

How the genAI boom changed payments this year

Article



The news: In 2024, payment players invested heavily in AI to stay competitive as advancements in the tech reshape what's possible.

Here are the three main areas where payment players put their investments this year.

Hyperpersonalization. Payment players are using AI to customize everything from the checkout flow to marketing offers. The tech helps providers meet a customer expectation: Personalized product recommendations and services are [US consumers' two most wanted innovations online](#), cited by 47% and 45% of respondents, respectively, to a Q2 2023 Klarna Insights survey.

- **Stripe** [integrated AI into its Optimized Checkout Suite](#) to customize which payment methods appear for each customer.
- **Checkout.com** [introduced an AI-powered tool called Flow](#) that helps businesses tailor their checkout experiences.
- **PayPal** [rolled out PayPal Advanced Offers Platform](#), which uses AI to analyze consumer data. It gives merchants insights into what consumers have bought across the internet and helps them customize their offers.

AI chatbots. Payment companies are investing in these chatbots for customer service and other use cases, like shopping assistants. GenAI makes chatbots smarter and more useful, eliminating the need for some or all human labor and saving firms money.

- **Klarna's** [OpenAI-powered customer service chatbot](#) has helped two-thirds of Klarna's customer service chats and resolved inquiries in less than 2 minutes, compared with 11 minutes using only live customer service. The BNPL provider estimates that the assistant will drive a \$40 million profit improvement in 2024.
- **Mastercard** launched a [genAI-based chatbot called Shopping Muse](#). It helps to guide shoppers along the purchase journey, aided by image recognition and identifying users based on their assumed interests rather than just personal traits.

Fraud prevention. GenAI's synthetic data production is changing the game for fraud detection. It leads to richer datasets to improve training for existing AI models.

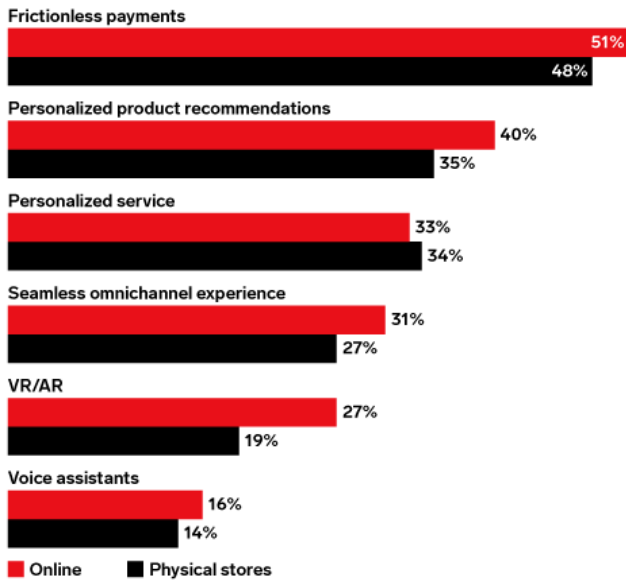
- **Visa** [acquired AI-based fraud prevention firm Featurespace](#) in a deal that is reportedly worth as much as \$935 million.
- **Mastercard** [acquired AI-based cybersecurity and fraud prevention firm Recorded Future](#) for a whopping \$2.65 billion.

Our take: After the genAI hype exploded in 2023, this year was all about implementation.

Payment players found ways to integrate the tech into their offerings and planned long-term genAI strategies. While still in its early days, it is clear genAI will have a lasting impact on the payments industry.

Most Wanted Innovations Online vs. in Physical Stores According to Consumers Worldwide, Q2 2023

% of respondents



Source: Klarna survey conducted by Nepa as cited in company blog, June 30, 2023

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