

# AI in Fraud Detection Market Projected to Surge to \$108.3 Billion by 2033

AI in Fraud Detection market set to soar to USD 108.3B by 2033, from USD 12.1B, with a robust 24.5% CAGR.

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The Global [AI in Fraud Detection Market](#) is projected to experience significant growth over the next decade.

By 2033, the market size is expected to reach approximately USD 108.3 billion, up from USD 12.1 billion in 2023. This represents a substantial compound annual growth rate (CAGR)

of 24.5% from 2024 to 2033. This rapid growth underscores the increasing reliance on AI technologies to combat fraud across various industries, reflecting the technology's vital role in enhancing security measures.

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North America leads the AI in Fraud Detection market with a 38.9% share, valued at USD 4.70 Bn, driven by high-tech adoption and proactive cybersecurity.”

*Tajammul Pangarkar*

The AI in Fraud Detection Market is gaining considerable traction due to the complex nature of modern fraud schemes and the urgent need for sophisticated security measures, particularly in the financial sector. The adoption of AI technologies is seen as a crucial strategy for enhancing the accuracy and speed of fraud detection and prevention. Currently, over 50% of financial institutions are gearing up to implement AI solutions to combat both known and emerging fraud types. These technologies,

especially machine learning (ML) and predictive analytics, are recognized for their effectiveness in identifying novel fraud patterns and significantly reducing false positives.

Moreover, a substantial 94% of payments professionals confirm the critical role of AI in monitoring transactions and detecting suspicious activities. This widespread acknowledgment highlights the indispensable impact of AI in maintaining the integrity of financial systems and protecting transaction flows across banking platforms. The technology is not only pivotal in

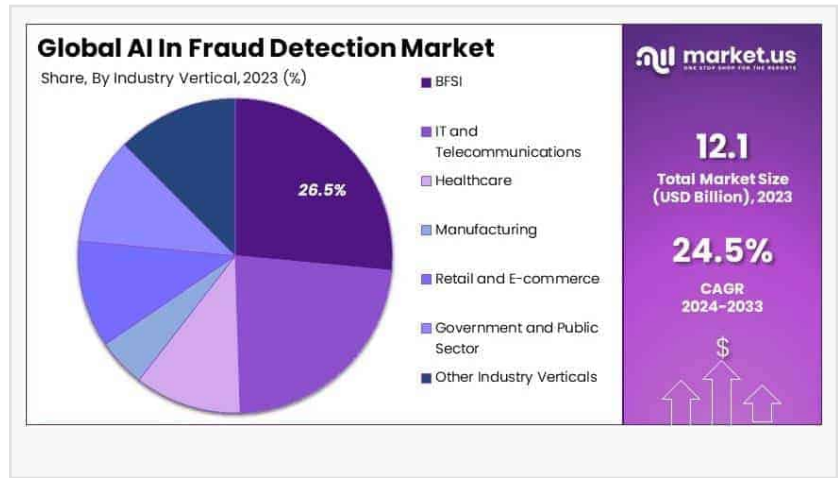


AI In Fraud Detection Market

sectors like insurance, where it helps mitigate losses from fraud—amounting to approximately USD 308.6 billion annually in the U.S. alone—but also in enhancing claim verification processes, thereby speeding up responses and minimizing human errors.

Significant challenges include business email compromise, which, according to the FBI's Internet Crime Complaint Center, resulted in financial damages

approaching USD 2.7 billion in 2022 from 21,832 incidents. Additionally, findings from Biocatch indicate that a majority of financial institutions, 74% for financial crime detection and 73% for fraud detection, are already utilizing AI. These institutions unanimously anticipate an increase in both financial crime and fraud by 2024.



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This growing reliance on AI reflects a broader trend towards technologically advanced security strategies within the financial sector, signaling a dynamic expansion of the AI in fraud detection market. As fraudulent activities evolve, there is a clear necessity for ongoing enhancements in AI capabilities to effectively counteract these threats, underscoring AI's transformative potential in fraud prevention.

Key findings:

- The AI in Fraud Detection Market was valued at USD 12.1 billion in 2023.
- This market is expected to reach USD 108.3 billion by 2033, with a CAGR of 24.5% from 2024 to 2033.
- In 2023, the Solution component segment led with 67.2%, highlighting the need for AI-based fraud detection tools.
- Payment Fraud dominated the application segment in 2023 with a 49.4% share, due to increasing online transaction risks.
- Large Enterprises had a significant share of 68.0% in 2023, reflecting their investment in advanced fraud detection solutions.
- The BFSI sector led the industry vertical segment with 26.5% in 2023, showing high adoption of AI solutions in finance.
- North America accounted for 38.9% of the AI in Fraud Detection market in 2023, owing to its advanced AI infrastructure.
- Currently, over 50% of financial institutions are preparing to deploy AI solutions for new and unknown fraud types detection.

