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How AI Can Help Resolve Common Finance Problems

According to a recent article from *INTHEBLACK*, written by Rosalyn Page, AI is improving finance processes by offering powerful ways to improve the detection and investigation of financial crimes such as fraud, scams, anti-money laundering and sanctions. She quotes Jonathan Tanner, senior director of financial services and insurance APAC at Pegasystems, as saying that “there are many [areas] it can address, but what we see in the market is that the sweet spot for helping to solve many of the challenges is a combination of both statistical and generative AI, the left brain and right brain working together.” She then offers several ways AI can be utilized in the finance sector.

1. Scam and fraud detection: The volume of scams has grown rapidly and banks, in particular, are facing a tough challenge in managing the risks in the usual way. “Many existing detection systems are designed for specific types of financial crimes and aren’t integrated in a way that makes it easy for the bank to look at the risk holistically,” notes Tanner.

As scams become more sophisticated and new digital channels emerge, banks are increasingly turning to AI to help manage these risks at an enterprise-scale. “Predictive and adaptive AI models have been used for a while and can significantly improve the hit rate and reduce the number of false positives by constantly learning and adapting from the data,” he adds.

2. Investigating financial crimes: According to Page, “AI is also being used in financial crime investigations, including fraud, anti-money laundering and sanctions, which traditionally require high degrees of skill on the part of a bank’s human analysts.”

A unified workflow and case management, combined with predictive, adaptive and generative AI, can help human analysts to aggregate, rescore and understand alerts. According to Tanner. “AI simplifies and speeds up the process of investigation, which helps better protect customers and the bank, even as the volume of financial crimes continues to grow.”

3. Creating risk reports: As part of these investigations, generative AI is being used to help assemble relevant information from an investigation into the specific report format required for analysts to review. “This significantly reduces the level of manual effort to produce [risk reports] and improves accuracy,” says Tanner.

For example, he adds, an AI-driven “alert and investigation” system is now being used by an Australian bank to bring multiple applications together into one powerful platform. The system can process more alerts, identify false positives more effectively and match cases with existing alerts. “It’s a prime example of how AI can supercharge protecting customers and ensure compliance with regulations,” he says.

4. Financial insights for customers: Customers today expect to have access to rich data about their financial lives – when, where and how much they’ve spent as well as insights about loans and how their investments are tracking, explains Warren Schlipzand, DataStax’s area vice president for Australia, New Zealand and Japan. “By using AI to analyze vast amounts of customer data, finance businesses can gain deep insights into customer behaviour, preferences and intentions. For example, generative AI can allow financial institutions to use natural language queries to provide responses to customers in conversational language,” Schlipzand notes.

“Organizations can then design AI-driven tools that not only respond to customer needs in real time, but also anticipate future needs, providing a more seamless, intuitive customer experience,” he points out.

“Predictive and adaptive real-time AI helps deliver the next-best conversation with customers at any given time and it’s something banks are increasingly adopting,” adds Tanner. Adding generative AI to the mix helps finance businesses build offers more rapidly and be more responsive to customers.

For more, check out [5 common finance problems AI can tackle | INTHEBLACK](#).