

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

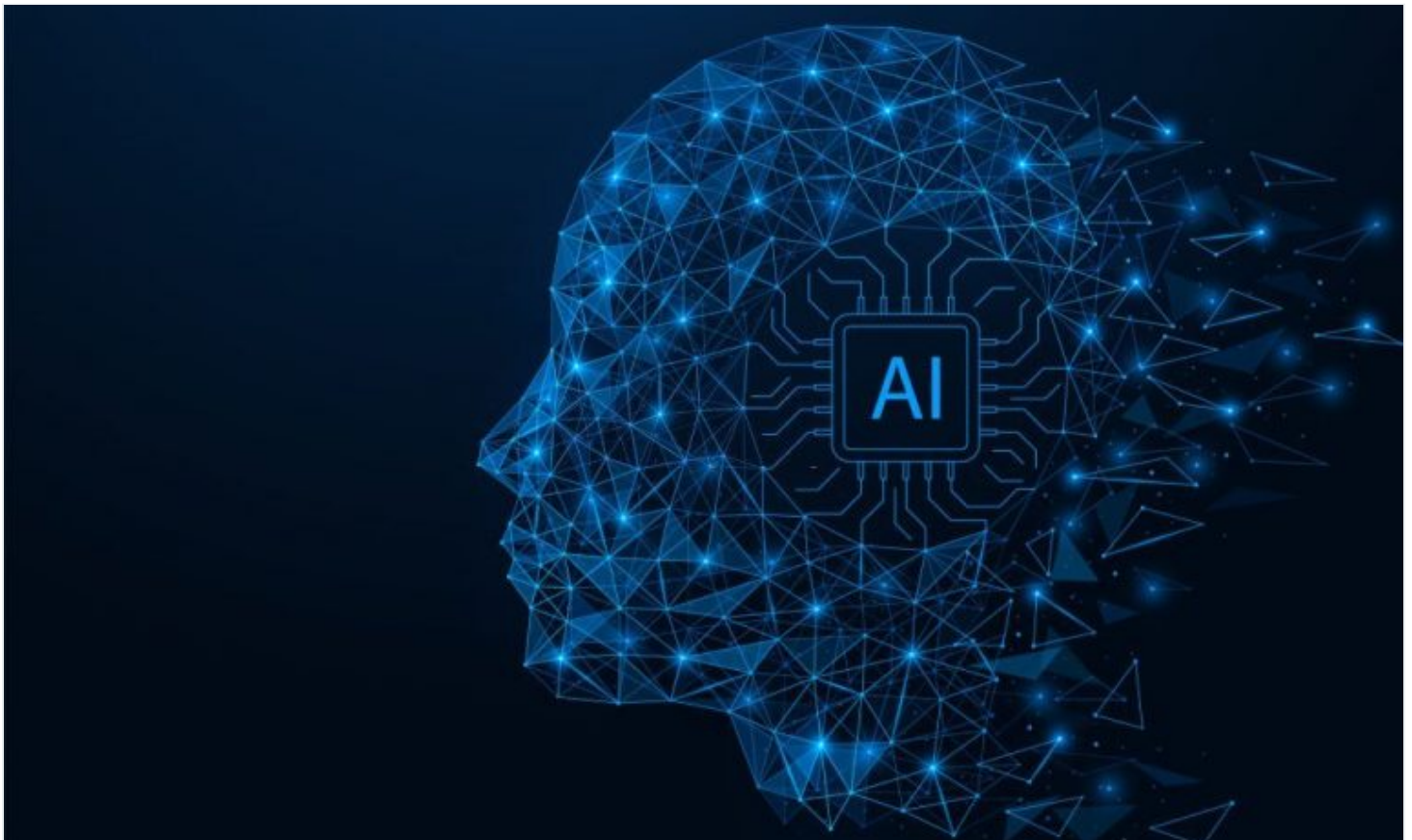
If you have any questions or need help you can email us

ADVISORY

Is Artificial Intelligence Becoming a Tool for Financial Advisors?

AI is making financial advisors more efficient and more connected with clients. But some challenges persist.

Jason Bramwell • Aug. 05, 2022



Financial advisors are starting to be big fans of artificial intelligence (AI)—not only because it can automate administrative tasks like data entry but also because it is

starting to have a significant impact on the client-advisor relationship.

