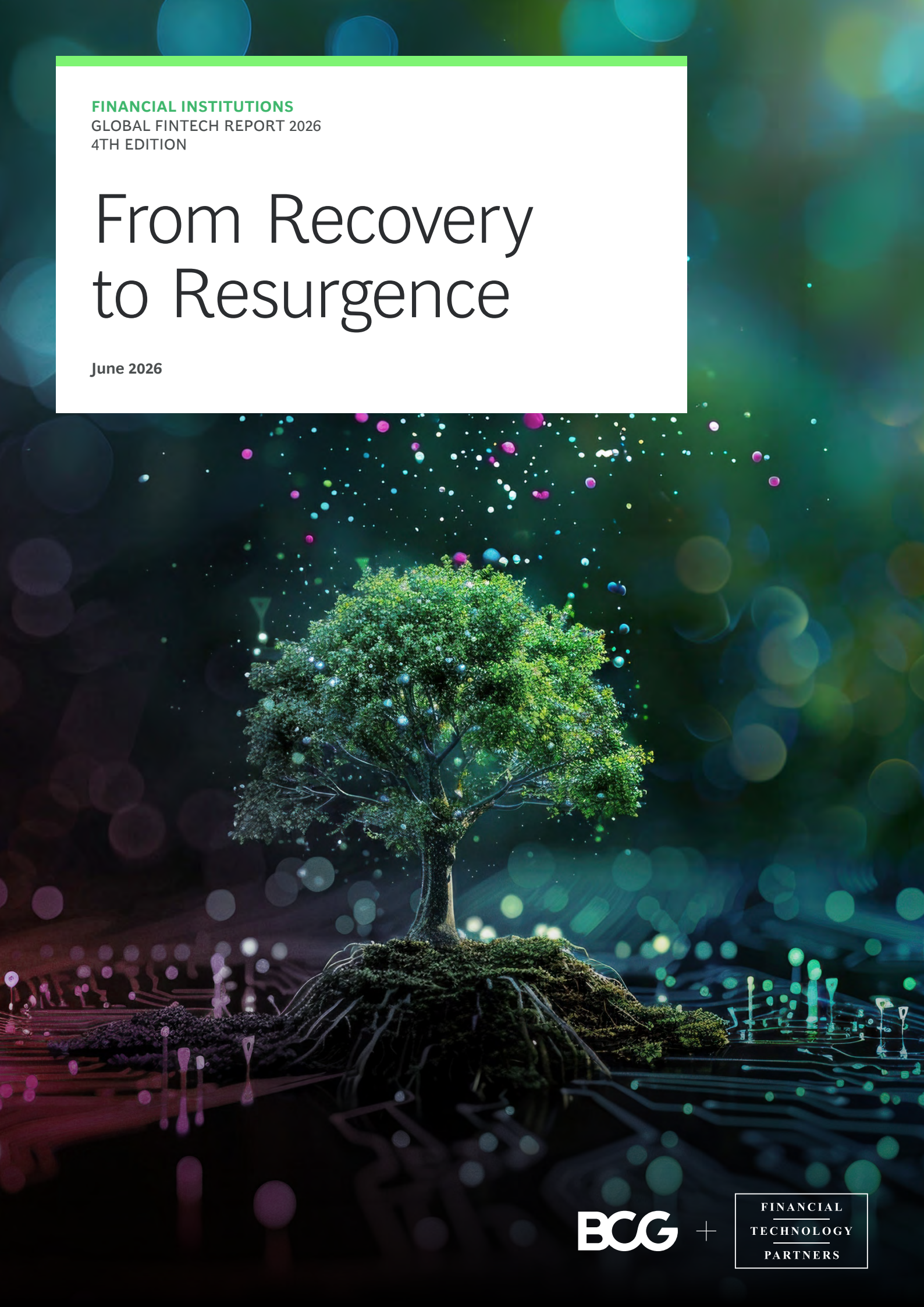
FINANCIAL INSTITUTIONS
GLOBAL FINTECH REPORT 2026
4TH EDITION

From Recovery to Resurgence

June 2026



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Contents

Key Highlights

$504B

Total global fintech revenue surpassed half a trillion dollars, achieving record highs

4%

Share of global banking and insurance revenue pools penetrated by fintechs, with large, untapped opportunity in B2B verticals

22%

Global fintech revenues continued to show strong growth at 22%, with trading and investments and deposits leading the pack with about 38% and 30% YoY growth, respectively

>4x

The fintech revenue growth rate was more than four times greater than that of incumbents

400bps

Average EBITDA margin improvement for the largest public fintechs from 2024 to 2025

$58B

Fintech equity funding in 2025, up 53% year over year as investor appetite returned, albeit selectively

42

Number of global fintech IPOs in 2025, up 50% year over year

5x

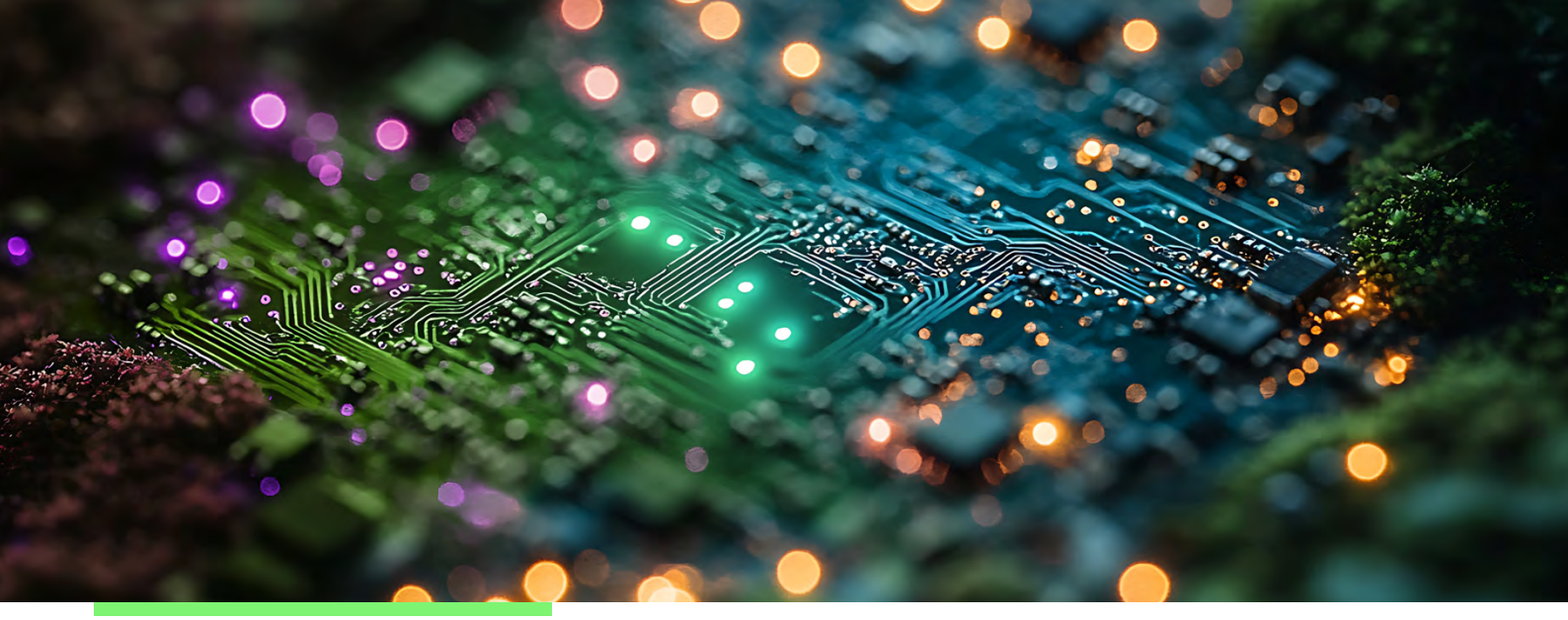
Observed uplift in developer productivity at fintechs using AI

>$3T

Digital asset market capitalization growing, with crypto at ~$3 trillion, stablecoins at ~$300 billion, and tokenized real-world assets at ~$30 billion

65%

Share of stablecoin holdings tied to crypto trading, underscoring how concentrated digital-asset adoption remains today



Introduction

After several years characterized by market correction, capital scarcity, and skepticism concerning the durability of many business models, the fintech sector showed strong revenue growth of 22% in 2025. Global fintech revenues surpassed half a trillion dollars and grew over four times as fast as incumbent revenues.

