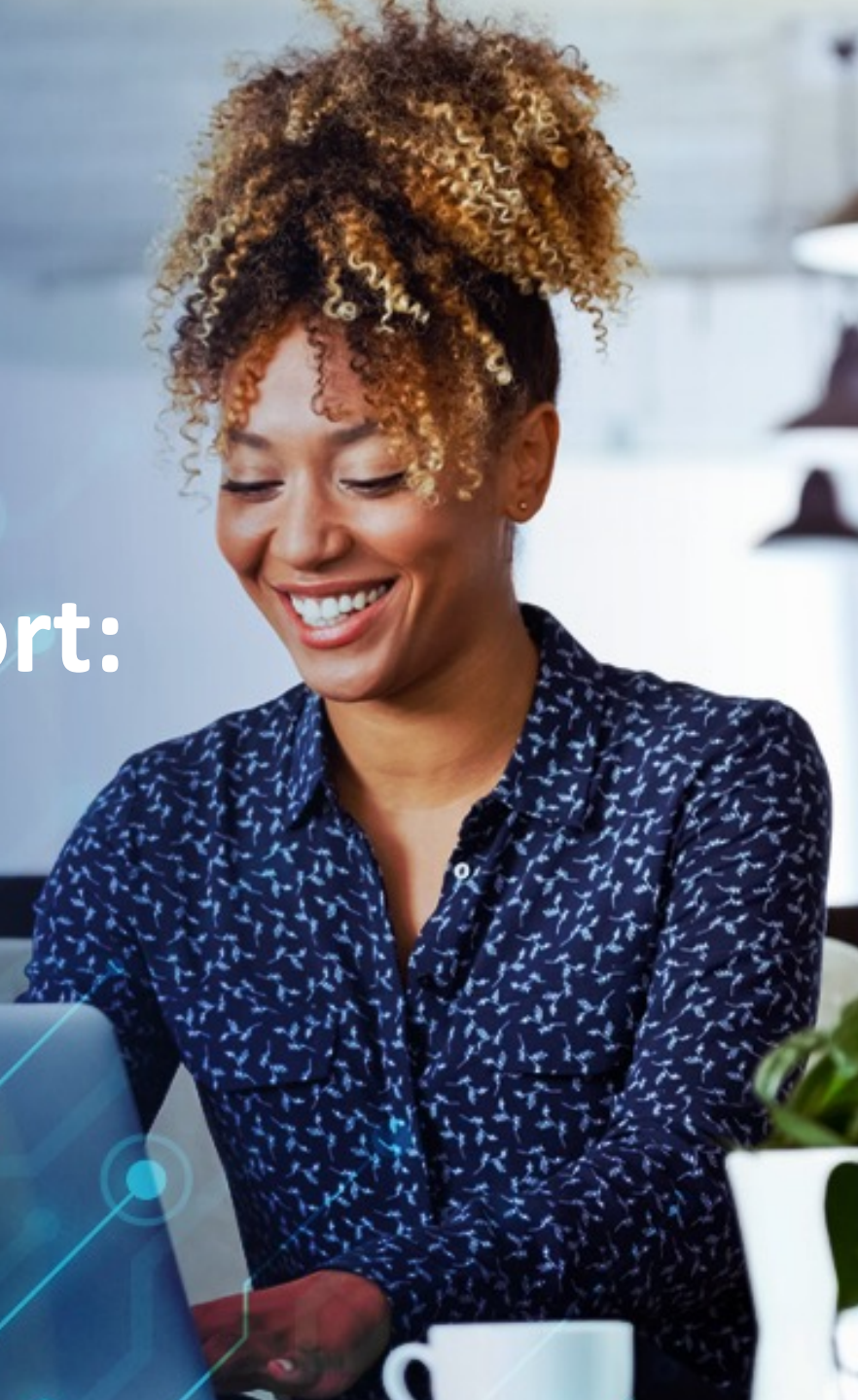




2024 Connected Wealth Report: AI & The Next-Gen Advisor

November 2023



About the survey

2023 will be remembered as the year when artificial intelligence (AI) went mainstream. Generative AI applications such as ChatGPT transformed AI from science fiction to a part of our everyday realities at work and at home.

