MONEY

VALUE OF PERSONAL LOANS DRAWN DOWN IN YEAR TO END OF JUNE
€3.1bn
MOST SINCE FIRST QUARTER OF 2020

FLASH ESTIMATE OF INFLATION RATE FOR 12 MONTHS TO END OF OCTOBER
4%
ENERGY MAIN DRIVER WITH 18.3% RISE

SOURCE: BPFI, CENTRAL STATISTICS OFFICE

Adopting AI for smart financial advice isn't always particularly simple

Advanced algorithms are set to shake up Irish price comparison and switching websites, but out-of-date data could cost consumers dearly, writes *Kieran O'Daly*

If you are looking to crunch some numbers on who is offering the best mortgage rates or get a quick comparison on your electricity or insurance quote, artificial intelligence has the potential to make your life a lot easier – but only if you ask the right questions and double-check the answers.

The use of AI technology has grown exponentially over the past few years across virtually all areas of business. In the financial services sector, artfcial intelligence is being used for a wide variety of purposes, including transaction management, risk assessment, fraud detection, regulatory compliance, product personalisation, customer service and more.

For client-facing services such as price comparison or switching websites, AI programs can help reduce administration costs, ensure cleaner and more timely data, and facilitate a smoother, more personalised customer journey – all of which should spell good news for the consumer.

That is the upside. The downside is that the technology, relatively speaking, is still in its infancy and has a long way to go before it can claim to be the cure-all-ills panacea that its creators insist it is.

While a significant percentage of the population here engage with AI tools on a regular basis – Microsoft's latest Global AI Diffusion report puts user share in Ireland at 49.9 per cent, which is the highest in the EU and almost three times the global average of 18.8 per cent – its progress is being hampered by something of a confidence problem.

CONFIDENCE PROBLEM

The confidence issue is not with the technology itself – try contradicting its findings and you will quickly understand – but with those using it.

People do not completely trust the data being generated. That is no bad thing, however, as users are then rightly obliged to double-check findings to ensure accuracy or rephrase queries for a more personalised response or, in some cases, both.

But AI cannot be blamed for every piece of bad advice. A big part of the problem is with the quality and accuracy of the data input in the first place. This can lead to poor recommendations, which, for those offering or availing of financial services from price comparison or switching websites, could prove disastrous.

Eoin Clarke, commercial director at Switcher.ie, agrees. "AI can be a handy starting point when shopping around for deals, helping to cut through confusing jargon, explain unfamiliar terms and give you a good idea of what to look out for," he says.

> **AI doesn't always get things right and accuracy is crucial when dealing with financial products**

"But it's worth checking the facts before making any final financial decisions. Rates, offers and eligibility rules can change quickly, so always double-check the latest prices, terms and conditions with a trusted source before signing up or switching."

BRITISH EXPERIENCE

UK-based price comparison and switching websites such as MoneySuperMarket, Compare the Market and Go Compare have invested heavily in AI over the past few years with the aim of simplifying the customer experience and improving after-sales service.

While many of these endeavours have proved successful, share prices across the sector tumbled this year after the launch of a new ChatGPT-driven tool by Insurify, a US competitor, which enables users to access car insurance rates tailored specifically to their location, driving history, age and credit rating.

The share price fall was indicative of a general fear across the sector that the latest technological advances could result in their AI investments quickly becoming obsolete and, worse still, lead to comparison and switching websites being bypassed completely by consumers. It seemed the future had come too soon.

The relentless pace of AI development undoubtedly represents a pivotal challenge for the price comparison and switching sector, and providers must evolve to meet changing customer skills and requirements.

"Consumers are already turning to AI to research financial products and services online," Clarke says.

"As more people become comfortable using these tools, service providers will see growing demand for a more personal, conversational way to explore plans, weigh up deals and find the answers they're looking for to specific questions."

ADOPTION RATES

Although there is no firm data on how many, and to what extent, Irish price comparison and switching websites are using AI in their operations, industry insiders have suggested that adoption here is still in the early stages as service providers, perhaps discouraged by the UK experience, explore how best to utilise the technology cost effectively and create lasting competitive advantage.