Growth has returned, but in a new form. The fintech sector has not simply recovered from the 2023/2024 reset, with its lower valuations and funding; it has matured into a demanding environment where scaled leaders are widening their advantage, new technologies are reshaping the economics of financial services, and profitable growth has become the expectation rather than an aspiration. And yet the opportunity ahead remains enormous: Fintech accounts for about 4% of the global financial services revenue pool—large enough to be considered a distinct, mature sector, but not so large that there isn't meaningful white space to target.

Investors are placing more emphasis on which business models can capture the next wave of value, which technologies can create durable advantage, and how far players can extend into adjacent products, geographies, and infrastructure layers while navigating a more complex regulatory and geopolitical environment.

These dynamics are urgent in 2026 because the basis of competition is changing. AI is reshaping how financial services are built and delivered, with early proof of value concentrated in a set of operational and workflow-heavy use cases that are narrower than the hype would suggest. Digital assets have regained momentum; however, while the tech foundations have strengthened and regulations have become clearer, widespread adoption will depend on proven value creation. Regulators across the globe are resetting the distinction between banks and fintechs. At the same time, scaled fintechs and neobanks are expanding their offerings into fuller financial platforms, while a new generation of AI-native entrants is emerging alongside them.

This report draws on conversations with fintech executives, investors, and industry leaders across global markets, and our own expertise, research, analysis, and proprietary FinTech Control Tower platform. It begins with an assessment of where fintech stands today, then examines seven trends that are shaping the future of the industry. It closes with a set of implications for the institutions that hold a stake in the emerging new landscape.

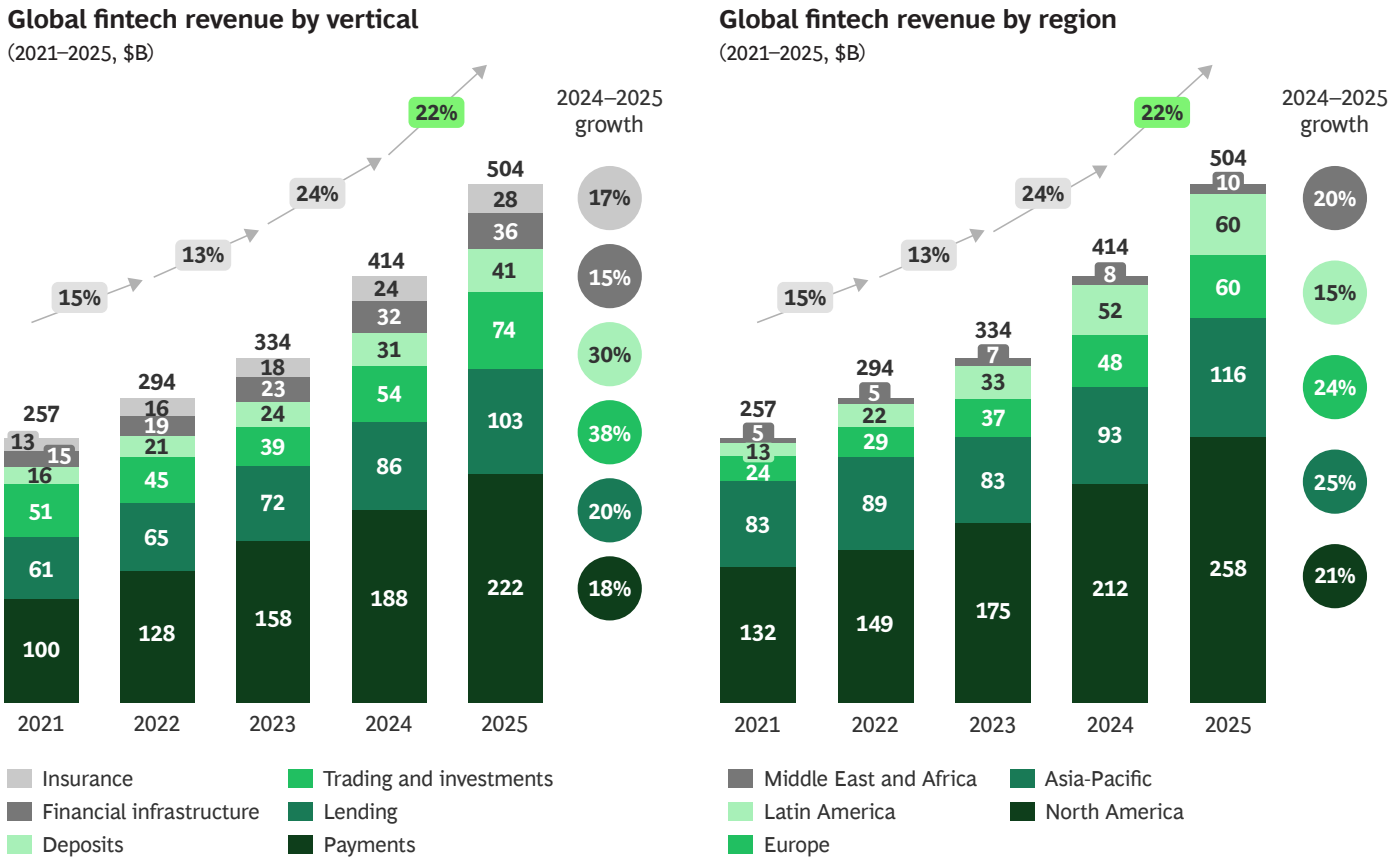
The State of Fintech: From Recovery to Resurgence

There has been a striking reversal of mood within the global fintech sector.

Two years ago, the sector was still working through the aftershocks of the 2021 reset, a period during which capital was scarce, valuations compressed sharply, and questions about the durability of many business models were mounting. Now, the tone has changed. Global fintech revenues surpassed half a trillion dollars in 2025, growing 22% year over year. (See **Exhibit 1**.) That also means fintechs outgrew traditional financial services four-fold and now account for approximately 4% of total global financial services revenue, up from 3% the year prior. Public fintech revenue multiples have also recovered, albeit modestly, rising 16% year over year. In other words, fintech has weathered the reset and is beginning to outgrow it.

EXHIBIT 1

Global Fintech Revenues Break Half a Trillion Dollars in 2025



Sources: S&P Capital IQ; BCG FinTech Control Tower; BCG Banking and Insurance Revenue Pools; BCG analysis.
Note: Revenues from prior years have been restated to include final reported revenues at the company level. Health insurance is excluded.

Growth has been broad, but not uniform. Some subsectors are clearly breaking away from the pack. Trading and investments, along with deposits, were among the fastest-growing segments, expanding 38% and 30%, respectively, in 2025. (See Exhibit 2.) Meanwhile, payments remains the dominant fintech vertical. (See Exhibit 3.) Regionally, Asia-Pacific (APAC) was the fastest-growing market at 25%, driven in part by digital banking and crypto trading platforms in Japan and South Korea, alongside Southeast Asia, notably Singapore and Indonesia. Europe also outperformed the global average, growing 24%, supported by neobanks moving into adjacent products and geographies, continued buy-now-pay-later momentum, and a more accommodating regulatory environment. North America, at 21%, grew roughly in line with the global market, while Latin America, though still strong at 15%, somewhat lagged the global average. However, the region has seen the highest overall growth in the years since 2021, with a CAGR of 44%. The Middle East and Africa (MEA), at 20%, maintained strong momentum, though growth was moderated by challenging regulatory conditions.

