

# The active construction of passive investors: roboadvisors and algorithmic ‘low-finance’

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## Abstract

How does algorithmic finance operate in society as it crosses the threshold into the hands of lay investors? This article builds on original ethnographic research into a new class of algorithmic trading programs known as ‘roboadvisors’—inexpensive, automated, digital financial platforms that enable ordinary people to invest very small minimum amounts and that rely to a large extent on passive, index strategies that follow the prescripts of Modern Portfolio Theory. The main argument of the article is that roboadvisors, representing an ethos of ‘low-finance’, are actively constructing passive investors by disciplining them through technologies that embody canonical models of financial economics. Roboadvisors and their algorithms reconfigure their users and objectify them through automating investment decisions and enforcing a principle of ‘don’t do’ vis-à-vis the market. Implications that bear on agency, market structure and regulatory regimes are discussed.

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