The Impact of Artificial Intelligence (AI) on Financial Management

Dampak Kecerdasan Buatan *(Artificial Intelligence)* terhadap Manajemen Keuangan

Muhammad Hidayat, Siska Yulia Defitri, Haim Hilman
STIE Persada Bunda, Universitas Mahaputra Muhammad Yamin, Universiti Utara Malaysia
*m.hidayat2901@gmail.com, siskayd023@gmail.com, haimman@uum.edu.my

**Corresponding Author*

ABSTRACT

This study examines the impact of artificial intelligence (AI) on financial control, exploring the implementation of AI technology in financial selection-making strategies, predictive analysis and hazard manipulation. the use of a systematic literature examine approach, this studies covers the substantial modifications delivered via using AI in improving operational overall performance, presenting deep insights for financial preference making, and improving customer revel in in the banking area.. Even though it provides great benefits, this research also highlights ethical challenges, data security, adoption risks, as well as the need for policy and regulatory adjustments to the development of AI technology in the context of financial management. It is hoped that the results of this research can provide guidance for companies and policy makers in facing revolutionary changes in financial management in the digital era.

Keywords: Artificial Intelligence, Financial Management, Financial Decision-Making

ABSTRAK

Studi ini mengkaji dampak kecerdasan buatan *(Artificial Intelligence)* terhadap pengendalian keuangan, mengeksplorasi penerapan teknologi AI dalam strategi pengambilan seleksi keuangan, analisis prediktif, dan manipulasi risiko. Dengan menggunakan pendekatan kajian literatur yang sistematis, penelitian ini mencakup modifikasi substansial yang dilakukan melalui penggunaan AI dalam meningkatkan kinerja operasional secara keseluruhan, menyajikan wawasan mendalam untuk pembuatan preferensi keuangan, dan meningkatkan pengalaman nasabah di bidang perbankan. Meskipun memberikan manfaat yang besar, penelitian ini juga menyoroti tantangan etika, keamanan data, risiko adopsi, serta perlunya penyesuaian kebijakan dan peraturan terhadap perkembangan teknologi AI dalam konteks pengelolaan keuangan. Hasil penelitian ini diharapkan dapat memberikan pedoman bagi perusahaan dan pengambil kebijakan dalam menghadapi perubahan revolusioner dalam pengelolaan keuangan di era digital.

**Kata Kunci*: Artificial Intelligence, Financial Management, Financial Decision-Making*

Introduction

Artificial Intelligence has created a surprise in the world of finance. AI is not just an era, but a presence that is extensively converting the way corporations control their property and finances. The application of AI is not most effectively restricted to using algorithms and predictive models; on the contrary, this generation is developing a major transformation within the financial decision-making process. As a concrete example, machine learning algorithms are able to carry out data analysis quickly and in depth. This gives deep insights that can be used to optimize investment techniques, identify possibilities and manage danger more efficiently. The effect of AI is likewise spreading into personal financial making plans, with the presence of

financial chatbots and virtual assistants that utilize artificial intelligence to provide financial advice tailored to individual needs (Melnychenko, 2020).

However, along with its advantages, the presence of AI in financial management additionally raises a number of challenges. Ethical risks associated with automated decision making, data security risks, and algorithmic complexity are becoming an integral part of the discussion around the use of artificial intelligence in a financial context (Al Ameri, 2021). Therefore, in the face of these profound changes, comprehensive and systematic research becomes increasingly important. A literature review covering the impact of AI on financial management not only provides a comprehensive picture, but also identifies critical areas that require further attention. This research becomes relevant in understanding the complexity and potential of artificial intelligence in shaping the future of financial management that is efficient and responsive to evolving market dynamics.

