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Adviser Edge

Agentic finance: how AI could transform financial advice and what advisers need to know



Artificial intelligence is moving beyond administrative support towards a more active role in financial decision-making. This article explores what that shift could mean for advice firms, client outcomes and the regulatory responsibilities that remain firmly with people.

Artificial intelligence (AI) has moved rapidly from being a technology curiosity to becoming one of the most important strategic issues facing financial advice firms.

Most advisers are already familiar with some of the early use cases. AI can summarise meeting notes, draft suitability reports, analyse client data, identify planning opportunities and automate many administrative tasks. However, the future described by regulators and industry leaders goes much further than simple efficiency gains.

According to the FCA's recent review into the future impact of AI on retail financial services, led by Sheldon Mills, the industry is moving towards a world of "AI-enabled, continuous and delegated services" where AI will not simply support decisions but may increasingly recommend, initiate and even execute actions within agreed parameters. This emerging concept has become known as agentic finance.

For advisers, this presents both a significant opportunity and a new set of responsibilities.

Agentic finance at a glance

What changes	Potential benefit	What remains essential
AI moves from supporting tasks to recommending, initiating or executing agreed actions.	More continuous, personalised and scalable financial planning.	Human judgement, suitable recommendations and clear accountability.
Monitoring becomes ongoing rather than limited to periodic reviews.	Earlier identification of planning opportunities, risks and client needs.	Explainability, governance, oversight and appropriate intervention.
Hybrid models combine automation with adviser-led decisions.	Potential to serve more clients and help narrow the advice gap.	Trust, transparency and consistently good consumer outcomes.

The FCA's Current Position

The FCA has been clear that it does not currently intend to introduce a separate regulatory framework specifically for AI. Instead, firms are expected to apply existing regulatory requirements, including Consumer Duty, governance arrangements and SM&CR obligations, to AI-enabled activities.

In practical terms, this means that the introduction of AI does not alter the fundamental responsibilities of advisers and firms.

- Recommendations must still be suitable.
- Consumer outcomes must still be good.
- Vulnerable customers must still be identified and supported.
- There must still be clear accountability for decisions.

The FCA's message is simple: firms can adopt AI, but responsibility for the outcome cannot be outsourced to an algorithm.

From Adviser Support Tool to Decision-Making Agent

Most firms currently use AI as a support tool.

Examples include:

- Drafting client communications.
- Preparing meeting summaries.
- Monitoring portfolio drift.
- Identifying review opportunities.
- Automating KYC and onboarding processes.
- Highlighting potential planning opportunities.

These applications largely improve efficiency while leaving decision-making firmly in human hands.

> Consumers and firms are likely to delegate increasing amounts of financial decision-making to AI systems

The Mills Review suggests the next phase may look very different. It argues that consumers and firms are likely to delegate increasing amounts of financial decision-making to AI systems. AI may not simply provide information but may recommend actions, initiate transactions and execute decisions within pre-agreed limits.

Consider a future review process

Rather than reviewing a client annually, an AI system may continuously monitor:

- Portfolio drift.
- Tax allowances.
- Changes in spending behaviour.
- Emerging vulnerability indicators.
- Life-event triggers.
- Pension contribution opportunities.
- Cash balances.
- Protection shortfalls.

Instead of identifying these issues during a periodic review, AI could flag them immediately or potentially implement agreed actions automatically where authority has been delegated.

This represents a shift from periodic advice to continuous advice.

The Advice Gap Opportunity

One of the most compelling arguments for AI adoption is its potential role in addressing the advice gap.

For many years, regulators and industry participants have recognised that large numbers of consumers could benefit from advice but are unable or unwilling to access traditional adviser-led services.

Cost remains a significant factor.

High-quality personalised advice requires adviser time, expertise and ongoing support. These costs can make traditional advice inaccessible for many consumers with smaller portfolios.

The FCA's review identifies AI as a technology that could help address longstanding problems including advice gaps, protection gaps and low levels of engagement with financial planning.

The review highlights that only a relatively small proportion of consumers currently receive traditional financial advice and that significant amounts of savings remain in low-interest accounts despite potentially better alternatives. AI has the potential to help consumers make better decisions and engage more actively with their finances.

For adviser firms, the opportunity may lie in creating hybrid advice models. In these models, AI performs much of the analytical and administrative work, while the adviser remains responsible for the more nuanced human elements of advice.

AI focussed tasks may include	Adviser focussed tasks may include
▪ Data gathering. ▪ Cashflow modelling. ▪ Client segmentation. ▪ Monitoring and alerts. ▪ Review preparation. ▪ Documentation.	▪ Exercising judgement. ▪ Validating recommendations. ▪ Discussing trade-offs. ▪ Managing behavioural risks. ▪ Delivering personalised advice.