In every sector, including wealth management, questions and concerns sprang up almost immediately about the potential impact of AI, and specifically generative AI, on industry, organizations-and our careers.

As part of its ongoing Connected Wealth Report research, Advisor360° surveyed 300 mid-career financial advisors to better understand how they perceive this revolutionary technology. These next-gen advisors were 36.5 years old, on average, managing \$40 million in client assets and generally categorize their careers as established but growing.

Survey questions measured next-gen advisor sentiment on several AI touchpoints, including current usage of AI with clients, the need for specific regulation around AI and whether AI is a positive or negative for the wealth management industry.

The findings were insightful, and sometimes surprising. This iteration of the Connected Wealth Report series offers an important and early snapshot of what next-gen advisors want and expect from their firms in integrating AI technologies across the tech stack.

Executive summary

- **Financial advisors believe AI is a plus for themselves and the industry:** 64% consider generative AI to be a help to their practice, 57% say it will help the industry.
- **AI to the rescue?** Advisors say the lack of AI-enabled tools and automation is one of the biggest weak spots in the tech platforms they currently use.
- **Most advisors expect AI to improve the front and back office in some form:** Just 16% don't believe there will be any benefit to firms.
- **Surprised? Generative AI is already in place at most firms:** 83% of advisors say they have access to tools with natural language generation (NLG) technology, though only 44% of advisors say they use them for client communications.

Executive summary continued

- **While advisors believe their firms are looking into AI, they say more should be done at the firm and industry levels to figure out its most appropriate uses:**
 - Nearly all respondents (97%) say their firms have an AI strategy, but less than half (47%) say they have policies in place around AI usage.
 - Advisors say their top challenge with generative AI today is that firm policies restrict them from using it.
 - More than two-thirds of advisors surveyed believe the industry needs specific regulations around AI.

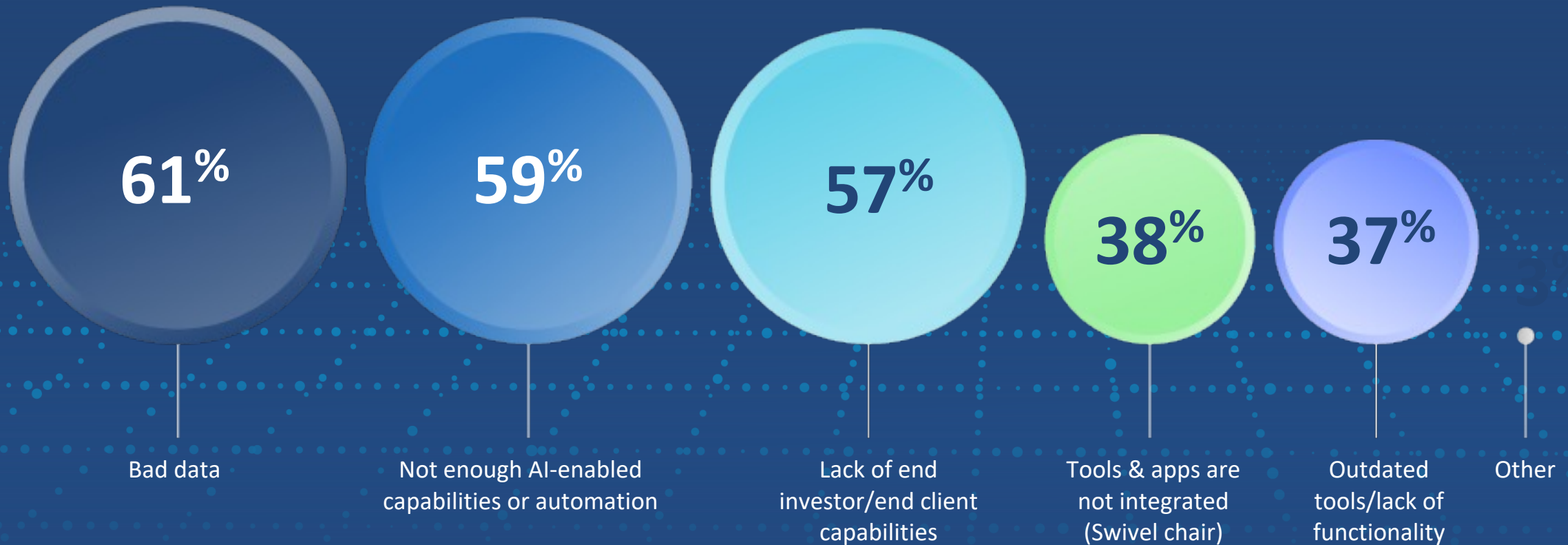
Advisors expect generative AI to help—not harm—business