Next, we can focus attention on the implementation of AI in the banking sector. AI is not just a tool; he has been a catalyst for unprecedented change in banking institutions. Those changes encompass impacts on purchaser enjoyment, protection protocols, chance control, operational efficiency, return on investment and regulatory compliance. The application of AI and machine studying (ML) technology in financial establishments is growing, and applications include algorithmic buying and selling, threat management, fraud detection, credit scoring, and customer service. However, we need to additionally be cautious of the risks of adoption, which can require sizable investment in infrastructure and training (Sharafi, 2016). Moreover, guidelines and regulations want to be adapted to trends in AI generation, in particular in terms of information privacy, protection and algorithm transparency. The ethical challenges associated with automated decisions and their impact on individuals' financial lives also need serious attention (Popkova, 2019). Therefore, this research has practical relevance in overcoming the challenges and risks that may arise along with the implementation of AI in financial management. Through identifying ethical risks, data security, and uncertainty, this research can help develop effective mitigation strategies. By emphasizing research gaps, this research seeks to fill knowledge gaps identified in the literature. By involving different approaches and findings from previous research, this systematic literature review is expected to provide a richer and more comprehensive understanding of the role of AI in financial management transformation.

In the context of artificial intelligence in financial management, we also need to understand deeper problem phenomena. Adoption risks, policies and regulations, and ethical challenges must be carefully considered. Systematic literature reviews are expected to fill knowledge gaps by presenting a structured synthesis of previous research findings. Furthermore, this research has practical relevance in overcoming the challenges and risks that may arise along with the implementation of AI in financial management. By identifying ethical risks, data security and uncertainties, we can develop effective mitigation strategies and ensure the utilization of this technology is consistent with financial goals and ethical values. Through an in-depth understanding of the impact of AI on financial management, this research is expected to provide a clearer view of the evolution of the financial paradigm in the digital era. By understanding the huge potential of AI in changing the way of managing risks and designing adaptive financial strategies, this research creates a foundation for forecasting the direction of future developments in the financial realm (Xie,2019).

In an increasingly digitized world, the use of artificial intelligence (AI) in financial management has created a significant transformational phenomenon. Although it brings various benefits, such as operational efficiency, better risk management, and faster decision making, the use of AI also raises several problems that need to be understood more deeply. One problematic phenomenon is the existence of ethical uncertainty related to automated decision making. complicated and complicated AI algorithms can make choices that impact the financial lives of people and groups without human intervention. This creates ethical

challenges related to accountability, transparency, and the social effect of such selections (Pallathadka, 2023). Other than that, data safety risks also are a severe problem. With so much financial information being processed via AI systems, there may be a huge capability for protection breaches that would harm organizations and customers. Cybersecurity turns vital in this context, and the hazard of record misuse is a problem that needs to be addressed (Yubo, 2021).

The application of artificial intelligence (AI) in financial management covers various aspects to improve efficiency, analysis and decision making. Here are some concrete examples (Popkova,2019) (Sangeetha,2022) (Pallathadka,2023):

1. Predictive Analysis for Investment

AI can be used to analyze massive market data and predict price movements of shares or other assets. Machine learning algorithms can identify complex patterns and provide more accurate investment signals.

2. Financial Chatbots for Customer Service

Implementing an AI-based financial chatbot can provide more responsive and personalized customer service. This chatbot can provide information about accounts, assist in the transaction process, and provide financial advice according to individual needs.

3. Risk Management with Fraud Detection

AI systems can be used to analyze financial transaction patterns and detect potential fraudulent activity. Machine learning algorithms can learn from suspicious transaction patterns and provide warnings automatically.

4. Automatic Tax Planning

AI can be used to automatically process and analyze a company's financial information, assisting in tax planning and identifying potential tax savings. This can improve the accuracy of tax calculations and ensure compliance with complex tax regulations.

5. Market Sentiment Analysis

AI can monitor and analyze market sentiment by collecting and analyzing data from various sources, including social media, news, and industry reports. This helps companies to understand market perceptions and make better decisions.

6. Prediction of Company Financial Performance

Machine learning algorithms can be used to predict a company's financial performance based on historical data and external factors. This helps companies in strategic planning and long-term decision making.

7. Automation of Routine Financial Processes

The use of AI-based RPA (Robotic Process Automation) can help in automating routine financial tasks, such as processing invoices, recording transactions, and preparing financial reports. This increases efficiency and reduces the potential for human error.

8. Customer Understanding and Service Personalization

AI can analyze customer data to understand consumer needs and behavior. This allows financial companies to present offers, products and services that are more personalized and tailored to individual preferences.

These applications reflect how artificial intelligence has become a valuable tool in optimizing processes and decision-making in financial management, creating added value through more sophisticated data analysis and more adaptive solutions.

