



AI POLICY AND ADOPTION PLAYBOOK

What Firms Should Consider When Adopting AI

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Introduction

AI is one of the most transformative advancements our industry has seen in decades. However, integrating AI can be complex, and many wealth management firms feel overwhelmed by the jargon and the rapidly evolving landscape. This playbook offers practical guidance on how to evaluate, adopt, and govern AI effectively within your firm.

We focus on six critical areas: identifying the key problem AI should solve, selecting the right type of AI, understanding AI's impact on people, navigating data-sharing considerations, implementing risk mitigation strategies, and developing a formal AI policy to ensure safe, ethical, and strategic use of AI across the organization.

1. Identifying the Key Problem to Solve

It's tempting to jump on the AI bandwagon simply because it's the latest buzzword—a shiny new toy. But use caution. The first step is to pinpoint the specific problem you need to solve. Align AI initiatives with your strategic goals; otherwise, they risk languishing, underutilized, and fading into obscurity. Focus on real business challenges where AI can enhance your firm's overall strategy.

Not sure where to start? Consider a few key areas:

- **Resource Allocation:** Identify where your firm invests excessive resources. AI can optimize allocation and streamline key workflows.
- **Performance Gaps:** Find areas where your firm isn't achieving expected results. The right AI application can accelerate outcomes.
- **Outsized Impact:** Look for opportunities where AI can deliver an impact far greater than expectations.
- **Manual Processes:** Target repetitive, time-intensive tasks that AI can automate, freeing employees for more strategic work.

Summarized Action Steps

- Define the specific business problem AI will address.
- Align AI initiatives with strategic goals.
- Focus on high-impact areas such as resource allocation or performance gaps.

2. Consider the Types of AI Needed for Your Organization

Depending on your objectives, different types of AI technology come into play. Firms should understand the distinctions among three key categories:

Supervised AI (Predictive AI):

Using machine learning models, supervised AI is trained on large datasets such as CRM, portfolio, and other proprietary firm data. These models make predictions or classify new data points based on historical patterns with known outcomes. In wealth management, supervised AI excels in areas like fraud detection, portfolio modeling, and recommendation systems. Firms can also use it to identify asset consolidation opportunities, flag clients at risk of attrition, and score prospects for conversion.

Generative AI:

Instead of predicting outcomes, generative AI creates new content like text, images, or code by finding patterns in unlabeled data.

While there are many applications within wealth management, there are three areas where we will see the most impact:

1. **Helping navigate complex products and platforms in a personalized way.**
Examples include narrowing down investment product shelves for the right solution, locating portfolio commentary and performance attribution on demand, and improving the front end to a wealth firm's intranet site (where advisors often struggle with navigation).
2. **Improving accuracy and timeliness of service experiences.**
Advisors rarely call with simple questions. Generative AI can help service reps handle complex, unique inquiries more quickly and accurately, bridging the knowledge gap between new staff and veterans.
3. **Creating and sharing content.**
Custom content creation is time-intensive. Generative AI can speed idea generation for marketing, research, and client communications, removing creative roadblocks.

However, generative AI comes with risks. The content it generates may lack accuracy or coherence. Firms must guard against inadvertent disclosure of personal, proprietary, or confidential information, and implement policies aligned with industry best practices, client obligations, and privacy laws.

Agentic AI:

The newest evolution, agentic AI systems go a step further: they act autonomously within guardrails. These agents can carry out multi-step tasks, interact with other systems, and adapt based on feedback. In wealth management, they can:

- Draft and schedule advisor outreach, log activities in CRM, and follow up automatically.
- Monitor client life events and trigger coordinated workflows across marketing, compliance, and advisor teams.
- Orchestrate operational tasks such as scheduling, lead routing, or data integrations without manual intervention.

Agentic AI closes the “last mile” between insights and action. But because of its autonomy, firms must establish clear boundaries, ensuring human oversight, auditability, and compliance.

