

**TO STUDY THE IMPACT OF AUTOMATION AND AI ON FINANCIAL DECISION MAKING****Divya Jainarayan Gautam**

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**ABSTRACT**

*AI and Automation in Personal Finance is going to be the topic of probably increasing relevance since more and more Indians would like to find easier and efficient ways of managing their money-mostly younger people. The present study focuses how automation and artificial intelligence influence the management of finances by individuals in India also it will be evaluating the behaviour associated with financial decision making patterns, the study exhibits the line how AI affects people in their investment decisions and choices in stock market trading as well as deciding on their personal finances with this it will also analyse that how AI-driven tools can help enhance financial literacy. The complete series consists of 62 participants from different regions of the country and different financial backgrounds. Both the data collection methods primary and secondary were used to discover a set of informative insights. The study concludes that there is great level of adoption of AI and automation in individual's financial decision.*

**Keywords:** Artificial Intelligence (AI), Automation, FinTech ,

**INTRODUCTION:**

AI is rapidly changing automation and personal finance in India. It has reached a level at which the last decade stands apart from others for the various technological innovations that are heralding extreme change in traditional practice and compliance. They deliver new tools and services redefining the way people conduct their personal finance. The whole thing now becomes simplified due to increased digitalization where AI and automation make things easier for better, faster decisions with improved financial health through sensible savings.

One of the fastest-growing digital economies in the world, India is perhaps most rapidly embracing FinTech today. All those millions of mobile users, together with the increasing speeds of the internet and accessibility to smart devices, have made the ground ready for artificial intelligence-based financial tools available for the general populace and not just for large institutions or high-net-worth individuals. These tools are now available to everyone because they made the journey from banks and invested all those efforts to create fantastic and cool features that became completely automated to harness the AI -mold to provide personalized advice, automate investments, budget simplifying, optimize savings, streamline complex financial processes - tax filing, credit management, and many more.

**LITERATURE REVIEW:****1. Muhammad Hidayat, Siska Yulia Defitri, and Haim Hilman (2024): The Impact of Artificial Intelligence (AI) on Financial Management**

Authors researched how AI has availed with significant advancement toward operation efficiency, analytical insights for better financial decision making, and customer experiences in the banking sector. Such authors reflect the benefits, at the same time showing the research challenges with very fast changes in technology such as ethics, data security issues, and concerns around implementation. They advocate that having updated policies and regulations is in line with the advancement of AI introduction into the financial sector. This research makes the most valuable direction for businesses and policymakers with the AI development changes taking place in the digital world in the financial industries.

**2. Asha Kumari and Dr. Batani Raghavendra Rao (2024): A study on artificial intelligence in financial decision making**

This research paper named A Study on Artificial Intelligence in Financial Decision Making examines the process of transforming financial decisions towards artificial intelligence in algorithmic trading, risk assessment, and portfolio management. AI would help in predictive analytics enhancement, investment optimization, and automation in trading. It may lead to the efficiency and cost reduction mentioned in the paper. The paper also

presents ethical issues like transparency and data privacy, guiding responsible use of AI. Prospects in AI-driven finance are introduced by the author, discussing possible trends including the sustainable innovation.

### PROBLEM OF STUDY

In the age of mass automation and artificial intelligence invasion among countries, personal finance management has also been undergoing radical transformation. It is strongest manifested in India, where most of the populace still has very little access to financial literacy and conventional financial service provision, thereby creating enormous promises for transforming financial decision making.

This is the real issue: whether and how much does improving financial decision-making capability by automation and AI in individuals in India? The question of

Studying issues and risks correlated to new technologies in their large socio-economic contexts is important too. It is what this research would seek to fill-the gap in a comprehensive understanding of the changes brought by automation and AI into individual financial behaviors and outcomes in India.

### OBJECTIVE OF THE STUDY:

1. To examine how automation and artificial intelligence influence the management of finances by individuals in India.
2. Evaluating the behaviour associated with financial decision making patterns, the study exhibits the line how AI affects people in their investment decisions and choices in stock market trading as well as deciding on their personal finances
3. To analyse that how AI-driven tools can help enhance financial literacy

### RESEARCH METHODOLOGY

- **Source of data collection:** The data is collected from primary sources through questionnaire. Questionnaire was prepared in Google form format based on demography of sample selected and specifically related to the objective. Both primary data of structured forms and secondary data from books, research papers, websites, and publications create a whole view on the insight of automation and impact of AI on financial decision-making
- **Sample Size:** The complete series consists of 62 participants from different regions of the country and different financial backgrounds.
- **Statistical Tools & Techniques:** The statistical tools used for data analysis were frequency and percentage of which graphical presentation was done to give the clear idea about the responses. The questions asked were close ended questions with multiple choice or Likert scale pattern to get the required information more specifically which can save the time of respondents. A five-point Likert scale was utilized in this part, with 1 meant strongly agreed and five meant strongly disagreed.
- **Limitation of Study:** The study is limited to Mumbai region so the results can be applied to the selected area only. The sample size is not large that may lead to change in application of suggestions as the area changes. Self-reported distortion of data. The assessment rely upon self-reports, primarily through survey, interview and focus group administration. This study investigates the impact of AI and automated decision-making on individuals' decisions, but it is limited in understanding the richness of psychological and behavioural aspects of a decision in finance in their totality.