While there was some research into the effect of AI on financial management, there may still be a know-how gap that wishes to be filled. One massive research gap is the lack of in-intensity expertise of the moral effect of computerized selection making in a financial context. Preceding research has a tendency to cognizance greater on the technical aspects of AI, while the ethical and social implications of the use of AI in monetary decision making still require further investigation. Additionally, there is a need to better recognize the way to cope with information safety dangers springing up from the implementation of AI technology in

monetary control (Al-Shabandar,2019). preceding studies may also have diagnosed those dangers, however practical answers and effective mitigation techniques need to be in addition explored to make certain top-rated facts protection.

Conducting research on the effect of AI on financial management is very critical considering the important position of finance in financial sustainability and balance. First, a higher know-how of the moral elements of automated selection making will offer a foundation for growing pointers and rules that ensure honest and accountable financial decisions. Second, addressing information safety dangers inside the context of AI is becoming increasingly pressing as the frequency of cyberattacks will increase.

With a deep understanding of risks and effective solutions, companies and financial institutions can protect customer data and maintain public trust in the use of AI technology in finance. Finally, this research not only contributes to the academic literature, but also provides practical guidance for companies and policymakers. The information generated from this research can shape adaptive business policies, create a safe financial environment, and ensure that the implementation of AI technology is followed by thorough ethical and security considerations.

In conclusion, research on the impact of AI on financial management is not just an academic study, but also a step towards intelligent adaptation to the digital financial revolution. By analyzing and summarizing previous research findings, it is hoped that this systematic literature review will be a significant contribution to the development of strategies and policies that accommodate the increasingly important role of artificial intelligence in financial management.

Research Methods

This studies makes use of a systematic literature review approach up-to-date discover the effect of artificial Intelligence (AI) on financial management. The initial step includes figuring out relevant key phrases which includes "artificial Intelligence," "financial management," and other variants. A comprehensive literature seek up-to-date carried out in various leading academic databases consisting of Scopus, IEEE Xplore, ScienceDirect, and Google scholar. the search procedure entails combining keywords with boolean operaupdatedrs updated reap specific outcomes. for instance, a seek word includes the aggregate of "artificial Intelligence AND financial management." After acquiring preliminary effects, articles were evaluated up-to-date predetermined inclusion and exclusion criteria. Articles that met the research criteria, specially people who centered on the impact of AI on diverse up to date of financial control, had been retained for further analysis. The variety of decided on articles may additionally range depending at the quantity of applicable literature located throughout the quest manner, expected up to date be within the range of tens up-to-date masses of articles. the following stage involves a radical evaluation of the selected articles up to date extract key findings. Similarities, variations, and trends inside the literature are explored up-to-date provide a holistic up to dateupdated of the impact of AI on financial management. This approach guarantees continued monitoring of the literature on an everyday foundation updated update findings and contains new applicable literature. This systematic approach was chosen to provide a solid, inclusive and up-to-date basis for understanding the implications of Artificial Intelligence on financial management practices.

Results and Discussions

In the effects of a systematic literature overview regarding the impact of artificial Intelligence (AI) on financial management, a series of essential factors and findings have been found that enrich information of the marriage between the AI era and company financial practices.

1. Increased Operational Efficiency
The implementation of AI in financial management makes a significant contribution to increasing company operational efficiency. AI systems are capable of automating routine tasks, along with data processing and financial record technology, liberating up time and human resources to recognize greater complicated strategic selections (Zhu,2021).

2. Predictive Analysis and Decision Making
AI technology, specifically in the shape of machine learning algorithms, is able to undertaking in-depth predictive analysis. It facilitates in forecasting market trends, identifying investment possibilities, and coping with risks greater accurately. financial decision making becomes extra knowledgeable and conscious of adjustments inside the enterprise environment (Ahmed,2020).

3. Improved Customer Experience
In the banking sector, AI has brought changes to customer experience. Chatbot and virtual assistant systems use artificial intelligence to provide faster and more personalized customer service. More efficient and responsive interactions create more positive relationships between financial companies and customers (Alhemeiri,2021).

