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AI Vs Traditional Methods in Portfolio Management: A Comparative Study

Arunachalam G[1*], Dr. Suresh Mani[2]

[1]*Post Graduation Diploma In Management [Pgdm], Dayananda Sagar Business School [Dsbs]*

[2]*Assistant Professor Dayananda Sagar Business School*

[*]*Corresponding author*

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Abstract

The rapid growth of artificial intelligence (AI) has significantly transformed the field of portfolio management, challenging the long-standing dominance of traditional human financial advisors. This study explores the comparative effectiveness of AI-driven and traditional portfolio management approaches, with particular focus on young investors in India. Using primary data collected from 69 respondents aged 18–29, along with secondary data from industry reports and academic literature, the research examines differences in performance perception, risk management, cost-effectiveness, trust, satisfaction, and future expectations.

The findings reveal high awareness of AI-based investment platforms (82.6%), but moderate actual adoption (26.1%), indicating a gap between familiarity and practical usage. A strong majority of respondents perceive AI platforms as more affordable than traditional advisory services, highlighting cost efficiency as a major advantage. Trust levels are relatively balanced between AI systems and human advisors, suggesting that investors value both technological efficiency and human judgment. Importantly, 69.6% of participants prefer a hybrid model that combines AI tools with human advisory support, rather than relying exclusively on either approach.

The study concludes that AI and traditional portfolio management methods are not direct competitors but complementary systems. While AI offers speed, data-processing capability, and lower costs, human advisors provide behavioral guidance, personalized planning, and strategic judgment. The future of portfolio management is likely to lie in integrated models that leverage the strengths of both approaches. These findings offer practical insights for investors, financial institutions, educators, and policymakers navigating the evolving landscape of digital finance

Keywords: Artificial Intelligence; Portfolio Management; Robo-Advisors; Traditional Financial Advisors; Hybrid Investment Models.

1.1 Introduction

The world of investment management has witnessed remarkable changes over the past decade, driven largely by advances in technology and data science. What was once an industry dominated entirely by human expertise and judgment is now being reshaped by artificial intelligence and machine learning algorithms. Traditional portfolio management, which relied on experienced fund managers analysing market trends and company fundamentals, is now facing competition from AI-powered systems that can process millions of data points within seconds.

Portfolio management refers to the professional handling of investment assets to achieve specific financial goals while managing risk. For many years, investors trusted human portfolio managers to make decisions about where to allocate their money, which stocks to buy or sell, and when to adjust their investment strategies. These managers relied on their knowledge, market experience, and analytical skills to guide their choices. However, this approach had limitations including emotional biases, time constraints, and the inability to analyse vast amounts of information simultaneously.

The introduction of artificial intelligence into portfolio management has changed this landscape significantly. AI-based systems use complex algorithms to analyse historical data, identify patterns, predict market movements, and execute trades automatically. Robo-advisors, algorithmic trading platforms, and machine learning models now manage billions of dollars in assets globally. These systems promise faster decision-making, emotion-free investing, lower costs, and the ability to process information far beyond human capacity.

In India, the adoption of AI in finance has grown rapidly. Major investment firms, banks, and fintech startups are incorporating AI tools into their operations. Young investors, particularly those under thirty, are increasingly comfortable using technology-driven platforms for managing their portfolios. Mobile applications offering automated investment advice and portfolio rebalancing have become popular alternatives to traditional wealth management services.

However, this technological shift raises important questions. Can AI truly outperform experienced human portfolio managers? What are the real advantages and disadvantages of each approach? How do investors perceive these different methods? This research aims to explore these questions by directly comparing AI-driven and traditional portfolio management strategies. By examining performance, risk management, cost, user trust, and practical challenges, the study seeks to provide a clear understanding of how these two approaches differ and which might be more suitable under various circumstances.

The significance of this study lies in its practical relevance. Investors today face a choice between traditional advisory services and modern AI-based platforms. Understanding the strengths and weaknesses of each option can help individuals make informed decisions about how to manage their investments. For educational institutions and policymakers, this research offers insights into how financial technology is transforming the investment industry and what skills or regulations might be needed in response.

1.2 Scope And Importance Of The Study

Scope of the Study

•Focuses on comparing AI-driven portfolio management methods with traditional human-managed approaches.

•Examines student and youth perspectives (aged 18-29) on investment management preferences.

•Analyses factors such as performance perception, risk management, cost-effectiveness, and user trust

•Uses primary survey data from 68 respondents combined with secondary data from industry reports and research papers.

•Concentrates on Indian context while drawing insights from global trends in portfolio management technology.

Importance of the Study

•Helps investors understand the practical differences between AI and traditional portfolio management.

•Provides guidance to financial institutions and fintech companies on user preferences and concerns.

•Assists young investors in making informed choices about investment platforms and advisory services.

•Contributes to academic understanding of how technology is reshaping financial decision-making.

•Offers insights for policymakers regarding regulation and consumer protection in digital finance.

•Highlights the need for financial literacy programs that address both traditional and technology-driven investment approaches.

1.3 Review Of Literature

1. Markowitz (1952) – Modern Portfolio Theory

Introduced the foundational concept of portfolio diversification and risk-return optimization. This theory established the mathematical basis for portfolio management that both traditional managers and AI systems use today.

