BNY

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BNY INSTITUTE

# THE NEXT GENERATION OF TRANSFER AGENCY

*The Forces Reshaping Fund Servicing*

# FOREWORD

## The transfer agent (TA) has long performed a critical role in the fund ecosystem. It maintains the register, processes subscriptions and redemptions, supports shareholder servicing and helps keep investor records accurate.

That role is still critical. But a transfer agent in today's world needs to be much more.

Wealth and asset management are changing fast, investor demographics are shifting. Asset managers face growing pressure to reduce cost, simplify operations and expand into new markets. Technology is changing what is possible, from artificial intelligence (AI) and digital self-service to tokenized funds and on-chain recordkeeping.

Together, these forces are changing the role of transfer agency. Investment managers need a transfer agency model that helps them grow, improve the investor experience, support new fund structures and connect traditional operating models with emerging digital infrastructure.

At BNY, we see this shift every day. Investor Solutions is a global business within our Fund and Investor Solutions platform, serving managers and their underlying investors. Our work spans the day-to-day operations of transfer agency and the transformation of that model for a future in which data, AI, digital assets and tokenization play a larger role.

The future transfer agent will not be a utility at the end of the value chain. It will be a strategic extension of the asset manager — supporting growth, resilience, investor engagement and product innovation across traditional and digital markets.

**CHRISTINE WALDRON**
Global Head of Fund and Investor Solutions

**KATEY NEATE**
Global Head of Investor Solutions

# A MARKET SHAPED BY NEW INVESTORS AND NEW EXPECTATIONS

Three forces are redefining the transfer agency model.

## 01 Demographic Change

Wealth is moving between generations and across geographies and investor behavior is shifting with it. A younger investor entering the market today has different expectations from their parent or grandparent. They may expect mobile access, faster onboarding, digital self-service, real-time information and the ability to transact outside traditional business hours. They may also be interested in new investment options, including digital assets or tokenized products.

These expectations do not replace the needs of existing investors. Retail investors typically value security, fraud prevention and clear communications, while many also prioritize the ability to speak with someone who understands their situation. Institutional investors often focus on speed, accuracy, certainty and operating consistency across managers and markets.

Overall, investors now compare their fund experience with the digital services they use every day — not just with other asset managers. They expect interactions to be fast and intuitive. They want self-service when it is convenient and human support when it is needed.

## 02 Pressure on Asset Managers

Many asset managers face margin pressure, industry consolidation and strategic questions about where future growth will come from. They are also looking closely at their operating models. A fragmented service model can add cost, complexity and risk. Managing multiple relationships across transfer agency, fund accounting, custody, reporting and data requires oversight, governance and internal capacity.

As a result, more investment managers are reviewing what they keep in-house, what they outsource and how many external relationships they want to manage. Outsourcing transfer agency does not mean outsourcing the investor relationship. Most firms still want strong control over how investors experience their brand. When an investor calls a contact center, uses a portal or receives a communication, the experience needs to feel consistent with the asset manager they chose.

That makes the relationship between investment manager and transfer agent more strategic. The latter must represent the asset manager accurately, respond to investors effectively and support growth into new products, markets and distribution channels.

## 03 Technology

AI, digital assets and tokenization are changing how fund servicing can work. They are also influencing what investors and asset managers expect from infrastructure. The future model must support traditional fund servicing and emerging digital rails. It needs to use data more effectively, automate manual processes and provide better visibility across the investment lifecycle.

These three forces are converging, creating a new landscape in which transfer agency is more important, visible and strategic for asset managers.

> *"The transfer agent needs to move up the value chain. Asset managers are looking for more than processing capacity; they need a strategic extension of their business that can support investor experience, growth into new markets and the shift toward digital assets and tokenized fund structures."*
>
> **– Katey Neate,** *Global Head of Investor Solutions*

# FROM PROCESSING FUNCTION TO INVESTOR EXPERIENCE

Recordkeeping remains the foundation of transfer agency — it's not a design choice, but the core of the role. At its simplest, it is the register of who owns what. The differentiation now lies in the service model built around that register.

Requirements between retail and institutional investors, advisors and intermediaries vary. While the underlying technology can be common, the service model, user interface, workflow and level of support need to adapt to the investor or user persona.

