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How Automation and AI in Financial Planning Could Affect You

Automation can be a powerful tool – and it might just create competitive pricing among financial advisors.

By Beth Braverman | Edited by Bart Seaz | Reviewed by Tania Loudovitch, CFP | Oct. 13, 2023, at 9:29 a.m.

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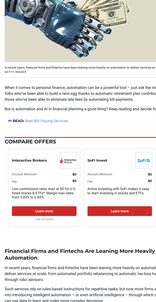

In recent years, financial firms and fintechs have been leaning more heavily on automation to deliver services at scale. GETTY IMAGES

When it comes to personal finance, automation is a powerful tool – just ask the millions of folks who've been able to build a nest egg thanks to automatic retirement plan contributions, or those who've been able to eliminate late fees by automating bill payments.

But is automation and AI in financial planning a good thing? Keep reading and decide for yourself.

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Financial Firms and Fintechs Are Leaning More Heavily on Automation

In recent years, financial firms and fintechs have been leaning more heavily on automation to deliver services at scale, from automated portfolio rebalancing to automatic tax loss harvesting through robo advisors.

Such services rely on rules-based instructions for repetitive tasks, but now more firms are looking into introducing intelligent automation – or even artificial intelligence – through which computers can use data to learn and make more complex decisions.

JPMorgan Chase, for example, has said it expects AI to deliver $1 billion in business value by the end of 2023, leaning on the technology (and its 900 in-house data scientists and 600 machine-learning engineers) to deliver more personalized products and experiences to its customers.

And Intuit – owner of TurboTax, Credit Karma and Mint – has introduced Intuit Assist across its products to "deliver personalized financial insights to our 100 million small business and consumer customers."

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Good News for Consumers: Potentially Lower Prices

Continued innovation in the space could ultimately be good news for consumers, says Stephanie Gaskin, a certified financial planner and founder of My Financial Planner LLC in Brooklyn, New York.

"There is going to be more price competition, because you can't do business the old way and just charge for a percentage of assets under management," Gaskin says.

Yes younger generations are coming into finance and they are comfortable with AI, they're going to be asking questions of their human advisors and they're going to want to know the difference between what they're getting there and what they might get from other services, including through AI," she adds.

The introduction of ChatGPT has boosted financial planning conversations at the potential of AI – and many are open to using such tools in their own financial lives.

Nearly one in three investors surveyed by the CFP Board in August said that they felt comfortable implementing financial planning advice from a generative AI-powered tool without verifying it with another source.

But while the meaning of delivering advice may change due to the underlying foundations of financial advice remain the same, says Jeremy Finger, a certified financial planner and founder of Riverbend Wealth Management in Myrtle Beach, South Carolina.

"At the end of the day, what consumers still need to focus on is their own world," he says. "Are you living within your means? Is your portfolio allocation according to your risk tolerance? Do you have credit card debt? An emergency fund?"

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There Will Always Be a Place for Humans

While consumer during AI services in personal finance are relatively new, financial services firms for years have relied on the technology for everything from fraud detection and investment selection to credit scoring. As the technology evolves, the use cases appear nearly infinite, but many financial planners believe there will always be roles for people within the field.

"We have personal relationships and a background and understanding of our clients," says Catherine Valega, a wealth consultant with Green Bee Advisory in Winchester, Massachusetts. "And it's our ability to take that knowledge and convert it into the actions that we need them to do to promote their long-term financial independence that AI cannot replace."

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