Summarized Action Steps

- Determine whether supervised, generative, or agentic AI aligns best with your goals.
- Leverage supervised AI for predictive analytics, fraud detection, and portfolio management.
- Explore generative AI for content creation, personalized interactions, and navigation of internal systems.
- Pilot agentic AI in controlled scenarios (e.g., workflow automation or advisor enablement), with strict guardrails and human-in-the-loop oversight.
- Assess your data infrastructure readiness, as unified, high-quality data is a prerequisite for all three.

3. Impact on People

When introducing AI, consider the diverse audiences who will interact with it:

- **Home Office Staff:** AI can streamline back-office workflows, freeing staff for strategic decisions. But resistance is possible, so training and involvement in vendor selection help mitigate pushback.
- **Chief Investment Officer (CIO):** AI can amplify the CIO’s influence by making firm-level insights more accessible and actionable across the advisor base. It enables consistent application of investment views, helps translate complex research into practical guidance, and supports greater personalization at scale. By integrating these insights directly into advisor and client experiences, AI improves both adoption and alignment with the firm’s strategy.
- **Financial Advisors:** AI can surface growth opportunities and deepen client relationships through personalized engagement recommendations. **Supervised AI** identifies high-potential prospects and clients at risk, helping advisors focus on the best opportunities. **Generative AI** supports advisors by drafting communications, answering complex questions, and speeding preparation for client interactions. **Agentic AI** can go further by taking action on insights, such as updating CRM records, triggering outreach, or scheduling follow-ups within defined guardrails. While these tools drive efficiency and growth, risks include overreliance, making transparency into how AI reaches its conclusions and where autonomy is applied essential.
- **End Investors:** User-friendly interfaces and trust are paramount. Clients may interact with generative assistants or agentic systems in the future; clear communication about oversight and security will reinforce confidence.

Summarized Action Steps

- Provide training to all audiences to ensure adoption and reduce resistance.
- Foster transparency to build trust with advisors and encourage a balanced human-AI collaboration.
- Clearly communicate the benefits of AI to end investors while addressing privacy and security concerns.

4. Navigating Data Sharing for AI Solutions

AI adoption often requires sharing data across systems and vendors. Whether supervised, generative, or agentic, success depends on high-quality, secure, and well-governed data.

Types of Data to Consider:

- **Customer Data:** The most sensitive—personal details, financial profiles, and behavioral insights.
- **Operational Data:** Trade execution, portfolio management, and advisor activity.
- **Research & Market Data:** Market trends, benchmarks, and proprietary research.

Key Considerations:

- **Data Quality & Accuracy:** Ensure inputs are clean, current, and reliable. Poor data weakens supervised predictions, generative outputs, and especially agentic task execution.
- **Data Privacy & Security:** Validate vendor compliance (GDPR, CPRA, etc.), encryption standards, and use of secure, dedicated cloud environments.
- **Data Ownership & Rights:** Explicitly define ownership, permitted uses, and limitations on agentic systems. Confirm licensing for external benchmarks and third-party datasets.
- **Transparency & Trust:** Communicate openly about how data is collected, stored, and used across all AI types.
- **Access & Controls:** Establish role-based permissions, define escalation rules, and log all activity for agentic AI agents acting on firm data.

Summarized Action Steps:

- Prioritize data quality, privacy, and security.
- Define ownership and usage rights in contracts with vendors.

- Implement audit trails and monitoring for agentic AI actions.
- Build transparency with staff, advisors, and clients about how data is used and safeguarded.

5. Risk Mitigation Strategies

Once you've decided to integrate AI into your technology solutions, it's essential to address associated risks with practical strategies:

- **Training:** Provide training to staff and advisors on using AI tools effectively. Encourage adoption by highlighting benefits and addressing any concerns.
- **Third-Party Risks:** Partnerships are essential to moving quickly and adopting AI technology. When using third-party AI, firms should assess data privacy, model transparency, and vendor reliability.
- **Legal, Data Privacy and Security:** Protect sensitive data through encryption, compliance checks, and contractual safeguards.
- **Monitor Regulatory Frameworks:** Actively monitor NIST, GDPR, CPRA, and PCI frameworks and proactively create associated standards for internal teams to observe.
- **Scalability and Integration:** Choose solutions that can scale as your firm grows. Integration with existing systems (CRM, portfolio management, etc.) is essential.
- **Governance:** Set clear guidelines for AI adoption. Regularly assess risks, monitor performance, and ensure compliance with those programs and guidelines you have adopted. Many large firms have opted to set up AI committees for review and approval as a clearing house for these decisions.
- **Data Sources:** Data sets and content being used to train models should be checked periodically to ensure licensing restrictions are adhered to.
- **Verification Metrics:** Validate supervised predictions, generative outputs, and agentic actions against reliable sources and human review.