As a result, transfer agency is moving beyond processing to focus on the investor experience, which affects retention, engagement and confidence.  If the experience from onboarding, through information access to servicing is transparent, secure and responsive, the investment manager has a strong foundation for growth.

BNY's advisor and investor portals are designed to support online access to aggregated account information, purchases, exchanges, redemptions, tax forms, transaction history, daily and historic net asset values (NAVs), cost basis information and mobile access.

Ultimately, BNY's Investor Solutions platform is built around a single outcome: a fund ownership experience that is simpler to access, easier to service and more transparent across the investment lifecycle.

> *"As investors increasingly experience the transfer agent as part of the asset manager's own brand, the relationship between the two becomes more critical. Whether supporting a call, portal, communication or transaction behind the scenes, the transfer agent must protect the asset manager's voice as carefully as it protects the register."*

– **Christine Waldron,** *Global Head of Fund and Investor Solutions*

# THE INTEGRATED PLATFORM AS THE ENGINE OF FUND SERVICING

Fund servicing questions rarely exist in isolation. A portfolio manager may need to understand how much cash is available to invest. The answer depends on shareholder activity, but interest payments, bond settlements, corporate actions and other cash movements may also be relevant. If these activities sit across multiple service relationships, gaining a timely and complete view becomes harder.

By connecting transfer agency, custody, fund accounting, fund administration and data, BNY's Fund and Investor Solutions integrated platform is built to help improve visibility across the fund lifecycle. It can reduce manual reconciliation, support better reporting and provide asset managers with more complete information to make decisions. This is where integration moves from concept to practical value: it gives investment managers clearer sightlines across the activity that affects liquidity, operations and investor servicing.

For clients, integration can reduce the cost and complexity of oversight. Many investment managers are consolidating service relationships, they want fewer points of friction, more consistent data and clearer accountability across functions and regions. It can also create a smoother path for launching new products and entering new markets.

The value of integration also increases as fund structures become more complex. Asset managers need a servicing model that can support traditional mutual funds, registered funds, exchange-traded funds (ETFs), private markets, retail alternatives and emerging digital products – such as tokenized funds – without creating a separate operating model for each one.

BNY's integrated platform gives asset managers and asset owners access to a broader ecosystem across geographies, asset classes and fund structures.

> *"Effective use of scale creates real value for clients. We have $57.8 trillion in assets under custody and/or administration, more than $31.2 trillion in assets under administration across fund accounting, transfer agency, ETF services and alternatives, and 7.61 million investor accounts serviced globally. Our platform is integrated in concept, but our significant global scale amplifies the impact of that integration."*
>
> – **Katey Neate,**
> *Global Head of Investor Solutions*

# DATA, ARTIFICIAL INTELLIGENCE AND BETTER DECISION MAKING

Transfer agency generates substantial volumes of data. It captures investor activity, service requests, subscriptions, redemptions, distribution flows and communication patterns. When combined with fund accounting, custody and third-party data, these insights can help asset managers operate with greater clarity.

Some asset managers already use data in highly sophisticated ways. Others want structured reporting that gives them the information they need without requiring additional internal processing. A future-ready transfer agent needs to support both models.

BNY's platform can consolidate and normalize data from across a client's service network, including from external sources. This can help reduce operational complexity and make reporting more consistent. Self-service dashboards, application programming interfaces (APIs) and reporting tools can help clients access the information they need more quickly.

AI can strengthen this model further. In transfer agency and fund servicing, AI is already showing practical value in areas such as document processing, instruction capture, reconciliation, transaction monitoring, fraud detection and contact center support. It can reduce manual touchpoints, identify exceptions earlier and help teams focus on higher-value work.

NAV oversight is one example. AI-enabled, exception-based tools can help identify anomalies and provide more timely transparency into the NAV lifecycle. This supports faster risk detection and stronger oversight.

While the impact is operational, AI capabilities also affect the investor experience. Fewer manual steps can reduce errors. Faster processing can create greater certainty, and better fraud detection can protect investors and asset managers. More consistent data also improves reporting to internal teams, investors, intermediaries and regulators.

AI will not remove the need for strong controls, oversight or human judgment. But it can help transfer agency become more proactive, efficient and transparent. At the same time, the underlying infrastructure is evolving—reshaping how records are managed and how products are distributed.

