

Jack Henry can market AI fraud-prevention tech to strengthen customer trust

Article

The news: Jack Henry launched an AI-based tool aimed at cutting real-time payments fraud, according to a press release.

- The Payrailz Fraud Monitor uses machine learning to analyze the risk of fraud for transactions and identify fraud patterns.
- The tech can automatically take over users' accounts when scammers get login information or attempt to move funds.
- Fraud Monitor supports person-to-person (P2P) payments, consumer and business bill payments, and account-to-account (A2A) transfers.

Why it matters: Payments fraud is a hot topic.

- **One-fifth of consumers worldwide have been victims of payment fraud** in the past four years, per ACI Worldwide.
- Almost two-fifths (39%) of UK businesses and 35% of US firms have fallen victim to payment fraud in the last year, according to Bottomline.
- Four banks that partnered with payments app **Zelle** reported that **losses to P2P payment fraud on the app likely exceeded \$255 million last year**, soaring from \$90 million in 2020, per a report by Sen. Elizabeth Warren.
- P2P payments platforms Cash App and Venmo are also under fire over fraud concerns.

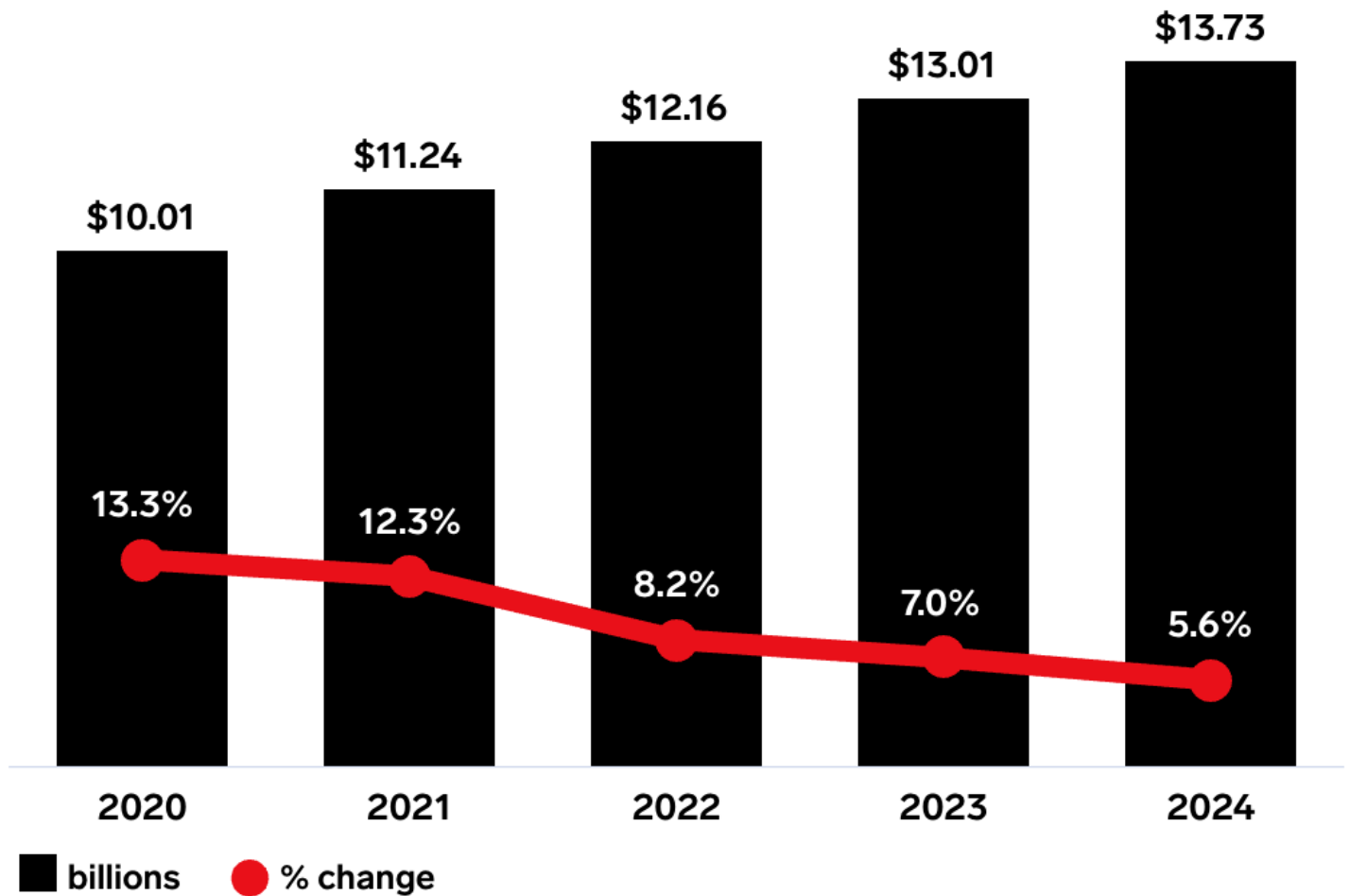
Firms can harness fraud-fighting tools: Jack Henry and other B2B payment firms can win new clients through their technology's fraud-preventing potential.

- Companies that embrace this tech can bolster their reputations and attract new users who may be concerned about the risk of fraud on P2P payment apps. Emphasizing AI's role in detecting fraud could also boost customer confidence among consumers that trust the tech, and help firms stand out in the short term.
- The rise of real-time payments and the approaching arrival of FedNow brings fresh challenges for fraud prevention. AI can help get around these issues by analyzing data quicker to flag high-risk transactions.

What's the catch? In the longer term, the competitive advantage of using AI-driven technology for payment players could fall due to the mass availability of undifferentiated tech, which consumers will expect all providers to offer.

Total Card Payments Fraud Loss

US, 2020-2024



Note: includes losses incurred by the merchant, consumer, and issuer for fraudulent payment transactions occurring via credit, debit, and prepaid cards

Source: eMarketer, August 2022

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