ADVISOR RESEARCH COLLABORATIVE | CERULLI ASSOCIATES

# Addressing Retail Investors' Perceptions of AI

*When using AI tools, advisors will need to strike the right balance with clients*

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# Introduction

Over the past few years, artificial intelligence (AI) has evolved from a concept in science fiction to a technological reality across a wide range of industries, including wealth management. Many financial advisors have already seen their firms employ AI tools as a back-end function for client meetings or document review. However, the potential exists to expand its use in the coming years to include investment analysis, financial planning, and asset mapping.

Similar to concerns raised regarding growth of wealthtech applications and robo-advisors, questions abound about the role of AI within advisor-client relationships, particularly for client-facing tasks. In this article, Cerulli examines how advisors can both explore potential opportunities to leverage new technology while also alleviating the fears of their more skeptical clients.

**As advisors increasingly grow comfortable using AI for certain functions, they must work to assuage client concerns about AI being part of their financial advice relationships.**

## Key Points

One of the primary roles of a financial advisor is to leverage their knowledge of their clients' financial situations and their short- and long-term goals in a customizable way that technology cannot achieve.

If deployed properly, AI can incentivize demand for financial advice. Use of such tools can lead to more profound questions about how specific investment or planning strategies can affect their financial goals, creating a highly reciprocal advice relationship in the process.

Advisors should disclose where AI is used, how clients' sensitive information will be protected, and how it enhances, rather than detracts, from the advisor-client relationship.

# Client Hesitancy Regarding Use of AI

Artificial intelligence (AI) tools have risen in popularity and use across a range of industries, and the financial advice sector is no exception. Yet, as firms increase their adoption for back-office and client-facing tasks, advisors will need to ensure current and prospective clients are not only comfortable with the integration, but also that these tech tools will enhance the advisor-client relationship.

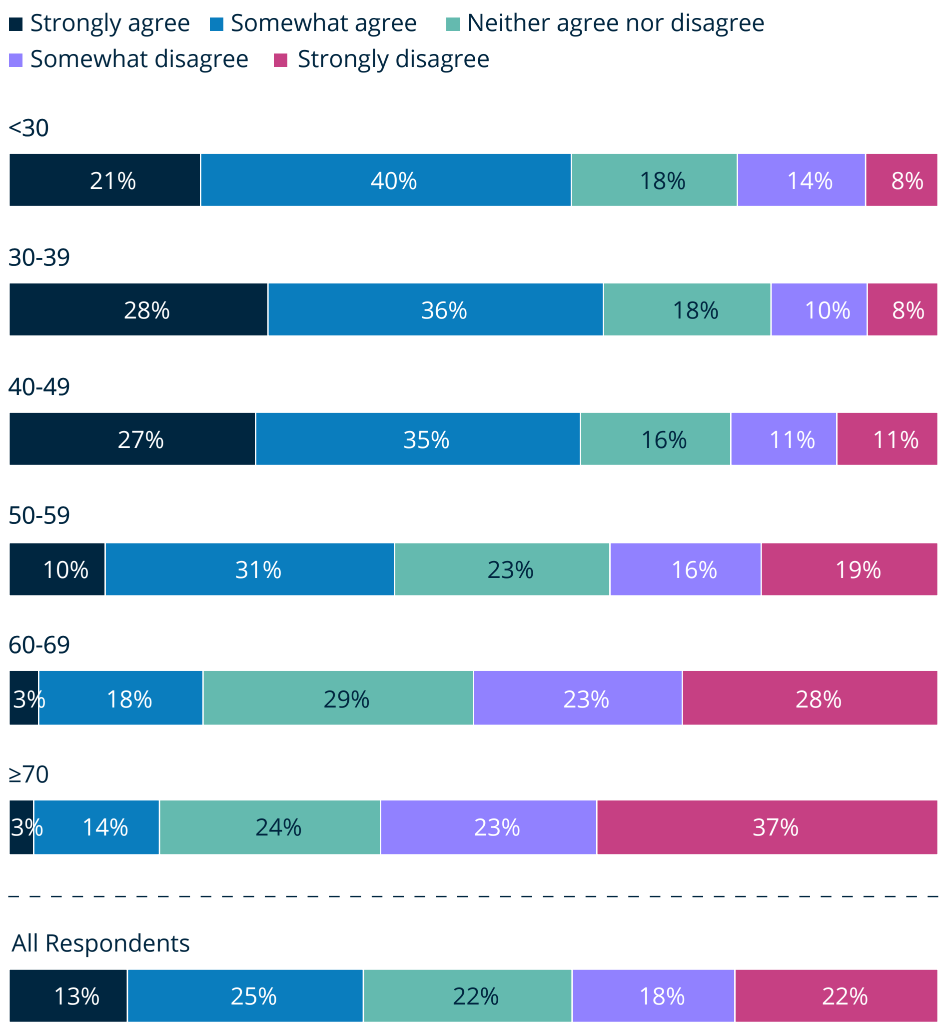
**The concept of online-only robo-advisor platforms made waves a decade ago, but an advisor's ability to discuss financial strategies on a bespoke basis remains indispensable for most affluent investors.**