> *"BNY already offers tools such as NAV Impact Analysis, self-service reporting and data connectivity, but we continue to invest. Our dashboard and analytics capabilities will keep developing as clients ask for more real-time, configurable views across their operating model."*

**– Christine Waldron,** *Global Head of Fund and Investor Solutions*

# TOKENIZATION AND ON-CHAIN RECORDKEEPING

Tokenization is one of the most significant long-term shifts facing transfer agency. Beyond operational efficiencies, it creates new opportunities to expand distribution—helping asset managers access new investor segments, geographies and structures.

Across financial markets, traditional infrastructure is beginning to link with digital rails. Distributed ledger technology (DLT) such as blockchain, tokenized cash, stablecoins and tokenized funds are all part of a broader move toward more connected, programmable and potentially faster-settling markets.

However, a tokenized fund still needs core transfer agency capabilities: a register, investor onboarding and servicing, AML and KYC controls, reporting, reconciliation and communications. It also requires additional capabilities, including blockchain connectivity, smart contract design, on-chain/off-chain reconciliation, financial crime controls and the ability to support digital ownership records.

The transfer agent must therefore become involved earlier in the fund design and implementation process.

BNY has built and tested capabilities to issue tokenized fund units on public blockchain infrastructure, maintain on-chain and off-chain books and records, service investors and reconcile between the two.

This capability is especially important for asset managers that want to launch tokenized structures without creating a separate servicing model. The same investment manager may need to support traditional funds, tokenized share classes and future digital products side by side. The transfer agent must therefore connect those worlds. “As a longstanding, global transfer agency leader and the world’s largest custodian, BNY aims to leverage its breadth to become an end-to-end service provider for fund issuers launching both traditional and digital funds.”, says Patrick Corker, Head of Digital Cash, Collateral and Payments.

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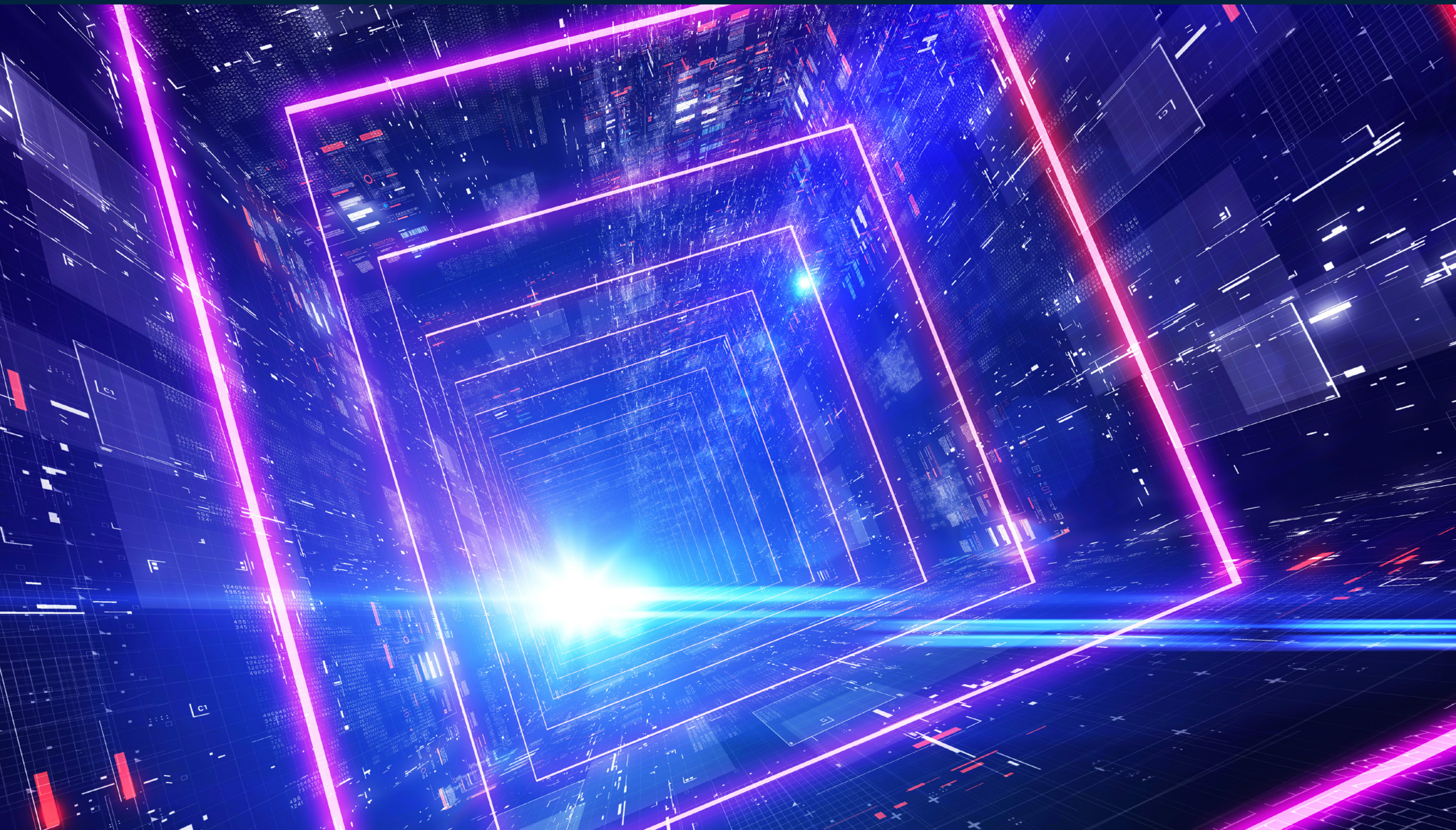
It is these consistent capabilities across traditional and tokenized funds that prompted top asset manager clients choose to work with BNY for our new transfer agent offering.

