ALGER 60 YEARS

AI, What Have You Done For Me Today?

Finance: Fraud Detection

While many are familiar with Artificial Intelligence (AI) through chatbots and virtual assistants, the impact of AI extends far beyond these familiar applications. In fact, AI has become an intrinsic part of our daily lives, often in ways not immediately visible to the public. Today, in industries as diverse as agriculture, transportation, energy, and healthcare, AI is often behind the scenes, quietly revolutionizing business processes, and enhancing efficiencies and accuracy.

AI & Fraud Detection

In today's digital age, financial fraud has become a multibillion-dollar enterprise. Instead of old-fashioned bank robberies and pickpocketing, we now encounter identity theft, credit card fraud, and phishing scams. However, the rise of artificial intelligence tools and software is dramatically changing the ways in which institutions can defend against such financial deceptions.

Imagine, for instance, you're in a charming Parisian street market, admiring exquisite Dior earrings at a jewelry stall and picking out a bouquet of vibrant peonies to brighten up your hotel room. But when you reach for your wallet to pay, you realize it's gone – stolen amidst the bustling crowd. Panic sets in as you consider all the unauthorized transactions that might suddenly be accumulating in your account.

Fortunately, your financial institution now has an advanced AI fraud detection system in place to shield you from such situations. This AI system works like an ultra-sharp-minded security guard, constantly monitoring transactions to detect unusual activity. For example, if your credit card is used in another country or for high-value purchases that deviate from your typical spending habits, the AI system immediately notices and recognizes that something is amiss.

Here's how these AI systems help:

- **Pattern Recognition:** AI programs can examine millions of transactions a second, identifying patterns and anomalies that traditional methods might miss.
- **Real-Time Alerts:** As soon as the AI program detects suspicious activity, it sends alerts to both you and your financial institution, creating an opportunity to immediately freeze your card and prevent further unauthorized transactions.
- **Proactive Protection:** AI enhances identity verification for know-your-customer (KYC) and anti-money laundering (AML) processes. Using deep learning, graph neural networks (GNNs), and natural language processing (NLP), AI programs analyze photo IDs and verify their authenticity, reducing the risk of fraudulent records.

Sample Holding

JPMorgan Chase's (JPM) OmniAI system is a comprehensive AI platform designed to enhance various aspects of their financial operations such as customer service automation, risk management and private banking. OmniAI's powerful fraud detection program continuously monitors customer transactions in real-time to identify and prevent fraudulent activities

Today, the enhancements being implemented at many institutions can ensure that even in stressful situations like having your wallet stolen, advanced AI systems are diligently working to protect your financial well-being while reducing undue anxiety.

▶ **For more information on how AI is impacting you on a daily basis, please visit [www.alger.com.](http://www.alger.com)**

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The following represents the noted percentages of firmwide assets under management as of May 31, 2024: JPMorgan Chase, Inc., 0.10%, LVMH Moet Hennessy Louis Vuitton SE, 0.2%.