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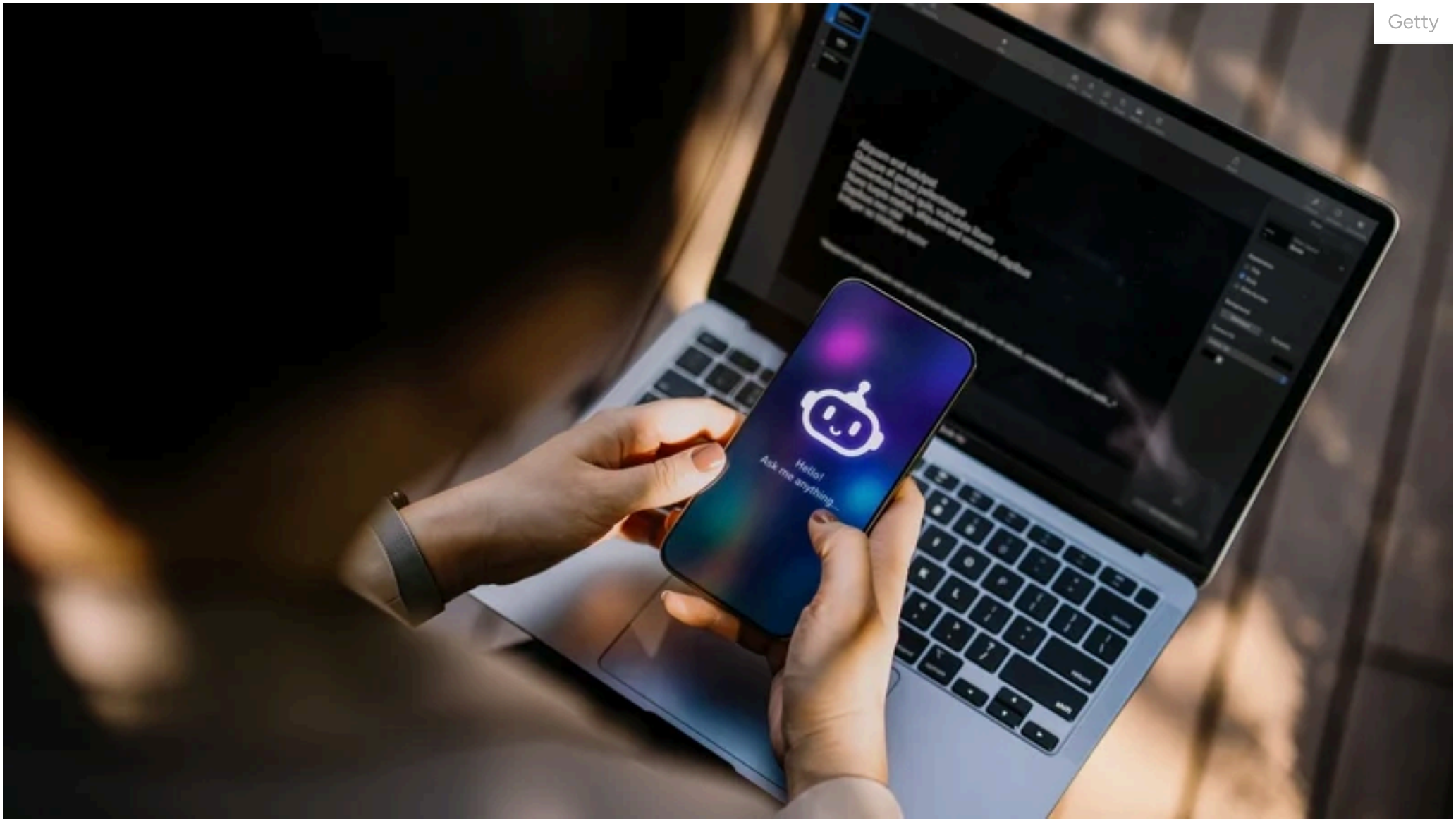
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Why using AI for financial advice is a double-edged sword

