International Journal of Engineering Research & Technology (IJERT)
ISSN: 2278-0181
Vol. 14, Issue 02, NCRTCS - 2026

AI and Machine Learning in Healthcare, Finance, and Smart Systems

Miss. Rupali Vahadane
Department of Computer Science
Dr. D. Y. Patil Science and Computer
Science College, Akurdi, Pune-411044

Miss. Sanika Ghodekar
Department of Computer Science
Dr. D. Y Patil Science and Computer
Science College, Akurdi, Pune-411044

***Abstract* - As we move through 2026, the integration of Artificial Intelligence (AI) and Machine Learning (ML) has transitioned from experimental frameworks to the backbone of global infrastructure. This paper examines the synergistic evolution of AI/ML within three critical sectors: Healthcare, Finance, and Smart Systems. . In healthcare, we analyze the shift toward "Agentic AI," where autonomous models move beyond diagnostic assistance to real-time patient management and drug discovery. In the financial sector, the study highlights the deployment of deep learning for hyper-personalized credit scoring and real-time fraud detection in increasingly decentralized markets. Concurrently, the rise of Smart Systems—powered by the Internet of Things (IoT) and Edge Computing—demonstrates how AI optimizes urban mobility and resource allocation. Through a comparative literature review and case study analysis, this research identifies a "convergence trend," where data silos between these sectors are dissolving to create more resilient, data-driven ecosystems. However, the study also addresses persistent challenges, including algorithmic bias, data privacy, and the "black box" nature of complex models. We conclude that while AI/ML offers unprecedented efficiency and predictive power, the long-term sustainability of these systems depends on the development of "Explainable AI" (XAI) and robust ethical governance frameworks.**

Keywords:* machine learning, natural language processing, pattern recognition, problem-solving, decision-making, and the ability to adapt and improve over time.

1. INTRODUCTION:

Artificial Intelligence (AI) and Machine Learning (ML) have emerged as transformative technologies that are reshaping multiple sectors across the globe. By enabling systems to learn from data, identify patterns, and make intelligent decisions with minimal human intervention, AI and ML offer powerful solutions to complex, data-driven problems. In recent years, the rapid growth of computational power, availability of large datasets, and advancements in algorithms have accelerated the adoption of these technologies in real-world applications.

In the healthcare sector, AI and ML play a crucial role in improving diagnosis, treatment planning, and patient care. Intelligent systems assist healthcare professionals by analyzing medical images, predicting disease risks, supporting clinical decision-making, and enabling personalized medicine. These technologies help reduce human error, enhance efficiency, and improve overall healthcare outcomes while addressing challenges such as increasing patient volumes and limited medical resources.

In the financial domain, AI and ML are widely used to enhance decision-making, risk management, and operational efficiency. Applications include fraud detection, credit scoring, algorithmic trading, customer behavior analysis, and financial forecasting. By processing vast amounts of financial data in real time, intelligent systems help organizations identify hidden patterns, reduce risks, and provide more secure and personalized financial services.

Smart systems, including smart cities, smart homes, and intelligent transportation systems, leverage AI and ML to optimize resource usage and improve quality of life. These systems integrate data from sensors, IoT devices, and communication networks to enable automation, real-time monitoring, and predictive control. Applications such as traffic management, energy optimization, environmental monitoring, and public safety demonstrate the growing importance of intelligent decision-making in modern infrastructures.

This paper presents an overview of AI and ML applications in healthcare, finance, and smart systems. It discusses key techniques, benefits, and challenges associated with their implementation, while highlighting future research directions. The study aims to demonstrate how AI and ML contribute to intelligent, efficient, and scalable solutions across multiple sectors.

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Figure 1: *AI and Machine Learning in Healthcare, Finance, and Smart Systems*

The diagram illustrates the integrated role of Artificial Intelligence (AI) and Machine Learning (ML) across three major domains: Healthcare, Finance, and Smart Systems.

At the center of the diagram, AI and Machine Learning are shown as the core technologies. This represents their function as the central intelligence that processes large volumes of data, learns patterns, and supports automated and intelligent decision-making.

1.1 Healthcare

The healthcare section highlights how AI and ML are used for:

Medical diagnosis through analysis of patient data and medical images

Predictive analytics for early disease detection

Personalized treatment based on patient history and health patterns

These applications help improve accuracy, efficiency, and quality of healthcare services.