Do you consider the emergence of generative AI (e.g., ChatGPT) to be a help or a threat to **your practice** and **the industry**? (n=243)



Advisors say the lack of AI-enabled tools is a big misstep

What are the top three key challenges you face with your existing technology set up? (n=300)



According to advisors, the back office will get the bigger boost from AI

Which part of your business will benefit most from automation/AI-enabled tools? (n=300)

34%

Back office

25%

Front office

16%

Neither will benefit

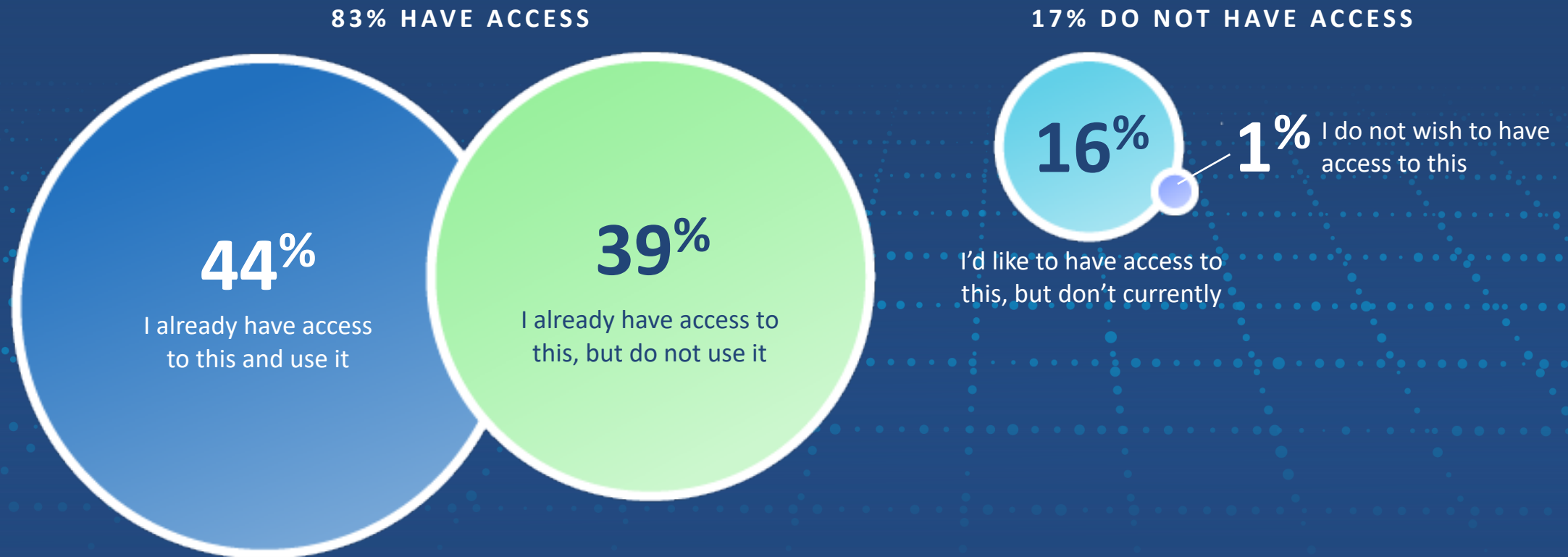
25%

Front and back benefit equally



