

# How AI is helping in creating an efficient ecosystem for Fintech Companies

As an industry, Fintech has evolved dramatically in the past decade. The concept of bringing together financial services and technology is not new. It can be defined as the usage of innovation or technology in the financial services segment for providing different services to customers. For instance, with the introduction of the Diner's Card in the 1950s, one of the first attempts to enable cashless payment was made. This was the first fintech revolution (also known as fintech 1.0), and today we are witnessing fintech 4.0, with blockchain and AI at the heart of the revolution. Usage of AI has successfully helped fintech companies provide a wide range of services, including money transfer, processing and payments infrastructure, wealth management, and consumer lending.

Due to the rapid adoption of different fintech platforms in the country, the total number of users is anticipated to reach [1,082.26m](#) by 2027. AI has been a critical facilitator in creating an efficient ecosystem for the fintech companies in the country. Here are how AI has been a crucial reason for the high adoption of fintech services in India:

## **Improving Security of Digital Transactions**

To ensure that the customers and users trust online financial services as much as the traditional ones, the security of digital transactions needs to be top-notch. With the introduction of AI, the security precautions (such as resetting forgotten passwords and granting additional access) have improved significantly. AI has also facilitated speech, facial, and fingerprint recognition, making it difficult for attackers to gain unauthorised access. With biometric-based logins enabled by AI, it is possible that a

highly secure AI-based recognition system would replace the concept of user ids and passwords.

### **Fraud Detection and Prevention**

AI-based processes can monitor financial transactions on a real-time basis, and hence it is possible to detect any anomalies or deviating patterns. With AI, fintech companies can detect frauds with higher accuracy. With superior AI-based technology, the prevention of fraud shall be even more effective.

### **Improved Customer Service**

Since fintech companies need impeccable and consistent customer support, AI-based chatbots, virtual helpers, and other AI interfaces can help reduce the overall pressure on the customer support executives by addressing recurring issues and requests of the users. In addition to freeing the executives a significant amount of time, which eventually helps them create a better working relationship between the fintech companies and clients, AI can be instrumental in understanding customer experience through complex sentiment analysis.

### **Personalisation of Services**

By analysing a wide range of customer information, AI can provide personalised services directly to users. Different tools used by the systems include transcript analysis, voice and speech analysis, and providing financial advice based on the data analysis carried out by AI tools. Because AI systems are self-learning, they will only get better at reading customer data and providing personalised experiences.

### **Better Wealth and Risk Management**

The overall quality of wealth and risk management can improve as AI-powered tools can study a user's investment and risk history and provide advice that meets their long-term objectives. Another critical area could be the algorithm trading

improvement facilitated by AI-powered tools. AI in finance will further reduce trading risks with more informed decision-making.

### **Quicker and Seamless Onboarding**

From KYC to basic due diligence, the pace at which client onboarding is carried out (along with the accuracy) has improved drastically. The need for physical document verification and the presence of a client/customer service executive has been reduced considerably. The probability of human error in the onboarding process has also been eliminated through AI-based tools.

### **Summing up**

The overall progress that fintech companies have made in the country regarding integrating different financial services could be attributed to the improvements in technology, most specifically AI. The possibilities of the usage of AI in various functional aspects of fintech businesses are massive, and the integration of a superior AI shall be a prerequisite for fintech businesses in the future.