2. Fama (1970) – Efficient Market Hypothesis

Proposed that stock prices reflect all available information, making it difficult to consistently outperform the market. This theory influences debates about whether AI or human managers can achieve superior returns.

3. Kahneman & Tversky (1979) – Behavioural Finance

Demonstrated that human investors are subject to psychological biases and irrational behaviour. This research supports arguments favouring AI systems, which can avoid emotional decision-making.

4. Black & Litterman (1992) – Asset Allocation Models

Developed advanced mathematical models for portfolio optimization that later influenced AI-based portfolio management algorithms.

5. Lo (2004) – Adaptive Market Hypothesis

Suggested that market efficiency varies over time and depends on environmental factors. This perspective acknowledges roles for both human judgment and algorithmic approaches.

6. Barber & Odean (2013) – Individual Investor Behaviour

Found that individual investors often underperform due to overconfidence and excessive trading. This research highlights potential benefits of automated AI systems.

7. Malkiel (2015) – Index Funds vs Active Management

Examined evidence showing that most active human managers fail to beat market indices consistently. This finding prompted growth in passive investing and robo-advisors.

8. Jung et al. (2019) – Machine Learning in Finance

Explored applications of machine learning algorithms in stock prediction and portfolio optimization, demonstrating technical feasibility of AI-driven investing.

9. D'Acunto et al. (2019) – Robo-Advisor Adoption

Studied factors influencing investor willingness to use robo-advisors, finding that trust and perceived competence are critical determinants.

10. SEBI Reports (2020-2023) – Digital Investment Platforms in India

Documented rapid growth of online investment platforms and algorithmic trading in Indian markets, reflecting increasing acceptance of technology-based services.

11. Deloitte Global Investment Management Outlook (2021)

Highlighted industry trends toward automation and AI adoption while noting continuing importance of human advisors for complex wealth management.

12. Vanguard Research (2021) – Value of Financial Advice

Found that human financial advisors add value through behavioural coaching and personalized planning beyond simple portfolio returns.

13. Capponi et al. (2022) – AI and Systemic Risk

Raised concerns about potential market instability if too many AI systems react similarly to market events, emphasizing need for human oversight.

14. Abraham et al. (2023) – Performance Comparison Study

Compared returns of robo-advisors versus traditional advisors over five years and found mixed results depending on market conditions and investor profiles.

15. Worldline India Fintech Report (2024)

Showed increasing youth adoption of AI-based investment platforms in India, with growing preference for low-cost automated services.

16. Financial Planning Association Studies (2024)

Examined client satisfaction levels with robo-advisors versus human advisors, finding higher satisfaction with human services for complex financial situations.

17. Reserve Bank of India – Digital Finance Guidelines (2024)

Provided regulatory framework for AI-based financial services, balancing innovation encouragement with consumer protection.

18. Morgan Stanley Research (2024)

Analysed performance of AI-driven hedge funds and quantitative strategies, noting superior risk-adjusted

returns in certain market segments.

19. Chhabra & Sharma (2024) – Indian Youth Investment Behaviour

Studied investment preferences among young Indians and found strong interest in technology platforms but persistent trust in human expertise for major financial decisions.

20. IMF Working Paper (2025) – AI in Asset Management

Discussed global implications of AI adoption in investment management, including benefits of efficiency and concerns about market concentration and transparency.

1.4 Objectives Of The Study

1.To compare the performance, risk management, and cost-effectiveness of AI-driven and traditional portfolio management methods.

2.To evaluate investor trust, security perceptions, and overall satisfaction with AI-based versus human-managed investment approaches.

3.To identify the key advantages and limitations of both methods and recommend suitable applications for different investor needs.

1.5 Statement Of The Problem

Despite growing adoption of AI in portfolio management, there remains uncertainty about how these systems truly compare with traditional human-managed approaches. Investors face conflicting information about performance, reliability, and suitability of different management methods. Key problems include:

•Lack of clear comparative analysis between AI and traditional portfolio management from an investor perspective.

•Uncertainty about which approach delivers better risk-adjusted returns under various market conditions.

•Limited understanding of how cost savings from AI platforms compare with value provided by human advisors.

•Concerns about security, transparency, and accountability in algorithm-driven investment decisions.

•Need for guidance on when AI systems are appropriate versus when human expertise remains essential.

1.6 Limitations Of The Study

•Sample size of 68 respondents may not fully represent the entire investor population.

•Focus on youth demographic (18-29 years) limits generalizability to older investor segments.

•Reliance on perception-based survey data rather than actual performance tracking over extended periods.

•Study examines user opinions rather than conducting independent technical performance analysis.

•Limited geographic scope focusing primarily on urban and semi-urban Indian contexts.

•Rapidly evolving technology means findings may become outdated as AI systems improve.

1.7 Chapter Scheme

Chapter 1 – Introduction

Provides background on portfolio management evolution, introduces the comparison between AI and traditional approaches, establishes research objectives, and outlines study scope and limitations.

Chapter 2 – Methodology and Database

Describes the research design, sampling methods, data collection procedures, and analytical techniques used to compare AI and traditional portfolio management systems.