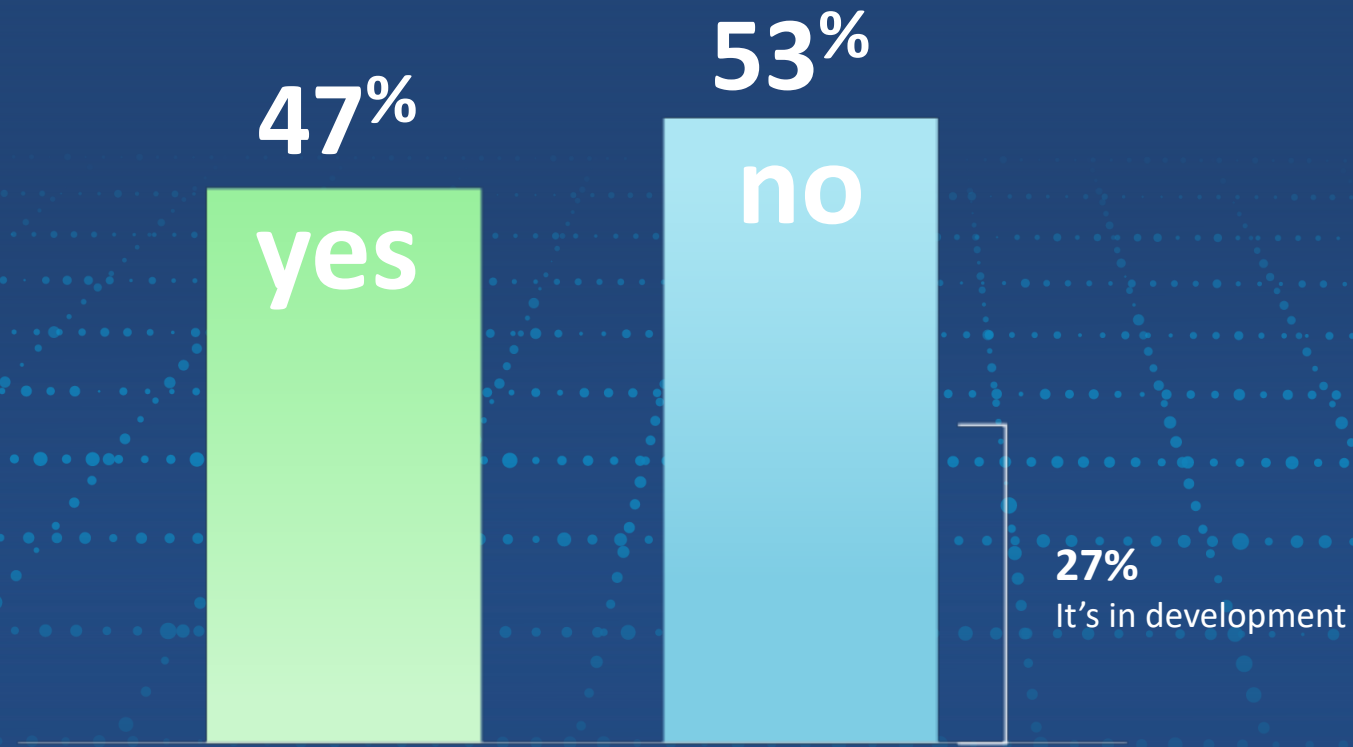
Firms already make natural language generation-enabled tools accessible to advisors

Do you wish you had access to tools enabled with natural language generation (NLG) technology to help you communicate with clients about their portfolio and investments? (n=300)



Advisors say their firms lack established policies specific to generative AI

Does your firm have a policy around generative AI usage? (n=300)



43% say advisors do not have input in their firms' AI strategy

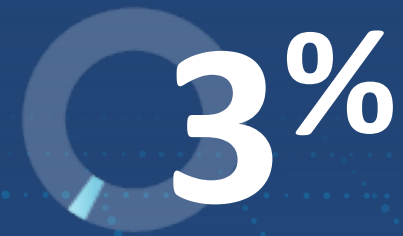
Which best describes advisors' input into shaping your firms' AI strategy? (n=300)



