

THE ROLE OF AI IN PERSONAL FINANCE: HOW IT IS TRANSFORMING THE WAY WE MANAGE MONEY

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For centuries, managing finances has been predominantly a human endeavour, shrouded in spreadsheets, intuition, and a healthy dose of guesswork. But the wind of change is blowing and at the helm is a powerful force: Artificial Intelligence (AI). This contemporary technology is revolutionising the personal finance landscape, turning traditional methods on its head and empowering people to take control of their financial future.

The power of AI can truly be found in analysing market trends, forecasting future market movements, offering valuable insights from the vast expanse of available data for investment strategies and deriving real-time nudges for precision in financial success. This capability extends beyond the stock market to personal financial planning, helping people to set realistic goals and devise effective strategies for achieving them.

The integration of AI with personal finance signals a new age where financial planning is no longer exclusive only to those who can afford expert advisors. At the forefront of this revolution are robo-advisors, which have shown a strong rise in adoption, and utilise advanced algorithms to provide personalised investment guidance, democratising financial advice. This transformation in financial advisory services extends beyond mere automation. AI does not replace human financial advisors; rather, it acts as a financial aviator to enhance their capabilities. By handling routine tasks such as compiling financial profiles, future projections and scenarios modeling, AI allows human advisors to concentrate on the more intricate aspects of financial planning.

AI has also revolutionised the way individuals manage their financial stability. It empowers users with Do-it-Yourself (DIY) capabilities making personal finance management more user-friendly, while intrinsically guiding the users toward a strengthened portfolio. AI-powered conversational platforms, integration to the

Internet of Things (IoT) and holistic wellness platforms to include lifestyle, spending trends, health, wellness and more, are enabling the mass affluent to steer their financial success based on personal goals and AI-powered proactive nudges.

In an era of expanded digital usage, sensitive information is constantly transacted across many different entities while third-party data storage is on the rise, there is a potential for overreliance on technology. This increases the risk of cyber threats and is a major concern for investors is their data privacy and financial protection. AI is a game-changer in many ways, including identifying pattern variations and detecting real-time fraudulent activity and enabling preventative measures. This proactive approach to security offers enhanced protection in the digital finance world, a crucial advancement given the increasing online financial transactions.

In conclusion, AI's role in personal finance is projected to save billions of dollars to the financial and healthcare industry and goes beyond mere efficiency and security enhancements. It is poised to drive significant business outcomes through targeted personalisation of financial recommendations, aligning macroeconomic indicators and individual customer risk appetites. The future of AI in finance also involves hyper-automation to streamline operations and compliance, reducing friction and enhancing effectiveness. Furthermore, AI will revolutionise customer experience by providing an integrated, updated holistic view of the customer's entire financial and wellness portfolio. This comprehensive perspective will be seamlessly connected with model performance benchmarks, directly linking to personalised recommendations. This evolution in AI capabilities is reshaping the personal finance experience, signalling a future where intelligent, tailored, and efficient financial management becomes a reality for individuals worldwide.