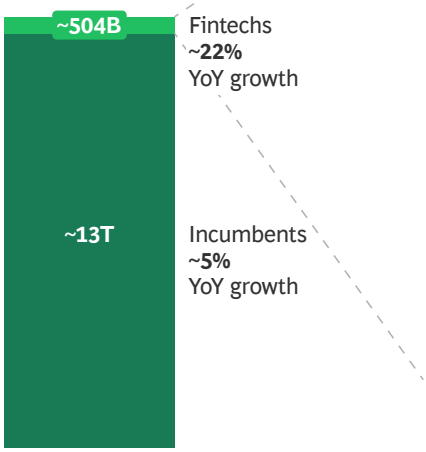
Trading and investments, along with deposits, were among the fastest-growing segments. Meanwhile, payments remains the dominant fintech vertical.

EXHIBIT 2

Fintechs Grew >4x the Rate of Incumbents

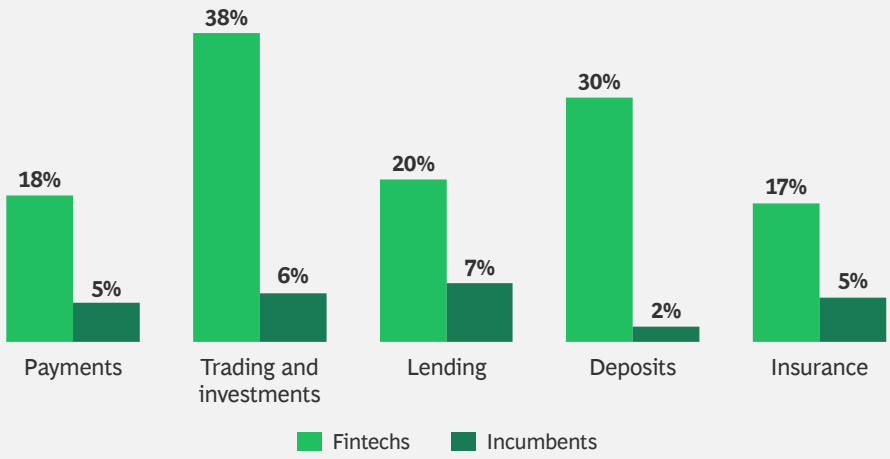
Fintechs account for ~4% of global financial services revenues

TOTAL GLOBAL REVENUE, 2025 ($)



Fintech revenue growth outpaced incumbents across all verticals

FINTECH VS. INCUMBENT REVENUE GROWTH YOY, 2024–2025 (%)[1]

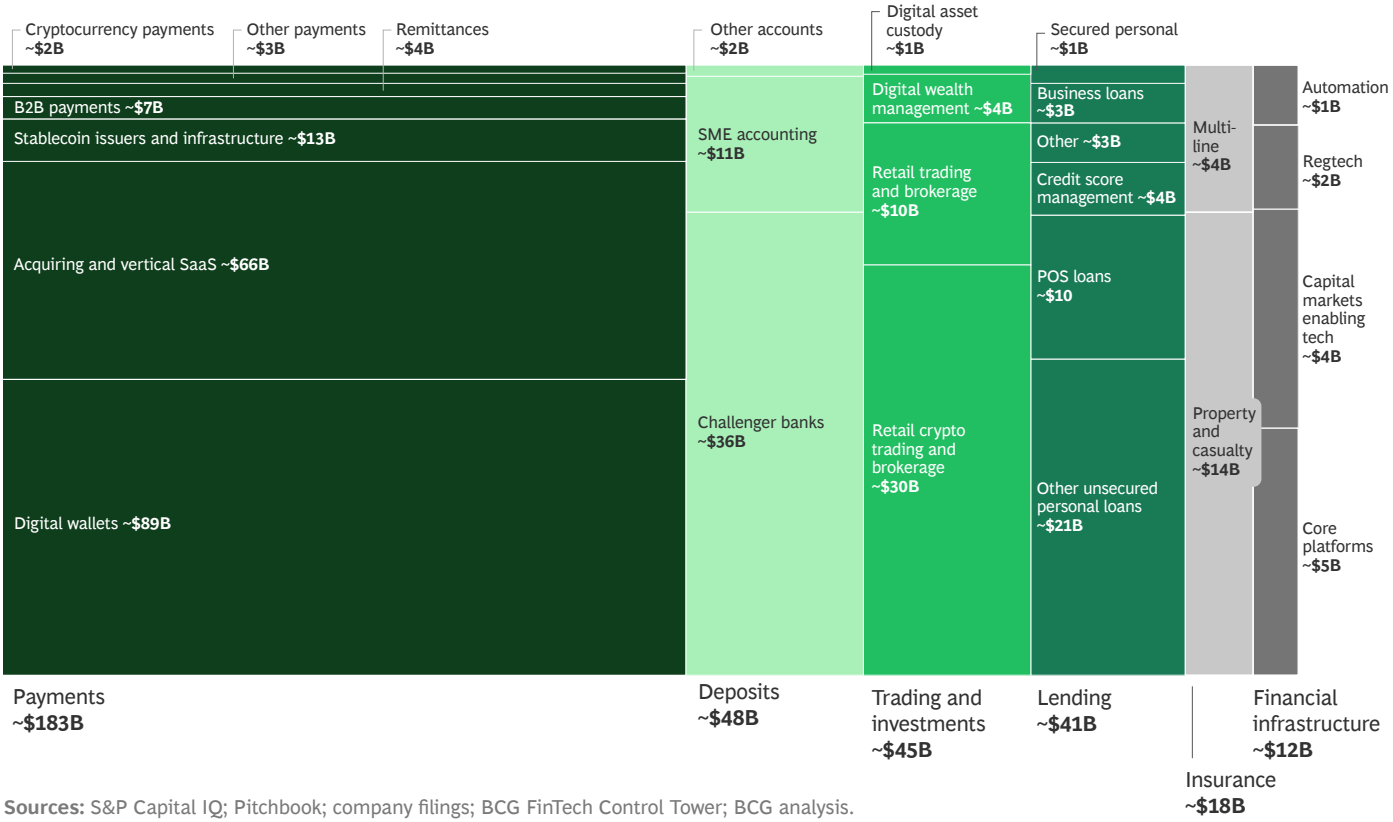


Sources: S&P Capital IQ; Pitchbook; BCG FinTech Control Tower; BCG Banking and Insurance Revenue Pools; BCG analysis.
[1]Excludes "financial infrastructure," as the category is not relevant for incumbent financial institutions.

EXHIBIT 3

Payments Remains the Dominant Fintech Vertical, with Deposits, Trading and Investments, and Lending Gaining Scale

REVENUE DISTRIBUTION OF FINTECHS GENERATING >$0.5B IN 2025



Sources: S&P Capital IQ; Pitchbook; company filings; BCG FinTech Control Tower; BCG analysis.

