

# Five Trends Driving the Growing Shift to Outsourcing Administration



[Daniel Forbes](#)



[Jon Summers](#)

January 15, 2025

The past decade has been transformative for the asset management industry, marked by increasing regulatory requirements and operational complexities, heightened investor demands for transparency, and rising cost pressures.

With 2025 now underway, these challenges are set to intensify, which is driving a shift for managers of self-administered funds to consider outsourcing their fund administration either in full or through a bespoke support model. In this article, we explore the top five trends influencing the move towards outsourced administration models.

## 1. A Shifting Regulatory Landscape

Recent developments, such as the Financial Crimes Enforcement Network's (FinCEN) final rule expanding anti-money laundering (AML) requirements to certain investment advisers, highlight the need for stronger compliance frameworks. Effective January 1, 2026, registered investment advisers (RIAs) and exempt reporting advisers (ERAs) must implement robust AML/CFT programs, designate compliance officers and establish independent audit protocols.

These regulatory changes demand a level of infrastructure and expertise that many funds may not have in-house. Outsourcing not only ensures compliance but also provides a scalable solution to meet evolving requirements without burdening internal resources.

## 2. Meeting Investor Expectations

Institutional investors are increasingly prioritising operational excellence, independent verification and market-level reporting transparency. To attract institutional capital, funds must align their operations with these heightened expectations.

Outsourcing fund administration enables funds to meet these institutional standards, providing independent books and records, robust KYC/AML processes and enhanced reporting capabilities. This alignment not only satisfies investor demands but also positions funds for growth and an expanded client base.

## 3. Managing Costs in a Tight Environment

With operational costs rising and fee income remaining static, outsourcing has become a critical strategy for fund managers seeking efficiency and cost control. By shifting back-office expenses from the management company to the fund level, outsourcing optimises resources and frees up capital for core investment activities. This helps reduce overhead by reallocating talent to higher-value responsibilities, enabling fund managers to focus their skilled personnel on strategic investment opportunities rather than time consuming operational functions.

With outsourcing, fund managers can redirect their focus to growth and investor relations while significantly alleviating cost pressures. It is a scalable solution that tackles operational complexity and meets the demand for greater transparency, allowing managers to focus on strategic priorities and enhance their competitive edge in a challenging economic landscape.

## 4. Access to Expertise to Support Growth and Resolve Operational Complexities

Successful fund administration extends beyond technology; it requires a team of seasoned professionals who understand a fund's specific requirements and scales with their needs and growth. Outsourcing provides funds with access to experienced experts with specialised knowledge and insights who offer hands-on support at every stage throughout onboarding to daily operations. This ensures a seamless transition, ongoing collaboration and customised solutions that align with the specific requirements of each fund. A third-party administrator also removes the burden for self-administered funds with managing staff-related matters in-house including retention and turnover.

## 5. Technology as an Enabler of Change

Modern fund administration necessitates leading technology capable of managing increasing complexity and delivering accurate, real-time reporting and insights. Automation of tasks through technology systems and AI solutions help streamline processes, reduce errors and improve efficiency. As managers shift towards third-party administrators, they can leverage scalable and robust technologies without the significant outlay associated with in-house development.

Advanced technology platforms combine various solutions specific to the fund's needs. At Waystone for example, we leverage industry-standard accounting, investor and reporting technologies as part of our core operating platform. Our technology suite includes powerful solutions, such as our investment portal, designed to provide efficient, on-demand access to key fund information. These tools provide transparent, customisable and accurate reporting – including real-time T+0/T+1 PnL reporting – while enabling seamless data integration across operations to ensure consistent reporting and superior decision-making. This environment allows for an adaptable environment tailored to each fund's potential new investment strategies, while ensuring long-term scalability and operational efficiency.

## Preparing for 2025

The regulatory and operational landscape of 2025 presents both challenges and opportunities for self-administered funds. Preparation is essential to navigate upcoming compliance requirements, manage costs effectively and meet investor demands.

Waystone delivers a comprehensive suite of fund administration, corporate administration, governance and regulatory compliance solutions tailored to the needs of asset managers. By partnering with Waystone, funds gain access to a global team with deep expertise, unrivalled client service, a robust compliance framework and technologies that evolve with their needs. With over 250 fund administration clients worldwide and senior managers boasting over 25 years of experience in administration services, we provide trusted, industry-leading solutions that empower our clients to achieve their investment goals with confidence.

Our streamlined administration transition approach and commitment to exceptional client service means we're more than administrators – we're partners in our clients' growth, focused on driving efficiency and better outcomes that ultimately support our clients to enhance their investment strategies and improve fund performance.

Our **fund administration solutions** include:

- Accounting services
- Investor services including **AML/KYC**
- Regulatory and compliance services
- Corporate and secretarial services
- Financial statements preparation and tax assistance
- Full corporate administration to SPVs / AIVs / HoldCos
- Shadow Administration

If you have any questions or would like to sign-up to receive our communications, please contact **Daniel Forbes**, **Jon Summers** or your usual Waystone representative via the below.

[Contact Us →](#)