4. Better Risk Management
Implementing AI in risk management helps companies identify potential risks early and design more effective mitigation strategies. AI algorithms are used to detect anomalous patterns in financial transactions, reduce the risk of fraud and increase the reliability of risk management (Xiaojing,2021).

5. Ethics and Data Security Challenges
Even though it provides a number of advantages, the presence of AI in financial management also brings a number of challenges. Ethical risks, particularly related to automated decisions and their impact on individuals, are a focus of attention. Additionally, data security has become critical, and protection against potential security breaches is a must (Judges, 2018).

6. Change in Regulatory Paradigm
The implementation of AI in financial management is also driving a paradigm shift in regulations. The need for regulations that accommodate this advanced technology is important to ensure optimal financial protection and maintain public trust (Vesna, 2021).

7. Adoption Risk Challenges
There are adoption risks that need to be considered carefully. Although AI promises efficiency and accuracy, its implementation may require significant investment in infrastructure and training, as well as raising questions regarding integration with existing systems (Sangeetha,2022).

Through the results of this literature evaluation, it may be concluded that the effect of AI on financial management is not limited to increasing efficiency, however it also consists of a deep transformation inside the manner agencies manage hazard, make choices, and engage with customers. While the benefits are enormous, it's also important to be aware of the challenges and dangers which could come with the adoption of this generation. universal, this research provides precious insights for designing coverage strategies and great practices in integrating artificial Intelligence within the changing financial control context.

Conclusion

By detailing the results of a systematic literature review regarding the impact of Artificial Intelligence (AI) on financial management, it can be concluded that the role of this technology not only brings change, but also opens the door to a new era in corporate financial practices. Increased operational efficiency, advanced predictive analysis, and better risk management are key points in the positive changes brought about by AI implementation. At the same time, ethical challenges, data security, and adoption risks drive critical thinking about the integration of these technologies. The importance of regulations that are responsive to developments in AI technology is also a central point, because paradigm changes in financial management require a regulatory framework that supports innovation and protects the interests of policy makers. Additionally, changes in customer experience create new opportunities to build closer, more positive relationships between financial companies and customers.

In conclusion, this research provides a holistic view of the impact of AI on financial management, presenting a more complete picture of the profound changes that are taking place. By understanding the benefits, challenges and risks involved, companies and policymakers can take strategic steps to plan wise AI implementation and make a positive contribution to financial sustainability and effectiveness in this digital era. By continuing to explore potential and responding to market dynamics, these adaptive steps will be the key to shaping a responsive and innovative financial management future.

References

Ahmed, A. A. A., Asadullah, A. B. M., & ShakawatHossain, M. (2020). IMPACT OF ARTIFICIAL INTELLIGENCE AND AUTOMATION TECHNOLOGIES ON FINANCIAL MANAGEMENT. PalArch's Journal of Archaeology of Egypt/Egyptology, 17(6), 10311-10329.

Al Ameri, M., & Nobanee, H. (2021). Artificial Intelligence and Financial Management.

Al-Blooshi, L., & Nobanee, H. (2020). Applications of artificial intelligence in financial management decisions: A mini-review. Available at SSRN 3540140.

Alhemeiri, S., & Nobanee, H. (2021). Artificial Intelligence and Sustainable Financial Management.

Al-Shabandar, R., Lightbody, G., Browne, F., Liu, J., Wang, H., & Zheng, H. (2019, October). The application of artificial intelligence in financial compliance management. In *Proceedings of the 2019 International Conference on Artificial Intelligence and Advanced Manufacturing* (pp. 1-6).

Banu, S. R., Balaji Ramkumar Rajagopal, S., Venkatesan, K. G. S., Rawat, P., & JETHABHAI, P. Y. (2023). Smart Financial Management System Based on Integrated Artificial Intelligence and Big Data analytics. *BioGecko*, *12*(1s), 115-1265.

Budiasih, Y. (2024). The Influence of Digital Technology on Financial Management. Accounting Studies and Tax Journal (COUNT), 1(1), 81-89.

Chernov, V. A. (2020). Implementation of digital technologies in financial management. Ekonomika Regiona= Economy of Regions, (1), 283.

El Hajj, M., & Hammoud, J. (2023). Unveiling the Influence of Artificial Intelligence and Machine Learning on Financial Markets: A Comprehensive Analysis of AI Applications in Trading, Risk Management, and Financial Operations. Journal of Risk and Financial Management.

