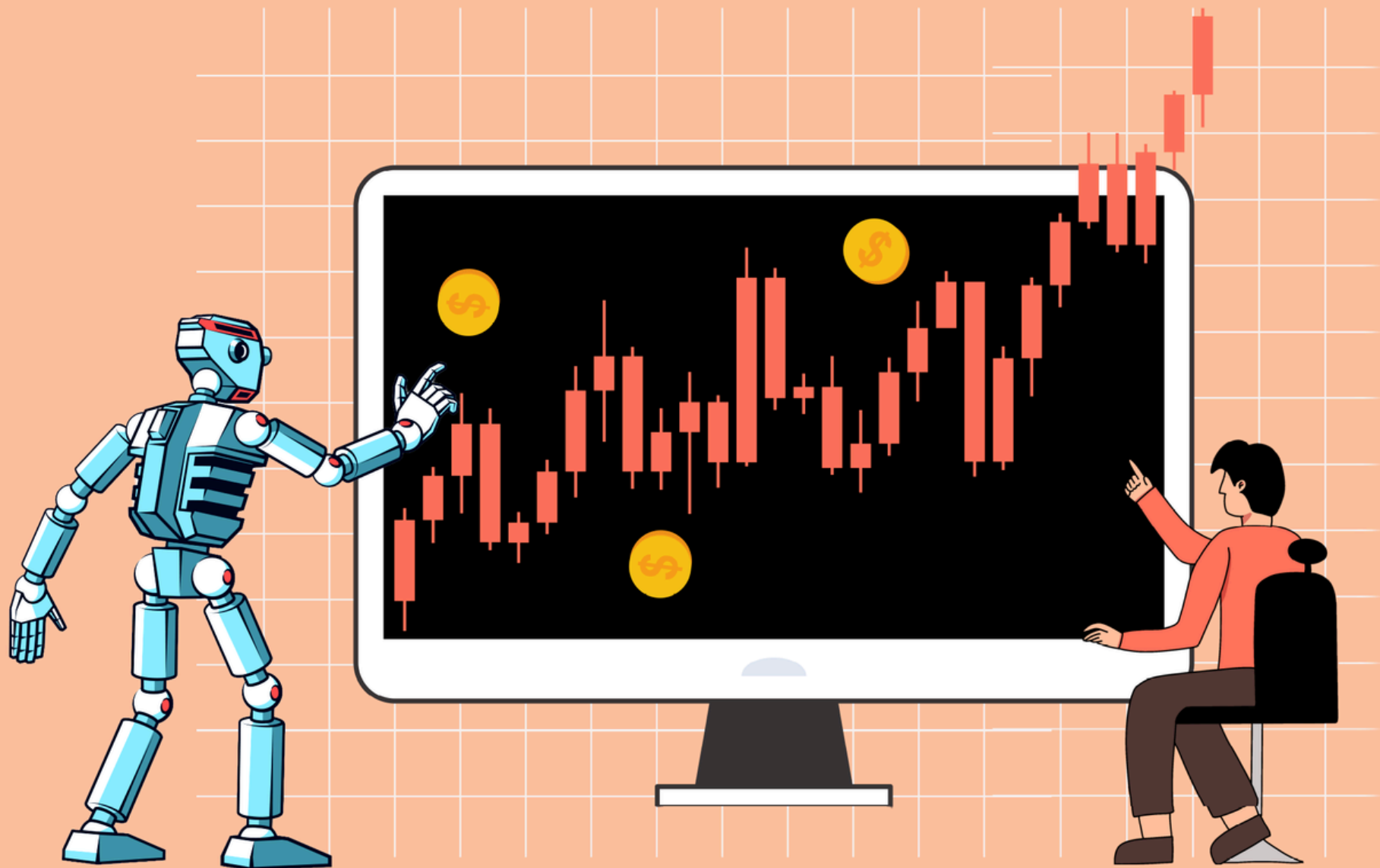




Can AI Give Good Financial Advice?

3 findings from MIT Sloan research

People are increasingly turning to artificial intelligence for financial advice, but will following it improve their financial standing? Research by MIT Sloan assistant professor Taha Choukhmane and co-authors analyzes the quality of financial advice given by large language models.

The study

- The researchers built a model reflecting how people's incomes, jobs, investments and taxes typically evolve over time, giving them a benchmark for what "good" financial decisions look like.
- They then asked 1,000 adults to write prompts seeking spending and investing advice from GPT-5.2, GPT-5.6, or Gemini 3 Flash.
- Then they simulated what would happen if people followed that advice over their lifetime.
- Lastly, they compared those outcomes with people's existing financial decisions and with advice generated from expert-written prompts.

The findings

Overall, the researchers found that the financial advice given by LLMs over time is good but gets better when the questions are asked in an academic fashion.

1. AI encourages smart financial behavior.

Whether the prompts were written by regular users or academic experts, **LLM advice steered people toward higher savings, increased participation in the stock market, and promoted well-diversified allocations and age-appropriate risk-taking.**

“We were somewhat surprised by how good the advice was,” Choukhmane said. “Especially when you read the kind of questions people asked, it was not a given that the advice would line up with what academics think are good financial principles.”



Taha Choukhmane

Associate Professor
MIT Sloan School of Management

2. AI misses important nuances. Better prompts could help.

The LLMs' advice tended to rely on simple rules of thumb and didn't adjust well enough to changes. For example, it advised people who lost a job to cut spending too sharply, even when they had savings.

The way people ask questions is part of the problem. A typical prompt might read: "Where should I invest starting with \$50 and consistently adding \$25 a month after?"

However, a more academic prompt might tell the chatbot to assume normal life expectancy, living expenditures, retirement age, employment risk, and income risk, and to assume that current U.S. tax law and Social Security rules will not change.

3. AI advice varies depending on the user's gender, financial literacy, and experience, which can lead to wealth gaps.

Following the advice given in response to prompts written by men, more financially literate users, or those with prior AI experience generated about 5% more wealth close to retirement.

These differences come from two sources:

- Different users asked different kinds of questions about different topics. For example, women were more likely to use words like "family" and "grocery," while men used words like "strategy" and "crypto."
- The model may give different advice if the prompt was labeled as coming from a woman rather than a man, even when the underlying question is the same.

Not all variation in advice is problematic, however, as men and women have different life expectancies and income risks.



Takeaways

For consumers

- Prompts grounded in life-cycle planning, portfolio theory, and real-world financial assumptions improved advice.
- AI can complement a financial advisor by helping you act on their advice in real time.
- For people who don't work with a human financial advisor, AI is a way to get advice inexpensively.

For business

- Providers may need to rethink how customers learn about their products. The study found that LLMs often recommended specific account types, financial products, and providers.
- For financial firms, attracting customers' attention may depend less on traditional marketing or search visibility and more on whether and how their products are described by LLMs.