Summarized Action Steps

- Conduct regular training to boost confidence.
- Establish governance protocols, including AI review committees, to monitor adoption and compliance.
- Validate AI-generated insights against trusted sources to ensure accuracy.
- Continuously assess and adapt policies to align with regulatory evolution.

6. Developing an AI Policy

Creating a formal AI policy aligns innovation with trust, transparency, and long-term growth.

Policy Components:

1. Purpose and Scope

- Define the purpose of AI, what type will be used, and what areas it covers across your firm.

2. Use Case Governance

- Require strategic alignment for all AI use cases.
- Define approval workflows and success metrics.

3. Data Privacy and Ownership

- Classify and protect data across all AI types.
- Establish clear ownership and usage rights.

4. Human Oversight and Transparency

- Position AI as an augmentation tool, not a replacement for human engagement.
- Mandate explainability and human-in-the-loop safeguards.

5. Training and Change Management

- Tailor training by audience (advisors, home office, service teams).
- Require proficiency validation before tool deployment.

6. Vendor Oversight

- Set due diligence criteria for all AI vendors.
- Monitor vendor performance and compliance.

7. Ethical Standards

- Define fairness principles.
- Establish client opt-out options and grievance mechanisms.

8. AI Governance Structure

- Establish an internal AI review board.
- Conduct quarterly performance and risk reviews.

9. Client Transparency

- Communicate clearly how all types of AI are used in client services and the governance associated.

Tip: Your policy should evolve over time with technology and regulation. Make annual reviews mandatory.

7. Conclusion

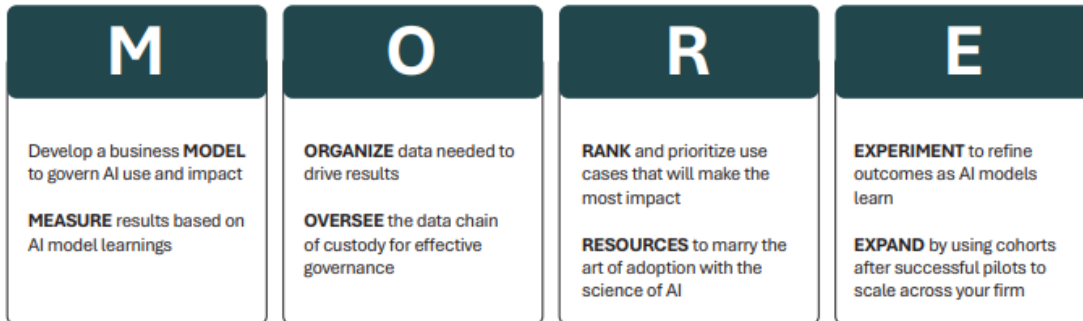
AI should be viewed as an ally. From supervised to generative to agentic, it offers powerful ways to scale insight, personalization, and action. When properly implemented and governed, these technologies can propel wealth management into its next era of growth.

To maximize its potential impact:

- Strategize thoughtfully.
- Understand implications for your people.
- Build a scalable data foundation.
- Implement tools with clear goals and governance.

Equally important: adopt a **formal AI policy** that evolves with the technology.

Use the acronym MORE to help you easily remember the steps to follow when incorporating AI in your business.



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Disclosure Statement: The TIFIN LLC Artificial Intelligence (AI) Policy and Adoption Playbook is intended to support the ethical, effective, and responsible use of AI technologies in alignment with industry standards. It offers practical guidance for adoption and governance but should not be interpreted as legal advice. Firms are strongly encouraged to consult their own legal and compliance teams for counsel tailored to their specific requirements.