--60% of U.S. insurance companies use AI due to estimated USD 308.6 billion annual fraud losses.

--In 2022, business email compromise led to USD 2.7 billion in reported losses, underlining the need for AI-driven detection tools.

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## Key Market Segments

### By Component

- Solution
- Services

### By Application

- Payment Fraud
- Identity Fraud
- Insurance Fraud
- Money Laundering
- Other Applications

### By Organization Size

- Small and Medium-Sized Enterprises
- Large Enterprises

### By Industry Vertical

- BFSI
- IT and Telecommunications
- Healthcare
- Manufacturing
- Retail and E-commerce
- Government and Public Sector
- Other Industry Verticals

## Component Analysis

In the AI in Fraud Detection market, the Solution component holds a predominant share of 67.2%, reflecting its vital role in implementing comprehensive fraud detection strategies. This dominance is due to the deployment of sophisticated software tools that utilize artificial intelligence to scrutinize data for patterns and anomalies indicative of fraudulent activities. On the other hand, Services, which support the implementation, maintenance, and optimization of these AI solutions, constitute a smaller, yet essential segment. The advancements in AI

technology continue to enhance the capability of these solutions to handle large volumes of data and perform real-time analytics, making them indispensable for organizations across various sectors looking to mitigate risks associated with fraud.

### Application Analysis

Payment Fraud is the leading application within the AI in Fraud Detection market, accounting for 49.4% of this segment. The prevalence of payment fraud, especially in online and mobile platforms, has escalated the need for AI-based solutions capable of detecting and preventing such fraud through the identification of unusual transaction patterns and verification of user identities. Other significant applications include Identity Fraud, Insurance Fraud, Money Laundering, and other financial irregularities, all benefiting from AI's capability to analyze behavior, cross-reference data, and provide predictive insights to prevent fraud. The rapid expansion of the digital economy, with its increasing volume of electronic transactions, reinforces the continuous demand for AI solutions in this area.

### Organization Size Analysis

Large Enterprises dominate the AI in Fraud Detection market, holding a 68.0% share, primarily due to their ability to invest in advanced AI technologies for comprehensive fraud detection. These organizations are particularly vulnerable to sophisticated fraud attempts due to their size and the scope of their operations. In contrast, Small and Medium-Sized Enterprises (SMEs) are increasingly adopting AI in fraud detection but often face challenges like limited budgets and less specialized IT personnel. Nonetheless, as AI solutions become more affordable and scalable, SMEs are finding greater value in these technologies, potentially leading to a more balanced distribution of AI adoption across different organization sizes in the future.

### Industry Vertical Analysis

The BFSI sector leads the Industry Vertical analysis in the AI in Fraud Detection market, with a 26.5% share, due to its high exposure to various types of financial frauds. This sector's complex transaction processes and the substantial amounts of sensitive data managed necessitate robust AI-driven fraud detection systems. Other sectors like IT and Telecommunications, Healthcare, Manufacturing, Retail and E-commerce, and Government and Public Sector also significantly integrate AI to address fraud, customized to their particular needs and regulatory demands. The prominence of BFSI highlights the ongoing need for advancements in AI capabilities to keep up with the evolving complexity of fraud schemes, ensuring these technologies play a crucial role in protecting assets and maintaining trust across global financial systems.

### Top Key Players in the Market

~IBM Corporation

- ~Google LLC
- ~SAS Institute Inc.
- ~SAP SE
- ~FICO
- ~ACI Worldwide
- ~Experian plc
- ~Fiserv, Inc.
- ~Verisk Analytics, Inc.
- ~NICE Ltd.
- ~Veriff
- ~Matellio Inc.
- ~Other Key Players

## Conclusion

The AI in Fraud Detection market is poised for dynamic growth, driven by a significant reliance on advanced AI solutions across various sectors. The market is characterized by the Solution component's dominance, which holds a substantial 67.2% share, highlighting the critical role of AI in combating fraud. Payment Fraud leads the applications segment with a 49.4% share, reflecting the surge in online transaction fraud.

Large Enterprises predominantly utilize AI for fraud detection, with a 68.0% market share, due to their capacity to invest in sophisticated technologies. The BFSI sector, highly vulnerable to fraud, leads the industry verticals with a 26.5% share, underlining the sector's urgent need for robust AI-driven security measures. This comprehensive adoption across components, applications, organization sizes, and industries underscores the integral role of AI in enhancing fraud detection and prevention strategies to safeguard financial and data integrity globally.

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