

NINE IN 10 WOULD NOT TRUST A COMPUTER PROGRAM WITH THEIR FINANCES

- 91 per cent of people in Europe would not let a computer program make and act on financial decisions on their behalf
- Robo-advice is less popular than financial advisers, friends or even the internet
- One in three (36%) is against all automated activities when it comes to their finances

Despite an increased focus on robo-advice and decision-making, new research reveals that most consumers do not feel comfortable with this new technology.

According to the fifth annual [ING International Survey Mobile Banking 2017 – Newer Technologies](#), which surveyed nearly 15,000 people across 15 countries, nine in 10 (91%) people in Europe would not let a robo-adviser – a computer program that learns consumer preferences and invests money based on this information – manage and make decisions about their finances unilaterally.

Clinging to control

Allowing a computer program to make decisions is not out of the question for some people, with a quarter (26%) saying this would be an option if they got final approval. However, only 3 per cent are willing to give up control and let a robo-adviser act on their behalf without them first giving the go-ahead (see fig. 1 for breakdown by country).

Behavioural science suggests that people are typically reluctant to give up control – or perceived control – over decisions, even if outsourcing the decision will lead to a better outcome, so this could explain why so few people would be willing to hand their decisions over to a computer program.

At the same time, people feel more comfortable if robo-advisers simply advise rather than make decisions on their behalf. Three in 10 (29%) would not be willing to allow decision-making but would accept advice from a computer program, although they would still often prefer advice from other sources.

Seeking advice

When seeking investment advice, people still prefer the human touch, with two in five (40%) saying they would seek out a human financial adviser if looking to invest, while 14 per cent would speak to friends and family. Alternatively, people are willing to find the information they seek themselves via the internet and specialist websites (16%), but again, few are willing to trust a robo-adviser.

Just 4 per cent would seek advice from a computer program, possibly as a result of algorithm aversion¹, when people lose faith in technology after a bad experience. Once the confidence in computer program is broken, most will abandon them in favour of a human opinion – even if their performance is superior – which might explain why one third (36%) of people do not want any automated financial activities at all.

Trusting the unknown

Many people in Europe are wary of allowing computers to make decisions on their behalf, and people become less comfortable when there are large sums of money at stake. People in Europe feel

relatively comfortable letting a computer automatically send a birthday card to a friend (38%), transferring money from savings (34%) or ordering milk from the grocery store (32%), but would feel much less comfortable allowing it to apply for new health insurance (21%) or put money into investments (13%).

Women and over-65s are the most likely to feel uncomfortable about allowing a computer program to make decisions on their behalf, possibly due to risk aversion or distrust of newer technologies. Women were 15 per cent more likely than men to say they do not want automated financial activities at all, while nearly half (48%) of over-65s said the same.

Concerns about technology could be preventing robo-advice from taking off and financial services providers need to address consumers' concerns by demonstrating quality and security in their products, and boosting understanding of how they work.

ING behavioural scientist Nathalie Spencer commented: "Letting algorithms make money decisions for us has the potential to be really advantageous and free up some headspace – yet we found that many people are reluctant to give up control of these decisions.

"As newer technologies like robo-advisers become more prevalent, we may see people start to embrace the personalisation and convenience it offers, but the desire to control decisions will most likely mean that most will always want final approval.

"Given that often computer programs can outperform humans, it is important that as an industry we learn more about where confidence in this type of tech breaks down. This will be key in trying to help improve people's financial positions."

Figure 1: Weighted responses to the question 'would you allow a robo-adviser to make financial decisions for you?' broken down by country

| Country | I don't want automated financial activities at all | I'd like a computer programme to give me advice, but not make decisions | Only if the decisions need final approval from me | I would like a computer to conduct financial activities without approval | I'm not really sure right now |
|----------------|--|---|---|--|-------------------------------|
| Turkey | 21% | 29% | 40% | 4% | 6% |
| Romania | 22% | 30% | 38% | 2% | 8% |
| Poland | 24% | 29% | 33% | 2% | 12% |
| Italy | 29% | 35% | 26% | 3% | 6% |
| Czech Republic | 32% | 38% | 22% | 1% | 7% |
| Netherlands | 33% | 37% | 19% | 2% | 9% |
| Spain | 36% | 23% | 26% | 4% | 11% |
| United Kingdom | 42% | 28% | 21% | 3% | 6% |

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|--------------------------|------------|------------|------------|-----------|-----------|
| Belgium | 46% | 27% | 17% | 2% | 8% |
| Germany | 47% | 31% | 16% | 2% | 4% |
| France | 51% | 23% | 17% | 2% | 6% |
| Austria | 51% | 30% | 13% | 1% | 4% |
| Luxembourg | 52% | 30% | 12% | 1% | 4% |
| European consumer | 36% | 29% | 26% | 3% | 7% |
| USA | 34% | 26% | 27% | 7% | 7% |
| Australia | 49% | 29% | 16% | 1% | 5% |

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¹Dietvost, Simmons and Massey, University of Pennsylvania - [Algorithm Aversion: People Erroneously Avoid Algorithms After Seeing Them Err](#) (2014)

About the research

The *ING International Survey Mobile Banking 2017 –Newer Technologies* was conducted by Ipsos using internet-based polling. Fifteen countries were surveyed: Austria, Belgium, Czech Republic, France, Germany, Italy, Luxembourg, The Netherlands, Poland, Romania, Spain, Turkey, the United Kingdom, Australia and the United States of America. Polling took place between 7 and 27 February 2017. The full report is available via [SlideShare](#).

The ING International Survey is produced three times a year by ING eZonomics. It is about money and life - combining ideas around financial education, personal finance and behavioural economics to produce regular and practical information about the way people manage their money - and how this can affect consumers' lives.

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