AIFS0019

Written evidence submitted by Aventur

Introduction to Aventur

Aventur is a multi-award-winning B Corp digital wealth platform that leverages AI and connected data to enhance financial well-being. Our technology supports individuals and financial institutions by making financial guidance more transparent, accessible, and cost-effective.

Founded on the principle of bridging the financial advice gap, Aventur enables individuals—especially those underserved by traditional financial services—to make better financial decisions through AI-driven insights and automated financial well-being support.

We want to provide proprietary AI models that offer scalable Targeted Support, delivering personalised financial nudges, automated affordability assessments, and AI-powered retirement planning without the prohibitive costs of traditional advice.

As a UK fintech leader, we are committed to driving financial inclusion and regulatory innovation, ensuring AI enhances financial accessibility while maintaining consumer protection and market stability.

Reason for Submitting Evidence

We welcome this inquiry into AI in financial services and appreciate the opportunity to contribute our insights. AI has the potential to transform financial services, improving productivity, lowering costs, and expanding access to financial support. However, outdated regulatory frameworks, concerns over AI bias, and systemic financial risks must be addressed to unlock AI's full potential responsibly.

Aventur's submission aims to:

1. **Highlight how AI can bridge the financial advice gap**, making financial support more accessible and cost-effective for millions of UK consumers.
2. **Provide real-world use cases** of AI adoption, including Aventur's AI-powered financial guidance for underserved individuals.
3. **Address regulatory challenges**, proposing a framework that allows AI-guided support to operate safely without triggering full financial advice regulations.
4. **Discuss AI-related risks** such as bias, cybersecurity, and systemic financial instability, offering recommendations on responsible AI oversight.

We believe AI is a force for good in financial services, but effective regulation, ethical AI deployment, and proactive consumer protection are essential to ensuring AI serves all consumers fairly, especially those currently excluded from traditional financial advice.

We appreciate the committee's work in shaping the future of AI-driven financial services and welcome further engagement to support policy development, regulatory improvements, and AI innovation in financial inclusion.

AIFS0019

1. How is AI currently used in different sectors of financial services, and how is this likely to change over the next ten years?

Current AI Adoption in Financial Services

AI adoption is widespread across financial services, improving efficiency, security, and customer engagement:

- **Retail Banking:** AI-powered chatbots like *Erica* (Bank of America) handle 2 million customer interactions daily, improving customer service response times.
- **Investment & Trading:** Over 70% of global trades are AI-executed, with hedge funds increasingly relying on machine learning models for market prediction.
- **Insurance:** AI-driven claims processing enables instant settlements (e.g., Lemonade's AI system processes claims in as little as 2 seconds).
- **Fraud Detection:** AI models detect fraudulent transactions with 99% accuracy, significantly reducing financial crime.

AI Use Cases for Underserved Clients

Aventur believes the only way to bridge the financial advice gap is by leveraging AI to provide cost-effective, accessible financial support to clients traditionally underserved by financial institutions. Key applications include:

- **AI-Driven Targeted Support:** Unlike traditional financial advice, which is expensive and time-consuming, Aventur's AI identifies personalised financial actions for users, offering non-regulated financial guidance that empowers self-directed financial decision-making.
- **Automated Financial Well-being Scores:** Our AI analyses financial data and spending behaviours to generate customised financial well-being scores, providing users with actionable steps to improve their financial health.
- **AI-Powered Savings & Investment Nudges:** Aventur's AI detects under-utilised financial opportunities and suggests low-cost savings and investment strategies, ensuring that even low-income users can access wealth-building opportunities.
- **AI-Based Affordability & Retirement Planning:** Many consumers do not seek advice due to cost concerns. Aventur's AI provides free affordability assessments, retirement planning, and modelling scenarios, lowering barriers to entry into financial planning.
- **Multi-Language AI Financial Guidance:** Financial literacy challenges disproportionately impact migrant communities and non-English speakers. Our AI-powered financial education tools support multiple languages, expanding financial inclusion.

How AI Will Evolve Over the Next Ten Years

Subject to regulatory acceptance, AI's role in financial services will expand, particularly in:

- **Hyper-personalised financial support:** AI will use real-time behavioural insights to offer customised financial advice and budgeting assistance.
- **Regulatory Compliance Automation:** AI will streamline compliance by automating audits and fraud detection, reducing regulatory burdens.
- **AI-Powered Risk Management:** Predictive analytics will enhance market risk forecasting, reducing financial instability.

Are Fintech Firms Better Suited to AI Adoption?

AIFS0019

Yes, Fintech firms have a clear advantage in AI adoption due to their digital-first infrastructure, agility, and data-driven approach.

We believe there are several core reasons for this:

1. **Cloud-Native & API-Driven** – Unlike traditional banks and financial incumbents reliant on legacy systems, FinTechs are often fully cloud-based, allowing for faster AI deployment and seamless API integration for real-time data processing.
2. **Scalability & Cost Efficiency** – FinTechs operate leaner than traditional financial institutions, reducing operational costs and enabling low-cost AI-powered financial services that increase accessibility for underserved consumers.
3. **Faster Innovation & Regulatory Flexibility** – Fintechs operate without bureaucratic bottlenecks, allowing rapid AI testing and deployment within regulatory sandboxes, unlike banks constrained by legacy compliance processes.
4. **Attracting Top AI Talent** – Fintechs foster an innovation-driven culture, attracting highly skilled AI and machine learning professionals who prefer fast-moving, tech-first environments over slow, traditional financial institutions. This talent advantage accelerates AI innovation and deployment.