Compare the Market's advertising campaign stresses the simplicity of its service — but the advance of artificial intelligence is making life complicated for price comparison sites

While some services are already using AI for things such as automated customer support and to help call centres handle queries more efficiently, being first to adopt does not necessarily mean getting ahead, Clarke believes, particularly if the information being generated is unreliable.

"AI doesn't always get things right and accuracy is crucial when dealing with financial products and household bills," he says.

"AI-generated answers may not always reflect the latest rates, offers or eligibility rules, so comparison websites will need to make sure the technology draws on reliable, up-to-date information, explains key terms clearly and helps customers consider deals based on their circumstances.

"For ourselves, we're taking a careful approach while we explore how to make the most of AI opportunities.

"Our customers rely on us for accurate, up-to-date information when comparing deals and switching providers, so we want to make sure any new technology builds on what we already offer without compromising the quality of the information and advice we provide."

REGULATION

Given the potential of AI to generate huge volumes of data and the general distrust around how that data might be used, the need for strong regulation to ensure transparency and good governance is paramount.

Operating in tandem with existing consumer and data protection laws, the EU AI Act sets out what businesses need to do, while Ireland's Regulation of Artificial Intelligence Act 2026 provides the framework for enforcing the rules here.

The regulations governing price comparison and switching websites depend on how they use artificial intelligence in their operations.

For example, if a comparison website adds an AI chatbot, customers would generally need to know they were talking to AI. Certain AI-generated content may also need to be labelled, although exceptions could apply when a human editor has reviewed it and taken responsibility for its publication.

There is also an additional protection available for consumers looking to compare or switch utility providers. This comes through Commission for Regulation of Utilities accreditation for providers that are deemed to meet stringent accuracy, transparency and independence standards.

HUMAN ELEMENT

With last month's Department of Finance banking sentiment survey indicating that 21 per cent of the population had already used AI to access financial information, it seems inevitable that the technology will play an increasingly important role in financial decision-making going forward.

While this is potentially a positive development, as it will help to simplify what for many people can be an overwhelming task, Clarke warns against the dangers of overreliance on AI, both for service providers and customers.

"Human expertise should always remain a pivotal part of the advisory process for providers, with AI complementing rather than replacing the knowledge and support customers currently rely on," he says.

"Without human oversight there is always a risk of outdated prices, missed offers or important terms being overlooked, which could result in poor advice.

"Users, in addition to double-checking any advice they receive, also need to be mindful of how the personal and financial details they share with AI tools will be used and protected."

Question of money

My mother, a widow in her late eighties, has been very ill in hospital for the last six weeks and may not be able to return home. Given her home has been, and will continue to be, unoccupied for some time, how can we ensure it is insured?

Anon

If a parent's health deteriorates to the extent that they are hospitalised for a long time or move into nursing home care, and the house is unoccupied for lengthy periods as a result, it can affect a home insurance policy.

This is because most home insurers have an unoccupancy clause, which means they typically won't cover certain types of loss or damage to a home, such as burglaries, vandalism, burst pipes and broken windows, after it has been left unoccupied for a certain amount of time, usually between 30 and 60 days in a row.

When a parent's home is likely to be unoccupied for some time, family should check with the insurer how many days the property may be unoccupied before the cover is restricted or even expires, as well as what the insurer's definition of what an unoccupied property is.

Many insurers consider a home to be unoccupied if no household member or anyone authorised by the policyholder stays there overnight. So it may be possible to resolve this issue by a family member residing in the parent's property. In such cases, it would be important to get in touch with the insurer and advise of the parent's circumstances, explaining that a family member is moving into the property and checking if this will ensure the home cover continues.

If that is not possible, the policy will probably need to be changed to unoccupied home insurance. This often means a more expensive premium, but the property will usually be covered for break-ins and other risks such as storm damage and burst pipes — but check the policy thoroughly as there may be some exclusions. In that case, it may be necessary to buy extra insurance to be covered for certain damage.