The on-chain/off-chain distinction matters. Blockchain can provide transparency, asset mobility and a shared record of activity, but there are questions of confidentiality that may limit the benefits of holding investors' personal information and sensitive asset manager data on a public chain. Information that gains from being on-chain can move there; data that needs to remain private can remain off-chain or within controlled infrastructure.

Adoption will also depend on regulation, market standards and network effects. Tokenized funds become more valuable when they can interact with a broader ecosystem. A tokenized money market fund, for example, may have greater utility if it can be used in collateral or settlement workflows. BNY's capabilities across custody, fund servicing, liquidity, FX, data and digital assets position us to support that connectivity across the ecosystem.

Interoperability will define the next phase of market infrastructure. Asset managers will seek consistency for both traditional and tokenized funds across reporting, tax, controls, investor servicing and oversight, as well as infrastructure that can link digital fund units to the wider financial ecosystem.

This is not simply a technology matter — it is about trust. Investment managers need to be confident that innovation sits within a resilient, controlled and scalable framework. Investors need to know that digital access does not come at the expense of security or service. Regulators need to be certain that new models preserve transparency, governance and investor protection.



# SUPPORTING COMPLEX STRUCTURES AND RETAIL ALTERNATIVES

## Product innovation is changing what asset managers need from their transfer agent.

Traditional mutual funds and Undertakings for Collective Investment in Transferable Securities (UCITS) remain important. But investment managers are also expanding into ETFs, ETF share classes, private credit and other private markets, interval funds, tender offer funds, Business Development Companies (BDCs), European Long-Term Investment Funds (ELTIFs), Long-Term Asset Funds (LTAFs) and other retail alternative structures.

These products create different servicing requirements. Traditional retail funds often involve frequent dealing, large investor populations and standardized reporting. Alternative funds may involve capital activity, lockups, gates, investor-level reporting, complex anti-money laundering (AML) and Know Your Customer (KYC) requirements, and detailed communication with investors and intermediaries.

Retail alternatives combine features of both models. They open access to private markets or less liquid strategies, but they also require a servicing experience that can support a broader investor base.

Consider an interval fund or other closed-end structure with periodic liquidity. Investors may submit redemption requests, but the fund may apply a gate. If redemption requests exceed available liquidity, the transfer agent must support accurate processing, clear communication, proration and investor service. Call volumes may rise as investors ask when proceeds will be paid or what proportion of a request will be fulfilled.

This type of structure requires scale, investor communication, data quality, controls and experience with complex fund mechanics — not just basic processing.

