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GENERATIVE AI TRENDS AMONG U.S. FINANCIAL ADVISORS AND CONSUMERS



Introduction

Generative AI has captivated U.S. consumers and professionals with its wide range of benefits and capabilities. Generative AI (ChatGPT, DALL-E, Bard, etc.) is artificial intelligence capable of producing various types of content, including text, imagery, audio and more. According to survey data from The Conference Board¹, 56% of the American workforce uses generative AI tools for professional tasks. The various uses of generative AI make it a groundbreaking technology across professions.

Over the course of 2023, generative AI was a huge topic, with both trade and consumer publications covering the tool and its uses. The wildfire that spread from the public debut of OpenAI's ChatGPT caused many people to adopt the program in their day-to-day professional tasks or for general inquiries. The more common using the program became, the more professionals learned about it and adapted.

Financial services professionals are great candidates for incorporating generative AI in the workplace. There are many smaller, clerical tasks that the programs can help complete to preserve extra time for advisors to dedicate to client service. With such a wide range of benefits, MDRT is sharing this report with members as an opportunity to elevate their practices and overall client service with generative AI programs.

This report delves into U.S. financial services professionals' awareness, use of and trust in generative AI, as well as U.S. consumers' opinions on using the tool for financial planning advice. We hope the information within this report provides helpful insight on the value of leveraging generative AI in your practice and allows you to dedicate more time to developing clients' financial plans and/or portfolios and crafting your relationships with them.



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MDRT RESEARCH: GENERATIVE AI'S IMPACT ON AMERICAN FINANCIAL SERVICES PROFESSIONALS

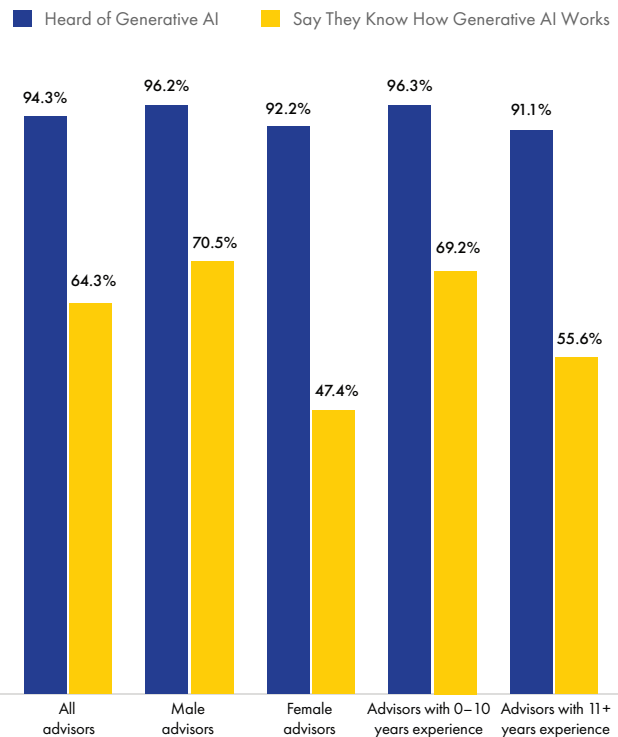
The digitalization of the financial services profession has progressed quickly, especially with the widespread adoption of generative AI. According to an October 2023 survey conducted by MDRT, **94.3% of U.S. financial advisors and insurance agents say they've at least heard of generative AI**, and **64.3% claim they know how it works**. Male advisors are more likely to say they understand how the technology works (**70.5%**) than female advisors (**47.4%**). Advisors who have been in the profession for 10 years or fewer are slightly more likely to say they understand the technology (**69.2%**) than advisors who have been in the profession for at least 11 years (**55.6%**).

Generative AI in Action

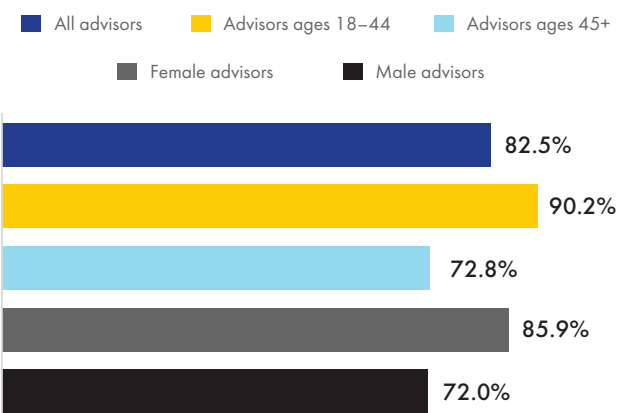
With such a large number of professionals aware of how generative AI can help increase efficiency, it's not surprising that advisors have implemented it in their practice. **82.5% of advisors say they use generative AI for at least one professional purpose**, with advisors ages 18–44 (**90.2%**) and male advisors (**85.9%**) being the most likely to use the technology. Female advisors (**72%**) and advisors ages 45 and older (**71.8%**) didn't trail far behind, meaning there's plenty of opportunity to leverage its capabilities across demographics.

