Financial Fraud: Pattern recognition with Al in Finance

1. Credit Scoring- Loan Assessment

* Credit scoring was originally based on a person's credit history, requiring only an ID to open an account but a full credit check for loans.

* AI was able to transform this system, enhancing the process by analyzing spending patterns, predicting future financial behavior, and providing insights beyond traditional credit scores. Modern Al systems can even track all transactions and credit card activities over a person's lifetime every time they log in.

1. Credit Unions vs.other Banks when tackling Loan Assessment

* Credit Unions: Tend to offer better loan terms because they don't rely on Al-driven credit assessments like big banks.

* Wells Fargo & Other Major Banks: Use Al to assess financial risk more extensively since customers already have accounts with them, making credit evaluations more stringent.

1. Al in Creditworthiness Assessment

* Alternative Al models use pattern recognition to analyze financial behavior for over 20 years to determine loan eligibility.

* Al-driven assessments provide deeper insights into financial habits, making creditworthiness evaluation more precise but also more invasive. This could lead to data privacy concerns.

1. Algorithm Training & Market Manipulation

* Machine learning can be used to predict financial patterns and market trends.

* Generative Al also controls and manipulates financial markets by predicting and influencing consumer behavior.

* Al can manipulate purchasing decisions, making people buy products they weren't initially interested in.

1. Al Vs. Al

* As Al is being used for financial fraud, Al-driven security measures are needed to counter fraud and manipulation.

* Al is essential in detecting fraudulent patterns and preventing unauthorized financial transactions.

1. Personalized Financial Advice & Al in Loan Offers

* Loan Processing: Many online loans are unavailable because financial institutions aim to sell customized loans that benefit both the bank and the borrower.

Al in Product Selling: Al suggests:

* Suitable loan plans, payment strategies and Investment options

This also poses more marketing Traps: Banks may offer promotions (e.g., "Get $100 if you open an account") to attract customers.

1. Financial Forecasting & Al in Business Stability

* Revenue Prediction: Estimating future income and financial performance.

* Cash Flow Optimization: Managing financial resources in a more efficient and organized manner.

* Business Stability: Helps businesses maintain financial stability and growth by predicting risks and providing resource allocation strategies; preventative AI