Updated / Wednesday, 7 Oct 2026 10:25



56% of adults say they've used AI tools in the previous 12 months for financial research and recommendations. Photo: Getty Images

Analysis: There are some clear advantages for consumers in using AI to support personal financial decision-making, but it also comes with clear limitations

By Olive McCarthy and Ciara Heavin, UCC

Have you ever used AI for financial advice? If so, you are not alone. A recent OECD report highlights the widespread use of AI tools by consumers for advice on financial products, budgeting, credit and investing. In research by Lloyds Bank, 56% of adults say they've used AI tools in the previous 12 months for investment research and recommendations, debt management strategies, and future financial planning, including seeking information on pensions.

Similar research in the US found that 51% of respondents are using Generative AI (GenAI) for financial advice or information about saving strategies, credit scores and credit cards, investing in the stock market, budgeting or managing expenses and general financial education. In Korea, nearly 68% of those surveyed reported using AI for at least one financial task, including investment, savings planning, budgeting and taxes. As GenAI technologies, including ChatGPT, Claude, Gemini and others, become increasingly integrated into daily life, the number of individuals using these tools as a source of financial information and decision support is likely to grow.



The evolving tactics of online fraud with Kel Galavan

MON 22 JUN • 15 MINS • OLIVER CALLAN

Mrs. Smart Money, Kel Galavan, tells Oliver about the evolving tactics of professional investment fraud and AI deepfakes targeting Irish people.

From RTÉ Radio 1's Oliver Callan Show, money coach Kel Galavan on the evolving tactics of professional investment fraud and AI deepfakes targeting Irish people

There are some clear advantages for consumers in using GenAI to support personal financial decision-making. It can offer a quick, convenient and low-cost way to access easy-to-understand information, explanations, comparisons and advice which can be generalised or personalised, according to an individual's requirements. It can also provide anonymity to those who do not want to seek advice on their personal finances from financial services providers, financial advisors, friends, or family. Evidence of positive impacts include self-assessed better investment results, improved credit scores, and greater retirement savings for those who used AI over those who did not use AI for financial advice.

While such benefits may not be equally accessible to all, GenAI is recognised as having the potential to reduce information asymmetries, improve transparency in financial services, address status quo bias and choice overload, and deliver personalised financial education for those with access to these technologies. Researchers from MIT and Stanford University conclude that, ultimately, the value of AI depends not just on the quality of the financial advice it provides, but on how people interpret that advice and whether it influences their decisions and actions.



How to make a household budget

SAT 23 MAR 24 • 12 MINS • BRENDAN O'CONNOR

If you have trouble making your money stretch to the next payday or coping with an unexpected expense then Michelle O'Hara, National Spokesperson of MABS, has advice on how setting a household budget

From RTÉ Radio 1's Brendan O'Connor Show, how to make a household budget

The use of GenAI for financial advice comes with several warnings hinging on three key limitations. Firstly, similar to financial advice from friends, family and finfluencers, GenAI does not offer regulated, professional financial advice. This has potentially significant

consequences for consumer protection. Secondly, LLMs can be prone to hallucinations. They can sometimes make things up or get facts wrong, which means the information they provide may not always be reliable. They can also reflect biases from the data they were trained on.

It is possible that AI tools could influence people towards certain products or services. While recommendations may appear helpful and personalised, they are not always guaranteed to be in the consumer's best interests. In some cases, AI may favour particular options over others, meaning users may not see the full range of choices available to them.

This highlights the importance of treating GenAI as one source of support rather than a substitute for independent thinking and informed decision-making. Thirdly, AI-driven financial advice can serve to exclude as much as it can serve to include, giving those who are more technologically and financially literate a potential advantage. Various studies have also suggested that AI-generated advice may reinforce gender biases and stereotypes.