> *"The rise of retail alternatives demands servicing that combines the scale and resilience of a mutual fund TA, with the agility and high touch investor engagement of the private markets. Our in-depth experience of these complex fund mechanics, and our ability to deliver at scale, accompanied by ongoing investment in connectivity to distributor platforms, makes BNY a trusted partner for clients looking to seize this opportunity for growth".*
>
> **– Katey Neate,**
> *Global Head of Investor Solutions*

Distribution also becomes more important. Retail alternatives often reach investors through broker-dealers or registered investment advisors. These intermediaries need timely information, consolidated views and effective servicing tools. Transfer agency must therefore support the investor, the asset manager and the distribution ecosystem.

BNY's servicing model covers the full lifecycle of an alternatives fund— from onboarding and capital activity to partnership registers, reporting and communications—so managers can operate complex structures without building separate infrastructure for each one.

Private credit and retail alternatives are likely to remain areas of significant growth. Managers that want to participate in that growth need operating models that can support complexity at scale.

# RESILIENCE, CONTROLS AND GLOBAL SCALE

Investors increasingly expect access to information and services outside traditional windows. Digital assets and tokenized funds could accelerate that shift. Asset managers also need service continuity across regions, time zones and periods of market stress.

A future-ready transfer agent therefore needs a global operating model, strong controls and the ability to support clients as they expand across markets. It also needs a service structure that combines regional expertise with consistent standards.

BNY is the only Global Systemically Important Bank (G-SIB) with a truly global transfer agency offering, and operating capabilities across the Americas, Europe, the Middle East and Africa, and Asia Pacific. Our model supports different fund types, distribution channels and investor needs across regions. This helps clients expand while maintaining governance, control and service quality.

Scale matters in normal conditions but even more under stress, when market volatility can drive higher call volumes, large redemption requests or urgent reporting needs. Asset managers need confidence that their transfer agent can respond with strong controls, regulatory experience, effective incident management and operational resilience.

More broadly investment managers value the capital strength and controls that come with regulated infrastructure — they protect the register, the transaction record and the investor data that underpin it. The stringent requirements of a G-SIB such as BNY, which sits at the heart of the world's capital markets, provide the kind of controlled, auditable infrastructure that point-solution and technology providers cannot replicate.

For clients comparing transfer agency models, the ability to combine transfer agency depth with the broader capabilities of custody, fund accounting, balance sheet strength, cybersecurity and a resilient infrastructure can be a key differentiator.

The transfer agent of the future must be able to modernize without eroding the risk framework that supports trust.

# BNY: DEFINING THE FUTURE-READY TRANSFER AGENT

## A future-ready transfer agent is not defined by a single product or technology, but by its ability to support asset managers through change.

A transfer agent needs scale, resilience, digital tools, alternatives expertise, and automation, data and tokenization capabilities. But these characteristics and technical competencies matter most when they work together. Investment managers need an operating model that can support today's funds while preparing for tomorrow's distribution channels, asset classes and digital infrastructure.

BNY's strengths – global scale, long standing experience, resilient infrastructure – create a different type of transfer agency, with an approach that helps asset managers reduce friction, consolidate service relationships, support new products, enter new markets and improve the experience of the investors they serve.

As investor expectations rise and fund structures evolve, transfer agency will become more visible. It will sit at the intersection of servicing, distribution, data and infrastructure, helping determine whether investment managers can deliver the speed, transparency and access investors increasingly expect.

> *"Many clients start by focusing on consolidation. Fewer service relationships and more connected data create a smoother transition from today's fund servicing model to future structures. This shift allows the transfer agency conversation to move beyond cost and processing toward growth, resilience, distribution and the investor experience."*
>
> – **Christine Waldron,**
> *Global Head of Fund and Investor Solutions*

*Transfer agency is no longer a back-office function – it is a strategic decision. The managers who treat it as one will be better positioned to grow, serve investors effectively and move into new structures without rebuilding their operating model from scratch. Accuracy and control remain the foundation. But the next generation of transfer agency will be measured by a broader standard: whether it helps investment managers deliver the speed, transparency and access that define what good looks like for investors today – while preparing for the next era of fund servicing.*

## FOR MORE INFORMATION

About BNY Fund and Investor Solutions, please visit our website or contact us.

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