

Robot versus human: How will you plan for retirement?



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More than 2 million Australians are expected to retire within the next decade. For the vast majority of them, the first piece of advice they will receive on what to do with their money is likely to come from an AI savvy robot – not a suit-wearing human.

One person steering the future of AI in financial planning is Tim Hall, founder of PrimeSolve – which provides software that uses AI to create financial plans.

The financial plans created by PrimeSolve involve a personalised video where human advisers can create an avatar of themselves to walk their client through their plan.



PrimeSolve founder Tim Hall said his AI-software is just as capable as a human. SIMON SCHLUTER

Soon, Hall is hoping to develop the avatar so that it will be able to answer questions posed by clients. Beyond this, he is also working on creating a platform where everyday Australians can directly engage with an AI avatar who will act as their personal financial adviser, all of which will operate under an Australian Financial Services Licence.

Hall said he hopes the software's upcoming developments will help capture a large portion of the market, given 80 per cent of Australians go without financial advice.

"We think there's the ability to give a lot more Australians access to advice, and AI's really opened the door for that," he said.

The number of financial advisers in Australia has been [declining in recent years](#), with many retiring after the banking royal commission in 2018. The inquiry revealed widespread allegations of misconduct and inappropriate advice within the sector.

Since then, the financial sector has struggled to shake off what became a major deficit in trust. It seems unlikely that robo- or AI-advice will completely restore that trust. Even so, these days consumers are putting more emphasis on the reliability of the advice – as well as its cost.

In terms of capability, Hall said the AI software can do "absolutely everything" that an ordinary human adviser could do: make decisions, compare alternatives and discuss the options.

Despite its ability to operate as an adviser-free solution, Hall said he sees the role of AI as working in tandem with a human financial adviser. After all, money is tied to emotions, and a world where financial advice is driven solely by AI seems far-fetched.

According to the Australian Securities and Investments Commission (ASIC), a more probable future involves a partnership between humans and AI in the advice process – an outlook Hall

agrees with.

A report released by ASIC in October titled, *Beware the gap: Governance arrangements in the face of AI innovation*, analysed 624 AI use cases that 23 licensees in the banking, credit, insurance and financial advice sectors were using, or developing, in December 2023.

The report found that licensees were operating cautiously – with AI generally augmenting rather than replacing human decision-making. But while it identified limited direct interaction between AI and consumers, it also revealed significant gaps in how they manage AI-related risks, particularly those unique to the technology, such as algorithmic bias. This can occur when AI models develop skewed patterns or preferences during their creation, which can lead to unfair or incorrect decision-making.

So what exactly do humans bring to the table when it comes to financial advice?

Mathew Cassidy, managing director of Partners Wealth Group (PWG), a traditional wealth management business, acknowledged that while AI has a role to play in financial advice, retirement planning still demands a human touch that technology simply cannot replicate.

Cassidy said AI could potentially be the solution to providing clients with more time in front of their financial adviser.



Artificial intelligence could act as an aid to traditional financial advisers. GETTY IMAGES/ISTOCKPHOTO

“We’re strongly of the view that people crave a personal touch towards their wealth affairs because wealth is not black or white ... it’s not uniform, it’s really bespoke,” he said.

“We think that AI will enable us to streamline and automate certain components of what we do, which would actually improve efficiency and delivery of advice, but it won’t replace or replicate the human side.”

While PWG provides advice to more than 3000 Australian households with high net wealth, Cassidy said the ability for AI to offer affordable advice to those who may not sit within that wealth bracket should be considered a positive.

“I don’t think it’s a threat. We think that the integration of a robo-type led model is an important part that’s probably missing, to increase [financial] education. But once people get a certain degree of wealth or have a really material decision to make, they want to seek some human interaction with experienced people who have been through that before,” he said.

“If you have an ailment, well, you can go onto Google and try to navigate what’s actually going on. But do you want to risk your health or your financial health to the internet? Or do you actually want to go and see someone who’s done it before, can read into you what’s important, and make sure you get through in good financial health?”

The cost of seeing a financial adviser is, on average, about \$3500 a year, according to Adviser Ratings. This figure includes the cost of both limited advice and comprehensive ongoing advice. For comprehensive ongoing advice only, the cost is closer to about \$5000 a year on average.

While AI can help reduce the cost barrier to financial advice, particularly for those with smaller financial portfolios, the choice may become a trade-off between no advice at all or advice provided by AI.

In 2022, lawyer Michelle Levy led the federal government’s Quality of Advice Review which looked at improving the accessibility and affordability of quality financial advice for Australians.

Levy said AI or robo-advice should not be viewed as an inferior option, and consumers should instead exercise the same degree of caution as they would with a traditional human adviser.

“It’s exactly the same as when you go to see a [human] financial adviser: Does this sound sensible? Does this sound reasonable? Is this too good to be true? You’re not going to get rich by getting financial advice,” she said.

“Human advisers are capable of being influenced by a whole range of things which will compromise the quality of their advice. I don’t think we should assume that human-provided advice is always going to be better than robo-advice that’s entirely generated by AI.

“I think financial advisers can be great, I’m not at all suggesting that there is no room for them. I just think that we can overstate how good they are compared with the risks of digital advice.”

Levy said one of the most important factors to consider when engaging with a human, or robo-adviser, is to measure what the risks are if something were to go wrong.



Allens lawyer and financial advice system reviewer Michelle Levy. PETER RAE

“What happens if the advice is wrong? Who is standing behind it? If I’m dealing with a large institution, I could usually be reasonably confident that if the advice is negligent, I’ll get compensated,” she said.

“If I’m dealing with somebody offshore, who I’ve never heard of, then it’s also a fair bet that you have no recourse. Part of getting advice is education; the better informed you are, the more able you are to then assess the quality of advice. So be cautious, no matter what.”

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