



the payments association



# The Payments Association's Guide to Artificial Intelligence

## Use Case: Transaction Banking



**Mike Doyle**  
Chief Technology Officer  
Cinnte Solutions



Read The Payment Association's Using AI Intelligently Guidebook [here](#)



Regulation and the increasing need for model governance and transparency is also starting to have a bigger influence on adoption.

### What is AI and what are the different types?

Examples of AI technologies include cognitive reasoning (replication of the human judgment process), deep learning (learning by example), machine learning (learning from experience) and natural language processing (drawing conclusions from natural language data).

### Why is AI so suited to Payment and transaction banking?

The use case of AI for payment risk detection is relatively well understood. However, AI also has the potential to drastically improve payments optimisation. This includes intelligently identifying irregularities and potential errors in payments.

AI can also identify the cheapest possible route for a payment to take and this is something that will come to the fore as payment methods increase and the market offers more choice. Within the whole process we are also looking for speed, efficiency and cost-effectiveness and AI helps us to identify inefficiencies, their causes and potentially resolve them.

Transaction banking will soon move into the realm of crypto but international bank settlements will not be replaced by central bank currencies...so AI will help with that?  
HOW?

A crucial current friction point for transaction banking is the need to handle massive volumes of data.

For example, looking for a pool of liquidity within an fx market and finding the best source of data in real time. Another friction point is when firms require masses of data to search and identify fraudulent activity.

Sweeping is another area that AI can help with since a treasurer needs the ability to provide cash in real time. AI has the potential to automatically fill liquidity gaps and allow a bank to offset its corporate debt and credit against its capital in real time.

### Where else can it be used within Financial Services and to what purpose?

AI can be broadly applied to wider financial services like it is within payments, but I would highlight its potential from a data processing context and ability to support customer experiences by reducing friction.

### What is uptake like and why?

Banks are already using AI but they aren't shouting about it since the technology can often be a helpful competitive advantage that they need to keep hidden.

### What are the barriers to the adoption of AI?

The most often quoted barrier is the lack of a cohesive enterprise strategy that tends to lead to stovepipe value-propositions that don't address organisation-wide efficiencies. It's part of an age-old enterprise strategy dilemma that we have seen before with data-warehousing and big-data. When senior executives are not sufficiently familiar with AI technologies and use cases, this can also lead to a lack of confidence and sponsorship and a reticence to commit budget for the required data and technology. Regulation and the increasing need for model governance and transparency is also starting to have a bigger influence on adoption.

### What are the benefits and drivers for the implementation of AI processes??

I would say operational efficiency is a clear benefit for any business but beyond this it can help create

better user experiences and efficiencies and consequently promote customer loyalty and retention. Naturally, this applies wherever there is a 'customer' and, as we know, within payments if your processes are clunky and inaccurate you will ultimately lose customers to competitors.

### What does the future for AI look like?

It is a fundamental part of things going forward as it takes out the human interaction and the logic and does it - the human inference though will remain for many things.

“

Within the whole process we are also looking for speed, efficiency and cost. Effectiveness and AI helps us to identify inefficiencies and their causes and potentially resolve them.

