

Focus on Funds: Data Science Is Changing Fund Management

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Increasingly sophisticated use of data is leading asset managers to adopt skills from the high-tech field of data science. In the September 13, 2019, edition of *Focus on Funds*, ICI Associate General Counsel Tami Salmon explains the changes and what it means for the industry.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: Fund companies are crunching data in ways they've never done before. How are they coping? By adapting a new field of work: data science.

Tami Salmon, ICI associate general counsel: And it's really being driven by the SEC [Securities and Exchange Commission]. They have been so sophisticated in their ability to develop tools to analyze data and understand all the data that they're holding, which is data from across the industry. And so it's incumbent among our members to know what's in their data. So if the SEC comes and knocks on their door and [says], "We've analyzed your data, and this is what we're seeing. Why didn't you find it?" the fund needs to know what was in that data, so they can respond to those questions. They shouldn't be surprised by the SEC in terms of what's in their data.

Ortvals-Tibbs: So as this field develops, it also sounds like it can have kind of an interdisciplinary feel to it within a fund firm.

Salmon: Absolutely, because originally, we thought this position was developing more in the compliance spaces. Compliance officers were looking for ways to monitor on an ongoing basis what's going on in the company, so they could spot violations. But in talking to risk officers and talking to internal auditors, and talking to the investment personnel, they too are deploying these tools to better understand the data that they're looking at from different perspectives.

Ortvals-Tibbs: [Are] these people who are moving within a complex taking on a new responsibility? Or are these people coming in with very specific skills from outside the industry?

Salmon: These are a new skill set. So our members are hiring [for] this. The other thing that this has resulted in with our member firms is: as you know, our members have a lot of data from all kinds of different sources. And one of the things that we recognized is before you can start using these tools, you have to have the right data, the clean data—not data that's been enriched for other purposes. So you can't run before you walk. What they're having to do first is get their data house in order. Once they have that

together, then they can start to deploy these tools.

Additional Resources

- [Focus on Funds: New Technology and New Trends Are Driving Fund Industry Change](#)
- [Focus on Funds: Fund Compliance Is an Increasingly Collective, Complicated Responsibility](#)
- [Focus on Funds: Fund Operations is Changing Dramatically](#)
- [Highlights: ICI 2019 General Membership Meeting](#)

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