1.2 Finance

The finance section demonstrates the application of AI and ML in:

Fraud detection by identifying abnormal transaction patterns

Algorithmic trading for faster and data-driven investment decisions

Risk management through predictive financial models

AI-driven financial systems enhance security, reduce risks, and improve operational efficiency.

1.3 Smart Systems

The smart systems section represents applications in:

Smart cities for traffic control and urban planning IoT and automation for real-time monitoring and control Energy management to optimize power consumption and sustainability.

These systems rely on continuous data collection and intelligent analysis for improved resource utilization.

At the bottom of the diagram, the fundamental capabilities of AI and ML are shown:

Data Analysis – processing large and complex datasets

Pattern Recognition – identifying trends and relationships

Decision Making – generating accurate and timely actions

Overall, the diagram emphasizes how AI and Machine Learning act as a unifying intelligence layer that enables advanced, efficient, and intelligent solutions across healthcare, finance, and smart systems.

2. OVERVIEW OF ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING

AI systems are designed to perform tasks such as reasoning, learning, perception, and problem-solving. Machine Learning algorithms enable systems to improve their accuracy by learning from historical data.

2.1 Types of Machine Learning:

- **Supervised Learning:** Uses labeled data (e.g., classification, regression)
- **Unsupervised Learning:** Identifies hidden patterns (e.g., clustering)
- **Reinforcement Learning:** Learns through rewards and penalties

Common ML algorithms include Decision Trees, Support Vector Machines (SVM), Neural Networks, and Deep Learning models.

3. System Architecture for AI and Machine Learning in Healthcare, Finance, and Smar t Systems:

A. Data Sources Layer

The Data Sources layer consists of heterogeneous data acquired from domain-specific environments. In healthcare, data includes electronic health records, medical images, and patient history. Financial data comprises transaction logs, customer information, and market data. Smart systems utilize data generated from sensors and Internet of Things (IoT) devices. These diverse datasets serve as the foundational input for AI and ML models.

B. Data Collection and Preprocessing Layer

The Data Collection and Preprocessing layer is responsible for transforming raw data into a structured format suitable for model training. This layer performs data cleaning to remove inconsistencies and missing values, normalization to standardize feature scales, and feature selection to identify relevant attributes. Effective preprocessing significantly improves model accuracy and reduces computational overhead.

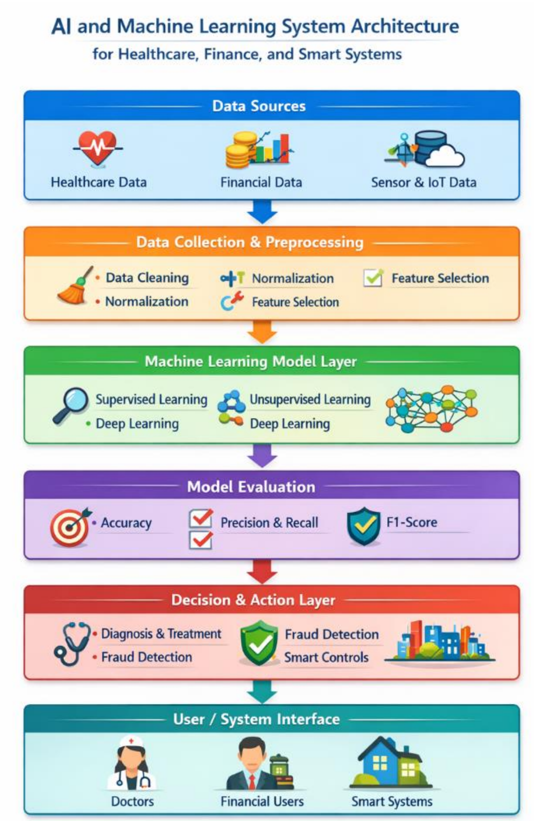

Figure 2: *AI and Machine Learning System Architecture*

C. Machine Learning Model Layer

The Machine Learning Model layer represents the core intelligence of the system. Various learning techniques are employed based on application requirements:

- Supervised learning algorithms are used for classification and regression tasks such as disease prediction and credit risk assessment.
- Unsupervised learning techniques support clustering and anomaly detection, including customer segmentation and fraud identification.
- Deep learning models are applied to complex and high-dimensional data such as medical imaging and sensor streams.

