Artificial Intelligence Analyst and Individual Investor Activities: Empirical Evidence from Mutual Fund Investment by Dr. Siliang (Jack) Tong Assistant Professor Nanyang Technological University

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Abstract: Many retail investment platforms have introduced artificial intelligence (AI) analysts to help individual investors gather insights and evaluate investment products. Yet, there is scant empirical effort examining the business impact of such an AI tool on individual investors’ financial market investments. To fill this gap, we collaborate with Ant Fortune (an affiliate of Alibaba), the largest retail investment platform in China, and explore a unique dataset wherein an AI analyst was introduced to facilitate individual investors’ investment activity. Our analyses provide the first empirical evidence showing that individual investors who use the AI analyst perform more manual investment sessions and invest more than those who do not use the AI tool. Interestingly, our further analyses document both positive and negative effects across heterogeneous investor groups. Specifically, we demonstrate that, on the one hand, the use of an AI analyst could drive more investment activity from individual investors who lack adequate financial knowledge, indicating a positive financial inclusion effect. On the other hand, we find that AI analyst use reduces investment activity from investors who are less familiar with financial technology, suggesting a negative resistance effect of AI applications. More importantly, using an AI analyst alters investors’ risk tolerance, increasing their investment in products carrying increased volatility. Despite the positive effects of using AI analysts for investment returns, information overload causes lower returns for investors with less finance knowledge. Our results help platform managers understand whether and how they should implement AI analysts to promote individual investors’ standing in financial markets.

Bio: Dr. Siliang (Jack) Tong joined the Division of Information Technology and Operation Management at NBS on 01/02/2021. He earned his Doctoral degree in Marketing from the Fox School of Business, Temple University in 2020. Siliang is an empirical modeler who is interested in the substantive areas of artificial intelligence, mobile app marketing, and sharing economy. He is very active in research as his works were awarded as the best paper and finalist in multiple occasions such as AMA conference and ISMS Marketing Science conference. His research is published in Strategic Management Journal, Marketing Science, Journal of Marketing and the Journal of the Academy of Marketing Science. Before joining the academia, he had 6-year management experience in digital marketing and web analytics, and he obtained his MBA degree from the University of Wisconsin-Madison in 2016.