



### **Rising festive fraud: How fintechs are using AI to safeguard digital transactions**

As fraudsters deploy more sophisticated methods, fintechs are increasingly turning to Artificial Intelligence (AI) to strengthen fraud detection and prevention. By leveraging AI-driven insights, fintechs can analyse vast volumes of data in real time, detect unusual patterns, and proactively safeguard customers against rising festive fraud risks.

#### **Business Today Desk**

- Updated Sep 20, 2025 6:34 PM IST



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The festive season in India brings a surge in online shopping, digital payments, and financial transactions. While this period creates immense opportunities for businesses and consumers, it also opens the door for cybercriminals to exploit vulnerabilities through phishing, identity theft, and payment fraud. As fraudsters deploy more sophisticated methods, fintechs are increasingly turning to Artificial Intelligence (AI) to strengthen fraud detection and prevention. By leveraging AI-driven insights, fintechs can analyse vast volumes of data in real time, detect unusual patterns, and proactively safeguard customers against rising festive fraud risks.

#### **Dr. Sanjay Katkar, Joint Managing Director, Quick Heal Technologies Limited**

Fintech companies face a unique challenge. On one hand, they have to enable frictionless transactions; on the other hand, they need to prevent increasingly sophisticated fraud attempts. The situation worsens over the festive seasons, which triggers a surge in flash sales. AI-driven scams here mimic merchant sites, send “limited-time” deepfake offers, and exploit impulse buying.

To counter such threats, fintechs need equally adaptable AI. Solutions offering real-time behavioral analytics, such as Seqrite Products, can profile seasonal spending patterns and quickly flag anomalies

such as high-value purchases from unfamiliar devices. Deep-learning models can verify merchant legitimacy, match device fingerprints, and detect network irregularities, stopping fake checkout pages before payments are authorized.

AI-powered voice and face biometrics add another layer of protection, preventing account takeovers disguised as festive courier calls. Meanwhile, automated compliance engines can update fraud detection rules daily to address new, festival-specific threats. The goal is simple: keep security invisible so genuine shoppers enjoy safe, seamless, and celebratory transactions.

**Shailesh Paul, CEO- Wibmo, a PayU company**

As per industry reports, festive seasons often witness a 30–40% spike in digital transactions, which also leads to a surge in fraud attempts. In fact, in 2024 alone, India saw a 25% rise in digital payment fraud during peak festive months. At Wibmo, we deploy AI-powered risk-based authentication and real-time fraud detection systems that analyze over 3 billion transactions annually. Our AI models study transaction behaviour, device fingerprints, and geo-location patterns to proactively block suspicious activities. As fraud becomes more complex, fintechs must rely on intelligent, self-learning systems to ensure every transaction is secure—especially during high-velocity periods like Diwali and the year-end shopping rush.

**Conclusion**

As India embraces a digital-first festive economy, the threat of fraud will continue to evolve.

However, fintechs are demonstrating that advanced technologies like AI can act as strong shields, enabling secure, seamless, and trustworthy transactions. By investing in AI-powered fraud detection systems and educating consumers about safe practices, fintechs are not only protecting users today but also building a more resilient digital financial ecosystem for tomorrow.