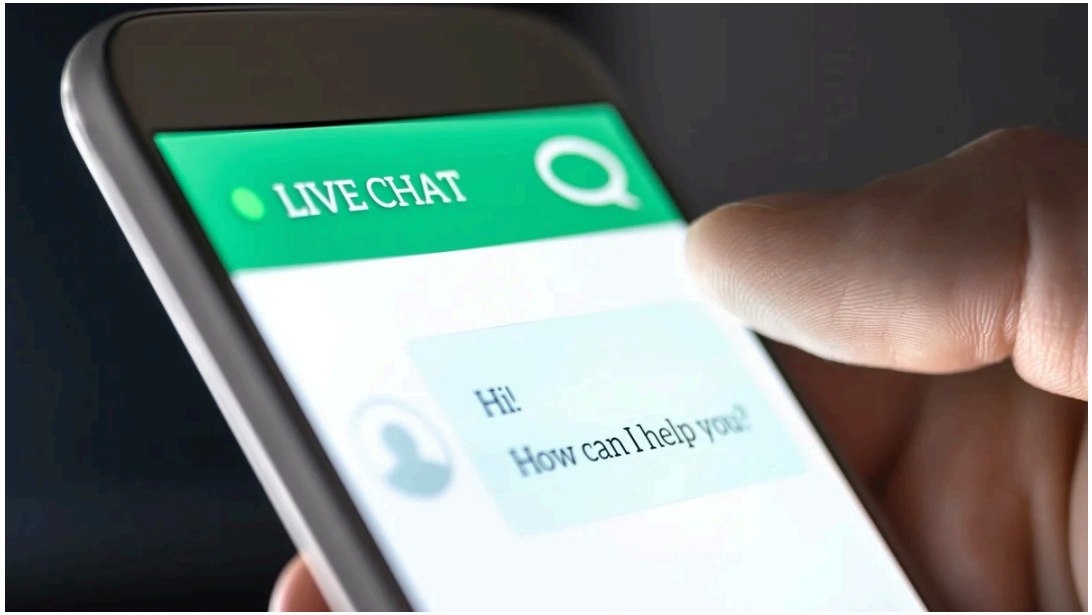
> ***AI is only as helpful as the questions it is asked and the context it is given***

All these limitations highlight the importance of improving consumers' AI fluency, that is, the knowledge, skills, confidence and judgement needed to use AI effectively and responsibly.

While AI tools can provide quick access to financial information and guidance, the quality of the responses often depends on the quality of the information provided. Being able to clearly describe a problem and ask follow-up questions can lead to more relevant and useful responses.

In other words, AI is only as helpful as the questions it is asked and the context it is given. For example, someone seeking advice about saving for retirement may receive very different answers depending on whether they provide information about their age, income, credit history, family circumstances and financial goals. Some may not wish to provide such personal information at all.

Consumers also need the ability to critically assess what AI produces. AI systems can make mistakes, present outdated information, or generate responses that sound convincing but are inaccurate. This is where discernment becomes important. Users should consider where this information may have come from, whether it makes sense for their situation, and how it can be verified using trusted sources, and more importantly, using professional, regulated advice.



What does AI know about you?

WED 05 AUG • 6 MINS • DRIVETIME

Alan Smeaton, Professor of Computing at DCU

00:00 00:00

From RTÉ Radio 1's Drivetime, what does AI know about you?

AI cannot fully understand an individual's unique circumstances, values, or priorities. Data privacy and security, careful consideration of what personal, financial, or sensitive information is shared with AI and understanding how that information may be stored, used, or protected

are all essential. The responsibility for financial decisions and their consequences ultimately remains with the individual. AI can help inform choices and highlight options, but consumers must decide which advice to follow, weigh the potential risks and benefits, and ensure that any actions taken align with their own needs, goals, and best interests.

If you're planning on using GenAI for financial advice, it's important to remember that simply having access to information does not automatically lead to better financial outcomes. People often make decisions based on habits, emotions, confidence levels, time pressures, influences from family and peers and personal circumstances, rather than information alone. The real measure of success is whether AI helps you to make more informed, confident, and financially beneficial choices that lead to positive changes in financial behaviour and well-being over time.

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