



BANKING AND FINANCE

Financial advisors: AI has the potential to revolutionize the industry, but risks remain

BY BECKY GILLETTE

Many financial advisors started using artificial intelligence (AI) years ago. But the technology has become more diverse and user-friendly in recent years, and both advisors and their clients are becoming more comfortable with it.

"I know there is the current popularity of AI in the news and pop culture, but I was studying how AI (we called it Big Data) could be applied to business and wealth management during my grad school years at Millsaps," said Martin E. Palomo IV, CEO and co-chief investment officer, Argent Wealth, Ridgeland. "Analysts in my industry started using AI to read and compress the data in huge documents distributed by companies and find trends in the data. We also use predictive AI to help clients

run scenarios of future events in our planning software."

Where Palomo sees AI helping financial advisors next is to identify prospective clients by using data for an ideal client and asking a program to scour the public data from social media or other databases to create high likelihood future clients. Advisors could then use a marketing tool to direct specific messaging to those prospective clients.

Palomo said many advisors and firms have already adopted some AI in the account opening process and investment management process.

He feels like AI is something that will enhance the human experience but will not replace the human experience.

"Serving clients is not just invest-

ing their money," Palomo said. "It's more listening to what our client says (and a lot of time what they don't say) about what is keeping them up at night, and that usually is something more emotional than whether their portfolio beat their benchmark. Until AI can develop compassion and literally hold our client's hand while they are dealing with a tough family situation, I think the human element of my industry is safe from replacement."

Palomo loves the idea of embracing technology or AI to create more opportunities for his colleagues and allow them to serve more clients and help more families have dignified retirements and lives.

Palomo feels like the industry is still early in the AI development

process (kind of like the internet of late 1990s). It may take several years for AI to really become integrated or adopted into practices.

"I don't know where the AI train is going to take us, but I am excited for the journey," Palomo said.

Tiffany Ballard, president and owner of Bergland Wealth Management in Ridgeland, has some concerns about AI.

"Is there disclosure that the meeting is being recorded and how it is going to be used once it is recorded?" she asks. "Will the data be used to train modules or improve products? Some financial advisors are using AI platforms that record the client/advisor meeting. The platform may

See AI, Page 20

AI**Continued from Page 12**

provide a client meeting summary, including what was said (transcription) and who did the most talking, and offer improvement recommendations. The file is available shortly after the meeting. But is there disclosure of how the program is using data? Is it in a secure environment? What is the platform's retention policy?"

Ballard has seen no demand from clients for AI. Her belief is that their clients like the corporate culture of security awareness and privacy.

"There are a lot of really private confidential conversations we have in a meeting," Ballard said. "I can't help but think if clients knew the meeting was being recorded, they might not be willing to share everything."

"If someone is really considering AI for wealth management, they need to understand a little bit more about the background. AI code was originally written by humans, which can lead to bias. It is not going to replace a person who is a critical thinker and can evaluate the information and provide advice on how a client might use it."

Ballard added that knowing the right questions to ask, understanding how to use the data and gauging the quality of the data should be considered when conducting "due diligence" on any AI platform before introducing it into your firm.

Michelle Mabry, CEO, Client 1st Advisory Group, Hattiesburg, said the ability of AI to process vast amounts of data at speeds incomprehensible to humans has definite advantages.

"This enables financial advisors to analyze market trends, customer behavior and economic indicators more effectively," Mabry said. "It can identify patterns and correlations that human advisors might miss, providing deeper insights for better decision-making."

Mabry sees advantages in AI-powered systems, such as the ability to create personalized financial plans tailored to individual clients' goals, risk tolerance and financial situations.

AI-powered chatbots and virtual assistants can also provide round-the-clock customer support, answering clients' questions and providing account information.

"AI can automate routine administrative tasks such as data entry, document processing and compliance checks, freeing us advisors to focus on higher-value activities like building client relationships, providing personalized advice and strategic planning," Mabry said. "It helps in composing email responses to client questions and/or concerns about information

they are reading or hearing on the news and how it affects them. We have used it to develop newsletters or email blasts on various financial topics of interest to our client base. AI algorithms can assist in compliance monitoring by automatically flagging potential regulatory issues, detecting fraudulent activities and ensuring adherence to industry standards. This helps financial advisory firms maintain compliance with regulations while safeguarding clients' sensitive information."

There are AI algorithms that can assess and manage investment risks more effectively by continuously monitoring market conditions, analyzing portfolio performance and identifying potential risks that could assist advisors to proactively adjust investment strategies to mitigate risks and maximize returns.

