# The evolving role of AI in financial advice: a growing advice gap



The integration of artificial intelligence and automation technologies in the financial advice sector presents an intricate landscape, characterised by optimism and shortfalls. Greg Neall, a chartered financial planner at Wake Up Your Wealth, has extensive experience in the domain, having worked in robo-advice for a decade. Reflecting on the industry's evolution, he highlights a paradox where, despite advancements, the gap in financial advice access remains significant.

Neall notes, "In 2016, we had a publicly available website where a retiree could get an automated recommendation on whether to buy an annuity or take a flexible drawdown (FAD). In 2019, I was giving defined benefit transfer advice based on a machine-learning algorithm." However, he observes that five years later, both of these systems are either defunct or underutilised. Neall expresses concern over what he perceives as a widening "advice gap" instead of a closing one, stating his frustration at the numerous start-ups targeting the advice community, yet none are effectively providing advice or capturing recurring revenues through technology.

He elaborates on the potential capabilities that artificial intelligence could provide, noting that an adviser could dictate advice via a mobile phone or generate suitability reports rapidly using a large language model. Despite these advancements, he questions, “are more people actually benefitting from advice?”

Neall argues that while significant investments are being directed towards improving adviser efficiency and communication within technology ecosystems, these developments fail to address the needs of the millions without access to financial advice. He estimates that approximately 35 million people in the UK possess financial products outside of state provision, yet only about one in seven receives any guidance from the advice industry. With advisers averaging between 150 to 200 clients each, even a potential doubling of their client base through technological advances would still leave over 23 million individuals without service.

Reflecting on the state of robo-advice, Neall describes its progress over the last 15 years as "shameful and embarrassing." His critiques are rooted in several challenges hindering advancement: complex regulations, high build costs estimated at £20 million over three years for a market-ready advice engine, and the control exerted by dominant financial institutions. He asserts that such institutions benefit from slow progress, maintaining elevated costs for advice while enhancing operational efficiencies.

Neall warns that without a system capable of providing meaningful advice, the existing advice gap will continue to expand. He concludes that, ultimately, unless automation can translate into substantive financial guidance for consumers, advancements in technology will primarily serve to enhance profit margins for advisory firms rather than extend support to the vast majority in need of assistance.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

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