---

2. To what extent can AI improve productivity in financial services?

Best Use Cases for Improving Productivity Through AI in Financial Services

- **Automated Compliance & Reporting:** AI reduces manual compliance efforts by 60%, cutting costs and improving accuracy.
- **Client Onboarding:** AI-driven KYC/AML processes reduce identity verification time from **days to minutes**.
- **Customer Support:** AI chatbots handle 80% of routine queries, freeing human agents for higher-value services.
- **Fraud Prevention:** AI-driven fraud detection has reduced financial crime losses by up to 40% in some major banks.

Key Barriers to AI Adoption in Financial Services

Despite its benefits, AI adoption faces challenges:

- **Cybersecurity Threats:** 80% of financial cybersecurity leaders report concerns over AI-driven cyberattacks.
- **Regulatory Uncertainty:** The lack of AI-specific financial regulations causes compliance concerns.
- **Data Quality Issues:** Inconsistent financial data can reduce AI accuracy and increase decision-making errors.

Should Financial Services Adopt GenAI with Minimal Risk?

Yes, in low-risk areas such as:

- Customer service & engagement (e.g., AI chatbots).
- Market research & content generation for financial education.
- Automated back-office functions to improve operational efficiency.

Are Job Losses Expected from AI in Financial Services?

While some roles will be automated, AI is expected to create new jobs in:

AIFS0019

- AI oversight & risk management
- Regulatory compliance & AI ethics auditing
- AI model development & data science

Is the UK Well-Placed for AI in Financial Services?

The UK is a global leader in fintech but lags behind the US and Singapore in AI regulatory innovation. Expanding the FCA's AI Sandbox will help the UK remain competitive.

---

3. What are the risks to financial stability arising from AI and how can they be mitigated?

Cybersecurity Risks

AI increases both cybersecurity defences and cyber threats:

- AI-driven fraud detection improves security, but cybercriminals are using AI for more sophisticated attacks.
- 80% of UK banking cybersecurity executives report concerns over AI-powered financial crime.

Third-Party Dependencies & Model Complexity

- Over-reliance on a few AI service providers creates systemic financial risks.
- Many financial AI models are "black boxes", making auditing difficult.

AI Trading Risks: Herding Behaviour & AI Hallucination

- AI-driven trading may cause market instability, as seen in the 2010 "Flash Crash".
- Large-scale AI trading systems can exaggerate market swings, causing financial contagion.

Concentration of AI in Large Tech Firms

- Financial AI is currently controlled by a few large US tech firms, raising concerns over data sovereignty and systemic risks.

AI & Social Media-Based Market Movements

- AI-powered trading bots increasingly analyse social media data, which can be manipulated (e.g., *GameStop short squeeze* in 2021).

Mitigation Strategies

- **More substantial AI governance standards** to improve transparency in financial models.
- **Diversity in AI models**, reducing over-reliance on a few large tech providers.
- **Regulated AI risk testing** to prevent unintended financial shocks.

---

4. What are the benefits and risks to consumers arising from AI, particularly for vulnerable consumers?

Benefits of AI in Financial Services

AIFS0019

- **Affordable financial guidance**: AI reduces advisory costs by up to 90%.
- **Improved financial literacy**: AI-powered tools educate consumers about saving, investing, and borrowing.
- **Fraud protection for vulnerable consumers**: AI detects suspicious financial activity in real time.

Risks of AI in Consumer Finance

- **Bias Risks:** AI models can amplify existing biases, potentially discriminating against certain groups.
- **Data Privacy Concerns:** AI requires extensive consumer data, raising GDPR & regulatory challenges.
- **Opaque AI Decision-Making:** Some AI-generated financial decisions lack transparency, making it difficult for consumers to challenge outcomes.

Safeguards to Protect Consumers

- **Mandatory AI bias audits** to ensure fairness.
- **Consumer transparency requirements**, explaining AI-driven financial decisions.
- **Consumer opt-in protections** for AI-driven services.

---

5. How can the Government and financial regulators strike the right balance between seizing the opportunities of AI while protecting consumers and mitigating financial stability risks?

Are New AI Regulations Needed?

Yes. The UK must:

- **Define AI-driven Targeted financial support** as a distinct category separate from full financial advice.
- **Expand the FCA AI Sandbox** to allow FinTechs to test AI-driven financial services.
- **Introduce AI transparency & fairness regulations** to prevent bias and fraud.

Does the UK Government Need Additional Resources for AI Regulation?

Yes. The FCA should:

- Launch an AI Financial Services Oversight Unit to monitor AI-related risks.
- Collaborate with global regulators on AI standards to prevent AI-driven financial crises.
- Provide financial support for AI innovation & compliance research.

---

6. Key Policy Recommendations

Final Policy Recommendations

1. Formally define AI-powered financial Targeted Support as a regulatory category distinct from full financial advice.
2. Expand FCA's AI Sandbox to encourage fintech AI innovation.
3. Implement AI transparency & bias regulations to prevent consumer harm.

AIFS0019

Aventur welcomes collaboration with policymakers, regulators, and industry leaders to shape an AI governance framework that **balances innovation with financial stability and consumer protection**.

---

7. Sources

1. Bank of America AI Chatbot Report   (2024)
2. FCA AI Sandbox Expansion Proposal   (2024)
3. UK Financial Advice Gap Report   (2025 YouGov Survey)
4. McKinsey AI in Banking Report   (2024)
5. UK Finance AI Impact Report   (2024)
6. Global AI Trading Study   (2023)

March 2025