

THE AI JOURNAL

How smart banks leverage AI benchmarking for growth and risk management

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AI is revolutionizing banking, changing how financial institutions measure efficiency, assess risk, and enhance customer experience. Instead of relying on one-size-fits-all benchmarks, banks can now use AI-driven insights to create real-time, dynamic performance metrics—helping them make smarter, faster decisions.

Historically, banks relied on backward-looking financial models and industry reports to set performance benchmarks. These traditional methods often fail to capture real-time market changes, evolving risk factors, and shifting customer behaviors. AI flips the script by enabling:

- Real-time performance monitoring – AI can continuously ingest and analyze transaction data, allowing banks to adjust benchmarks dynamically.
- Adaptive risk scoring – AI-powered risk models evolve based on new fraud trends, regulatory updates, and customer behavior.
- Personalized customer insights – AI-driven customer segmentation helps banks set benchmarks tailored to specific segments and product offerings.
- AI-powered customer support – From reducing wait times to providing 24/7 support, AI can help enhance the customer experience while improving operational efficiency

AI benchmarking: Key use cases

1. Risk management & fraud detection

Banks are leveraging AI to redefine fraud detection benchmarks. Instead of static thresholds, AI models analyze billions of transactions as they are made, establishing a more risk-based benchmarking system to detect suspicious activity. AI enables banks and credit unions to set alert thresholds based on deviations in transaction behavior rather than preset dollar limits, reducing false positives and saving anti-money laundering (AML) professionals time.

AI-powered fraud scoring models can set different benchmarks for fraud by sector, transaction type, and customer segment. They even allow for comparison against peer banks dealing with the same types and amounts of fraud. Shifting to AI-assisted risk management is a step towards proactive, rather than reactive, fraud detection, reducing financial institutions' losses and enhancing customer security.

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