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# PAYTECH

# AI's Impact on the Future of Payments

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**Artificial intelligence (AI) will play a tremendous role in the future of payments, helping finance and accounts payable (AP) departments to manage the growing volumes of financial data that cross their desks—all while increasing efficiency, maintaining accuracy, and meeting evolving compliance regulations.**

While accounting processes, including AP, are primed for AI, finance leaders can be reluctant to integrate such technologies into their payment systems for fear of AI's risks. With a thorough understanding of AI's capabilities and actionable steps to manage its vulnerabilities, finance leaders can embrace these new technologies and the value they bring to their finance and AP teams.

#### **Data Security Risks With AI**

Because AI intakes and stores large volumes of data, particularly financial data, there is always a concern that a data breach could occur. Breaches are all too common, and unauthorized access or misuse of data can put individual privacy, identity, and financial data at risk.

AI makes decisions based on data, so the outcomes are only as good as the data it receives. Data quality is paramount. While technology eliminates manual human data entry, AI hallucinations (responses generated by AI which contain false or misleading information presented as fact) can and do occur, so consistent oversight is still necessary.

For instance, a finance team member must explain, particularly during an audit, how the AI platform reached its

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decisions. Human oversight is still necessary to ensure data remains unbiased and transparent.

As the regulatory landscape evolves, AI systems must also evolve to ensure compliance. Installing an AI tool is not a one-and-done task, so AP teams must be trained by their selected automation vendor in how to use and manage the platform and how to navigate new and additional workflows as the usage of the platform scales. Also, when the vendor pushes out periodic software updates, much like how you update apps on your smartphone, AP teams should receive updated training materials and the offer for one-on-one tutorials. A true implementation partner will have a robust training program that leaves no questions unanswered. Finding a partner who has been boots-on-the-ground in your industry and understands implementation training from firsthand experience is a bonus.

Finally, but perhaps most disconcerting to AP professionals, is the fear that AI could eventually replace humans. For this reason, understanding what AI cannot do is as important, if not more important, than understanding what it can do. While AI can analyze data and identify patterns and

outliers, a human brain is still necessary to make important decisions from the data, such as the following:

- Where can we spend less?
- Where should we invest more?
- What are the results of spending in the XYZ category?
- What was the return on investment?

Reconciling one-off cases or a new engagement first requires an AP professional who tells the AI system how to address new situations.

### **AI's Benefits in AP Processes**

Through disciplines like machine learning, natural language processing, and predictive analytics, AI can recognize repetitive patterns, analyze large volumes of data, and eventually learn to solve repeated use cases. Automation can address a variety of pain points that would otherwise lead to costly and unnecessary late fees, vendor supply issues, credit problems, delayed or inaccurate vendor payments, duplicate processing of invoices or payments, improper recordkeeping, and more—all of which require manual rework by the AP team and a potential disruption to cash flow. Optimized

spend, dynamic budgeting, and improved operational efficiency are all made possible through complex generative AI models when trained with high-quality data and being continuously evaluated.

### Improved Invoice Processing

AI-powered systems extract vital information from invoices, such as vendor details, invoice amounts, and due dates. This eliminates the need for manual data entry and reduces errors, which improves data integrity.

AI-enabled process mining algorithms can automatically match invoices to purchase orders, identifying discrepancies and preventing duplicate payments. This automated matching process helps AP teams adhere to company policies and reduces the risk of financial errors. If mismatches occur, AI systems can initiate exception handling processes and alert relevant parties to ensure a quick resolution.

Managing the approval process for invoices can be a complex and time-consuming task. AI-driven workflows can streamline this process by routing invoices for approval based on predefined rules and criteria. This ensures that invoices move through the approval chain efficiently and minimizes bottlenecks, resulting in faster processing.

### Strengthened Vendor Partnerships

Maintaining healthy supplier relationships is crucial in AP. AI can assist with evaluating supplier performance by analyzing historical data to identify reliable vendors, negotiate favorable terms, and ensure timely payments. Finance leaders can use AI's insights to make informed decisions that strengthen supplier partnerships and contribute to a more sustainable supply chain.

AI systems can also identify potentially fraudulent invoices by analyzing patterns and flagging irregularities. This proactive security measure enhances security and prevents financial losses. AP teams receive alerts about suspicious activities, allowing them to investigate and take corrective actions promptly.

### Optimized Cash Flow Management

Accurate cash flow forecasting in AP is an essential function. By leveraging AI, machine learning, and predictive analytics, AP departments can provide precise cash flow forecasts by analyzing historical payment data and supplier behavior. AI enables organizations to optimize their working capital, make informed financial decisions, and plan for any potential cash flow challenges. AI's predictive capabilities help finance leaders steer their organizations toward financial stability and growth.

### Ease of Expense Report Processing

AI-powered tools can streamline the processing of employee expense reports by automatically verifying receipts, categorizing expenses, and ensuring compliance with company policies. This reduces the administrative burden on AP teams and empowers employees to submit accurate and compliant expense reports. The result is a more efficient and transparent expense management process.

### Efficient, Compliant Audit Preparation

Preparing for audits can be a time-consuming and stressful process. AI can assist in this regard by organizing and retrieving necessary documents, ensuring compliance with financial regulations, and providing detailed reports on financial transactions. This streamlines the audit process and enhances transparency and accountability within the finance department.

### Final Guidelines

By automating AP processes, finance teams can focus on more strategic activities such as data analysis, supplier negotiations, and decision-making. The outcome is boosted efficiency, increased accuracy, cost reduction, and stronger supplier relationships—a game-changer in AP that allows finance leaders to navigate uncertain economic conditions with confidence.

In addition to providing higher-quality data, AI technologies can quickly address changes in business practices. This requires establishing infrastructure that can scale as the volume of workflows increases and creating protocols to ensure regulatory compliance.

When selecting and implementing AI in accounting processes, finance teams should keep several guidelines in mind. To gain stakeholders' trust, ensure the team can understand and interpret how the models produce results. Select a scalable solution capable of handling large volumes of transactions and data. Encourage transparency by establishing reporting protocols that document model training, evaluation, and decision-making processes. Be cognizant of traditional AP processes and how they will need to change to accommodate the integration of generative AI models.

Implementing AI technologies is not a one-and-done process; the system must be continuously evaluated and updated. By keeping these guidelines in mind, AP teams will ensure they are maximizing the potential of any AI tool they put in place. ■