistence of manual, non-standardized processes, which create inefficiencies and hinder scalability. Seventy-nine percent (79%) of respondents cite operational inefficiencies as a major issue, while 71% highlight dependency on human resources and the lack of standardized processes as key obstacles to a more customer-centric approach.
2. **Slow and basic client onboarding processes:** The onboarding experience remains largely outdated for many organizations. Almost half (48%) of companies acknowledge that their client onboarding processes are still at a basic level, relying on document management systems, spreadsheets and email communication rather than automated, digital workflows. In contrast, only 5% of organizations report having advanced onboarding capabilities, signaling a significant area for improvement.

3. **Lack of real-time KPI measurement:** Organizations struggle with effectively tracking and analyzing customer-centric performance. Sixty-one percent (61%) admit that their KPIs are still defined and tracked manually, with no dedicated tools for real-time measurement. This lack of automation limits the ability to make data-driven decisions and quickly respond to client needs.

Technology and innovation

The technology and innovation dimension has seen progress over the past year, with its score reaching 2.35 in 2025 compared to 2.2 of 2024, following an increase from 1.8 in 2022.

At the base of this progress in technology maturity, companies continue to express strong intentions to invest in digitalization. Three-quarters (74%) of respondents identify data platform modernization as a key priority, and 68% plan to invest in digital platform product development. These figures underscore a broad consensus on the importance of digital transformation. However, the limited allocation of funds might slow down the process – even among companies committed to technological advancement, the majority allocate only up to 5% of their revenues to digital initiatives. This relatively modest investment may not be sufficient to drive the level of transformation needed to break through current limitations.

Key current challenges

1. **Limited digital process maturity:** While companies acknowledge the importance of digitalization, the majority still have no more than 50% of their processes digitalized. Only 3% have fully digitalized their operations, and just 28% have digitalized more than half of their business processes. This highlights a slow pace of transformation that could hinder operational efficiency and scalability.
2. **Reliance on external support:** The 30% of companies collaborating with fintech and external technology providers indicates that while they pursue digital innovation, they still rely heavily on external expertise rather than in-house capabilities. This dependence can slow down digital maturity as organizations may struggle to fully integrate external solutions into their core business processes.

Digitalization Priorities in Luxembourg’s Alternative Asset Servicing Sector

Wide distribution of priorities shows alternative asset servicers prioritize technological capabilities, client experience while deemphasizing certain traditional functions

Out of the 48 asset servicers surveyed, 23 indicated holding, among other authorizations, an AIFM/UCITS ManCo with in-house fund administration capabilities. Given the prominence of the alternative investment industry within Luxembourg's financial sector, it is critical to examine the digitalization initiatives these firms are prioritizing and where they intend to allocate their investments.

The majority of these asset servicers focus on two primary areas:

1. Modernizing data platforms and optimizing service delivery
2. Transforming the customer experience

Investments in cloud application modernization and digital platform product development also rank highly, reflecting the sector's commitment to upgrading its technological infrastructure.

Conversely, the survey results reveal that commercial excellence is seen as a relatively lower priority, with only 6% of alternatives asset servicers considering it a critical area for investment. Similarly, technical delivery centers – often associated with operational efficiencies – are of minimal interest, as evidenced by only 2% of respondents planning to invest in this domain. This wide distribution of priorities underscores the alternative investment sector's focus on enhancing technological capabilities, client experience, and operational efficiency, while deemphasizing certain traditional operational functions.

Licensing Trends and Firm Segmentation in Luxembourg’s Asset Servicing Industry

Strong presence of AIFM/UCITS ManCo and PSF licenses suggests that many firms are engaged in alternatives and specialized financial services

When asked about their regulatory licenses, 48% of the 48 surveyed firms reported holding an AIFM/UCITS ManCo license, underscoring Luxembourg’s strong position as a hub for alternative investment funds. This aligns with broader market trends, as Luxembourg remains a preferred jurisdiction for fund management companies servicing alternative assets.