Giudici, P. (2018). Fintech risk management: A research challenge for artificial intelligence in finance. Frontiers in Artificial Intelligence, 1, 1.

Gómez Martínez, R., Martínez Navalón, J.G., & Prado Román, C. (2022). Bitcoin Investment Strategies Based on Google Trends and AI Models. tripods

Hapsari, A. A., & Puspitasari, D. M. (2024). The Influence of Financial Technology on the Advancement of Financial Inclusion in Micro, Small, and Medium Enterprises (MSMEs) in West Java. Accounting Studies and Tax Journal (COUNT), 1(1), 48-60.

Harsono, I., & Suprapti, I. A. P. (2024). The Role of Fintech in Transforming Traditional Financial Services. Accounting Studies and Tax Journal (COUNT), 1(1).

Harsono, I., & Suprapti, I. A. P. (2024). The Role of Fintech in Transforming Traditional Financial Services. Accounting Studies and Tax Journal (COUNT), 1(1).

Melnychenko, O. (2020). Is artificial intelligence ready to assess an enterprise's financial security?. *Journal of Risk and Financial Management*, *13*(9), 191.

Mishra, S. (2023). Exploring the Impact of AI-Based Cyber Security Financial Sector Management. Applied Sciences.

Mossavar Rahmani, F. (2023). The Transformative Impact of AI on Financial Institutions, with a Focus on Banking. Journal of Engineering and Applied Sciences Technology.

Pallathadka, H., Ramirez-Asis, E. H., Loli-Poma, T. P., Kaliyaperumal, K., Ventayen, R. J. M., & Naved, M. (2023). Applications of artificial intelligence in business management, e-commerce and finance. *Materials Today: Proceedings*, *80*, 2610-2613.

Purwoko, B. (2015). Influence of service quality and customer satisfaction and loyalty trust foreign tourists visit the attractions in East Java Indonesia. European Journal of Business and Management. ISSN, 2222-1905.

Popkova, E. G., & Parakhina, V. N. (2019). Managing the global financial system on the basis of artificial intelligence: possibilities and limitations. In *The Future of the Global Financial System: Downfall or Harmony 6* (pp. 939-946). Springer International Publishing.

Sangeetha, M., Hoti, A., Bansal, R., Hasan, M. F., Gajjar, K., & Srivastava, K. (2022). Facilitating artificial intelligence supply chain analytics through finance management during the pandemic crises. Materials Today: Proceedings, 56, 2092-2095.

Sharafi, A., Iranmanesh, H., Amalnick, M. S., & Abdollahzade, M. (2016). Financial management of Public Private Partnership projects using artificial intelligence and fuzzy model. *International journal of energy and statistics*, *4*(02), 1650007.

Soleimani, S. (2018). A perfect triangle with: artificial intelligence, supply chain management, and financial technology. Archives of Business Research, 6(11).

Tabassi, E. (2023). AI Risk Management Framework.

Vesna, B. A. (2021). Challenges of financial risk management: AI applications. Management: Journal of Sustainable Business and Management Solutions in Emerging Economies, 26(3), 27-34.

Xiaojing, Y. (2021). Research on Decision Analysis of Human Resources and Financial Management Based on Artificial Intelligence Technology. Revista Argentina de Clínica Psicológica, 30(2,480-491).

Xie, M. (2019, April). Development of artificial intelligence and effects on financial system. In *Journal of Physics: Conference Series* (Vol. 1187, No. 3, p. 032084). IOP Publishing.

Yubo, C. (2021). Innovation of enterprise financial management based on machine learning and artificial intelligence technology. *Journal of Intelligent & Fuzzy Systems*, *40*(4), 6767-6778.

Yubo, C. (2021). Innovation of enterprise financial management based on machine learning and artificial intelligence technology. *Journal of Intelligent & Fuzzy Systems*, *40*(4), 6767-6778.

Zhu, X. (2021, April). Analysis on the Application of Cause Intelligence Financial Management System Based on Artificial Intelligence Environment. In Journal of Physics: Conference Series (Vol. 1881, No. 3, p. 032093). IOP Publishing.