We have an AI strategy and advisors are involved in shaping it



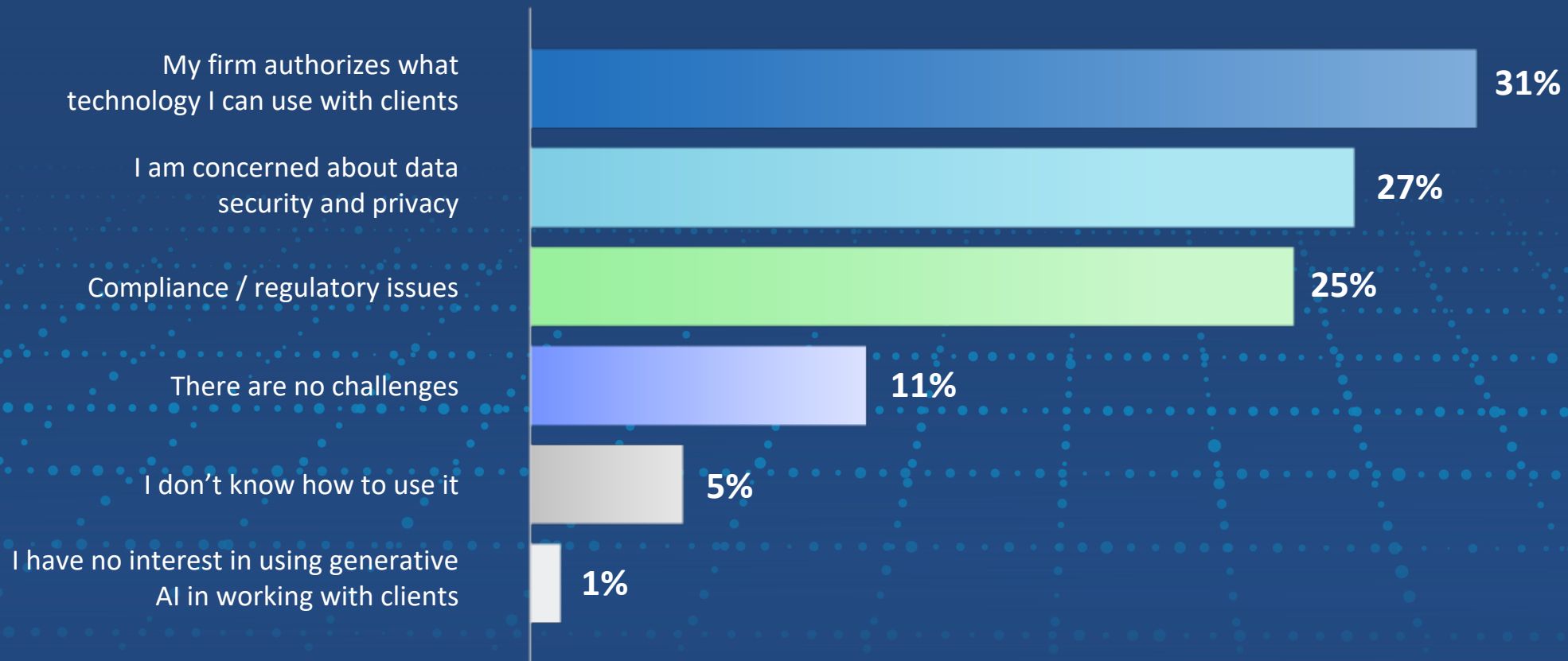
We have an AI strategy, but advisors are not involved in shaping it



We do **not** have an AI strategy

Firm policies hold advisors back from using generative AI for client collaboration

