

Artificial Intelligence in Fintech – No Longer Just Hype



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What are the applications of artificial intelligence (AI)? How can financial advisors benefit from using AI tools?

**Interview with Brian McLaughlin,
CEO of Redtail**

AI in the advisor's workflow

The objective of any business endeavor is to make money. However, we all know that this journey varies from company to company, and smart business people look for ways to improve their standing. In the modern finance world, decision makers are hesitant to jump on new tech for fear of failing or losing money. Despite this, the AI revolution is coming in the form of machine-learning algorithms such as chatbots and smart data extrapolation, which can be used to analyze information and provide insights.

Before deciding to take a serious look at AI, Brian asked industry professionals and speakers at conferences what AI means to them. Their responses were underwhelming, so Brian decided to take the bull by the horns and start with something simple—getting comfortable with the idea of analyzing data. Sixteen years ago, when Redtail was just released, industry leaders said that web-based tools would never be accepted, that everyone was scared of them. This turned out to be wrong.

"I think AI is going to be the same way. The same goes for real-time integrations and the potential use of blockchain. I think there's a lot of opportunity there still."

Text and speech conversations can aid advisors

Advisors and their clients spend a lot of time communicating. Clients have questions about their accounts, how much they can spend, what the balance is, and so on. This communication data and conversation history are just sitting there. The Redtail team

decided to come up with machine-learning algorithms to analyze this communication data. Brian says they started with the email archives—roughly two billion messages.

The purpose of processing these messages was to identify important topics and key phrases. Are there any specific companies, organizations, or locations being mentioned? Once that is identified, the algorithm draws up a full picture of the conversation—in other words, what it is leaning toward and what the client's intentions are.

For advisors this means not missing a beat and, importantly, not missing an opportunity. Advisors care about their clients and know in their hearts and minds what is important to every client. However, we are humans, and it is possible something can be missed. AI can quickly ascertain important discussion topics, create notifications, and assist advisors in making decisions.

Use case scenarios

Brian describes AI as a confidence-building tool, not something intrusive to privacy. Redtail's AI tools have proven that, over a person's life, their relationships, how their households change over time, their budgeting, and their planning also change. For example, the algorithm may come to the conclusion that there is a high chance a client wants to buy a house.

“They may not have said it verbatim, ‘buying a home,’ but that’s where they’re headed, and this is an opportunity for an advisor to discuss the options with the client.”

Brian says this use case does not imply simply an automated message with a suggestion or an automated action such as selling off stock. Instead, the AI tells the advisor they should start a workflow, and the advisor then chooses whether to continue or not.

The bottom line

Artificial intelligence can sound frightening at first—perhaps because the average person's only experience with AI is seeing malfunctioning and dangerous androids or robots in movies such as *I, Robot*. The truth is, applying AI technology to industries is currently, and will continue to, help millions of people across all industries. In the financial world, advisors and financial professionals are slow to embrace change because of the sensitive nature of their job—dealing with other people's money. However, examples such as Redtail will eventually win people over.

About

Brian McLaughlin is the CEO of Redtail Technology, a provider of CRM solutions for financial services firms. It handles specific challenges like log reporting, filing changes, and data synchronization. The firm recently launched its artificial intelligence solution as well as compliant texting platform, Redtail Speak. Today, Brian focuses on growing the firm and expanding its offerings.



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