There are a lot of opportunities in financial services practices for generative AI to lend a helping hand — and advisors are making use of them. The most common uses of generative AI for financial advisors were employee onboarding processes (**46.5%**), processing employee and/or client data (**41.4%**) and client communications (**40.4%**). However, while it may be convenient to upload client and/or employee data to an AI-powered tool, it's essential that advisors are following thorough data privacy protocols to protect any sensitive information.

ADVISOR AWARENESS OF GENERATIVE AI



ADVISOR USE OF AI IN THE WORKPLACE



MDRT RESEARCH: GENERATIVE AI'S IMPACT ON AMERICAN FINANCIAL SERVICES PROFESSIONALS (CONT.)

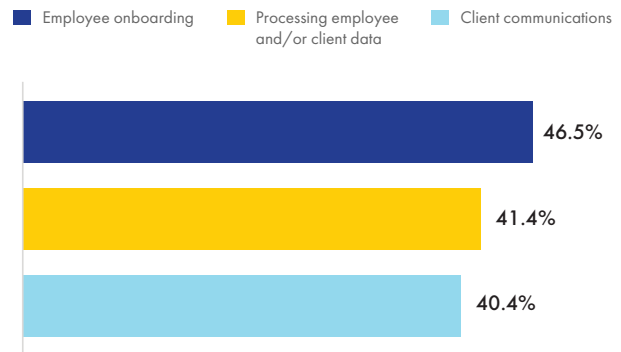
To ensure your clients' and employees' information is safe, research relevant data privacy laws in your region and get familiar with the privacy capabilities any tools you are using. Consulting with legal counsel to develop an AI policy can also help ensure client privacy. Avoid uploading key personal information to unprotected generative AI programs. Safely leveraging generative AI for necessary, yet somewhat time-consuming processes can help you to dedicate more time to your client service while simultaneously completing internal projects.

Tap into Trust

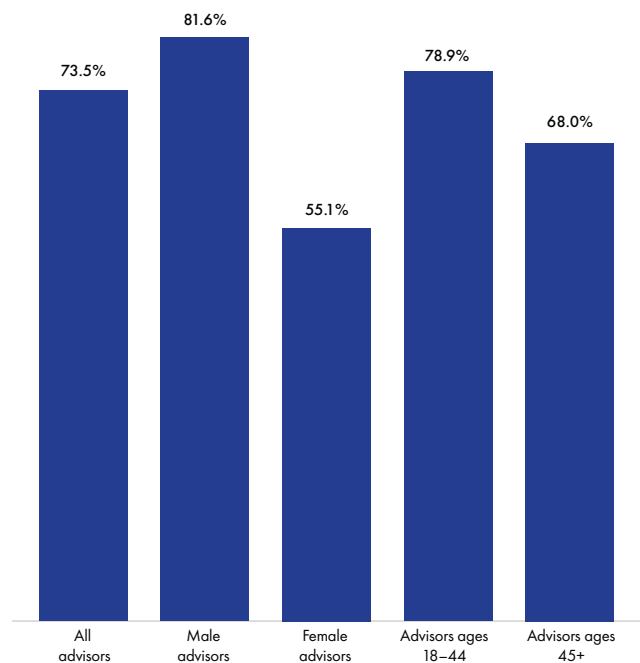
Trusting generative AI and other artificial intelligence programs can be a bit nerve-racking, considering the potential for error — but this does not ring true for most advisors. The majority (73.5%) have at least some trust in implementing generative AI in financial advising practices, with advisors ages 18–44 (78.9%) and male advisors (81.6%) in the lead again, compared to 68% of advisors ages 45 and older and 55.1% of female advisors.

Generative AI has taken the profession by storm, allowing advisors of all demographic backgrounds to create a space where they can efficiently complete internal tasks and connect with clients simultaneously. The development of the technology will continue to skyrocket professionals who leverage the tool, helping them stay on top of relevant trends.

