

Why trusting AI with your money could derail your financial plans

More people are embracing AI for budgeting and financial tracking. But it may not be a ‘magic wand’ as some hoped.

By [ANTHONY KEANE](#)



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Ask an artificial intelligence bot to calculate your retirement nest egg and you might be in for a nasty surprise – or a false sense of security that could derail your financial future.

Many households are increasingly using AI for everyday financial tasks.

But money specialists argue while it’s a handy tool in some circumstances, outsourcing more complex financial decisions to AI can be fraught with danger.

For example, we asked ChatGPT to project the [retirement superannuation balance](#) of a 50-year-old earning \$100,000 a year and with \$300,000 in super, and it came up with \$1.2m in today’s dollars. Then we punched the same numbers and rate of return into Moneysmart.gov.au’s retirement calculator and got \$730,000. That’s a big difference, and given that the AI wrongly thought super was still being paid at 11.5 per cent of wages, our money’s on MoneySmart providing the most accurate prediction.

New research from Colonial First State shows 42 per cent of Australians are comfortable using AI for budgeting and tracking spending, with one-quarter using these tools daily. It found one-quarter of people use AI every day.

But as households increasingly turn to artificial intelligence for financial decision-making – particularly as interest rates climb and budgets tighten – experts warn the technology’s fundamental flaws, [security](#) vulnerabilities and propensity for expensive “[hallucinations](#)” mean your wealth could be at serious risk if you trust it too far.

New data from the Australian Securities & Investments Commission shows young people are [bypassing financial experts](#) and blindly following “biased” and “dangerously” positive AI recommendations into high-risk investments such as trading in cryptocurrency.





The Colonial research found trust in AI drops when it is used for managing accounts, payments and investments.

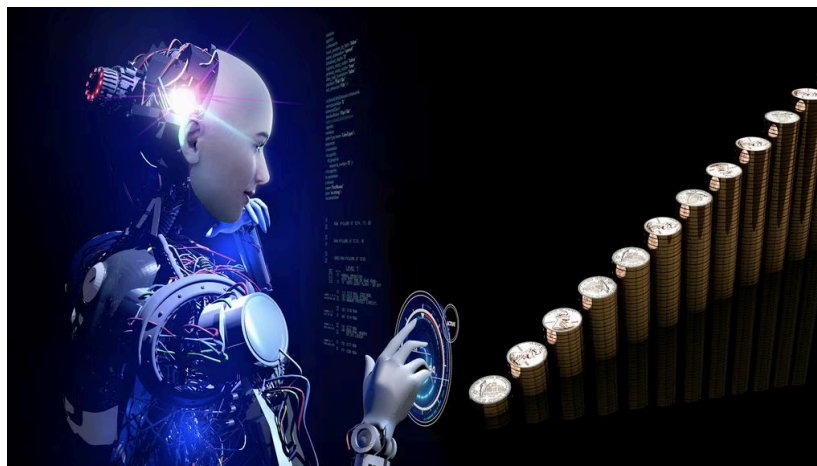
Colonial First State head of technical services Craig Day said rising use of AI reflected a combination of [convenience and growing familiarity](#).

“Common uses include tracking spending, categorising expenses, setting budgets, comparing financial products, monitoring account balances and explaining information about superannuation or investment accounts,” he said.

“Managing money can feel time consuming and complex, and AI helps by giving people quicker access to information and simplifying concepts. It makes it easier for households to stay engaged with their finances.”

However, 83 per cent of Australians still want human interaction when it comes to their finances, the study found.

“People want the confidence that comes [from trusted professional advice](#),” Mr Day said.



AI can do financial projections, but don't bet your future on their accuracy. Picture: iStock

Budgeting blues

MyBudget founder and director Tammy Barton said more people were trying to use generic AI tools such as ChatGPT and Gemini to put together a budget.

“The feedback we're getting is that it's definitely not the magic wand people hope for,” she said.

“While AI can help you draft a basic budget structure in seconds, the reality for most Aussie families – especially those juggling mortgages, school fees and the mental load of multiple kids – is that the initial set-up is still very time-consuming.

“You still have to feed the machine every bit of your data and then you have the exhausting task of verifying if it’s actually correct.”

Ms Barton said AI could provide a fast, low-pressure way to get started on examining household finances, to provide a picture of where people stood “even if it’s not 100 per cent accurate”.

“While AI is brilliant at the ‘what’, it often struggles with the ‘why’ and the ‘what’s next’ which is what actually keeps families on track,” she said.

AI also missed context and emotional connection, Ms Barton said.