Chapter 3 – Data Analysis and Interpretation

Presents findings from the 68-respondent survey, analyzing perceptions of performance, risk management, costs, trust levels, and user preferences through charts and statistical interpretation.

Chapter 4 – Summary of Findings, Recommendations and Conclusion

Summarizes key research findings, discusses implications for investors and industry stakeholders, acknowledges study limitations, and provides practical recommendations for choosing between AI and traditional portfolio management approaches.

2 Methodology And Database

2.1 Type Of Research

This study employs a descriptive and analytical research approach to examine the comparison between AI-driven and traditional portfolio management methods. The research is designed to understand investor perceptions, preferences, and behavioral patterns related to different investment management approaches.

The descriptive component focuses on presenting the current state of AI adoption in portfolio management, user awareness levels, and satisfaction with different investment platforms. The analytical aspect involves examining relationships between variables such as trust levels, cost perceptions, usage patterns, and future outlook on technology adoption in finance.

A mixed-method approach is utilized, combining quantitative data from structured survey questionnaires with qualitative insights from secondary research sources. This combination allows for a comprehensive understanding of both measurable trends and underlying behavioral factors that influence investment decisions. The quantitative data provides statistical evidence of user preferences and patterns, while secondary literature offers theoretical context and industry perspectives.

The research methodology is particularly suited for understanding youth perspectives on financial technology, as it captures direct user experiences alongside broader market trends. By focusing on actual user opinions rather than purely theoretical analysis, the study provides practical insights relevant to investors, financial institutions, and policymakers.

2.2 Sampling Technique

The study uses a convenience sampling method, where participants are selected based on their accessibility and willingness to participate in the survey. This non-probability sampling approach was chosen due to the academic nature of the project and the specific focus on young investors who are familiar with digital investment platforms.Convenience sampling is appropriate for this study because it allows quick access to a relevant demographic that actively uses both traditional and AI-based investment services. The target

population consists of students and young professionals aged 18-29 who have exposure to investment concepts and financial technology applications.While convenience sampling has limitations in terms of statistical generalizability, it is effective for exploratory research aimed at understanding emerging trends and behavioral patterns within a specific user segment. The method enables efficient data collection through digital channels, which aligns with the tech-savvy nature of the study population.

2.3 Sampling Size

The research is based on responses from 69 participants, all within the youth demographic interested in investment management. This sample size was determined considering the scope of the academic project, time constraints, and the objective of gaining meaningful behavioral insights rather than achieving full population representation.

A sample of 69 respondents is sufficient for identifying clear trends, percentage distributions, and comparative patterns in user perceptions regarding AI versus traditional portfolio management. The size allows for reliable descriptive statistics and frequency analysis while remaining manageable within the project timeline.

Although a larger sample would enhance statistical robustness, the current size provides adequate data for drawing reasonable conclusions about youth investment preferences and technology adoption patterns. The sample composition reflects diversity in investment experience levels, awareness of AI platforms, and usage behaviors.

2.4 Sample Design

The sample framework was designed to capture responses from individuals who represent active or potential users of investment management services. Participants were selected from student communities and young professional networks with age ranging from 18 to 29 years.

The sample includes individuals across different investment experience levels:

- New investors (less than 1 year of experience)
- Early-stage investors (1-3 years)
- Experienced young investors (more than 3 years)
- Non-investors interested in investment concepts

This diversity ensures that the study captures perspectives from both experienced users who can compare methods based on actual usage and newcomers who represent future market trends. The inclusion of non-investors provides insights into barriers to entry and factors influencing initial platform selection.

Respondents were required to have basic awareness of investment concepts and familiarity with digital financial services, ensuring informed responses. The sample design intentionally focused on digitally active youth, as this demographic represents the primary user base for AI-driven investment platforms and shapes future trends in portfolio management.

2.5 Sources Of Data Collection

Primary Data

Primary data was collected through a structured online questionnaire specifically designed for this research. The survey consisted of 10 carefully formulated questions covering key aspects of the comparison between AI and traditional portfolio management.

The questionnaire was distributed electronically through:

- Email to student networks
- Social media platforms (LinkedIn, WhatsApp groups)
- College academic forums
- Professional networking channels

This digital distribution method ensured quick reach to the target demographic while maintaining anonymity and voluntary participation. The online format allowed respondents to complete the survey at their convenience, resulting in higher response quality.

The primary data collection focused on:

- Investment experience and current usage patterns
- Awareness and adoption of AI investment platforms
- Trust levels in AI versus human advisors
- Perceptions of cost, affordability, and value
- Satisfaction with different management approaches
- Future outlook on AI in portfolio management
- Preferred investment management models

Secondary Data

Secondary data was gathered from credible institutional and industry sources to provide context and validate primary findings. These sources included:

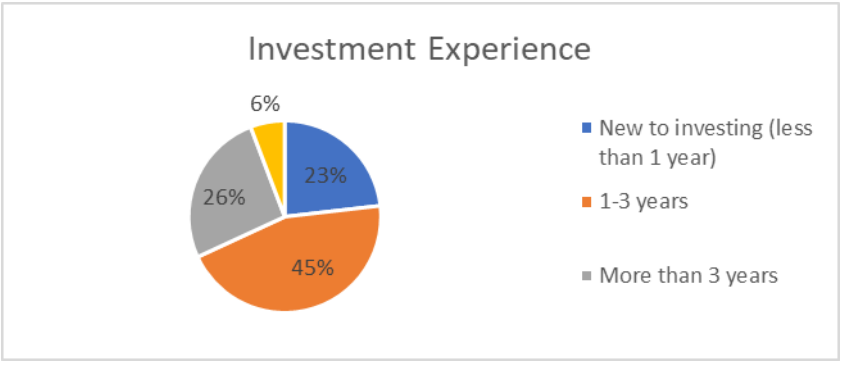
- Reserve Bank of India reports on digital finance adoption
- Securities and Exchange Board of India (SEBI) guidelines and statistics
- Financial technology industry reports (Deloitte, PwC, KPMG)
- Academic journals on behavioral finance and technology adoption
- Global investment management research (Morgan Stanley, Vanguard)
- Fintech platform performance studies
- Government policy documents on digital financial services

Secondary sources helped establish theoretical frameworks, provided comparative market data, and offered expert perspectives on AI adoption trends. The combination of primary survey insights with secondary institutional data strengthened research credibility and enabled comprehensive analysis.

This dual-source approach minimized bias that could arise from relying solely on one data type and provided both individual-level behavioral insights and macro-level industry trends necessary for a balanced comparative analysis.

Question 1: Investment Experience

Table 3.1: Investment Experience Distribution



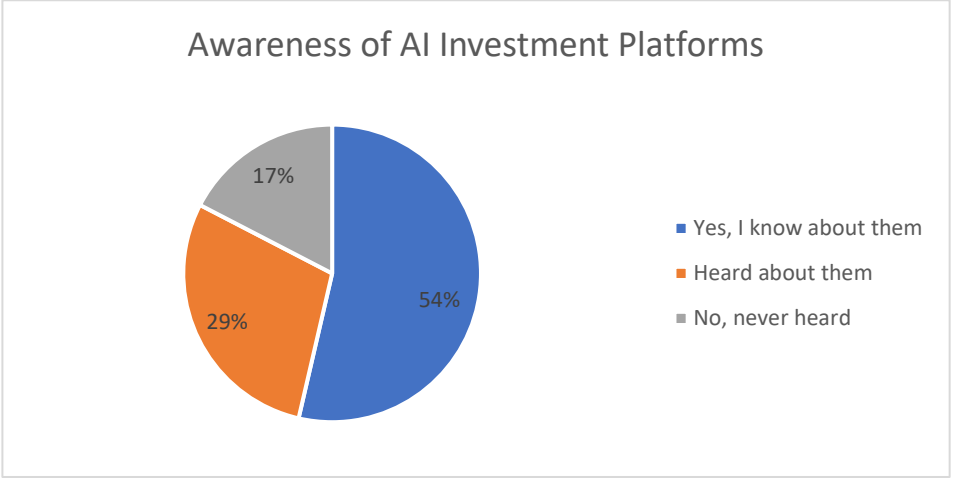
Experience Level	Number of Respondents	Percentage
New to investing (less than 1 year)	16	23.20%
1-3 years	31	44.90%
More than 3 years	18	26.10%
I don't invest	4	5.80%
Total	**69**	**100%**

Interpretation:

The majority of respondents (44.9%) have 1-3 years of investment experience, representing early-stage investors who are still building their knowledge. About 23.2% are completely new to investing, showing growing interest among youth. Experienced investors with more than 3 years make up 26.1% of the sample. Only 5.8% do not invest at all, indicating high financial awareness among the surveyed group.

Question 2: Awareness of AI Investment Platforms

Table 3.2: Awareness Level of AI Investment Apps



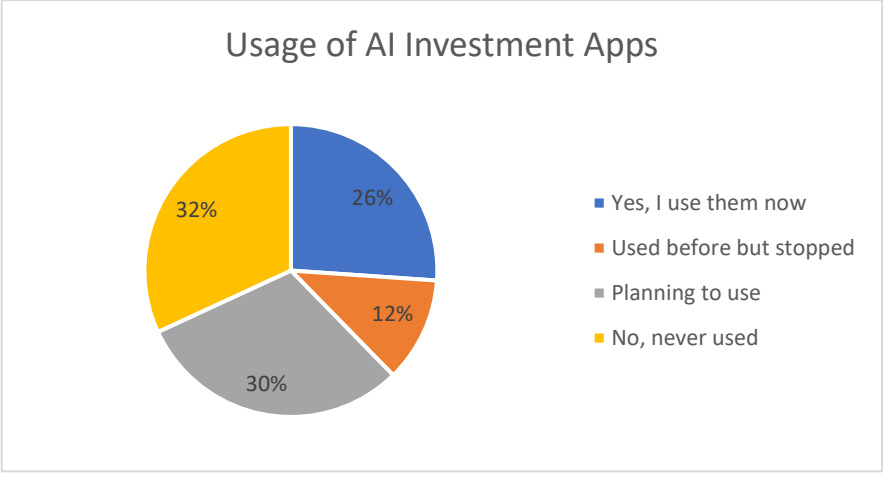
Awareness Level	Number of Respondents	Percentage
Yes, I know about them	37	53.60%
Heard about them	20	29.00%
No, never heard	12	17.40%
Total	**69**	**100%**

Interpretation:

More than half (53.6%) of respondents are clearly aware of AI investment platforms and robo-advisors. Another 29% have heard about these services, bringing total awareness to over 82%. However, 17.4% have never heard of AI platforms, showing that awareness is not yet universal among youth investors.

