



ARTIFICIAL INTELLIGENCE IN FINANCIAL SERVICES

DR. SWETA SONALI

Former Guest Faculty,

University Department of Commerce and Business Management,

Ranchi University, Ranchi.

Email - swetasonali.35@gmail.com

Mobile - +91 8369964949

Abstract

AI is transforming financial services with automation, analytics, and personalized solutions. This research examines AI's impact, benefits, and challenges in finance. The financial industry has been somewhat reluctant to implement and utilize AI due to several reasons. Apprehensions such as uncertainty, technology shortfalls, and regulations have been major concerns that have propagated barriers of entry for AI. As more industries and sectors have started using this technology and yielded great results, firms in financial services have now began to see the many merits AI brings.

Keywords: AI, Financial Services, Automation, Analytics, Fintech

Introduction

AI drives efficiency and innovation in finance. This paper explores AI applications, benefits, and regulatory considerations.

AI drives efficiency and innovation in finance with automation, analytics, and personalized solutions. This paper explores AI applications, benefits, and regulatory considerations in India and globally.

Technology has become a major part of our daily lives and we depend on different types of technologies in almost every situation. Since the third industrial revolution and the introduction to computing power, our lives have been radically changed. One of the technologies that are revolutionizing the way we use data and machines is artificial intelligence (hereafter known as AI).

Statement of Problem

Financial institutions face AI adoption challenges like data privacy, ethics, and regulation. This study assesses AI's impact and best practices.

The present research paper is based on primary & secondary data.

The research covers AI in banking, insurance, investments, and fintech, focusing on India and global trends.

Significance of Research Study

The significance of the present research study is as under -

1. Educational Significance: Enhances understanding of AI in finance.
2. Functional Significance: Guides firms on AI adoption.
3. Social Significance: Improves access and efficiency.
4. Political Significance: Aligns with digital economy goals.
5. Importance: Drives innovation and competitiveness.

Research Methodology

1. Research Design: Mixed-methods (surveys + case studies).
2. Research Sample: 30 financial institutions in India and globally.
3. Limitations: Rapid tech changes; data availability.

Findings

The main findings of the present research study is as under -

1. Automation: AI boosts efficiency in payments, compliance, and back-office processes.
2. Analytics: Enhances credit scoring, fraud detection, and risk management.
3. Personalization: Improves customer experience via chatbots and tailored products.

Recommendations

1. Adopt Explainable AI: Ensure transparency in AI decisions.

2. Focus on Ethics: Address bias, privacy, and security concerns.
1. 3: Upskill Workforce: Train teams on AI tools and data interpretation.
2. Ensure Compliance: Align AI with regulatory requirements.

Conclusion

AI is key to financial services transformation. Firms should adopt AI responsibly, focusing on ethics and transparency. Boosts efficiency, innovation, and competitive edge. Enhances experience, access, and personalized services. Informs AI governance and policy development. Supports financial inclusion and economic growth. Some of the world's largest tech companies such as Alibaba, Google, Facebook, Amazon, and Tencent are investing tremendous amounts of money into AI research. AI is continuously becoming more sophisticated and complex, making it important for firms to be updated on the technology in order to maintain their competitive advantages. We are in an era where customers and clients are rapidly switching to digital platforms and hence, to be able to keep up with the race, traditional firms need to become more customer and client-centric by focusing on their needs.

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