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HOW CAN ARTIFICIAL INTELLIGENCE (AI) BE USED TO BETTER RETIREMENT OUTCOMES?

September 5th, 2023

Artificial Intelligence, better known as "AI", has become a globally trending topic over the past few months as a solution to some of the day-to-day challenges faced by professionals, scholars, and individuals. Artificial Intelligence has already been part of our everyday lives through predictions in web searches, friend suggestions on Facebook, content recommendations on YouTube, and advert suggestions on social media platforms, just to list a few examples. By definition, Artificial Intelligence refers to the simulation of human intelligence in machines that are programmed to think and learn like humans to perform tasks that typically require human intelligence.AI is quickly gaining popularity in many other areas of business and life, as a tool to improve the way of doing things against the status quo. The ultimate goal of AI is to enable machines (websites, mobile applications, systems) to complete tasks without human interaction, enhance the efficiency of existing processes, and discover new insights from the data collected. In the not-so-distant future, there will be a higher dependence on AI to assist in making general life decisions - including financial decisions - on matters like insurance, retirement planning, investments, and debt management.

Over the years, Retirement Funds have come under immense pressure due to the failure of Retirement Plans to meet individuals' goals as a result of underfunding at retirement age, which may be attributable to many factors such as investment returns, contributions, member education, and general economic factors. The Retirement Fund industry is ever-evolving and developing to cater to technological advancements such as member web portals, mobile applications, online consulting, retirement calculators, and other support functions. Such provisions have proven to increase transparency and access to information, amidst the continued challenges with respect to planning for retirement. With the introduction of this new phenomenon being AI, how can we utilize this technology to better retirement outcomes and aid members to make sound financial decisions?

- **Personalized Retirement Planning**: AI uses algorithms that may be based on a person's financial position, goals, income level, risk appetite, and age to provide tailored retirement plans and recommendations on how a person must spend, save, and invest to achieve a desired retirement outcome.

- **Market Analytics**: AI can analyze vast amounts of financial and economic data to generate insights and predictions and identify patterns, trends, and market indicators that could impact retirement savings.
- **Portfolio Advisory**: AI can use market trends, historical data, and individual preferences to construct and recommend investment portfolios based on an individual's retirement goals and risk profile. Behavioral Trends: AI can also address behavioral issues by analyzing individual spending and savings behavior and encouraging individuals to stay on track with their retirement plans.
- **Longevity planning**: AI can analyze various factors, such as health records, lifestyle data, and medical advancements, to estimate an individual's life expectancy.
- **Continuous learning and improvement**: AI systems can continuously learn and improve based on user feedback and market data, as more retirement data becomes available.

Despite the benefits that come with imploring Artificial Intelligence technology to develop complex financial forecasting and planning, there is a school of thought that recognizes the need for human involvement to consider human elements such as emotions when making such important decisions.

It is important to highlight that with AI constantly making advances, it still has its limitations as it highly depends on the quality and quantity of data. We are yet to see the evolution of this technology and the tangible impact of AI operating autonomously and independently towards improving retirement outcomes, particularly in Africa.

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