Question 3: Usage of AI Investment Apps

Table 3.3: AI Investment App Usage Pattern



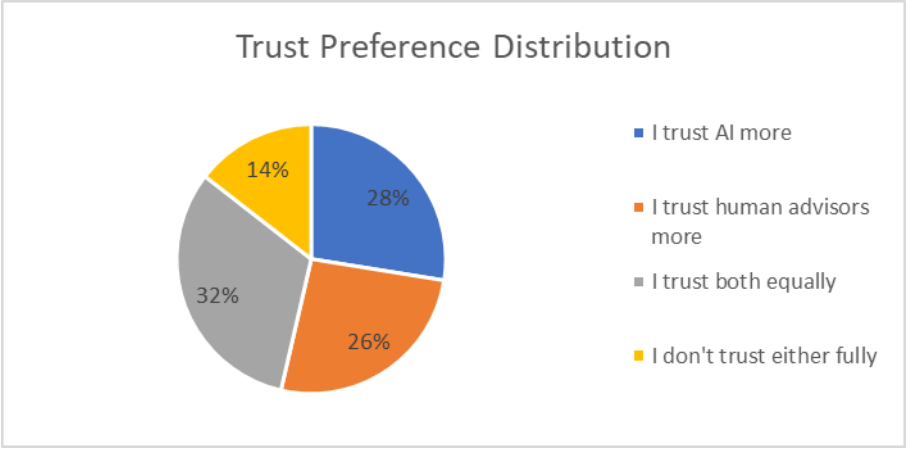
Usage Status	Number of Respondents	Percentage
Yes, I use them now	18	26.10%
Used before but stopped	8	11.60%
Planning to use	21	30.40%
No, never used	22	31.90%
Total	**69**	**100%**

Interpretation:

Current usage of AI platforms stands at 26.1%, meaning roughly one in four young investors actively uses these services. About 30.4% are planning to adopt them in the future, showing strong growth potential. However, 11.6% tried AI platforms but stopped using them, and 31.9% have never used them despite being aware.

Question 4: Trust - AI vs Human Advisors

Table 3.4: Trust Preference Distribution



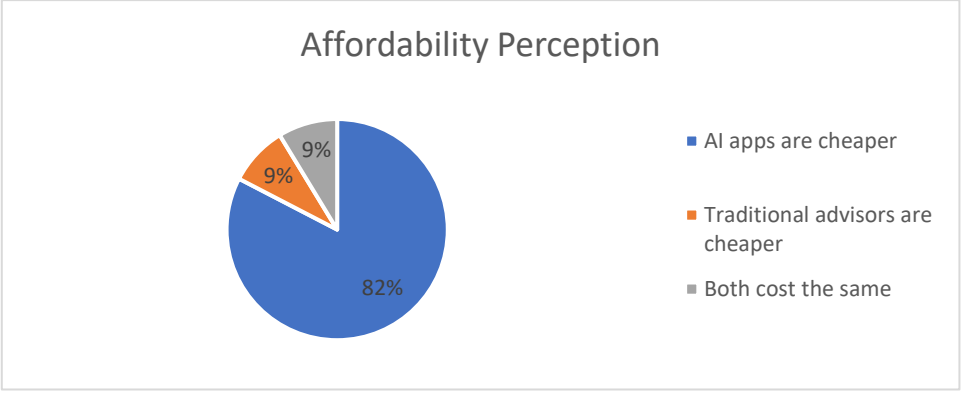
Trust Preference	Number of Respondents	Percentage
I trust AI more	19	27.50%
I trust human advisors more	18	26.10%
I trust both equally	22	31.90%
I don't trust either fully	10	14.50%
Total	**69**	**100%**

Interpretation:

Trust is fairly balanced across different preferences. The largest group (31.9%) trusts both AI and human advisors equally. Those trusting AI more (27.5%) slightly outnumber those preferring human advisors (26.1%). About 14.5% don't fully trust either method, showing healthy scepticism.