“Against increasingly challenging market conditions, AI has the potential to help wealth managers sustain and drive new growth, create operating efficiencies, and transform the customer experience through more hyper-personalized insights and products,” said Scott Reddel, who leads the North American wealth management practice at consulting firm Accenture. “Now isn’t the time to take your foot off the pedal. Firms can overcome adoption speedbumps with continued commitment from management, focused applications that deliver business value, and—perhaps most critically—collaboration across business lines.”

Accenture recently released new research, “[AI in Wealth Management: A Financial Advisor Study](#),” after surveying 500 licensed financial advisors in the United States and Canada earlier this year who work at major wealth managers, banks, insurers, and independent wealth firms.

It revealed that 98 percent of respondents believe that AI is transforming how advice is created for, delivered to, and consumed by clients, and 97 percent believe that AI can help grow their book of business organically by more than 20 percent.

In addition, 83 percent of advisors believe AI will have a direct, measurable, and consistent impact on the client-advisor relationship by early 2024, and that same percentage believe that within the next 18 months, “AI can achieve a level of sophisticated advice and planning that will ultimately leave financial advisors competing with an algorithm for clients,” the study said.

“Ensuring that financial advisors are onboard with using AI-driven insights is a critical ingredient for wealth managers as they explore using AI to transform the client experience,” Keri Smith, who leads Accenture’s Applied Intelligence practice for the U.S. Northeast, said recently in a post on LinkedIn.

Other key findings of the study include:

- 87 percent of financial advisors would use more AI tools day-to-day and are willing to spend time to learn an AI-based process and tool if there is a clear benefit to them.
- More than eight out of 10 advisors believe AI-powered notifications of client life events in real-time would be one of its clearest and measurable benefits; prefer to use AI tools to automate time-consuming and manual tasks; and say AI’s greatest benefit is translating clients’ data into actionable insight for their benefit.

- One in five advisors believe AI can help to segment clients to further understand acquisition, growth, and retention goals. They also believe AI can help identify proactive cross-selling opportunities.

But there are some wealth management firms that have not fully jumped on the AI bandwagon.

“Financial advisors are reliant on their firms for technology that allows them to best serve their clients wherever they may physically be and whatever market conditions are like that day,” said Michael Alexander, president of wealth management at global fintech company Broadridge Financial Solutions. “In the fallout from the pandemic, wealth firms are going to face increased pressures to invest in modernizing their advisor technology or risk losing their advisors to firms that already have next-generation wealth platforms.”

A [June 2020 survey](#) of 254 financial advisors and planners from the U.S. and Canada found that 51 percent of respondents often think of leaving their current firm for one with better technology tools, according to fintech solution provider Broadridge. In addition, 74 percent of financial advisors wish their firm had access to better technology tools, and 82 percent admit that paperwork detracts them from time spent working with clients.

But even those firms that have taken some steps to act on their AI strategies—from proof of concepts to deploying AI within targeted business units to even scaling it across the entire organization—have encountered challenges, according to the Accenture study.

“For example, half (50 percent) said that their wealth management firms are challenged to act on their AI vision, 55 percent said that their firms’ AI tools and insights are too complicated to use, and more than six in 10 (64 percent) said their firm is taking on too many AI pilots (work-in-progress initiatives) at once in its push to adopt the technology,” Accenture said. “Aim for an approach driven by a clearly defined business strategy, not by the technology. Too many pilots or work-in-progress initiatives could cause financial advisors confusion and frustration. Undertake a single-use case or program to demonstrate the value that could be built to a point of providing real value to the advisor.”

The pace of an AI roll-out should be done in lockstep with a firm’s business goals and with buy-in from their financial advisors, the consulting firm added.

“We recommend multidisciplinary teams to be created and assigned to coordinating the roll-out for their particular work area to seek best results,” Accenture said in the study. “Wealth management firms need a ‘smart deployment’ model so there is alignment between the firm’s pace of innovation using AI in relation to the rate of adoption, use, and value they aim to realize across their business operations. Multidisciplinary, in-house teams are likely to be more familiar with these specifics and, therefore, best suited to manage this work.”

Accounting & Audit • Advisory • Technology • Article

CPAPA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2022 Firmworks, LLC. All rights reserved