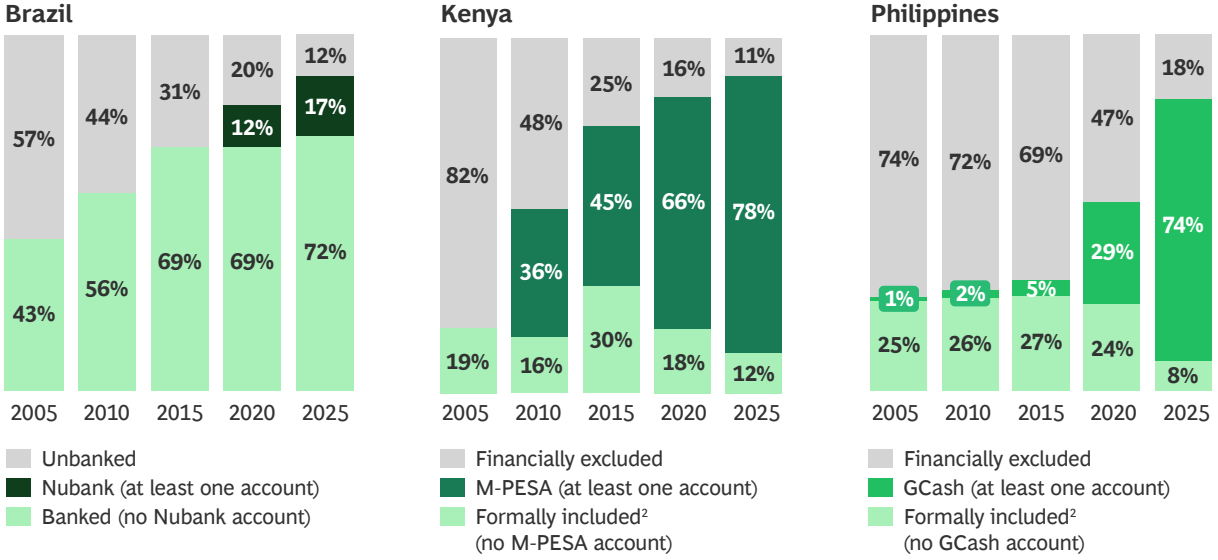
Part of this regional divergence reflects differences in operating conditions, not just differences in demand. In the United States, scaled fintechs are increasingly pursuing direct federal supervision through the Office of the Comptroller of the Currency national trust and banking charters. This allows them to bypass the intermediary costs of partner banking, move faster on product innovation without partner sign-off, and gain fuller end-to-end ownership of the customer experience. Similar moves are also visible in parts of Europe, where clearer licensing and market rules are supporting fintech expansion. By contrast, in markets such as China, India, and parts of the Gulf Cooperation Council (GCC), stringent regulations continue to make scaling more difficult for fintechs.

At the same time, in many emerging markets, fintechs have made progress on consumer inclusion, often by building on top of enabling public payment infrastructure. Mobile money, digital wallets, low-cost payments, and simpler onboarding have expanded access at real scale. The Bank for International Settlements reports that Brazil's Pix had signed up 67% of adults a little over a year after launch, supported by free person-to-person payments and low merchant charges. The National Payments Corporation of India (NPCI) reports 22.64 billion Unified Payments Interface (UPI) transactions in March 2026 alone, and NPCI and BCG report that UPI now handles more than 20 billion transactions a month and 84% of India's digital retail payments. Furthermore, the Bank for International Settlements describes the UPI model as having made "rapid strides" in financial inclusion. In Kenya, M-PESA serves roughly 80% of the addressable population through mobile banking, while in the Philippines, GCash now reaches roughly 75% of the population with mobile payments, up from about 5% in 2015. (See Exhibit 4.) These examples are proof that fintechs can move from niche disruption to mass-market utility when the market structure and distribution model are right.

EXHIBIT 4

Fintechs Have Stepped in to Provide Solutions for the Underserved, Fostering Financial Inclusion in Emerging Markets

REGION	Latin America	Middle East and Africa	Asia-Pacific
LEADING CASE STUDY	**Nubank**	**M-PESA**	**GCash**
	Since Nubank launched in 2014, the unbanked population in Brazil has declined from ~30% to 10%[1]	Since M-PESA's launch in 2007, the financially excluded population in Kenya has declined from ~50% to ~10%	Since GCash's explosive growth starting in 2015, the financially excluded population in the Philippines declined from ~70% to ~20%



Sources: World Bank; UN World Population Prospects; Kenya National Bureau of Statistics; Central Bank of Kenya; Safaricom Reports; Philippine Statistics Authority, Bangko Sentral ng Pilipinas FIS, Globe Telecom/Mynt/Gcash Reports; BCG analysis.
[1]Assumes payment volume % in Brazil correlates to % of overall users in Brazil.
[2]Definition of "formally included" following Alliance for Financial Inclusion framework to note anyone with an account at a regulated institution or a licensed e-money issuer (e.g., M-PESA, GCash).

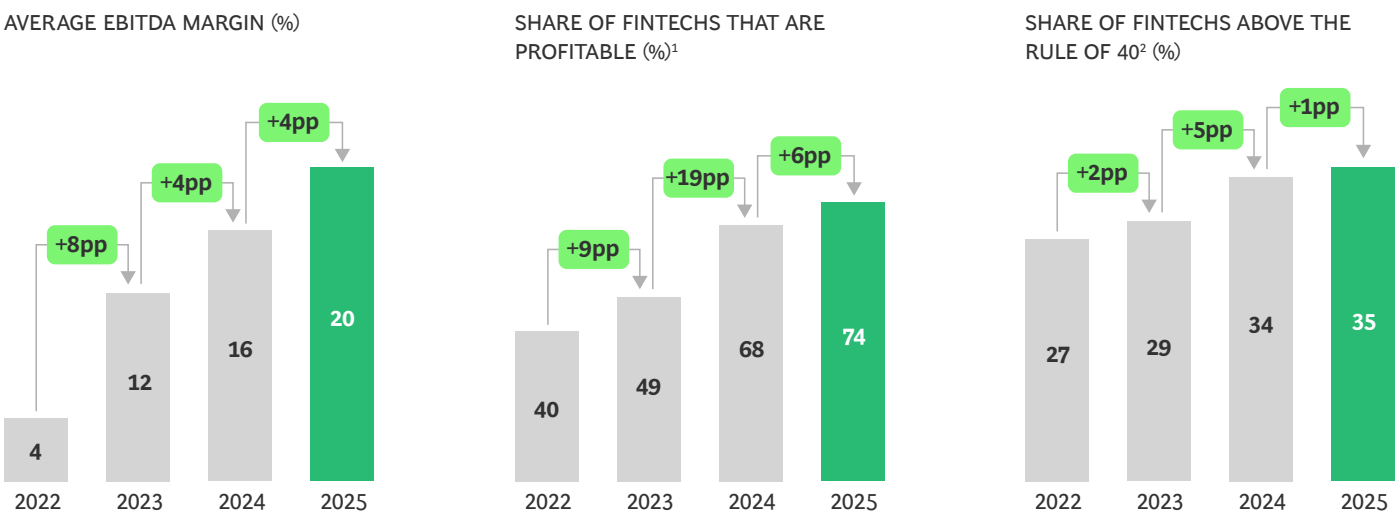
Investor funding has been much more selective than it was in 2021, rewarding players with clearer economics and credible paths to durable scale. This selectivity is a sign that the sector is maturing.

Growth is taking a more sustainable form than in the past. The fintech rebound is not being fueled by speculative optimism or cheap capital, but by operating performance. Among the largest 85 public fintechs, EBITDA margins increased 4 percentage points in 2025 to 20%, and 74% of these firms are now profitable versus 68% in 2024. (See Exhibit 5.) Investor funding has been much more selective than it was in 2021, rewarding players with clearer economics and credible paths to durable scale. This selectivity is a sign that the sector is maturing and is reflected in how investors are allocating capital across venture stages. From 2023 to 2025, Series E or later funding grew over 210%, while Series A and B grew roughly 15% and 30%, respectively, and seed and angel contracted by about 10%.

Maturation is also evident in where capital is going. Equity funding rose 53% to $58 billion in 2025, but funding growth was not evenly distributed. (See Exhibit 6.) Trading and investment fintechs captured roughly one-third of all funding, up from about one-fifth the year before, while funding growth was strongest in the Americas and APAC, and more moderate in MEA.