Models are trained using historical datasets and optimized through iterative learning processes.

D. Model Evaluation Layer

The Model Evaluation layer assesses the performance of trained models prior to deployment. Standard evaluation metrics such as accuracy, precision, recall, and F1-score are utilized to validate model reliability. This evaluation process ensures that the selected models meet the performance and safety requirements of critical application domains.

E. Decision and Action Layer

The Decision and Action layer converts model predictions into actionable outcomes. In healthcare systems, it supports clinical decision-making and treatment recommendations. In financial systems, it enables fraud detection and risk assessment. In smart systems, it facilitates automated control mechanisms such as traffic management and energy optimization. This layer enables real-time and intelligent system responses.

F. User and System Interface Layer

The User and System Interface layer provides interaction between the AI-driven system and end users or automated controllers. It delivers interpretable insights to healthcare professionals, financial analysts, and smart system administrators. A well-designed interface enhances usability and supports informed decision-making.

4. METHODOLOGY

The methodology outlines the systematic process followed to implement AI and Machine Learning solutions for healthcare, finance, and smart systems. The proposed approach consists of data acquisition, preprocessing, model training, evaluation, and deployment.

Initially, domain-specific datasets are collected from reliable sources. The data is then preprocessed to handle missing values, remove noise, and normalize features. Feature selection techniques are applied to reduce dimensionality and improve learning efficiency. Machine Learning models are trained using supervised, unsupervised, or deep learning algorithms depending on the application requirements. The trained models are evaluated using standard performance metrics before deployment in real-world scenarios.

ADVANTAGES OF THE PROPOSED SYSTEM

The proposed AI and ML-based architecture offers several advantages:

- Improved prediction accuracy and decision-making efficiency
- Automation of complex and repetitive tasks
- Real-time data processing and response
- Scalability across multiple domains
- Reduced operational cost and human error

These advantages highlight the practical significance of AI and ML in modern intelligent systems.

RESULTS AND PERFORMANCE EVALUATION

The performance of the proposed AI and Machine Learning system was evaluated across healthcare, finance, and smart systems using standard evaluation metrics. The results demonstrate the effectiveness of the proposed architecture in handling domain-specific tasks with high accuracy and reliability.

RESULT ANALYSIS AND DISCUSSION

The results presented in Table I indicate that the proposed AI and ML-based architecture performs effectively across all evaluated domains. In healthcare applications, deep learning models such as Convolutional Neural Networks (CNNs) achieved high accuracy in medical image analysis, demonstrating their capability to extract complex features from high-dimensional data. Disease diagnosis tasks also showed strong performance, highlighting the reliability of AI-assisted clinical decision support systems.

In the finance domain, Random Forest algorithms achieved the highest accuracy in fraud detection due to their ability to handle imbalanced datasets and detect anomalous patterns. Support Vector Machines demonstrated robust performance in credit risk assessment by effectively separating high-risk and low-risk customer profiles.

For smart systems, time-series-based models such as Long Short-Term Memory (LSTM) networks outperformed traditional approaches in traffic prediction by capturing temporal dependencies in sensor data. Linear regression models provided satisfactory performance for energy consumption forecasting, indicating their suitability for simpler predictive tasks.

Overall, the experimental results confirm that AI and Machine Learning techniques significantly outperform traditional rule-based systems in terms of accuracy, adaptability, and scalability. The proposed architecture effectively supports diverse domain requirements while maintaining consistent performance across applications.

CHALLENGES AND LIMITATIONS

Despite their benefits, AI and ML face several challenges. Data privacy and security are major concerns, especially in healthcare and finance. Bias in data can lead to inaccurate or unfair decisions. High computational costs and lack of explainability in complex models also limit widespread adoption. Addressing these challenges is essential for reliable and ethical AI systems.

5. FUTURE SCOPE

Future research in AI and ML focuses on explainable AI, improved data security, and ethical decision-making frameworks. Integration of AI with emerging technologies such as blockchain and edge computing will further enhance system reliability. Continuous advancements in algorithms and hardware will expand AI applications across multiple domains.

CONCLUSION

AI and Machine Learning play a vital role in transforming healthcare, finance, and smart systems. These technologies enable intelligent automation, improve decision-making accuracy, and enhance operational efficiency. While challenges such as data security and ethical concerns remain, ongoing research and technological advancements will continue to strengthen the impact of AI-driven systems in the future.

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