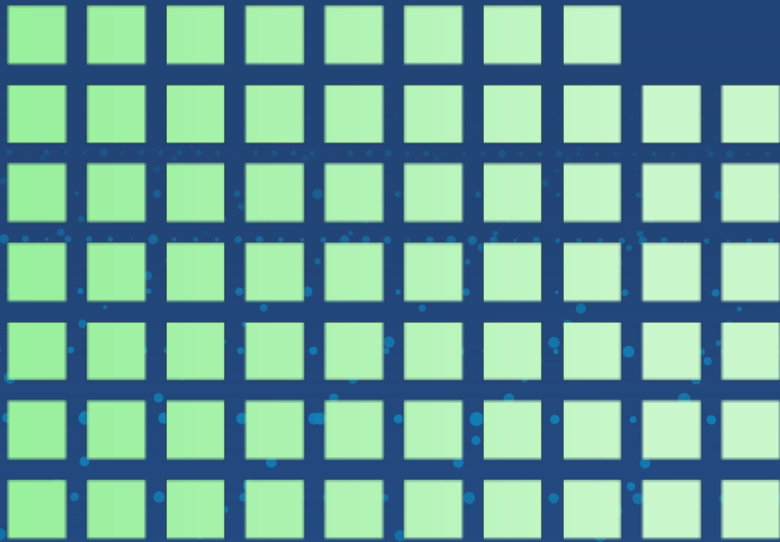
What is the top challenge you face in using generative AI to collaborate with clients? (n=300)



According to next-gen advisors: more AI regulation = better

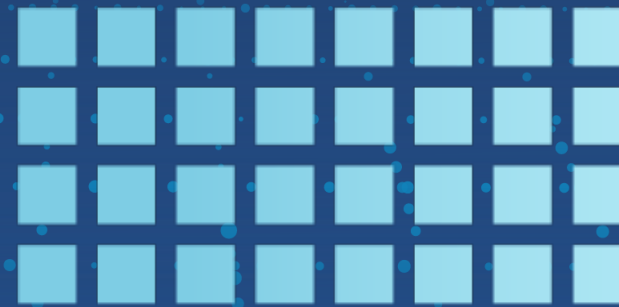
Do you think the SEC's proposed rules—or some version of them—are needed specifically for AI?
(n=300)

68%



Yes, AI including generative AI is uncharted territory

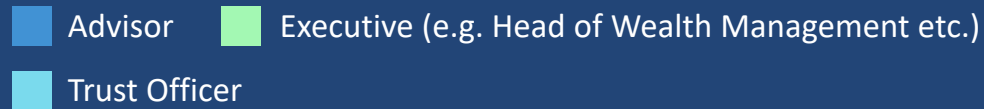
32%



No, existing rules should do the trick

About the respondents

JOB ROLE



Average assets under management:

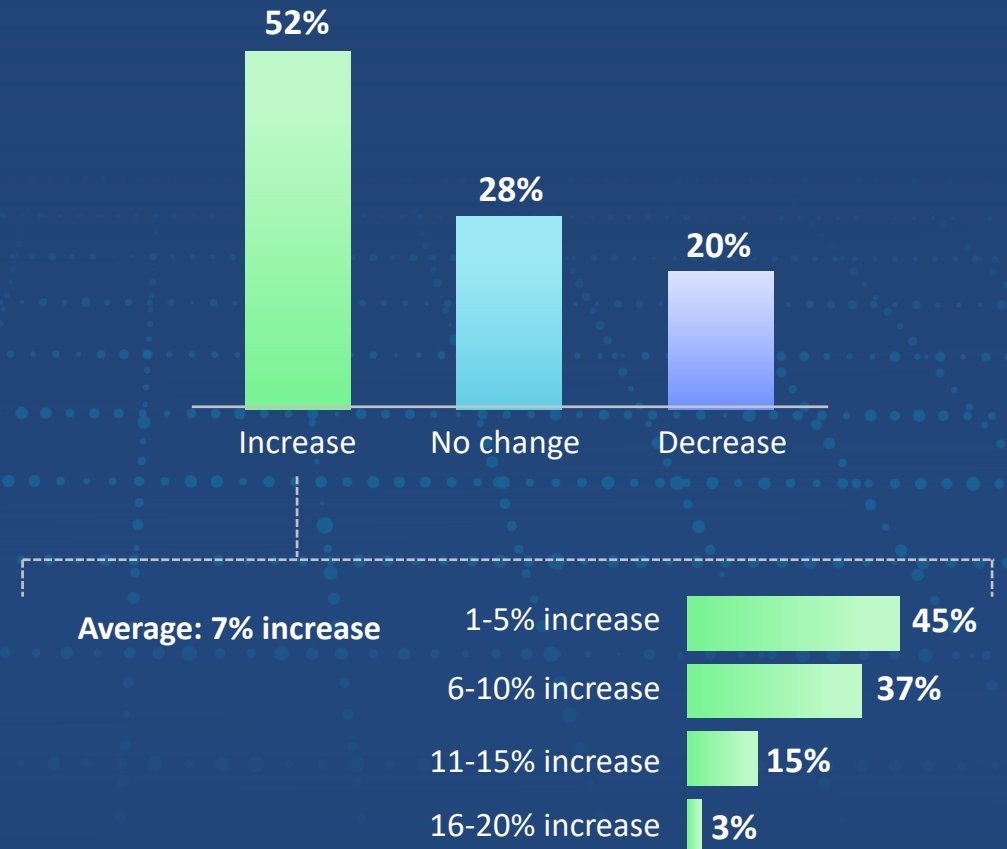
\$40 million

Average age of respondents:

36 years, 7 months

CHANGE IN NEW CLIENT ASSETS

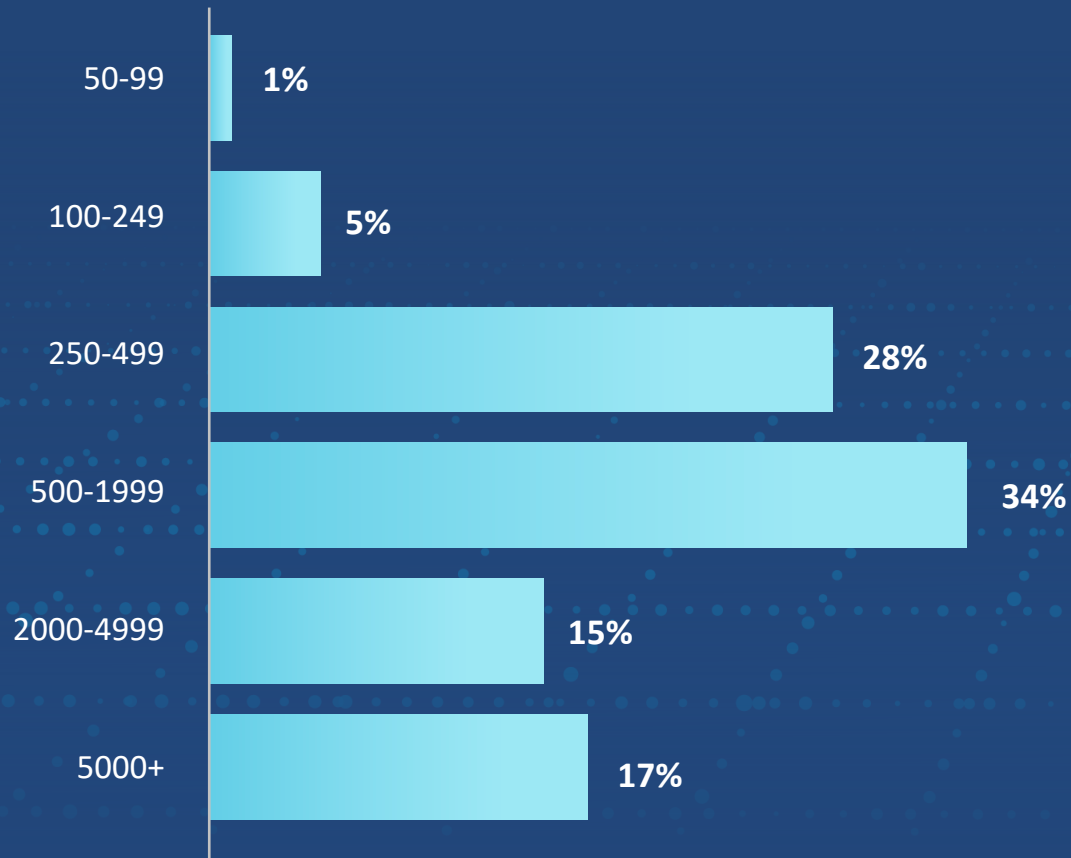
Thinking about your own book of business, what was the percentage change in your inflow of new client assets under management in the last financial year?