To further contextualize this, respondents were categorized by company size according to their total number of employees: Boutique (1-49), Mid-Sized (50-300), Large (301-1,000), and Global (>1,000). Among firms with an AIFM/UCITS ManCo license, 44% are global asset servicers, reflecting the dominance of large-scale institutions in this space. Mid-sized firms account for 30%, while boutiques and large firms each represent 13%, highlighting the diversity of players involved in fund management.

Beyond the AIFM/UCITS framework, the most commonly held license among respondents is the PSF (Professionals of the Financial Sector) license, reported by 58% of firms. This is particularly prevalent among global firms (37%), followed by mid-sized firms (27%), with large (16%) and boutique firms (16%) representing a smaller share. The strong presence of PSF licenses suggests that many firms are engaged in specialized financial services, such as fund administration, IT services, or custodial functions, which are critical to Luxembourg’s financial ecosystem.

Additionally, 33% of surveyed firms hold a banking license, reinforcing the country’s reputation as a financial hub with a robust banking sector. However, only 13% of respondents reported having a MiFID investment firm authorization, indicating that pure investment firms – those focused on advisory, brokerage, or portfolio management under MiFID II – play a relatively smaller role within this sample. This could reflect the regulatory complexities and capital requirements associated with MiFID, or a strategic preference among Luxembourg-based firms to operate within alternative investment structures.

These findings illustrate the regulatory diversity of Luxembourg’s financial sector, with a strong representation of fund servicing and financial infrastructure providers. The predominance of AIFM/UCITS ManCo and PSF licenses reflects the country’s specialization in fund management and professional financial services, while the comparatively lower share of MiFID investment firms suggests that market participants may favor regulatory frameworks more tailored to asset servicing and alternative investments rather than traditional investment advisory models.

Our Look to the Future: The Projected Path of Digitalization

A. Strategy and organization

The future of asset servicing is predicted to take a "digital first" approach, integrating SaaS solutions and various market services. This shift transforms asset servicers into entities offering both products and services, impacting pricing models to favour value-based over AUM-based pricing.

A strategic move would be to establish a Digital Office within the senior leadership team to balance operational efficiency with long-term goals. Success should be measured through a dedicated value office, focusing on the benefits of SaaS products and service-based revenues. Additionally, a budget supporting transformative rather than incremental changes is crucial.

Moreover, asset servicers will start to explore how they can monetize the data they are setting up. By leveraging data analytics and insights, they can create new revenue streams, thereby enhancing their value proposition.

B. Customer centricity and operations

Asset servicers will continue to refine their self-perceptions and develop an accurate understanding of their true digital maturity. They will gain better insights from their customers regarding how they prefer to consume services. Additionally, asset servicers will move towards a zero-touch digital approach. Client platforms or portals will become central for numerous customer interactions, such as client onboarding or KYC processes, providing status updates, and more, all enabled by user-friendly self-service channels.

Highlighting the significance of unifying the customer experience and touchpoints across various points within the organization will become essential. This unification would enable a comprehensive understanding of clients' overall status and key milestones, and provide valuable insights and SLAs to react effectively. Moreover, the concept of zero touch service operations will be introduced, where only exceptions are handled manually, while workflows, GenAI, data platforms, and APIs take care of the heavy lifting.

Many operational interactions with clients will be supported by GenAI, improving deflection rates. Standardized processes and data flows across clients will be established, significantly reducing manual workloads and aiming for over 70% hyper-automation. Operational backend platforms will facilitate real-time task tracking, KPI measurement, and risk mitigation. Operational workflows will also be enhanced by the deployment of GenAI platforms, such as Copilot, ensuring constant visibility for customers through CRM systems and portals.

C. Technology and innovation

GenAI will continue to be important, and will fast become a central part of any digital strategy. Asset servicers will create digital technology hubs with two primary roles. Firstly, to provide operational support through technologies such as RPA, AI, workflows, etc., and secondly, to maintain a continuous stream of product technology roadmaps. These hubs will be managed by innovation teams that identify and implement new technological opportunities. Organizational strategies will shift from addressing urgent issues to adopting proactive approaches, promoting a comprehensive and forward-looking perspective of the IT landscape. There will be an increased focus on continuous education and training on emerging technologies, ensuring all business functions are ready to adopt new value-adding technologies as they appear.