When asked about their comfort level with having AI tools as part of their provider relationships, just 38% of affluent investors say they are at least somewhat comfortable with the technology, a figure roughly equal to the 39% who said they were at least somewhat comfortable with AI in 2024. While younger investors are the most supportive of AI in their financial relationships—more than 60% of those under age 50 are comfortable—that support drops sharply among those in their 50s (to 42%), and down to 16% among those age 70 and older. This broad hesitancy follows a similar trend observed when inquiring about online-only financial advice, which, despite making similar waves a decade ago with the rise of robo-advisors, has struggled to achieve the kind of impact that had been sought among affluent investors.

Online-only platforms are more likely to be embraced by younger investors, who tend to be less affluent and more digitally native, leading them to free or low-fee online tools that can provide basic levels of investment advice and portfolio management in lieu of more formal, comprehensive financial advice solutions. However, as assets become more complex with age, online tools alone may not be enough, necessitating human advice relationships that can aid investors with their most pressing concerns. While technological solutions still are essential, especially those that can aggregate multiple accounts for easier financial planning, the ability of a financial advisor to discuss financial strategies on a bespoke basis remains indispensable for most affluent investors.

### Retail Investor Comfort with AI by Age Range, 2025

*Digitally native young investors are the most open to AI in financial relationships.*




*Source: CAIT—Cerulli Affluent Investor Tracker | Analyst Note: Respondents were asked if they agree with the statement, "I would be comfortable with artificial intelligence (AI) tools being part of my financial provider relationship."*

## Automation as Collaboration

From the perspective of Cerulli's Advice Engagement Styles, comfort with AI is highest among Prospects, who seek deeper financial advice relationships. A younger cohort, on average, their demand for more financial advice and a high willingness to pay for it make them prime candidates for expanding a firm's book of business.

Collaborative Prospects are the most comfortable with AI as a tool within their financial relationships (79%), followed by 53% of Collaborators within fully advised relationships. Such clients are among the most likely to be personally involved with their finances, and they may be comfortable with AI tools because they enable these clients to have their questions answered in as bespoke a manner as possible.

Rather than lowering demand for formal financial advice, AI can incentivize it. Use of such tools can lead to more profound questions about how specific investment or planning strategies can affect their financial goals, creating a highly reciprocal advice relationship in the process.

The role for the financial advisor is to leverage their knowledge of their clients' financial situations and their short- and long-term goals in a customizable way that technology cannot achieve. This means building strong personal relationships with clients, founded on high standards of trust and fiduciary responsibility, so ideas can be shared and formulated into actionable financial plans with or without reliance on AI.

