

'Robo advice' – what does it really mean?

Mark Lofthouse, CEO of Mortgage Brain.

The term 'robo advice' has been much in the news recently, but what does it really mean? Personally, I'm not a fan of the term 'robo advice.' It gives a sinister and dystopian feel to something that in reality is far from a new concept, and at this stage, does nothing more than enable clients to educate themselves using interactive tools to a point where they feel the need for advice.

Insurance comparison websites have been giving out 'robo advice' for years. Consumers enter all their information in to a website and a few seconds later the 'robot', or actually algorithm, rewards them with some options that meet their needs.

It's the same story in the mortgage industry. Best buy tables and the ability for a consumer to search for mortgages to meet their needs have been supplied to advisers by Mortgage Brain and other technology providers for a very long time. Apps such as UKMortgages, which allow consumers to search and compare mortgages and then get in touch with an adviser, have been around for a few years now and used well over a million times.

That's not to say, however, that whatever we choose to call it we shouldn't take it seriously. While the concept of advisers being replaced by our new metal overlords is a little farfetched, there is no doubt that over time more and more of the simple and straight forward transactions will be done electronically.

In fact, the FCA is taking robo advice so seriously that it has established an 'Advice Unit' to help firms developing automated models. Regulation may well follow.

This in turn means that advisers will have to both embrace the new technology and bring a human touch to their business dealings if they are to stay ahead of the game.

As it stands, though, there is no robo advice software that can lay claim to being the Uber or Airbnb of the mortgage world. This is a technological evolution, not revolution, and provided that everyone works with rather than against it, there's no reason to predict anything other than an increasingly profitable and efficient future for mortgage advisers.

Mark Lofthouse is Chief Executive Officer of Mortgage Brain, a Microsoft Gold Certified Partner. He can be contacted on 01527 557203 or mark.lofthouse@mortgage-brain.co.uk