How can EY help

EY Luxembourg has a dedicated sector focus which offers a broad selection of services delivered by agile, forward-looking and insightful EY professionals, to support the priorities of asset servicers, PSFs, third-party management companies and alternative investment fund managers.

Leveraging our multidisciplinary approach and specialized teams, we aim to add long-term value to our clients' businesses by unlocking innovative pathways towards a more digitalized operating model in an agile business environment. Some of the services we provide, in the context of digitalization for asset servicing, are as follows:

EXAMPLE OF EY SERVICES

Digital maturity We support clients in ensuring their digital maturity aligns with their strategic objectives.	‣ Determining baseline maturity across front-, middle-, and back-office systems, conducting industry benchmarking, and delivering a comprehensive analysis of digital maturity compared to peer groups ‣ Creating strategic roadmaps with prioritized steps, resource allocation, and timelines for digital maturity across all areas, and identifying necessary technology investments, including blockchain and AI adoption, needed to drive transformation
Digital client experience We support all aspects of transforming the client experience, including sales, onboarding, and other interactions.	‣ Creating digital customer journey and experience maps with the goal of enhancing NPS (Net Promoter Score) and SLAs (Service Level Agreements) ‣ Designing digital interfaces for clients on web and mobile platforms, offering real-time access to account information, reporting, and portfolio analytics with personalization and self-service features ‣ Implementing CRM systems, assisting in improving the NPS and reducing churn
Digital operations We help clients digitalize manual processes and connect siloed systems, so as to better manage client experiences, from onboarding, operationalizing, and invoicing, to customer servicing.	‣ Developing and implementing automated solutions for depositaries and transfer agents, resulting in quicker data extraction and reconciliation ‣ Designing analytics-driven capacity management to measure workload, assess resource requirements, forecast resources and anticipate workload variations, including impacts on SLAs ‣ Transforming human resources systems by adopting and utilizing specialized software systems ‣ Modernizing back office operations and administrative processes, and leveraging various technologies such as workflow automation, RPA, AI, and data analytics
Application modernization We help asset servicers modernize their on-premise legacy systems which require high maintenance, and which prevent technical scalability.	‣ Modernizing the IT landscape, leveraging new cloud-based technology for core and support functions ‣ Leveraging the EY Alliance partnership (e.g., Microsoft, SAP, Snowflake, among others), and co-developing products (data sharing, investment restriction monitoring, contract compliance, document intelligence, etc.) to enable IT transformation ‣ Assisting in evaluating cloud requirements and facilitating cloud migration using industry knowledge, with a focus on ensuring data integrity, privacy, and security ‣ Providing assistance with various platforms, such as Investran, Yardi, Multifond selection (among others), and with their blueprints and implementation

Methodology

Survey composition

The Digitalization in the Asset Servicing Industry Survey ("the Survey") was distributed digitally and completed by respondents via an online questionnaire. Respondents were asked to complete a total of 33 questions, categorized into the following segments:

- Overview of your organization and services (demographic information)
- Strategy and organization
- Customer centricity and operations
- Technology and innovation

Respondent profile

The survey was completed by 48 asset servicing industry players in Luxembourg between December 2024 and March 2025. Respondents comprised company C-Suite – including CEOs, COOs, CTOs and CIOs – of companies serving funds mostly in private equity, real estate, private debt, infrastructure and UCITS.

Company size

Respondent company size was evenly split, across boutique (1-49), mid-sized (50-300), large (301-1,000), and global (>1,000) firms.

Services offered

Respondent companies provide a wide range of services to their clients, including fund administration, transfer agency, management services and various other ancillary services.

Entity type

The majority of respondents represent companies with a PSF licence or banking licence, with a small number being AIFMs or ManCos.

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