

# NPCI pilots AI models to keep digital payment frauds in check

**Our Bureau**

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As digital financial frauds rise, the National Payments Corporation of India (NPCI) is piloting an Artificial Intelligence/Machine Learning (AI/ML) engine to help flag UPI IDs of scammers who collect money from gullible users.

NPCI's Chief Risk Officer Viswanath Krishnamurthy on Wednesday said that the organisation is now using AI/ML "in a big way" to identify likely fraudulent transactions and flag such accounts by assigning a risk score to them. NPCI's use of such proprietary AI and data analytical models started around 1.5 years ago and pilots with banks have been growing since then.

"When someone is working to get multiple people to transfer money to their account, our AI models can assign a risk score to such accounts based on the history of money flow. While some



Viswanath Krishnamurthy,  
Chief Risk Officer, NPCI

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banks have given us the authorisation to decline such transactions, in some cases we alert the banks about it. Banks then make a call to the customer to ask them if and why they are undertaking the transaction," **Krishnamurthy** said.

He added that NPCI has already declined some transactions this way with support from banks.

## TEETHING TROUBLES

However, there are various challenges to scale this and the organisation also faces "false positives", he admits.

While one challenge is posed by the real-time nature of UPI payments, the other is a need to partner with banks and get them to authorise the decline of suspicious transactions, he noted.

Highlighting the growth of fraudulent transactions, Krishnamurthy and other NPCI officials noted that in UPI, the frauds are more due to how customers use the platform rather than the infrastructure.

Around 85 per cent of the customers are greedy and fall prey to investment and other trading scams, 10 per cent occur due to fear [such as digital arrests] and the remaining 5 per cent are out of ignorance, he said.

NPCI officials also said that UPI is relatively safer than other forms of digital payments owing to use of PIN, the linking of UPI ID to devices and other features. "We are also increasing budget allocation to create user awareness around most common scams," Krishnamurthy said.