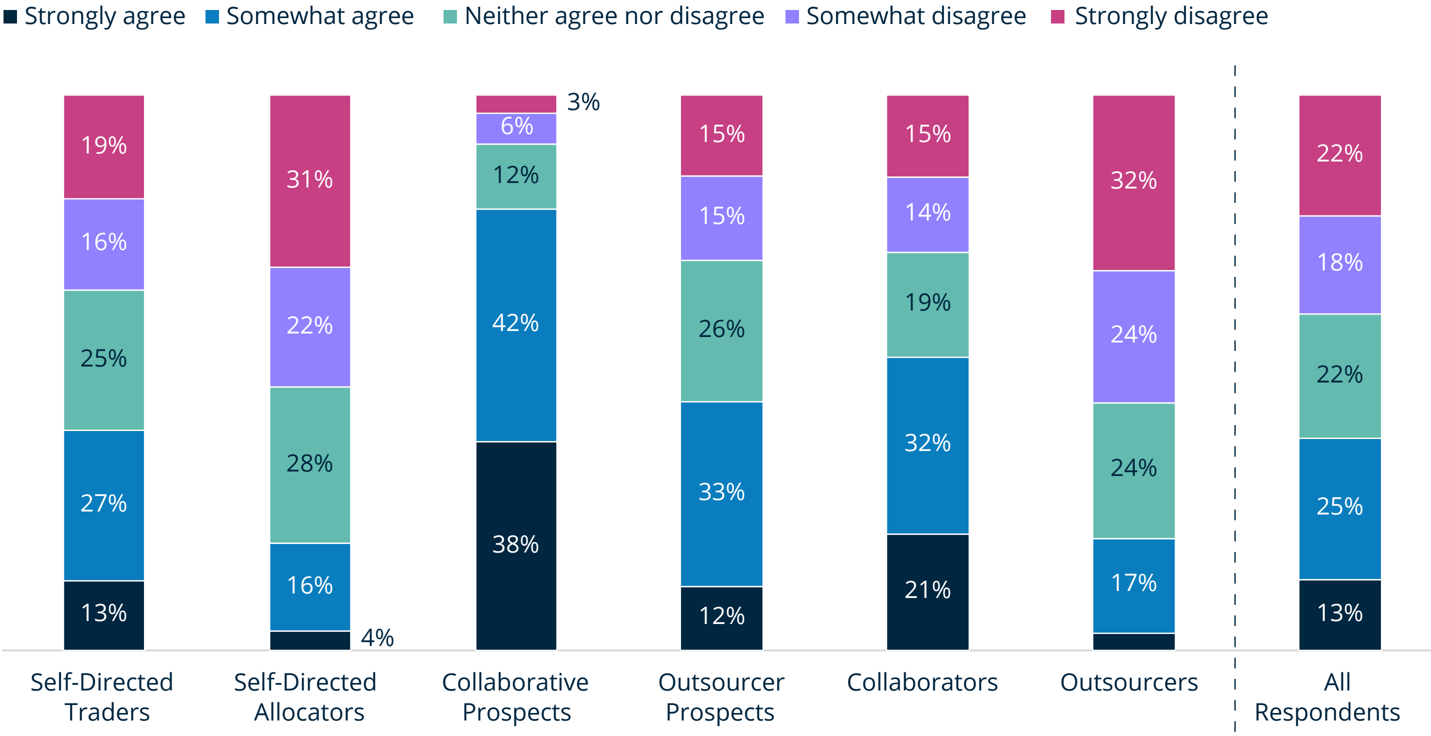
### Cerulli Advice Engagement Styles

| | Self-Directed | | Prospects | | Advised | |
| --- | --- | --- | --- | --- | --- | --- |
| | **Self-Directed Traders** | **Self-Directed Allocators** | **Collaborative Prospects** | **Outsourcer Prospects** | **Collaborators** | **Outsourcers** |
| **Advice Engagement Style** | Actively pursue excess returns, value autonomy and seek validation, and have limited interest in digital tools. | Build long-term strategic portfolios, find asset allocation helpful, focus on no-fee platforms, and have minimal interest in digital tools, appreciating simplicity. | Have moderate security trading activity, highly value paid advice and are open to consolidation, and have high digital engagement and are the most open to AI use. | Have a largely buy-and-hold strategy, want more advice and represent the highest planning opportunity, and have elevated digital engagement. | Work together with advisors, highly value customized advice and a broad service offering, and have a high use of digital tools, with aggregation especially important. | Give their advisor discretion on a day-to-day basis, have the highest trust in their advisor/ provider, and have low digital engagement and AI interest. |

*Source: Cerulli Associates*

**Comfort with AI by Advice Engagement Style, 2025**

*Collaborators and Collaborative Prospects are the most likely to be comfortable with AI.*




*Source: CAIT—Cerulli Affluent Investor Tracker | Analyst Note: Respondents were asked if they agree with the statement, "I would be comfortable with artificial intelligence (AI) tools being part of my financial provider relationship."*

## Hybrid Financial Advice 2.0?

There seems to be little doubt that AI has the potential to make the financial services industry significantly more efficient. However, advisors will need to ensure the AI-powered tools they use have sufficient levels of oversight to guard against errors that can impact their fiduciary and legal responsibilities to their clients.

Currently, the emphasis is on non-value-added tasks, such as client meeting setup, notetaking, and document review. However, broader adoption across the advisor-client relationship may be in the works. Providers are cautioned against doing too much too soon—those with strong AI ambitions need to recognize that they are marketing to an investing public that has long been skeptical of technological developments that threaten to minimize their personal connection with the financial advisor they count on to help navigate their financial lives.

There is considerable promise that AI can make advisors more efficient, enabling them to take on more clients without compromising the quality of advice clients expect. The holistic side of financial advice, therefore, will take on a more prominent role as more functions are automated, emphasizing advisors' ability to manage a complex network of assets in an empathetic yet comprehensive manner. If AI is to play a role in their business operations, advisors would do well to disclose where it is used, how clients' sensitive information will be protected, and how it enhances, rather than detracts, from the advisor-client relationship.

**Advisors should recognize that some clients will be skeptical of technological developments that threaten to minimize their personal connection.**

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