It is important to be aware of, and abide by, the conditions of an unoccupied home insurance policy. Some require that the property is visited by a responsible person at least once a week, during which time any post, flyers or newspapers are removed from the home. Another policy requirement could be that the house and garden are kept in good condition and that electrical appliances, other than those needed to maintain the central heating or alarm system, are disconnected from the supply. It could also be a condition of the policy that any alarm system should be maintained and in operation at all times.

Geraldine Kelly is head of personal lines insurance at Gallagher

Send your personal finance or consumer-related questions to money@sunday-times.ie



Eoghan Gavigan

Finfluencers offer 'reviews' when investors need impartial advice



I often marvel at the normalisation of things which heretofore appeared unlikely. The proliferation of financial influencers or finfluencers is my latest fascination. While some finfluencers have the qualification required to become a fully fledged financial adviser, many don't.

Even more concerning is the fact that, in Ireland anyway, no finfluencer is regulated. That's because they frame their content as education rather than advice. Of course, we all know that the effect is the same. One website even proclaims that it allows you to move from "education to execution in a single click" – a statement that would make a financial adviser blush.

I've written previously about the effect that the payment of commission can have on financial advice. The most common remuneration structure used by financial advisers in Ireland – payment of commission in return for product sales – has its flaws. It's not black and white, though.

You could be an excellent, ethical and morally sound adviser and be paid via commissions. You could also be the opposite. The problem is that some people will invariably behave badly. It was always thus: men love darkness because their deeds are evil, and all that.

To counter this inevitability, all regulated financial advisers are required, among many other things, to have a section on their website that discloses all the remuneration structures they have access to from each product provider. They are also required to disclose all commissions that will be earned in advance of arranging a product for you.

Much of the content that finfluencers put out conveys that their motivation is to rid the world of bad financial advice, to bridge the gap in financial education, and so on. You could be forgiven for thinking that you were dealing with a charity.

But they, too, get paid. In fact, finfluencers often have a number of income streams. They can earn money from selling ebooks or financial education classes, or from subscriptions to premium content. They can earn advertising revenue from a platform such as YouTube and, if really successful, they might even earn from book sales or media appearances.

Finfluencers could also be paid to promote something directly, such as a particular investment, although if they wanted to maintain their current regulation-free existence this is an activity they would do well to avoid.

By far their most lucrative source of income, however, is the payments they receive from partners for getting users to sign up to a product or platform that they have "reviewed".

I have found that people who are trying to convince me of something with which I am unlikely to agree often use language in this evasive manner. With this in mind I note the use of "influencer" in the place of "adviser", "education" in place of "advice", "user" in the place of "client", and "reviewed" in place of "recommended".

I recently reviewed the website of a well-known finfluencer which stated that they only worked with partners who were regulated and that, as well as reviewing the products for partners who paid them for sign-ups, they also reviewed the products of providers with whom they were not partnered, thus keeping them impartial. It also stated that these payments would never affect their impartiality, even though their commercial partners and the payments that flowed from them were not disclosed.

Even taken at its highest point, I'm not sure how any of this guarantees impartiality. It seems to me that the model results in a very slightly different version of precisely the same conflict of interest that the financial advice industry as a whole suffers from, except without any oversight whatsoever, or any requirement for disclosure.

We are all about choice, however, and the finfluencer movement has added another option. You had the choice of a fee-only adviser; a fee-based adviser who could accept a fee and/or a commission; or a broker. You can now add to the list a finfluencer who gets paid by the providers of the product that he or she reviews.

It reminds me of a scene from the film *The Life of Brian*, which I will now paraphrase for my own entertainment. Apart from the adviser qualification requirements; factfinding, objective setting, cashflow modelling, financial education and coaching; assessment of your attitude to risk, capacity for loss and risk tolerance; product advice and set-up, regulatory oversight, disclosure requirements, two different investor compensation schemes and, if all else fails, recourse to the ombudsman, I ask you, what did the financial advice industry ever do for us?

Eoghan Gavigan is a certified financial planner and owner of Highfield Financial Planning; hfp.ie