Question 5: Cost Perception - AI vs Traditional

Table 3.5: Affordability Perception



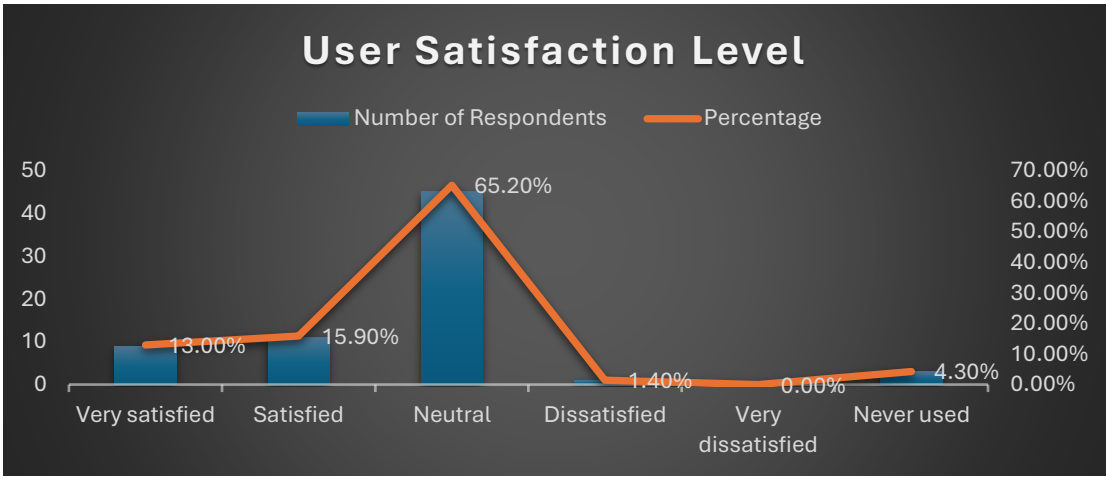
Cost Perception	Number of Respondents	Percentage
AI apps are cheaper	57	82.60%
Traditional advisors are cheaper	6	8.70%
Both cost the same	6	8.70%
Total	**69**	**100%**

Interpretation:

An overwhelming majority (82.6%) believes that AI-based platforms are more affordable than traditional advisory services. Only 8.7% think traditional advisors are cheaper, and another 8.7% see no cost difference. This shows AI platforms have a clear cost advantage in user perception.

Question 6: Satisfaction with AI Apps

Table 3.6: User Satisfaction Level



Satisfaction Level	Number of Respondents	Percentage
Very satisfied	9	13.00%
Satisfied	11	15.90%
Neutral	45	65.20%
Dissatisfied	1	1.40%
Very dissatisfied	0	0.00%
Never used	3	4.30%
Total	**69**	**100%**

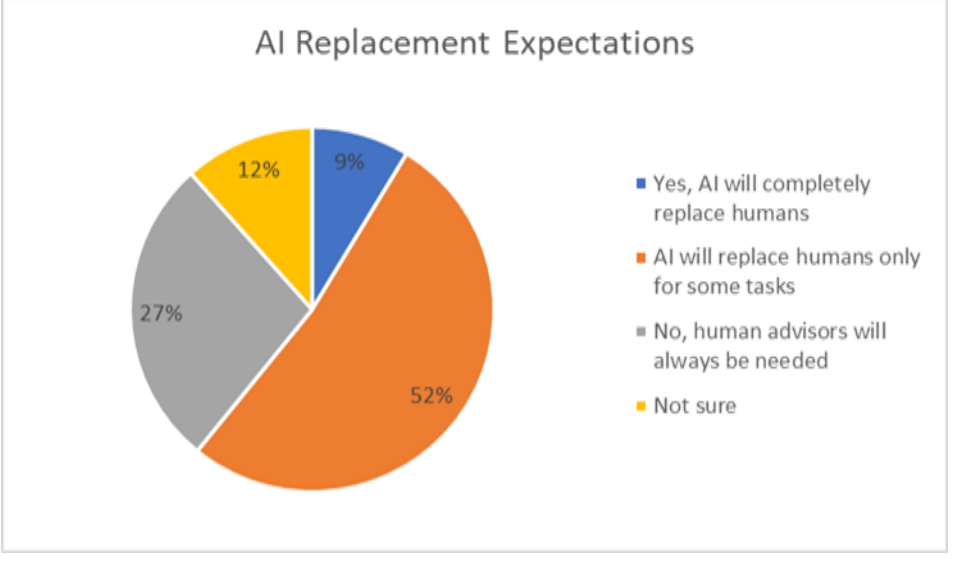
Interpretation:

Most respondents (65.2%) gave neutral responses, likely because many haven't used AI platforms extensively. Among those with clear opinions, satisfaction (28.9% combined) is much higher than dissatisfaction (1.4%). No one reported being very dissatisfied, indicating reasonable service quality.

Question 7: Future Replacement of Human Advisors

Table 3.7: AI Replacement Expectations

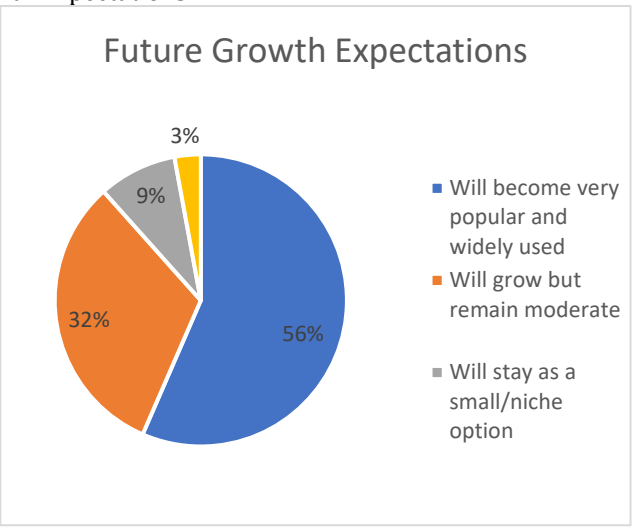
Replacement Opinion	Number of Respondents	Percentage
Yes, AI will completely replace humans	6	8.70%
AI will replace humans only for some tasks	36	52.20%
No, human advisors will always be needed	19	27.50%
Not sure	8	11.60%
Total	**69**	**100%**



Interpretation:

The majority (52.2%) believes AI will replace human advisors only for certain tasks, not completely. About 27.5% think human advisors will always be needed. Only 8.7% expect complete replacement by AI. This shows most respondents see both methods coexisting rather than one replacing the other.

