

ARTIFICIAL INTELLIGENCE IN THE PAYMENTS INDUSTRY

The payments industry is at the forefront of deploying new technologies—including artificial intelligence (AI). In recent decades, the payments industry has developed and deployed AI tools making payments faster and more secure, unlocking benefits for the payments industry and consumers alike.

TRADITIONAL AI VS. GENERATIVE AI

Traditional AI excels at analyzing data & performing specific tasks. Strengths: Fast and accurate analysis, efficient automation, proven applications.

Generative AI creates new content inspired by existing data. Strengths: Creativity, personalization, data augmentation.

HOW THE PAYMENTS INDUSTRY USES AI

- **Predictive Texting:** Traditional AI predicts words based on patterns.
- **Search Documents:** Traditional AI retrieves relevant documents, generative AI summarizes key points.
- **Password Resets:** Traditional AI verifies identity, generative AI creates unique passwords.
- **Transcribing Meetings:** Traditional AI transcribes audio, generative AI identifies action items.
- **Point-of-Sale:** Traditional AI detects fraud, authorizes payments, generative AI personalizes recommendations.
- **Enhanced fraud detection:** Combining AI models for better accuracy.
- **Highly personalized experiences:** Tailored offerings & communication.
- **Streamlined operations:** Improved efficiency & cost reduction.

AI IS NOT USED FOR

- **Real-time decision-making**
Currently lacks the speed and accuracy needed for real-time analysis.
- **Underwriting**
Not used in credit underwriting and requires access to large amounts of personal data.

EXISTING REGULATIONS COVER USE OF AI

Participants in the payments system are subject to regulations and deploy risk management practices. Any use of AI systems must comply with all applicable laws and regulations including data protection, OCC guidance on AI risk management, anti-money laundering, fair lending, and customer privacy laws.

ETA urges policymakers to avoid inflexible regulations for responsible AI in financial services.

Policymakers should avoid rigid regulations tied to current AI systems to promote innovation, economic competitiveness, and reduce financial crime. Instead, they should focus on flexible, principles-based, industry-led standards that balance innovation, consumer protection, national security, and the growth of secure and inclusive financial services.

ELECTRONIC TRANSACTIONS ASSOCIATION

The Electronic Transactions Association (ETA) is the world's leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S and in more than a dozen countries around the world. ETA members make commerce possible by processing approximately \$47 trillion annually in purchases and P2P payments worldwide and deploying payments innovation to merchants and consumers.
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