MOST COMMON USES OF GENERATIVE AI



ADVISORS TRUST IN GENERATIVE AI



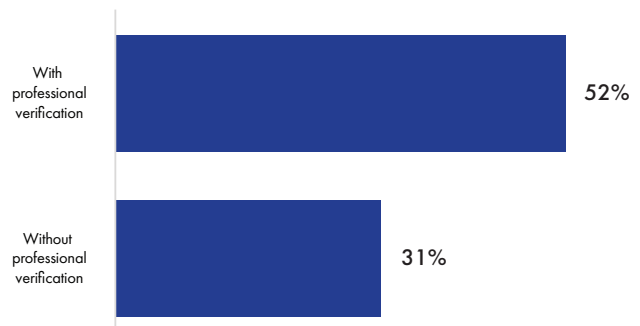
CONSUMER OPINIONS ON GENERATIVE AI'S CONNECTION TO FINANCIAL SERVICES

Consumers and AI

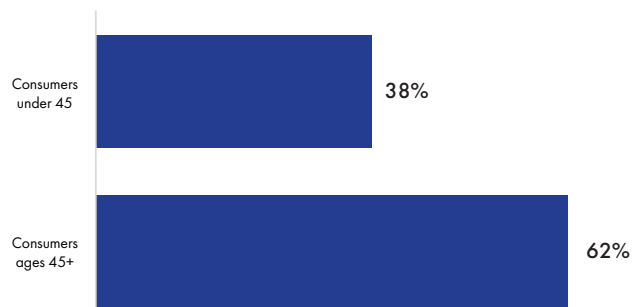
Using generative AI for financial advice without verifying the information with a financial advisor leaves room for misinformation and misunderstanding. According to an August 2023 CFP Board survey,² consumers are more likely to trust financial advice they receive from generative AI once it has been verified by an advisor. While only **31%** of consumers felt comfortable with advice they received from AI-powered tools without professional verification, **52%** said they felt comfortable with advice after an advisor verified it. This highlights the need for advisors to work in tandem with generative AI, as consumers are continuing to rely on experts to round out any information they receive outside human professional advice.

Younger consumers are often assumed to be more satisfied with digital programs — but the opposite is true here. **62%** of consumers ages 45 and older say they're very satisfied with the advice they received from generative AI, while only **38%** of consumers under 45 were "very satisfied" with their advice. Younger consumers are more hesitant to accept the advice from generative AI, making room for advisors to target younger clients and prospects who may be using generative AI for financial advice and connect with them.

CONSUMER COMFORT RECEIVING AI-POWERED ADVICE



CONSUMER SATISFACTION WITH AI-POWERED ADVICE



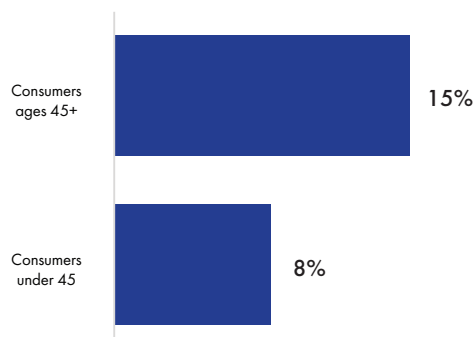
CONSUMER OPINIONS ON GENERATIVE AI'S CONNECTION TO FINANCIAL SERVICES (CONT.)

Professionals Are Always Needed

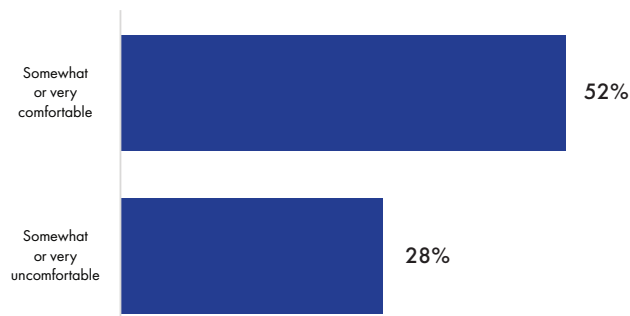
While some consumers may be comfortable receiving advice solely from generative AI programs, implementing that advice is a different story. Only **8%** of consumers under age 45 said they would be very comfortable implementing advice solely from generative AI tools, and **15%** of consumers 45 and older said the same. Similar to the data above, consumers of all ages confirmed they would be more confident in implementing advice if a human advisor verified it. With advisor verification, the percentage of consumers who are very comfortable leveraging advice from generative AI-powered tools nearly doubled from **12%** to **21%**, and **52%** felt very or somewhat comfortable with it.

This sentiment reinforces the fact that advisors will not go obsolete due to the implementation of generative AI in financial services. Offer your expertise to clients and prospects who are using generative AI for financial advice. In doing so, you can solidify yourself as an advisor whose focus is to help them reach their goals through accurate, beneficial guidance. Working together with generative AI will open doors to continue propelling your practice for years to come.

CONSUMER SATISFACTION WITH IMPLEMENTING AI-POWERED ADVICE



COMFORTABILITY WITH ADVISOR FACT CHECKED AI ADVICE





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INTERESTED IN LEARNING MORE?

Additional data is available from MDRT upon request.
Please reach out to cwong@mdrt.org with questions and
we'll get back to you as soon as possible.

Sources:

¹CFP Board. "CFP BOARD SURVEY: INVESTORS TRUST AI MORE THAN SOCIAL MEDIA, BUT ADVICE STILL NEEDS ADVISOR VERIFICATION." Validation request, August 22, 2023. <https://www.conference-board.org/press/us-workers-and-generative-ai>.

²The Conference Board. "Majority of US Workers Are Already Using Generative AI Tools — But Company Policies Trail Behind." Validation request, September 13, 2023. <https://www.conference-board.org/press/us-workers-and-generative-ai>.



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