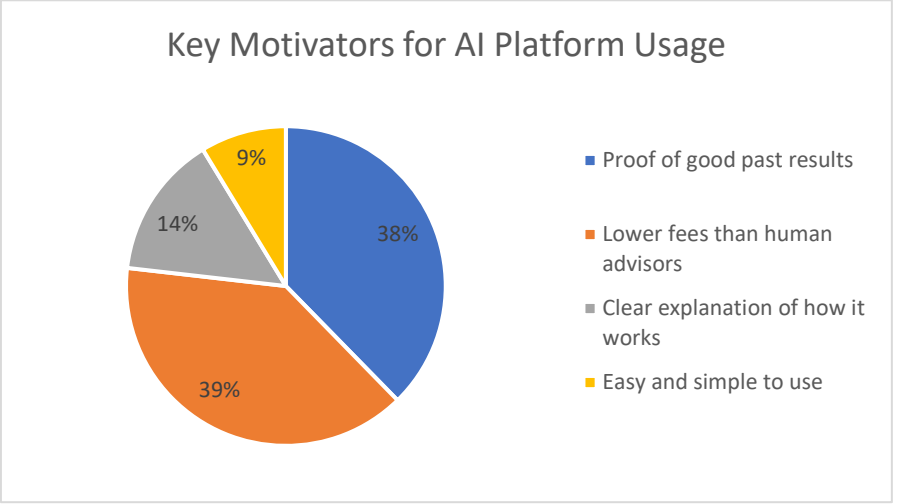
Question 8: AI Growth in Next 5 Years
Table 3.8: Future Growth Expectations



Growth Expectation	Number of Respondents	Percentage
Will become very popular and widely used	39	56.50%
Will grow but remain moderate	22	31.90%
Will stay as a small/niche option	6	8.70%
Will reduce or disappear	2	2.90%
Total	**69**	**100%**

Interpretation:
Strong optimism exists about AI's future, with 56.5% expecting it to become very popular. Another 31.9% expect moderate growth, totaling 88.4% positive outlook. Very few expect AI to remain niche (8.7%) or decline (2.9%). This indicates widespread confidence in AI's growth potential.

Question 9: Factors Encouraging AI Adoption
Table 3.9: Key Motivators for AI Platform Usage

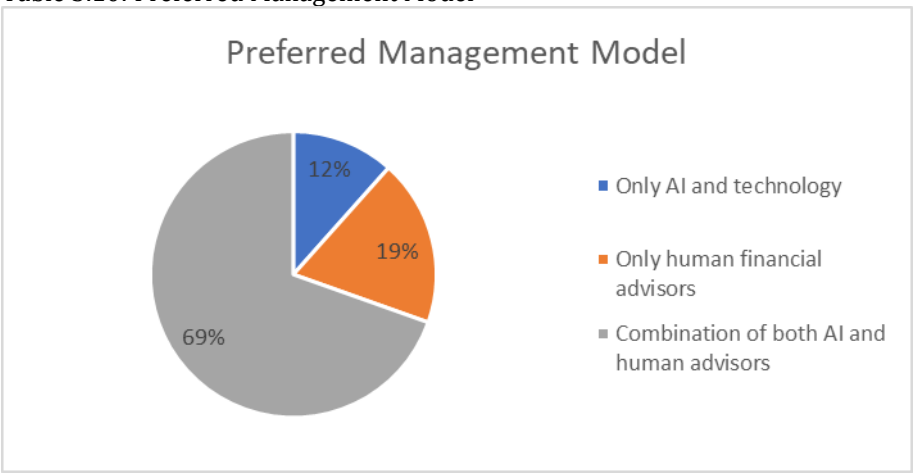


Motivating Factor	Number of Respondents	Percentage
Proof of good past results	26	37.70%
Lower fees than human advisors	27	39.10%
Clear explanation of how it works	10	14.50%
Easy and simple to use	6	8.70%
Total	**69**	**100%**

Interpretation:

Lower fees (39.1%) and proven track records (37.7%) are the top motivators for adopting AI platforms. Transparency about how AI works matters to 14.5%, while ease of use is important to 8.7%. This shows cost and performance are more critical than user interface convenience.

Question 10: Ideal Investment Management Approach
Table 3.10: Preferred Management Model



Preferred Approach	Number of Respondents	Percentage
Only AI and technology	8	11.60%
Only human financial advisors	13	18.80%
Combination of both AI and human advisors	48	69.60%
Total	**69**	**100%**

Interpretation:

The most significant finding is that 69.6% prefer a hybrid approach combining AI and human advisors. Only 11.6% want purely AI-driven management, while 18.8% prefer only human advisors. This clearly shows investors want the best of both worlds rather than choosing one over the other.