### DATA ANALYSIS:

**Table No. 1:** Distribution of Respondents by Gender, Age and Education Qualification

Parameters	Category	Percentage
Gender	Male	56.00
	Female	44.00
	<b>Total</b>	100.00
Age	20-30	25.30
	31-40	32.10

		41-50	18.60
		51-60	24.00
		<b>Total</b>	<b>100.00</b>
<b>Qualification</b>		HSC	19.00
		Undergraduate	25.60
		Post Graduate	34.80
		Doctorate	5.60
		Others	15.00
		<b>Total</b>	<b>100.00</b>
	<b>Salary P.a</b>		Rs. 0 - Rs. 250000
		Rs. 250000 - Rs. 500000	19
		Rs. 500000 - Rs. 750000	21.5
		Rs. 750000 - Rs. 1000000	9.5
		Rs. 1000000 & Above	7
		<b>Total</b>	<b>100.00</b>
<b>Occupation</b>		Services	34.80
		Business	04.50
		Profession	13.20
		Retired	01.50
		Others	46.00
	<b>Total</b>	<b>100.00</b>	

*Source:* Primary Data

The above table indicates that out of total respondents, there were 56% males and 44% females. Age wise approximately 25.3% of the respondents belong from the age group of 20 to 30 years and approximately 32.1 % of the respondents belong from the age group of 31 to 40 years, 18.6. % of the respondents were from the age group of 41 to 50 years and 24% of the respondents were from the age group of 51 to 60 years. With regards to occupation, approximately 34.8% of the respondents were employees whereas 4.5% of the respondents belong from business category and 13.2% of the respondents were from profession category and noticeable falls under others (Diploma) i.e. 46%. In case of annual income 43% of the respondents belong from income level up to 2.5 lakhs whereas 19% belong from income level 2.5 - 5 lakh, 21.5% of respondents belong from income level of 5 – 7.5 lakh, 9.5% belong from income range of 7.5 – 10 lakh and only 7 % of the people fall under the rage of above 10 lakh.

**Table No.2:** Current use any technology or tools like AI while making investment decision

Options	Responses (%)
YES	65
NO	35
<b>Total</b>	<b>100.00</b>

From the Table No. 2 it can be said that 65% of the participants answered "Yes and 35% of the participants answered "No."

**Table No.3: Source of Information for Making Decision about Investment**

Use of Personal Knowledge and Experience: 30% of respondents rely on their own knowledge and experience. Consulting Financial Experts or Planners: 16.7% financial expert or planner. Use of Money Apps or Tools: 25% utilize money apps or tools. Listening to Family or Friends: 23.3% trust them to advice from family or friends. Reading Online Blogs or Websites: Only 5% rely on online blogs or websites.

**Table No.4:** Trends or Advice on Personal Finance, Like Budgeting, Investing, Or Saving for Retirement.

Options	Responses (%)
Yes, regularly	36.7
Sometimes	15

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No, not really	48.3
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From the Table No. 4 Yes, regularly: 36.7% of respondents engage in the activity on a regular basis. Sometimes: 15% of respondents engage in the activity occasionally. No, not really: 48.3% of respondents do not frequently engage in the activity.

**Table No.5: Tools Used to Make Investment Decisions**

Options	Responses (%)
Robot-Advisors	6
Budgeting Apps	10
Automatic Savings tools	16.7
Crypto currency Trading Bots	3.4
AI tools for Credit Scores	10
AI tools for Taxes	25
Do not use at all	25

The Table No. 5 reveals the Robo-advisors: 6% of individuals use robo-advisors for financial decisions. Budgeting Apps: 10% of individuals rely on budgeting apps to manage their finances. Automatic Savings Tools: 16.7% of respondents use Automatic savings tools crypto currency Trading Bots: 8% of individuals use AI-driven bots for crypto currency trading.

**FINDINGS:**

The influence of Automation and AI on the financial decision-making of individuals:

- **Improved Financial Literacy:** AI-based tools endow users with actual learning experiences as to finances, thus allowing them to take better-informed decisions.
- **Personalized Recommendations on Finance:** Robo-advisors and AI platforms produce customized decisions in light of user data, hence ensuring there is no single point of error during decision making.
- **Sharpened Strategy on Investments:** Automation combined with predictive analytics can significantly perfect your portfolio to realize a diversified and fruitful investment while lessening the risk level.
- Automation has made it possible for financial transactions, in terms of real-time trading, budgeting, and the saving, to be enacted smart and faster by the tiniest of operations.

**RECOMMENDATIONS & CONCLUSION:**

Conclusion as to the effects of AI and automation on individuals' financial decisions: Greater adoption of AI: Indeed 65% use AI-enabled tools for the same purpose. Yet, the bulk are also concerned that the whole instrument will nevertheless eventually operate alongside humans in complementarity. Low Usage Situations for Certain Tools: Low usage instances with certain tools are demonstrated remarkably in credit management and tax solutions identification utilizing AI. Just employ AI by an almost 3.4% proven for credit scoring, while almost 10% said they use it for their taxes-These sections are seen as a major growth area for AI developers too. In order to improve their AI tools, respondents must the following: easier interface which will mean that 35.6% will vote for that, then customization some 25.4%, and some 13.6% demand better data privacy.

The Inculcation of Financial Literacy through AI Tools: With 30.5% of the population trusting artificial intelligence tools to a limited extent, financial platforms need to focus on its educational profile and make the users understand how it actually works- to especially those who are neutral or in doubt about the machines. Simplicity to Be the Greatest Priority: Give priority to the interface usability that attracts 35.6% of them and, therefore, make simplified AI tools that cater to the multifarious demographic needs including those individuals with low technical proficiency. Forty-five of the hundred people imparted that their savings were moderately better; the marketing message that average savings has gotten better should, therefore, do little else than echo such-and include real-life successful people achieved through AI tools as pertains to fiscal stability.

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