EXHIBIT 5

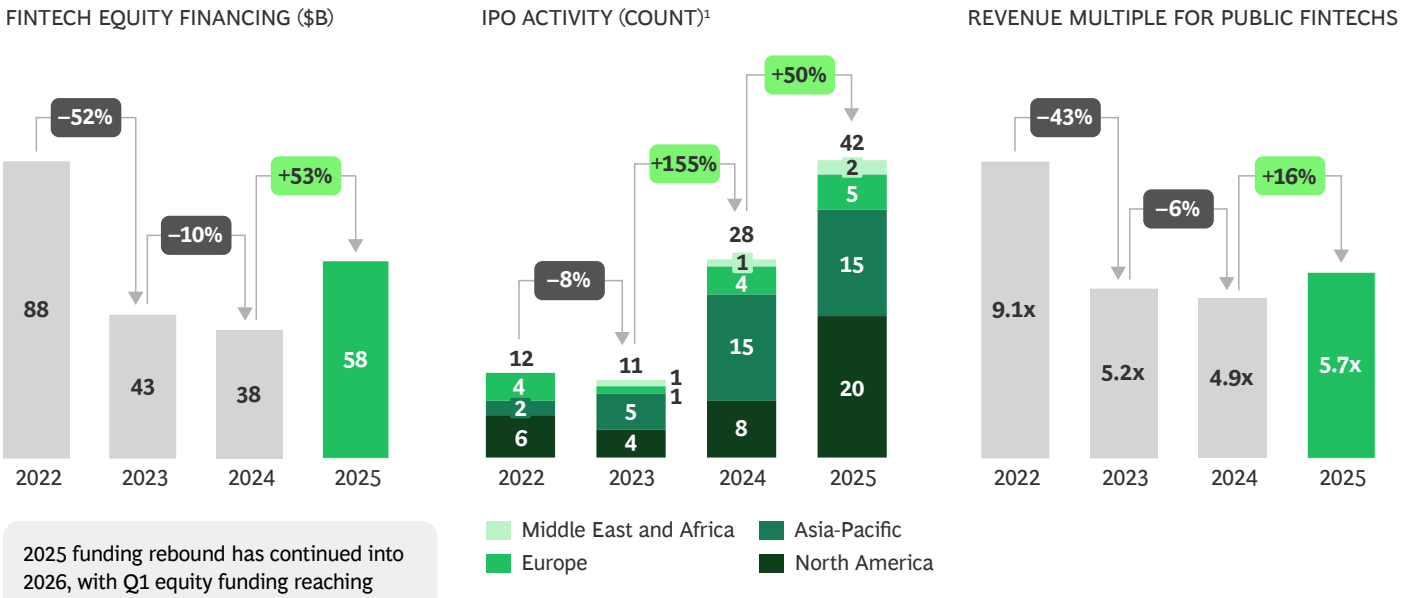
Average EBITDA Margin Increased 4pp, While Share of Profitable Public Fintechs Grew



Sources: Financial analysis of the top 85 fintechs, S&P Capital IQ; Pitchbook; BCG FinTech Control Tower; BCG analysis.
[1]Profitability defined as EBITDA or EBT.
[2]Rule of 40 is a financial metric measuring whether the sum of revenue growth (%) and EBITDA margin (%) is greater than 40.

EXHIBIT 6

Equity Funding and IPO Activity Have Accelerated, While Valuations Have Grown Moderately



2025 funding rebound has continued into 2026, with Q1 equity funding reaching $14.8B, surpassing 2025 Q1–Q3

Sources: S&P Capital IQ; Pitchbook; BCG FinTech Control Tower; FT Partners proprietary database; BCG analysis.
[1]Region based on company headquarters, not listing location.

A similar, focused approach is visible in exit markets. In 2025, fintech IPOs rose 50% year over year, from 28 to 42. According to FT Partners' proprietary database, M&A accelerated even more sharply, climbing from $105 billion in deal volume in 2023 to $184 billion in 2024 and $251 billion in 2025. This increase was consistent across most regions, with deal volume up most notably in Asia (roughly 110% YoY) and in North America (40% YoY).

Even so, public markets remain a constraint on the sector. The 30 largest global fintech IPOs of the last five years have trailed the broader financial services sector by roughly 24 percentage points in annual total shareholder returns (TSR). That underperformance is an important reminder that the sector's improved operating profile has not yet translated into public market confidence. Fintechs may be growing faster, but public investors are still asking hard questions about profitability, customer concentration, compliance maturity, and the durability of growth.

For years, it has been understood that technology-enabled players could provide an easier, faster, cheaper offering than incumbent banks. This remains true, but it is no longer sufficient to describe the sector. Today's fintech leaders are not just conquering their niche. They are increasingly building broader financial ecosystems, embedding themselves into customer workflows, and in some cases serving as foundational rails for financial activity.

These developments make the current moment materially different from both the "correction years" and the earlier boom years. Fintech has rebounded, but into a market that is more mature, more selective, and more strategically consequential for the long-term structure of financial services. Growth persisted strongly. Capital returned. Ambition returned. But the basis of competition is changing. It is no longer enough to be digitally native, fast-growing, or category-creating. The market is increasingly rewarding fintechs that can scale with discipline, meet more demanding regulatory and capital market expectations, and translate new technologies into real operating advantage.

The state of fintech in 2026 is a sector in resurgence, but without unfounded euphoria—more established, but still expanding into meaningful white space. The fintech spring is in full bloom.

Seven Trends That Will Shape the Industry

Growth alone will not determine the next fintech winners.

Success will be determined by how decisively firms navigate a volatile landscape of shifting regulations, evolving market structures, and intensified technological competition. The following trends will exert the most influence on the fintech sector in the coming years.

AI at Scale: Not Yet, Not Equal

AI is now the most important technology theme in fintech. But the industry's relationship to AI is still characterized more by aspiration than execution. Over the last year, the conversation has shifted from whether AI matters to where it is beginning to create material value, where it is overhyped, and which players are structurally best positioned to use it to develop lasting advantage. This is where we see an emerging divergence in adoption maturity between companies that are AI-native and those applying AI to their existing operations.

One point is clear: AI will meaningfully reshape financial services. Predictive, generative, and agentic AI are already improving how fintechs build products, manage risk, serve customers, and run internal operations. But the industry remains in the early stages of scaling these capabilities. The strongest near-term gains are coming in operational and workflow-heavy domains rather than in fully autonomous consumer experiences.

In 2024 and 2025, much of the AI debate centered on possibility. In 2026, the sharper question concerns proof of value. AI is already delivering real value in underwriting, fraud, anti-money-laundering (AML), know-your-customer (KYC), document extraction, customer support, software development, and a range of finance and compliance workflows. It is reducing cycle times, compressing labor-heavy tasks, and allowing firms to do more with the same or smaller teams. What it has not yet done, at least broadly, is reinvent financial services on the customer-facing side. That part of the story is still to come.

Generative AI is proving itself first in process-heavy domains, particularly in engineering excellence.

Generative AI is starting to reach enterprise scale in use cases that are operationally intensive: software development, document extraction, compliance and risk workflows, and customer support. The biggest gains are not coming from isolated copilots, but from redesigning how work gets done. Firms seeing the most value are redesigning workflows end to end, compressing cycle times, lifting throughput, and achieving materially lower unit costs.

Among these use cases, engineering stands out as the most immediate and proven. AI-assisted coding, testing, QA support, debugging, and deployment are quickly becoming baseline capabilities for any fintech builder, but broad rollout does not automatically translate into meaningful productivity gains. Many firms are achieving widespread but shallow adoption of these tools because they have deployed them without fundamentally changing how engineers work. Transforming engineering into an AI-led function is becoming increasingly critical in an industry where product velocity remains a source of advantage, and it requires not only technical capabilities but also a well-executed change management effort. Based on BCG experience, smaller teams that leverage AI effectively can now deliver more at five times the speed and at a scale that rivals that of much larger organizations. These results come when firms redesign the full product-development cycle and operating model around AI, including testing, QA, support tooling, and workflow integration. (See Exhibit 7.)