"However, we are not currently using AI in that capacity yet," Mabry said. "Clients should be careful and ask questions when advisors are making claims and marketing their services by saying they can use AI to increase returns. A downside is lack of trust in AI and that is justified as it is far from perfect. Overall, AI has the potential to revolutionize the financial advisory industry by increasing efficiency, improving decision-making and delivering personalized services tailored to individual clients' needs. However, it's essential that we embrace AI as a complement to our expertise rather than a replacement, combining the strengths of both human intuition and AI-driven insights to deliver the best outcomes for our clients."

Mississippi School of Banking Director Ken B. Cyree, Ph.D., who is also dean of the business school at the University of Mississippi, said AI is here to stay and can certainly be useful.

For basic portfolios and investing strategies, it is fine.

"I think what you will see over time, though, is that people want to engage with a wealth management professional they know and trust, particularly in times of trouble when the markets are down or the investor has had a lifestyle change," Cyree said. "I don't think AI will totally eliminate humans in the process but can help inform some of the decisions these wealth managers make."

Cyree said wealth managers who know how to use AI may have an edge: "At the moment, AI is often not accurate," Cyree said "It may get better over time and make better decisions, but it is certainly a work in progress. Like with fintech in the banking industry that was expected to eliminate a lot of jobs, that didn't work. People want that relationship with a banker and the ability to talk to a human."

DOCTOR**Continued from Page 11**

has diminished from 24% in 2020 to 17% in 2024.

"I attribute that to the fact that we are beginning to finally increase our physician workforce as compared to remaining more neutral in growth and simply replacing physicians that are retiring or leaving the state for whatever the cause may be," Mitchell said.

But the broader shortage context looks at physician workforce and where there are obstetricians, pediatricians, family physicians, primary care need or psychiatric need.

"Looking at where these categories of physicians practice can help us delineate the areas of need and where there are concentrations of these categories," Mitchell said. "Looking at primary care in general, that is family physicians, general practitioners, pediatricians, general internists, med-peds and OBGYNs, there are 2,664 physicians across the state."

He says Mississippi will soon have more than 350 graduating physicians per year, which does not in itself address the practicing physician shortages. All physicians must perform graduate medical training in order to practice medicine and that is why Mississippi is addressing that need by assisting in the development of graduate medical training programs all across the state.

The bigger health care need currently is for bedside nurses.

"More often than not, the major reason for hospital bed closures or backlogs resulting in long waiting times for a bed is simply the deficiency of bedside nurses," Mitchell said.

He says nurse practitioners and physician assistants are valuable members of the health care team and are essential in assisting the medical team care for patients in numbers and in distant sites.

Mitchell points out that MSMA has been and continues to be a strong supporter of the Mississippi Rural Physician Scholarship Program aimed at attracting primary care physicians back to rural and underserved areas across our state.

Looking at total health care, the MSMA president says hospitals, especially those serving rural areas of our state, are in need of a well-thought-out strategic plan to help them to not only survive but to be able to sustain the needed services for the populations and regions that they serve.

"For communities and businesses to prosper they must have a healthy and sustainable workforce," he said. "Rural hospitals are the backbone of the community health care infrastructure, so it is critical that they remain a part of the equation in solving Mississippi's health care challenges. Closing the health care coverage gap can positively affect these outcomes."

ONLINE AUCTION

MISSISSIPPI LAND PORTFOLIO

FOUR DAY AUCTION EVENT • BIDDING OPENS MAY 2ND

Located Throughout the Jackson MSA

Including Prime Residential, Commercial & Industrial Development Properties

800.558.5464

J. P. KING

When a lot matters.

www.jpking.com

**25 OFFERINGS WITH OVER
500 ACRES AVAILABLE!**

**MANY SELLING AT OR
ABOVE THE OPENING BID!**

AUCTION 1: MADISON COUNTY

26 +/- ACRES IN RIDGELAND OLD
CANTON AND COUNTY LINE ROADS

Bidding Closes May 9th

AUCTION 2: HINDS COUNTY

6 OFFERINGS INCLUDING
COMMERCIAL PROPERTIES OFF
HWY 18 AT I-20 EXIT

Bidding Closes May 14th

AUCTION 3: HINDS COUNTY

17 OFFERINGS INCLUDING 2.68 +/- ACRES ON
THE I-55 FRONTAGE ROAD, 138 +/- ACRES ON
FOREST AVE, AND LEFLEUR SQ LOTS

Bidding Closes May 16th

AUCTION 4: RANKIN COUNTY

197 +/- ACRES ON WHITFIELD ROAD,
ADJACENT TO FED EX FACILITY –
SELLING AS AN ENTIRETY

Bidding Closes June 13th

J. P. King Auction Company, Inc., Jerry Craig King Broker # B13745, J. Craig King,
Auctioneer 561, J. King, Auctioneer #354, Edward Perman, III, Apprentice Auctioneer #3082



J. P. KING