This approach could allow firms to serve more clients, more efficiently, while maintaining professional oversight.

Rather than replacing advisers, AI may enable advisers to extend their expertise to a broader segment of society.

Trust May Become the New Compliance Frontier

Interestingly, the Mills Review suggests that the greatest challenge may not be technology itself.

It may be trust.

The FCA found that consumer adoption of AI-driven financial services will depend heavily on trust, control and access. While some consumers are open to allowing AI to help make financial decisions, concerns remain around data privacy, accountability and protection if things go wrong.

This has important implications for Consumer Duty.

Firms may find that the question is not simply whether AI can perform a task effectively, but whether consumers feel comfortable with that task being performed by AI.

The ability to demonstrate appropriate safeguards, oversight and accountability may become as important as the technology itself.

Explainability Matters

Another recurring regulatory theme is explainability.

The UK Information Commissioner's Office has published guidance emphasising the importance of explaining AI-assisted decisions and ensuring organisations can justify outcomes produced by AI systems.

For financial advisers, this creates a straightforward test:

Can you clearly explain why a recommendation was made?

If an AI system identifies a vulnerability indicator, recommends a withdrawal strategy or suggests that a review should take place, advisers and firms should be able to understand and justify the rationale.

Black-box decision-making is unlikely to sit comfortably alongside suitability requirements and Consumer Duty expectations.

As AI becomes more sophisticated, the quality of governance, oversight and documentation will become increasingly important.

Will Firms Need to Declare AI Use?

Currently, there is no FCA rule requiring advisers to disclose every use of AI in the advice process.

However, the direction of travel suggests transparency may become increasingly important.

If AI plays a material role in:

- Suitability assessments.
- Vulnerability identification.
- Client segmentation.
- Review frequency decisions.
- Investment recommendations.

then many firms may conclude that disclosure represents good practice.

Future client agreements may include wording explaining that AI-assisted tools are used to analyse information, identify planning opportunities and improve efficiency, while all recommendations remain subject to review and approval by a qualified adviser.

Such transparency could help reinforce trust while demonstrating appropriate governance.

What Will Future T&C Requirements Look Like?

The growing use of AI is also likely to reshape Training and Competence frameworks.

Historically, firms have focused on technical knowledge, regulation, suitability and professional standards.

In an AI-enabled environment, competence may also need to include:

- **AI Governance**
  Understanding approved tools, controls and data requirements.
- **AI Oversight**
  Recognising limitations, errors and inappropriate outputs.

- **AI Challenge**
  Knowing when to question or override AI recommendations.
- **Explainability**
  Being able to explain how recommendations were generated.
- **Consumer Protection**
  Recognising when human intervention remains essential.

As AI adoption accelerates, advisers may increasingly be assessed not simply on their ability to generate advice, but on their ability to supervise, validate and govern AI-assisted processes.

The Rise of Agentic Advice

The most thought-provoking finding from the Mills Review is that the industry may be approaching a fundamental shift in how financial services operate.

The review describes a future where AI systems become active participants in financial decision-making, helping consumers manage their affairs through delegated authority and predefined objectives. This "agentic finance" model has the potential to create more personalised, responsive and scalable financial services than have ever previously been possible.

For the advice profession, this should be viewed as an opportunity rather than a threat.

AI can help identify opportunities, monitor client needs, reduce administrative burdens and potentially narrow the advice gap. Yet the qualities clients value most remain fundamentally human: judgement, empathy, trust, reassurance and ethical responsibility.

The challenge for firms over the next decade will not be whether they adopt AI. It will be whether they can combine the efficiency and scale of AI with the professionalism, oversight and personal relationships that sit at the heart of successful financial advice.

In the age of agentic finance, the most valuable advisers may not be those who perform every calculation themselves, but those who are best able to govern intelligent systems, challenge their conclusions and ensure that technology is consistently used to deliver good outcomes for clients.

Key Conclusions

- AI is likely to shift financial advice from periodic, adviser-led reviews towards more continuous, AI-enabled monitoring and support.
- The opportunity is significant: greater efficiency, personalisation and scale could help firms serve more clients and narrow the advice gap.
- Existing regulatory duties still apply; suitability, Consumer Duty and accountability cannot be delegated to an algorithm.
- Trust, transparency and explainability will be critical where AI materially influences client decisions or outcomes.
- Adviser competence will increasingly include governing AI tools, challenging outputs and knowing when human intervention is essential.
- The strongest model is likely to be hybrid: AI provides analysis and scale, while advisers retain judgement, empathy and responsibility for client outcomes.

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