3.2 Key Findings

Based on the analysis of 69 responses, several important patterns emerge:

1.High awareness but moderate adoption: While 82.6% are aware of AI platforms, only 26.1% currently use them, with 30.4% planning to adopt.
2.Balanced trust levels: Trust is fairly distributed - 31.9% trust both methods equally, 27.5% trust AI more, and 26.1% trust human advisors more.
3.Clear cost advantage for AI: 82.6% perceive AI platforms as more affordable than traditional advisory services.
4.Positive satisfaction trend: Among users, satisfaction outweighs dissatisfaction significantly, with no cases of severe dissatisfaction.
5.Partial replacement expected: 52.2% believe AI will replace humans only for certain tasks, not completely.
6.Strong growth outlook: 88.4% expect AI to grow in the next five years, either significantly or moderately.

7.Hybrid model dominates: 69.6% prefer combining AI with human advisors rather than using either exclusively.
These findings suggest that the future of portfolio management will likely involve integrated solutions leveraging both AI efficiency and human expertise.

4. Of Findings, Recommendations And Conclusion

4.1 Summary Of Findings

This research titled "AI vs Traditional Methods in Portfolio Management: A Comparative Study" examined how young investors perceive AI-driven and traditional portfolio management approaches through primary data from 69 respondents aged 18-29.

Key Findings:

Investment Profile: Most respondents (44.9%) have 1-3 years of investment experience, with 23.2% being new investors and 26.1% having over 3 years of experience.
Awareness vs Adoption: While 82.6% are aware of AI platforms, only 26.1% currently use them. Another 30.4% plan to adopt, showing strong future potential. However, 11.6% discontinued usage after trying.
Trust Distribution: Trust is balanced—31.9% trust both methods equally, 27.5% trust AI more, and 26.1% trust human advisors more. About 14.5% don't fully trust either approach.
Cost Advantage: An overwhelming 82.6% perceive AI platforms as cheaper than traditional advisors, making cost a major competitive advantage.
Satisfaction Levels: Among users, 28.9% expressed satisfaction while only 1.4% were dissatisfied. Most responses (65.2%) were neutral, likely from limited usage experience.
Future Outlook: Strong optimism exists with 88.4% expecting AI growth. However, only 8.7% expect complete replacement of human advisors, while 52.2% foresee partial replacement for specific tasks.
Adoption Motivators: Lower fees (39.1%) and proven track records (37.7%) are the top factors encouraging AI platform adoption.
Most Significant Finding: The overwhelming majority (69.6%) prefer hybrid models combining AI and human advisors, with only 11.6% wanting purely AI-driven management and 18.8% preferring only human advisors.
Conclusion: Young investors recognize benefits in both approaches and strongly prefer integrated solutions rather than exclusive reliance on either method. The future of portfolio management lies in combining AI's efficiency with human expertise.

4.2 Recommendations

Based on research findings, the following recommendations are offered to various stakeholders:
For Individual Investors
•Start small with AI platforms to test performance and build confidence before committing larger amounts
•Choose hybrid models that combine AI efficiency with human advisor access for important financial decisions
•Verify track records and fees of any platform before investing to ensure transparency and value
For AI Platform Developers and Fintech Companies
•Demonstrate proven performance through transparent historical data and real user results to build trust
•Maintain competitive low fees while ensuring quality service delivery to attract cost-conscious young investors

•Offer hybrid options with human advisor touchpoints for complex decisions to meet majority

preference

For Traditional Financial Advisory Firms
•Integrate AI tools for routine tasks like data analysis and portfolio monitoring to reduce costs
•Focus human advisors on relationship building, personalized planning, and complex decision-making
•Develop hybrid service models combining technology efficiency with human expertise to stay competitive
For Regulators and Policymakers
•Create clear guidelines on AI transparency, risk disclosure, and investor protection measures
•Promote financial literacy programs educating investors about both AI and traditional investment methods
•Support industry research into AI's impact on markets while balancing innovation with consumer safety
For Educational Institutions
•Update finance curriculum to include AI, fintech, and algorithmic trading alongside traditional theory
•Provide practical exposure through internships and partnerships with both AI platforms and traditional firms
•Balance technical training with human skills like judgment, ethics, and relationship management

4.3 Conclusion

This research demonstrates that AI-driven and traditional portfolio management are complementary rather than competing approaches. Young investors recognize advantages in both methods, with 69.6% preferring hybrid models that combine AI efficiency with human expertise.

Key findings reveal high AI awareness (82.6%) but moderate adoption (26.1%), indicating barriers related to trust and proven performance. Cost perception strongly favors AI (82.6%), yet trust remains balanced across preferences. The gap between awareness and usage suggests opportunities for platforms to improve transparency and demonstrate results.

Most significantly, 52.2% expect AI to replace humans only for certain tasks, not completely, while 88.4% anticipate growth in AI adoption over the next five years. This indicates that successful platforms will integrate algorithmic capabilities with human judgment rather than choosing one exclusively.

The future of portfolio management lies in finding the right balance between technology's analytical power and human advisors' personalized guidance. Financial institutions that develop integrated solutions leveraging both approaches will likely capture the largest market share among digitally-native investor demographics. Success depends on combining AI's cost efficiency and data processing with human expertise in relationship management and complex decision-making.