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STUART·CARLYON

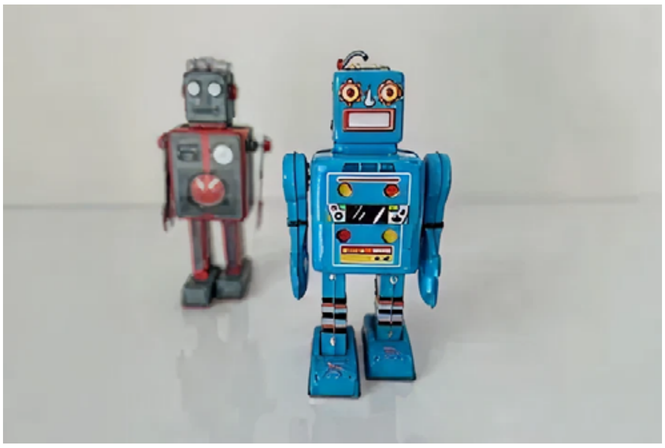
Financial advisers for your lifetime goals

The human element

At the moment all the buzz within our profession - no, let's face it, the buzz within every profession - is AI. From the big banks and the global accountancy practices through to small to medium enterprises, everyone, it seems, is trumpeting the wonders of AI.

It is pretty impressive. You can select slabs of text from two dozen of the most obtuse and long-winded economic reports and within seconds AI will summarise the story for you with two or three clear, concise and grammar-checked bullet points. This feature of data-digestion may explain why two-thirds of the financial industry in the US has adopted AI.

AI is being deployed within many business systems and processes to drive efficiency. It has become an established tool for lifting office productivity while in some places it is used to replace paid employees.



AI on the march. Today AI is breaking all our preconceptions about robotics and smart technology. Photo: S Stuart

Should we be investing in AI, or is this just another tech-bubble? Right now, more than a trillion dollars is being invested annually in the global AI field. The eyes of Wall St have been on the chip manufacturers whose recent sales forecasts have provided some assurance that the boom is not in fact a bubble. Unlike the companies during the dotcom bubble, today's businesses that are leveraging AI generally have larger balance sheets and are reporting healthy profits. As with any emerging industry, it takes time to sort out the winners and the losers, hence the twitchiness in the market.

Our portfolios are well diversified and even in the global shares sector there's an underweight exposure to tech companies. Our advice to our investing clients is to stay the course and ensure that they have matched their overall portfolio to their goals and needs.

What about DIY financial planning which can be conducted online? Or how about the quality of advice dispensed through chatbot channels? AI may be fine for simple situations but here at Stuart Carlyon, our prevailing view is that the human element is still essential. Anecdotally, we've heard some travellers report that using AI for trip planning can lead them to unexpected and unwelcome destinations. As with any automated advice, you need to apply a sense check.

The Human Element Remains Essential

Despite AI's advanced capabilities, it is not a replacement for human financial advisers. Human advisers provide crucial qualities that algorithms lack.

- **Emotional Intelligence and Empathy:** Our experience is that financial decisions are often deeply personal and emotional, involving fears, dreams, and family dynamics. As advisers we build trust, offer reassurance during market volatility, and provide the empathy and personalised understanding that AI cannot replicate.
- **Ethical Judgment and Accountability:** While AI can optimise strategies, it lacks an inherent ethical framework to navigate complex dilemmas or conflicts of interest. As your advisers, we remain accountable for all advice and decisions, ensuring they align with each client's goals and circumstances.
- **Holistic Perspective and Critical Thinking:** We integrate a client's broader life circumstances, such as career aspirations and lifestyle preferences, into a comprehensive plan. We apply critical thinking to question AI outputs and adjust recommendations for unexpected real-world events that AI models might not anticipate.

The thing with AI is that it inherently works on a rear-view mirror basis. It scours the internet, gathers relevant data from this massive repository but never has an original thought. It tends to work off incomplete data and in doing so looks at the 'average' person. The trouble is, we have yet to meet an average person.

Given the blind spots of AI, the future of financial planning lies in a hybrid approach, where human expertise sits centre-stage complemented with AI support to provide a more efficient, accurate, and personalised service for clients. We welcome the new technology to help us work smarter and find information quickly (for example, tax regimes of a foreign jurisdiction), but we would always double-check with trusted sources, or better still, seek the expert advice of the accountants and lawyers that we work with.

We stand by the belief that even the most well-meaning algorithms tend to miss what makes you and your situation unique.

Spotlight: Shahul Dhoray, a real human adviser.

We have a team of five experienced advisers, and Shahul's journey began with a pivot from being an accountant to a seasoned financial planner. In his 14 years at Stuart Carlyon, he has fulfilled many roles including overseeing our tax reporting.

What made you choose this career?

A lot of things, but ultimately, I'd say the biggest influence was my high school economics teacher. He sparked my interest in macroeconomics, and eventually, I ended up where I am today.

Who would you invite to your ultimate dream dinner party? Or who are your heroes?

It would be dominated by sports people. Michael Jordan, and the French footballing legend Zinedine Zidane come to mind.

What has shaped your attitudes towards money?

I grew up in West Auckland where I still live to this day. Everyone around me, both family and friends, worked hard but weren't big spenders, so I just thought that was normal. More recently, I'm happy to spend on experiences e.g. travel, especially while my children are young and still think I'm cool. Having a balanced approach is important.

How do you normally spend your time off?

My weekends revolve around the activities of my daughter Sofia who is 6, and my son Shakeel who is 11. When I go on leave, we usually travel to Singapore where my wife Liz is from. My one living grandparent is there and she is 96, so it's important for me to see her too.

Where else would you like to travel?

I find America interesting for some reason – especially the big cities like New York. I grew up watching a lot of sport, including American sports, so I'd love to go to a live NBA basketball game there.

How has your approach to your work changed over your 14 years at Stuart Carlyon?

There was a lot more paper and printing when I first started. We were still faxing things too. These days, a lot more is done digitally or online. However, the fundamentals of financial advice remain the same, and nothing beats meeting someone in person.

AI Christmas crackers

We used copilot, Microsoft's intelligent assistant, to tell us a funny Christmas joke about AI and financial planners. It mostly generated some very lame jokes, but we thought the three below were tolerable.

Why did the AI join the financial planner's Christmas party?

Because it heard there would be lots of interest!

Why did the AI refuse to decorate the Christmas tree?

It said, "I only optimise portfolios, not pine needles!"

Why did the financial planner ask AI for help at Christmas?

Because even Santa needed an algorithm to balance his gift budget!

Holiday dates

We wish you and your family a safe and happy summer break and a very happy new year.

Our office will close from 12:30pm Tuesday 23 December and reopen on Wednesday 7 January.

Tanaz Jardine will be on call during this period and contactable on 021 0342 951 for any queries.

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