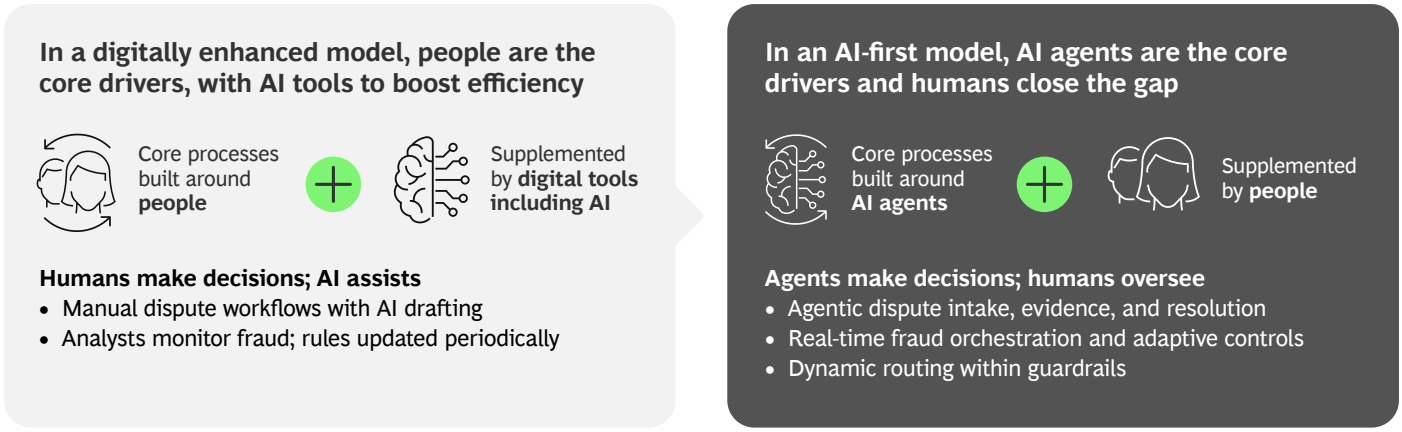
Cutting-edge AI-native fintechs have no "adoption journey," and thus benefit from starting on the very edge of the product velocity curve. In contrast, incumbent banks and older fintechs often speak about AI with urgency but remain structurally behind on adoption. The issue for these institutions is not awareness. It is operating-model inertia. Engineering copilots alone will not close the gap.

Engineering excellence is not just a cost-cutting story. It is core to the competitiveness of a firm's value proposition. Fintechs that fall behind here risk being outbuilt by smaller, leaner, AI-native rivals.

> "If you don't have an interesting AI lens, it's very difficult to raise capital in a world where the capital is pretty scarce. And then conversely, if you do have it and you're showing ROI, valuations are quite strong. AI has become a unifying theme across the entire ecosystem of fintech."
>
> **Ashwin Gupta, Partner,**
> **Goldman Sachs Growth Equity**

EXHIBIT 7

AI Is More Than a Tool Upgrade, It Is an Organizational Transformation



Source: The AI-First Payments Company (https://www.bcg.com/publications/2026/transforming-into-an-ai-first-payments-company).

Agentic AI is top of mind for executives, but scaling it safely remains a challenge.

If engineering is the most proven AI application, agentic AI is the most discussed. But the majority of fintechs and incumbents have not deployed agents at scale beyond tightly-bounded workflows or siloed use cases. This caution is understandable. Agentic AI does not just generate or recommend, it acts. In financial services, that raises concerns around liability, fraud, identity access management, explainability, and trust.

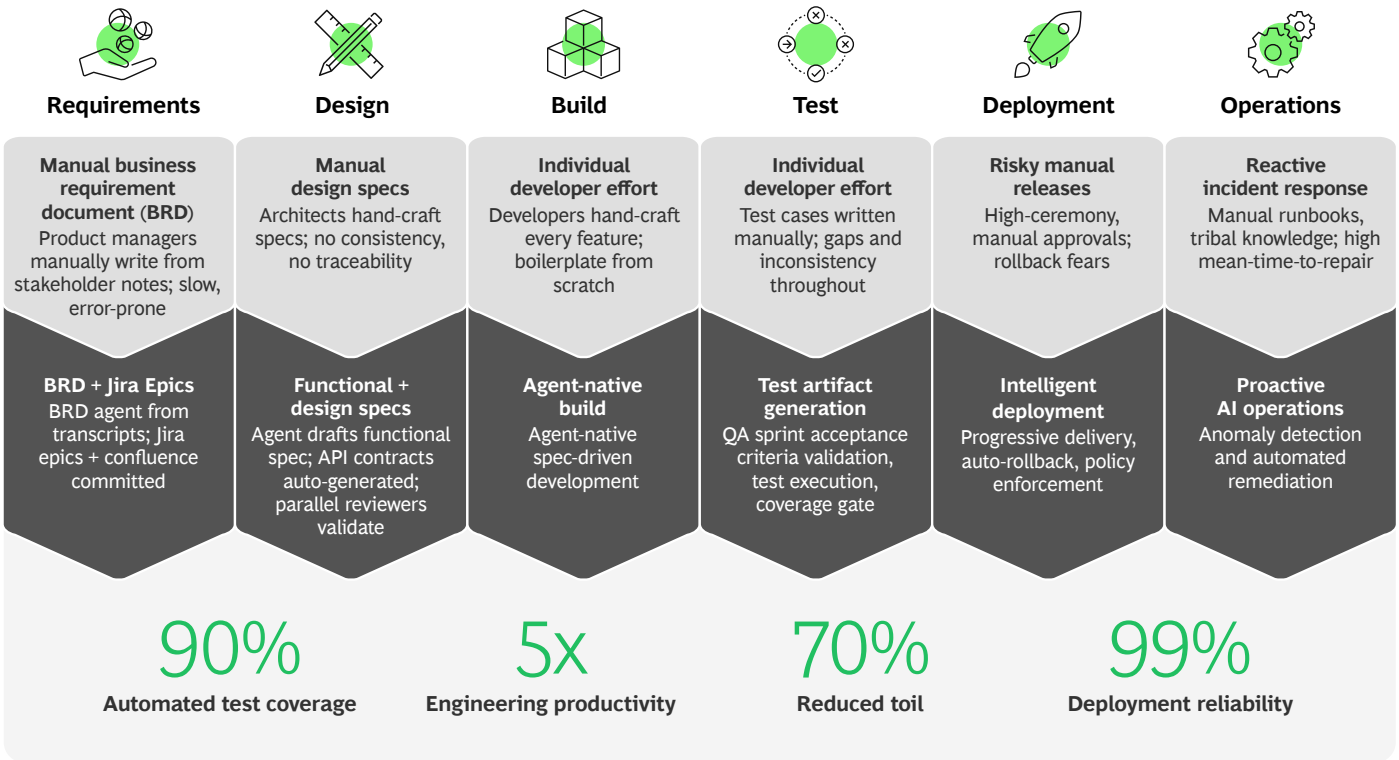
In financial services, the barriers to autonomous action are not only technical but regulatory and operational. Security, compliance, liability, and decision accountability make fully autonomous agents harder to scale, which is why human-in-the-loop models are likely to move much faster. The more practical near-term path is for agents to take on more of the workflow inside bounded environments where actions can be governed, monitored, and overridden, while humans retain control over critical decisions.

At the leading edge, some fintechs are building repeatable production systems that turn AI from isolated use cases into a reusable operating model. In a similar example from an incumbent bank, agents do not sit in silos but operate within a shared stack of models, data, APIs, orchestration layers, and guardrails that can be applied across workflows. The result is a more systematic redesign of product development. Agents can define requirements, generate and revise code, run tests, and coordinate across the build cycle—while higher-risk or judgment-based decisions are escalated to humans with clear visibility into what the system did and why. (See Exhibit 8.)

While many of the narratives around consumer-facing autonomous agents still feel premature, some do present glimpses of a potential agentic future. A few AI-native fintechs at the bleeding edge of agentic AI adoption have incorporated agentic AI into everything they do—from internal operations to customer-facing products and customer experiences. These firms have achieved record-breaking AI operating leverage and tangible impact, underscoring the potential value of the agentic world to come. (See Spotlight 1.)

