5 ways generative AI is transforming the fintech business landscape

The generative AI boom is set to accelerate digital transformation throughout a range of industries and breathe fresh life into a banking ecosystem that still struggles with overcoming legacy processes. With payments already a focal point for challenger banks and fintechs, GenAI can help to deliver efficiency on a broader scale.

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Bloomberg data suggests that generative AI is set to grow into a *$1.3T industry* by 2032, and this will see use cases emerge throughout the field of finance.

Crucially, the rise of generative AI will aid fintech in delivering more open finance services for customers in an impactful way.

The emerging technology will also breathe new life into payment management and processing through the use of embedded finance, super apps, metaverse payments, decentralised wallets, cryptocurrency integration, and buy now pay later (BNPL) services, among much more functionalities.

But how exactly will generative AI transform the payments landscape for consumers and institutions alike? Let's take a deeper look at five key ways in which the GenAI boom will change the payments ecosystem forever:

Next-Generation payments management

The natural ability of generative AI to operate alongside algorithms that can utilise complex structured and unstructured data is a key asset for driving transformation in the payments ecosystem.

Generative AI can help stamp out instances of human error and deliver more accuracy throughout operations on a wider scale.

Artificial intelligence can also help to _streamline the routes_ taken throughout payment processing to add greater efficiency through each interaction in the process–whether the payments are actioned domestically or internationally.

With the help of analysing data and generative algorithms, AI models can autonomously select the most efficient and cost-effective methods, helping to drive more value for all parties concerned.

This added element of digitalisation paves the way for faster payment processing and stronger cash flow management.

By mitigating instances of human error, artificial intelligence models can also prevent costly mistakes due to payment inaccuracies, and deliver greater levels of customer satisfaction as a result.

Invoicing autonomy

One jarring legacy process that's still prevalent in the world of payments revolves around invoicing. With paper invoices and email attachments still commonplace among billers requesting payments, this crucial financial service remains largely inefficient.

Legacy billing involves the manual input of bank details which is prone to

both delays and human error. However, generative AI can help to _automate this process_ in its entirety by extracting payment information from invoices, removing the risks attached with manually inputting bank details.

Through machine learning algorithms, AI systems can also actively monitor invoices and payments for any errors between the biller and the customer to assist any manual tasks within the payment process. In practice, this would help to match invoices to payments and reconciling accounts.

Automating payouts can transform trust in a range of industries. Throughout supply chains with vendor payouts and marketing with _AP automation_, it's possible to leverage payments through flexible international route payments based on structured analytical performance insights.

Stamping out fraud

Because of the seamless ability of AI to analyse significant volumes of data almost instantaneously, the emergence of generative AI can be an excellent tool in preventing instances of fraudulent activity in payments.

All card transactions generate significant volumes of data points, and much of it has the potential to identify and stamp out fraud among transactions online.

Whenever a payment is processed, generative AI can _automatically analyse data_ alongside a machine learning (ML) algorithm that's trained to spot trends surrounding fraud to make a rapid decision to approve or flag the transaction for suspicious activity.

As digital transformation continues to transform how payments are made,

fraudulent activity can be a challenging prospect for many fintech firms and traditional institutions alike. It's through advanced GenAI solutions that all institutions can actively monitor and protect against fraud in real-time to a safer financial ecosystem for all.

Advanced product prototyping

Another area of finance that holds great potential due to the arrival of generative AI is product prototyping. Large language models (LLMs) like GPT-3 are capable of generating sample code for virtually any purpose. This opens the door to GenAI tools seamlessly generating code for prototype products and services.

In a financial landscape that's already actively embracing open finance services, generative AI is capable of _accelerating the growth_ of this industry subsector by producing efficient coding for brand new features in the space for fintechs to pioneer.

Additionally, the programs can take on board feedback to improve its own code to improve the product and fine-tune its capabilities.

For fintech startups, this means more innovation for fewer resources that can serve a variety of functions and is rapidly tested. In terms of payment integrations, this prototyping landscape could significantly improve the time to market for new payments features and efficiencies.

Embracing personalised marketing

Generative AI can also help payments providers to _market their products_ more effectively. From in depth market research powered by the interpretation of large data sets by artificial intelligence to the creation of marketing materials for hyper-specific audience segments, it's possible to market directly to leads in an unprecedented manner.

Because LLMs have the ability to automatically generate content based on simple prompts, it's possible for payments providers to produce customer-specific generative AI content in a way that perfectly matches the expectations of the customer, no matter where they are in the world, and can help to be a driving force in converting leads into conversions on a larger scale.

Timely boost to payments transformation

The arrival of generative AI will have a major impact throughout a vast range of industries, but its implications for the payments landscape can't be underestimated.

Open finance will be built on the foundations of the free flow of data and its conversion into efficient services and actionable insights. Generative AI will drive this transformation and help to make payments more efficient no matter who the parties involved are or where they are in the world.

Additionally, the combination of ML and LLMs will introduce a new level of security and personalisation to the landscape that can help customers to feel more valued and safe when making payments on a global scale.

The age of generative AI is upon us, and its positive implications in the world of finance will be felt by everyone.

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