“AI can’t look you in the eye and say, ‘I know this month was tough, here’s how we’re going to pivot.’ A real person provides the level of accountability and emotional intelligence that a bot simply can’t.”



MyBudget’s Tammy Barton says AI security is a concern. Picture: Naomi Jellicoe



Oracle Lending Solutions managing director Angelo Benedetti says rising interest rates are prompting more AI use. Picture: Brett Hartwig

Oracle Lending Solutions managing director Angelo Benedetti said the return of rising interest rates this year was prompting people to seek AI help around affording repayments.

“My clients are telling me they’re using it,” he said.

“A lot of people don’t know what they’re spending money on.

“With interest rates going up, they’re trying to see where they can save as much as they can.”

Mr Day said AI’s biggest positives were speed and efficiency.

“AI can process and analyse large amounts of information in seconds, something that would take a human significantly longer,” he said.

“It’s also a great tool for building spreadsheets, automating reports or organising financial data.”

Security risks

Ms Barton said AI security was a big concern.

“When you use AI budgeting tools, you are essentially handing over the digital keys to your financial life,” she said.

“Many free AI tools use your data to train their models. If you’re inputting sensitive details, there’s a risk that data could be exposed or reconstructed.

“Often, users consent to data collection for account tracking but don’t realise that data might be sold to advertisers or third parties to target them with more debt products.”

Wealth Within chief analyst Dale Gillham said the security of personal data was “a legitimate concern”.

“AI apps and services often require access to sensitive financial details such as bank accounts, transactions, credit information and more,” he said.

“This personal financial information is highly sensitive.

“Users of financial apps need to understand what permissions they’re granting and how their data may be stored or shared. I have to caution people about how much personal information they’re entering into AI.”

Investment advice

Colonial First State’s research found that just 9 per cent of people would be comfortable with AI determining their investment outcomes.

“AI can support better outcomes, but it works best when it complements the expertise and oversight of a qualified financial adviser,” Mr Day said.

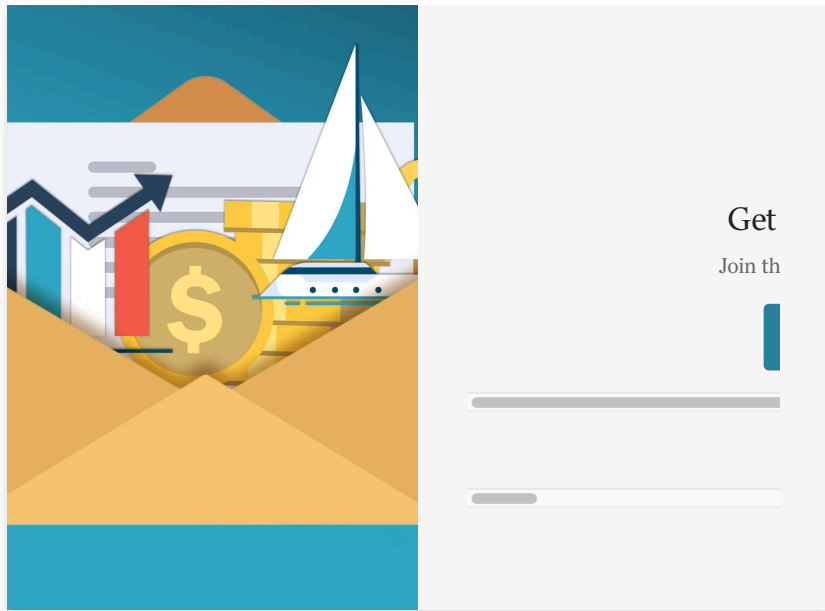
“Concerns about data security, privacy and the lack of human oversight remain the biggest barriers to greater adoption of AI in managing personal finances.”

Mr Gillham said AI should not be a replacement for people’s own financial literacy and skills.

“AI models are only as good as the data they’re trained on, and occasionally they can produce incorrect information,” he said.

“Would I trust AI to recommend a stock for me? No. Would I trust AI to help me research which stocks to buy? Yes.”

Mr Gillham said AI users should always apply their own judgment.



“Investors shouldn’t treat it as a magic solution,” he said.

“In the end, it is your money, and you stand to make or lose it based on your decisions. As such, the responsibility still sits with you.

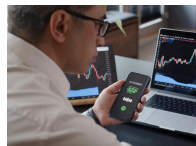
“AI does not care if you win or lose – it just gives answers to questions.”

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Anthony Keane writes about personal finance for News Corp Australia mastheads, focusing on investment, superannuation, retirement, debt, saving and consumer advice. He has been a personal finance and business writer or editor for more than 20 years, and also received a Graduate Diploma in Financial Planning.

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