EXHIBIT 8

Cutting-Edge Fintechs Are Moving from Human-Dependent to Agentic Production End-to-End



Source: BCG project experience.

SPOTLIGHT 1

At the Forefront of AI Innovation: CloudWalk

CloudWalk is an AI-native global fintech that serves a large number of micro, small, and medium enterprise (MSME) merchants who make up the backbone of everyday commerce—first across Brazil and, since 2024, in the US. Its platform covers the full commerce banking stack, across payments, digital banking, credit, instant settlement, and business software. What sets the company apart, however, is not breadth but technology: CloudWalk's solution runs on its own proprietary frontier model for financial intelligence, rather than a third-party LLM layered onto legacy infrastructure.

The economics reflect AI as the engine of CloudWalk's business. Revenue per employee has reached nearly $2.5 million, placing CloudWalk beyond even the largest global fintech and AI leaders. As of March 2026, annualized run-rate net revenue was roughly $1.7 billion, up over 100% year over year, with EBITDA approaching $500 million. CloudWalk's capabilities are critical for its merchants (such as food vendors, hair salons, plumbers) who have no cost-effective alternatives for CloudWalk's services. With 7 million monthly active users and $50 billion transacted through AI in 2025, CloudWalk has demonstrated that its structurally lower AI-native cost base allows it to efficiently pursue a massive global market of 400 million MSMEs worldwide.

CloudWalk's agentic approach reaches customers through JIM, its AI assistant for merchants, and Pierre, a consumer-facing agent, giving it a rare two-sided view across sellers and consumers. JIM acts less like a reporting tool and more like a coworker, helping with pricing, campaigns, and day-to-day decisions. Pierre replaces dashboards and spreadsheets with a conversation, with specialized agents that monitor spending, flag anomalies, and guide decisions. Merchants engaging with JIM show higher retention and stronger sales, demonstrating that agents can deliver both lower cost-to-serve and a superior customer experience, a preview of AI-native financial services at scale.

> "Ninety-nine percent of customer support, roughly 70% of engineering, and more than 50% of go-to-market activity are handled by agents, with most human employees functioning primarily as managers of that digital workforce."
>
> **Luis Silva, Founder, Chairman, and CEO, CloudWalk**

There are also early signs that AI in consumer finance may move into the mainstream faster than many expect. JPMorgan has already signaled this direction explicitly: CEO Jamie Dimon wrote in the bank's 2025 annual report that AI will help clients predict cash-flow needs, anticipate upcoming bills, and manage their budgets. The bank has also filed a trademark application for "SmartCash by J.P. Morgan," covering the systematic transfer of excess funds to and from higher-yield investment products. These developments do not yet amount to fully autonomous consumer finance, but they do suggest that large, regulated institutions are beginning to productize AI-enabled money management in ways that could quickly normalize consumer-facing use cases.

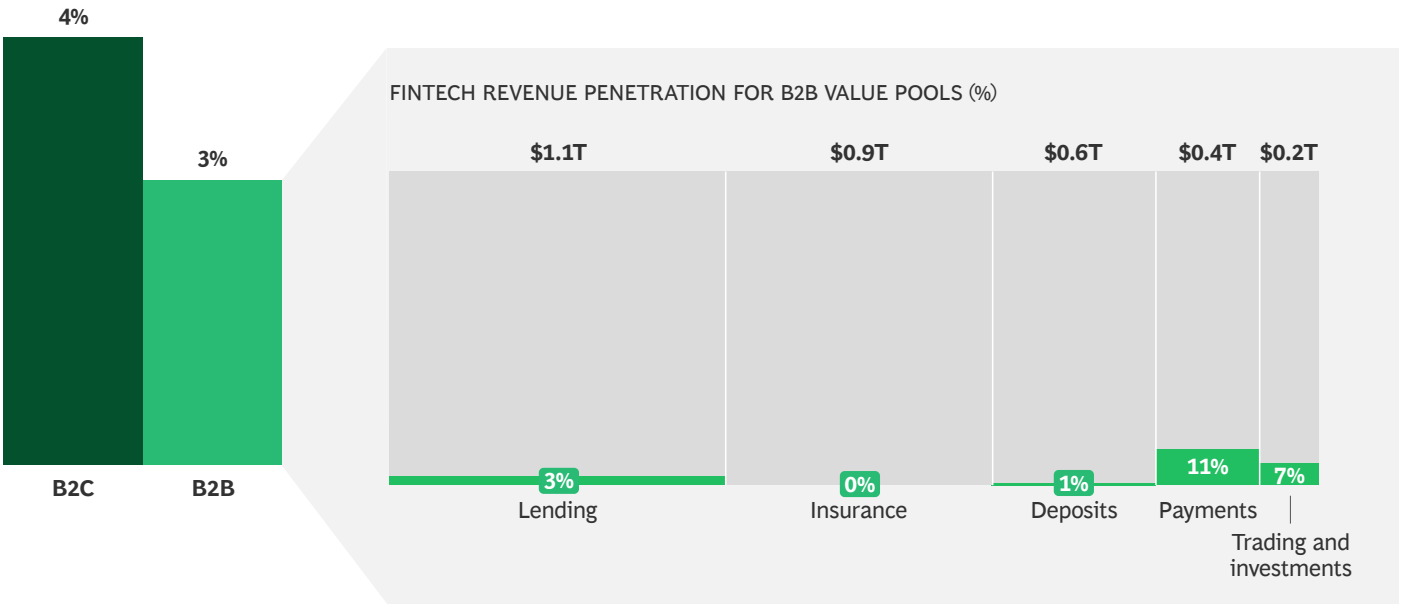
B2B financial services is ripe for AI transformation.

The biggest opportunity for more advanced AI adoption may be B2B financial services. Workflows such as procurement, accounts payable, expense management, and accounting are still riddled with repetitive handoffs, policy checks, approvals, and reconciliation work. They are also particularly suited to bounded agent behavior because the rules, authority limits, and exception flows are often explicit. Fintechs are increasingly taking share in small- and medium-size business and lower mid-market enterprise workflows, but the B2B market remains largely untapped. (See Exhibit 9.)

How far can fintech penetrate B2B, and what it will take to win? The answer will depend as much on trust as on product quality. To displace entrenched systems, fintechs must convince clients that the operational risk and complexity of unwinding existing workflows are worth it. That is easier in smaller segments, where buying processes are simpler and legacy systems are less deeply embedded. In larger enterprise segments, however, success will require more than reliable technology. Fintechs will need to help clients rethink how work gets done, not just offer a better tool for existing processes. That is not an easy feat, but some players are showing promise. (See Spotlight 2.)

EXHIBIT 9

Fintechs Have Underpenetrated B2B Value Pools, Especially Lending, Insurance, and Deposits



Sources: S&P Capital IQ; Pitchbook; BCG FinTech Control Tower; BCG Banking & Insurance Revenue Pools; BCG analysis.
[1]Excludes "financial infrastructure," as the category is not relevant for incumbent financial institutions. Excludes "other," as the category cannot be classified by B2B/B2C.

SPOTLIGHT 2

Capturing Value via AI in B2B Finance: Ramp

B2B finance remains one of the more underpenetrated corners of fintech, and Ramp is a clear example of a success story here. Built for the modern Office of the CFO, Ramp has built a financial automation platform that combines corporate cards, expense management, bill pay, procurement, travel, and accounting in a single system—spanning the full workflow from intake and card issuance to payment, receipt capture, and book close. AI and agents are embedded natively across Ramp's product and user experience, automating finance workflows end to end. B2B finance's structural dynamics partly explain Ramp's success.

Ramp employees also practice what they preach. As of March 2026, Ramp's AI usage is up 6,300% year-on-year, 99.5% of employees are active on AI tools, and 84% use coding agents weekly. Non-engineers now account for 12% of all human-initiated pull requests on the production codebase, enabled by Ramp's internally built coding agent, Ramp Inspect. Notably, Ramp does not present this as a tooling story alone. It also reflects a culture that rewards speed and encourages experimentation—suggesting that in AI adoption, organizational habits may matter at least as much as the technology itself.

