



The Ultimate Guide to


Using Generative AI in Finance



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Generative AI Today



In today's fast-paced business landscape, efficiency and accuracy are **key components to corporate success, especially when managing complicated financial processes and workflows** like accounts payable, procurement, and employee expenses.

Innovative and forward-thinking finance and payments leaders are looking at generative AI models like ChatGPT to enhance their larger automated finance function to meet these humanly impossible metrics.

For those unfamiliar, ChatGPT is a generative AI model developed by OpenAI that exploded in popularity at the beginning of 2023 due to its ability to **understand complex natural language-based queries** and return relatively fast and accurate results. Content creation, creative ideation, website building, travel arrangements, image generation, and coding are just some of the ways people interact with ChatGPT on a daily basis. The possibilities are practically endless when it comes to leveraging the potential of such a robust artificial intelligence solution.

As a result of its popularity, businesses all over the globe are trying to **understand what ChatGPT and other similarly powered AI models can do for their operations, including finance and payments functions. This has left many to wonder how they can use advanced generative AI models within their already established workflows and processes.** Alternately, others question the security around incorporating AI models, and some try to stray away from it out of fear.

With the introduction of natural large-language and generative AI chatbots like ChatGPT, along with the power of finance automation, businesses **can now streamline their finance operations like never before.**

Can AI models be used in a finance setting?

The short answer is yes. Since ChatGPT can understand complex queries and data sets and analyze large amounts of information, it can be a powerful tool for completing financial workflows, among other uses.

With practically endless applications, generative AI models like ChatGPT are revolutionizing how innovative companies manage their financial, procurement, and accounts payable processes. **If implemented alongside a finance automation solution, companies can streamline operations, improve accuracy and forecasting, and substantially reduce the risk of errors and compliance issues.**



Top 5 Uses for
**Generative
AI in Finance**





1

Financial Analysis and Reporting

Using ChatGPT for financial analysis and reporting can be a game-changer for finance and accounts payable departments. The AI's ability to quickly and efficiently analyze large amounts of information can be applied to financial data, including expenses and financial statements, generating relevant reports on cash flow, spend, and financial health. It can discern data anomalies, flag entries requiring human investigation and further follow-up, and notify relevant stakeholders.

Since ChatGPT can easily gather and analyze large amounts of financial data and generate reports, it saves departments time and effort, allowing them to focus on complex tasks and higher-value initiatives. The powerful algorithmic and analytical capabilities of advanced AI models like ChatGPT help finance professionals make better and more informed decisions, keeping them ahead of the competition.

2

Fraud Detection

The ability to analyze and flag data anomalies can also be used to detect malicious and fraudulent activities. ChatGPT can assist in detecting and preventing fraud by analyzing vast amounts of transaction data and identifying any suspicious patterns, such as repeat transactions, IP and country of origin mismatches, misaligned information, and more—helping companies protect their financial assets and reduce losses caused by fraud.

By analyzing transactional patterns and identifying anomalies, these AI models can flag potentially fraudulent activity or even halt the transaction (depending on the implementation) and notify team members before any significant harm is caused. With the ability to learn and adapt over time, these models will only become increasingly sophisticated in their ability to identify new types of fraud, staying ahead of evolving threats.

While no system is 100% foolproof, generative AI models like ChatGPT are proving to be a massive leap forward in protecting against financial crime and promoting a safer, more secure finance function for the entire corporation.

3

Expense Management

Finance teams can use ChatGPT to help code and track expenditures along with other employee-initiated business expenses and help manage budgets.

AI models like ChatGPT are incredibly useful tools for managing expenses, making it easy to keep track of all your company's expenses and stay on top of your finances. With just a few clicks, you can enter your expenses, categorize them, and track your spending over time.

Even the process of employees submitting expense receipts can be streamlined, going far beyond standard OCR (Optical Character Recognition) capabilities. Since these AI models can better understand the nuances and intricacies of transactional data, they can help reduce errors and better fill out and submit expense reports to approvers.

Plus, with ChatGPT's robust reporting capabilities, you can quickly generate detailed reports and gain insights into the spending habits and patterns of your employees and the business as a whole.

4

Taxes and Compliance

Compliance and taxes are crucial aspects of a company's finance function, and non-compliance can lead to significant financial penalties and reputational damage, making managing them a daunting task.

The good news is that with the help of ChatGPT and finance automation software, you can streamline and enhance your business' taxes and regulatory compliance. By integrating ChatGPT into your finance automation software to monitor all incoming and outgoing transactions, you can get real-time insights into your regulatory status and make informed decisions to help ensure you remain compliant, are adhering to regulatory requirements, and avoid any related penalties.

5

Financial Planning

Financial planning can be one of the most overwhelming responsibilities for finance and payments leaders. A miscalculation or typo can steer the company in the wrong direction and have serious consequences. It could lead to incorrect projections, misallocation of resources, and, ultimately, financial losses.

Since ChatGPT can analyze and interpret information about your company's cash flow, expenses, goals, and timelines, it can guide you on how to reduce spending, build savings, pay down debt, or create contingency plans in case of an emergency.



The Negatives of Using AI in Finance

Most publicly accessible iterations of ChatGPT are working off a predetermined dataset with a cut-off date of circa September 2021. Given this limitation, these AI models cannot provide any up-to-date information without being provided that information beforehand. In reality, ChatGPT does not have access to the internet, meaning all of its capabilities and provided answers are generated based on that out-of-date dataset.

This does not mean that ChatGPT is stuck in 2021 forever, and it certainly doesn't mean your information is protected. ChatGPT takes the learnings and data from its interactions and uses them for future versions. This means that if you input a lot of sensitive information, like finances and competitive analysis, into ChatGPT, that same information may be a part of its future datasets.

If your finance function is looking at ways to incorporate generative AI models within its workflows and processes, it is highly recommended that you seek out a licensed or privately hosted solution or look at reputable providers that have already implemented natural large-language AI models within their hosted solutions. This will help ensure that other parties cannot access sensitive information as a result of engaging with the AI.

AI and Machine Learning for Finance Automation

ChatGPT and other generative AI models have tremendous potential for streamlining finance operations.

By leveraging the power of ChatGPT and finance automation software, companies can make better and more informed decisions, improve accuracy and forecasting, and substantially reduce the risk of errors and compliance issues. While there are some limitations to using publicly accessible iterations of ChatGPT, it is highly recommended that businesses seek out reputable providers that have already implemented natural large-language AI models within their hosted solutions to ensure the safety and security of sensitive information.



How Tipalti Utilizes Generative AI

Tipalti efficiently uses ChatGPT-4 to enhance the accuracy of expense coding during automated supplier invoice processing. Embedded into its AP automation software, Tipalti Pi (Payment Intelligence) benefits significantly from ChatGPT-4's generative capabilities. Ask Pi, Tipalti's digital assistant, lets you submit queries to use artificial intelligence for AP insights and gain real-time business intelligence through all of Tipalti's finance automation products.

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