About their firms

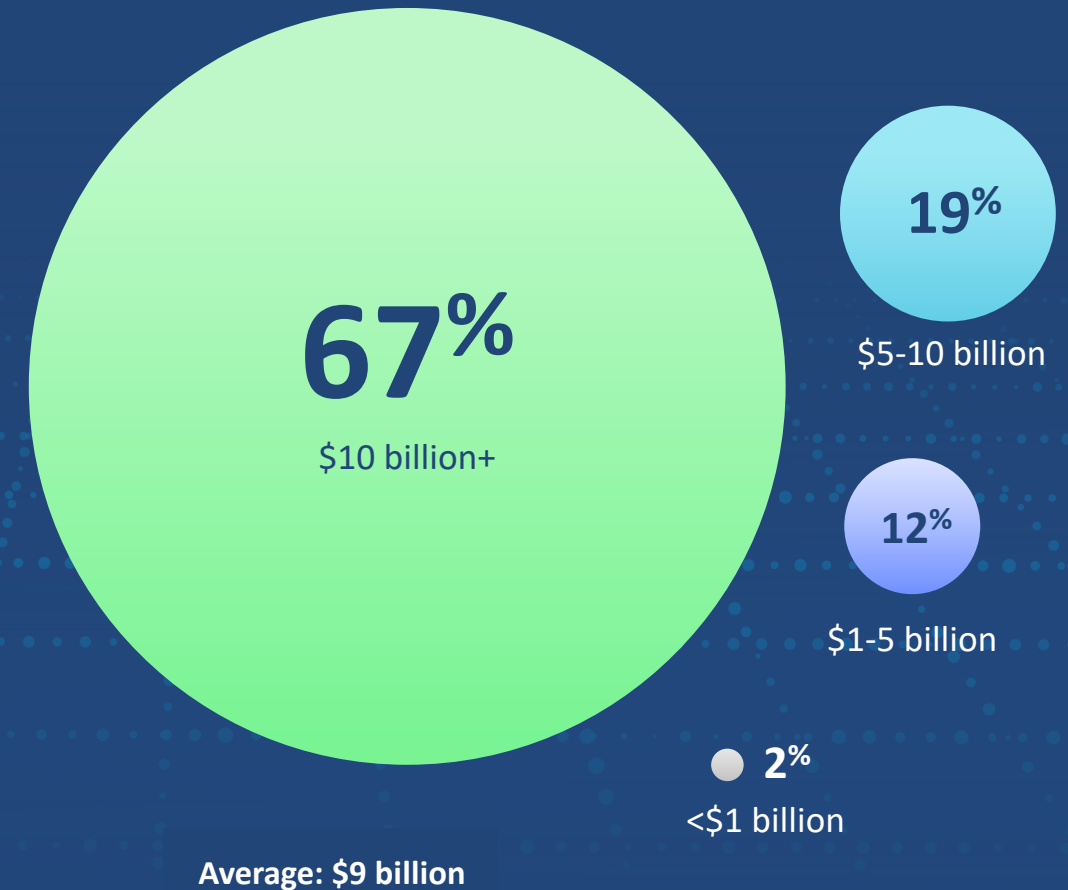
NUMBER OF ADVISORS EMPLOYED

How many advisors are employed at your broker dealer/RIA/Bank overall (not just in your individual office)?



VALUE OF FIRMWIDE ASSETS UNDER MANAGEMENT

What is the total value of assets under management at your firm?



Survey methodology

Advisor360° surveyed 300 financial advisors and executives at enterprise wealth management firms in the U.S. to get their perspective on the impact that artificial intelligence (AI) has on their business. These questions were fielded as part of a larger telephone- and email-based survey conducted during September and October 2023 of financial advisors and wealth executives, 36.5 years old on average, at firms with an average of \$9 billion assets under management and more than 1,000 employees.

The survey was conducted by Coleman Parkes Research on behalf of Advisor360°. Advisor360° and Coleman Parkes are separate and unaffiliated organizations.

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