

ADVERTISING FEATURE

## Investment management

# AI to help advisers with client needs

For nearly two years, a select team of developers at Praemium has been building an artificial intelligence/machine learning application to help advisers better engage with clients. The release is particularly timely in the wake of the Banking Royal Commission.

You don't have to be a fan of the *Terminator* movies to know that letting a computer think for itself can be a recipe for trouble.

That's why Praemium chief technology officer Adam Pointon's team has taken a cautious approach to using artificial intelligence and machine learning (AI/ML) to enhance Praemium's investment adviser portal.

"We've been very, very careful. It's not something that you can just quickly jump into and hope for the best," he says.

Not only has the leading provider of managed accounts platforms been careful, Praemium has also kept its AI/ML project quiet, at least until now.

Across Praemium's global operations, Pointon oversees more than 100 developers, but only a small handful knew about and worked on the project from its inception nearly two years ago.

What they were trying to do was build an AI/ML application to create insights from the collective behaviour of thousands of investors and the advisers – Praemium's clients – who service them.

Now being integrated into the Praemium's platform, the application will be able to help advisory businesses understand when their investor clients may need to engage with their adviser.

Pointon has been confident from the start that the enhancement would add value for investors and their advisers, but in the wake of the Banking Royal Commission, established soon after Praemium started work on the project, his confidence has grown stronger.

Many bank-aligned advisers are starting to make the move to an independent business model and distance themselves from the established institutions, Pointon says.

"They're going out and being more independent now, and one of the best ways they can do that is the managed accounts space, as it provides their clients with real transparency and clear value for money."

The Royal Commission has also focused adviser's minds on the need for consistently good client service and engagement, the aim of Praemium's AI/ML application.

Pointon says the team has made a conscious choice to steer clear of generating investment information and asset allocations, or profiling investors' behaviour with the traditional aim of selling more products or advertisements.

"We've gone with 'how to bring the relationship together' and 'how to improve the investor's outcomes' as the aims of our AI project, and that's how we landed with identifying investors that may need refreshed financial advice," Pointon says.

It is what Pointon modestly describes as "a pretty positive outcome".

In practical terms, the application will sit within the adviser portal in a new section called Insights.

"It basically pops up as new insight and it says



The AI application will be able to help advisory businesses understand when their investor clients may need to engage with their adviser.

'Jane Investor is showing similarities to clients who've demonstrated the need for adviser engagement'."

Advisers taking part in the first tentative stage of the rollout, which Pointon expects to take about six months in all, have reacted positively to the alerts issued by the system.

The insights are based on the data Praemium analyses on the thousands of investors serviced through its own portals, and are shared only with the advisers servicing those particular clients.

He is also at pains to point out that the ethical component of the application is at least as important as the technical one.

"We want to use the data to create a better investor to adviser experience, a better quality of service for the investor," Pointon says.

Despite his enthusiasm about the enhancement, Pointon is eager not to oversell it.

He likens the new feature to the existing portal, which takes care of the routine tasks of advising clients and managing their investments, and the customer relations management (CRM) function already built into it.

The new feature of the platform is

**"We want to use the data to create a better quality of service for the investor."**

Adam Pointon, Praemium CTO

undoubtedly high-tech, but Pointon insists that it is still just a tool to help advisers do their jobs better rather than to do their jobs for them.

The slow-and-steady rollout is designed to make sure the message gets across, adviser by adviser.

"We do want to talk to the advisers to just say this isn't the perfect solution, this is just another tool to really help you provide better service in what is becoming more and more a service-based industry," he says.

"It's about using it for the right purpose. We've deployed it to help investors get a better service from their advisers."

Pointon believes AI and machine learning will play an increasing role in the advice industry in supporting its transformation to a professional service industry. Praemium has also utilised AI to detect potential money laundering and other cases of abuse across the platform.

With increased visibility of data, there is the potential for greater insights into the ongoing needs of clients. Looking into the future, the Open Banking initiative and the merging of personal data from various sources, will create opportunities for a greater level of understanding of clients and therefore more personalisation of products and services. This has the potential to be extremely positive for the end customer.

However, like all technology which can be dual purpose, some of these insights will result in targeting of sales opportunities or advertising.

This is not the approach Praemium intends to adopt.

"Our intention is to continue to focus on investors and adding value to their adviser experience, improving financial wellbeing overall," Pointon says.



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