> “The promise of AI in finance is not faster data entry. It is a coworker to the CFO, taking on the operational layer so the human team can focus on strategy and judgment. Because Ramp sits end-to-end across how finance teams spend, pay, and close, every workflow becomes a feedback loop, and the platform becomes a context engine that makes our agents progressively more useful over time. This is not AI bolted onto finance software. It is AI embedded into the operating system of the finance function itself.”
>
> **Eric Glyman, Co-Founder and CEO, Ramp**

Consumer personal finance agents remain a multi-horizon story.

Consumer personal finance agents could radically shift how consumers optimize their financial lives and interact with their providers. The long-term vision seems clear: Agents will optimize savings, measure and monitor spending, automate administration (for example, taxes), personalize financial recommendations, and coordinate across accounts and providers. Open banking and richer data access make this vision more plausible than ever.

However, consumer adoption of autonomous finance still requires trusted identity, clear permissions, reliable authentication, and, crucially, confidence that when an agent makes a mistake resolution will be swift and satisfactory. Consumer agents may also face regulatory hurdles once agents begin touching regulated decisions. These are not small details. They are central obstacles to scaled adoption. For that reason, consumer personal finance agents are best understood as the next chapter, not the current one. They remain a clear destination for the industry, but they are not yet capturing value.

Regulation is a bigger gating factor than technology.

AI regulation varies sharply by geography, and that variation will shape who moves fastest. In financial services, the main constraint is often not the technology itself but the local rules governing how AI can be used in regulated workflows, customer interactions, and decisions involving sensitive data. Markets such as the EU, India, and Japan impose stricter oversight on AI use, which slows deployment and raises the bar for model governance, explainability, and compliance. By contrast, Latin America, Southeast Asia, and China are generally more permissive, giving fintechs in those markets more room to experiment and scale.

Data sovereignty is becoming part of that constraint as well. In a growing number of markets, the question is not only whether AI can be used in regulated workflows, but also whether the underlying data can leave the country, be pooled across borders, or be used to train shared models at all. As regulators increasingly ring-fence sensitive financial and personal data, some fintechs will be forced to localize not just data storage, but model training, fine-tuning, and inference by market. This raises costs, reduces the advantage of centralized data flywheels, and makes AI rollout more fragmented across geographies.

The result is that AI adoption will not move at a uniform global pace. Fintechs operating in lighter-touch environments will have a natural head start, while those in more heavily regulated markets will move more slowly regardless of how strong their technology is. In that sense, the firms that scale fastest will not simply be those with the best models, but those with the most room to deploy them.

> “I think there are three levels to how AI will play out. Level one is insights, just helping you understand your spending and financial behavior. Level two is the yield optimization layer, guiding better decisions around debt, savings, and rewards. And then the third level is a true financial manager, where agents actually take action on your behalf to move money and optimize outcomes based on your goals.”
>
> **Mark Troughton, President, Chime**

The Shift from Search to Answers in Digital Marketing

For years, digital acquisition in fintech, especially in B2C, was built around search, paid media, comparison sites, funnel optimization, and content designed to rank. The model must be reinvented as digital discovery shifts from links to answers. Today, roughly one in six people globally use GenAI to learn, work, or solve problems, 77% of US ChatGPT users treat the tool as a search engine, and 58% of US shoppers recently used an answer engine during a product research or shopping journey. AI-powered search tools and answer engines are already handling hundreds of millions of queries daily, creating more "zero-click" journeys in which consumers form preferences without ever visiting a brand site. As consumers increasingly use LLMs to research, compare, and evaluate products, digital marketing is moving from search engine optimization (SEO) to generative engine optimization (GEO). The latter is the practice of making content, product information, and trust signals more legible to the AI models shaping discovery and evaluation.

The strategic implication goes beyond discoverability. Zero-click means consumers no longer have to visit a company's channels for the company to influence the decision; increasingly, the product, message, and recommendation come to them through an intermediary. That raises a broader question about the future distribution model of fintech itself: not only how to be found, but how to win when traffic, comparison, and even consideration increasingly happen outside of owned channels. In this world, GEO is not just a marketing response. It is part of a deeper product, partnership, and distribution strategy for a future in which fewer customer journeys begin—or end—on the fintech's own site or app.

Fintech is especially exposed because many of its products are researched rather than impulse-purchased. Accounts, cards, lenders, investing tools, and financial software are often chosen through comparison, context, and trust. Against that backdrop, the question is no longer only whether a product ranks highly, but whether a model can retrieve, interpret, trust, and recommend it in line with the customer's perspective. Discoverability still matters, but recommendation-worthiness matters more.

Consequently, fintechs will need to redesign acquisition for a world in which models shape the consideration set, and in which structured product information, factual consistency, semantic clarity, and trust signals count for more than brute-force traffic buying. Discoverability itself is being redefined. Content is no longer being evaluated only by humans and traditional crawlers; it is increasingly being consumed by AI systems that reward explicit, machine-readable information, natural-language explanations, and more varied forms of input such as reviews, Q&As, forums, and video.

This new scenario weakens old customer-acquisition moats. In a search-led world, scale media budgets, keyword bidding, and traffic buying carried enormous weight, and content was often optimized to capture clicks rather than answer questions well. In a model-mediated world, advantage will come more from product clarity and credibility, along with a different mix of skills, channels, and partnerships. That may favor more agile fintechs, since large incumbents' brand and media-budget advantages become somewhat less decisive if more customer journeys begin inside LLMs rather than in search engines or bank-controlled ecosystems.

The commercial implications are already visible. Conversational advertising is emerging as a distinct media line item, separate from search and programmatic, as brands reserve budget to test and learn. More than half of organizations already allocate budget to conversational advertising, and nearly three-quarters plan significant increases over the next two years. In commerce, traffic from GenAI browsers and chat services to US retail sites rose 4,700% year over year in July 2025. Those AI-referred users spent 32% more time on site, viewed 10% more pages, and had a 27% lower bounce rate. Retail is not fintech, but the lesson carries over: Discovery is becoming more conversational, more compressed, and more model-mediated.

That does not mean fintech is among the most exposed consumer sectors. Trust, regulation, and the sensitivity of financial decisions provide more insulation for fintechs than companies in categories such as retail or travel. But that is not the same as being protected. B2C fintechs that still rely heavily on paid search, comparison-driven acquisition, or legacy funnel tactics are likely to feel the shift to GEO more acutely than those with strong direct relationships and stronger brand trust.

The strategic response required is therefore broader than producing more AI-written content. B2C fintechs will need structured product data, clearer and more explicit product information, stronger machine-readable trust signals, and content strategies built for the formats AI systems are increasingly drawing from. They will also need to make consequential decisions on new capabilities and partnerships across channels. The likely winners will be the firms that reinvent their approach to digital marketing based on how model-mediated discovery, distribution, and conversion actually works, while reducing their dependence on third-party discovery over time.

The first wave of autonomous agentic commerce is likely to come in lower-ticket, repeatable categories where the cost of error is small but there is tangible value of reducing frictions.

Agentic Commerce: Tech Will Be Ready. Consumers Aren't.

GenAI is already reshaping commerce, but it is doing so first at the top of the funnel. Consumers are increasingly using LLMs to research products, compare options, and compile shortlists before they ever reach a merchant site. According to a recent BCG survey, shopping-related GenAI use grew 35% from February to November 2025, and more than 60% of consumers said they had high trust in GenAI results. AI is already meaningfully changing how consumers discover and evaluate products. However, this is *agent-assisted commerce*, which we differentiate from *agent-led or autonomous agentic commerce*. Agent-assisted commerce simply shifts how discovery happens. From the merchant side, this is already changing digital commerce behavior. To avoid losing direct connection with customers, merchants are investing heavily in discovery to ensure they show up in LLMs.

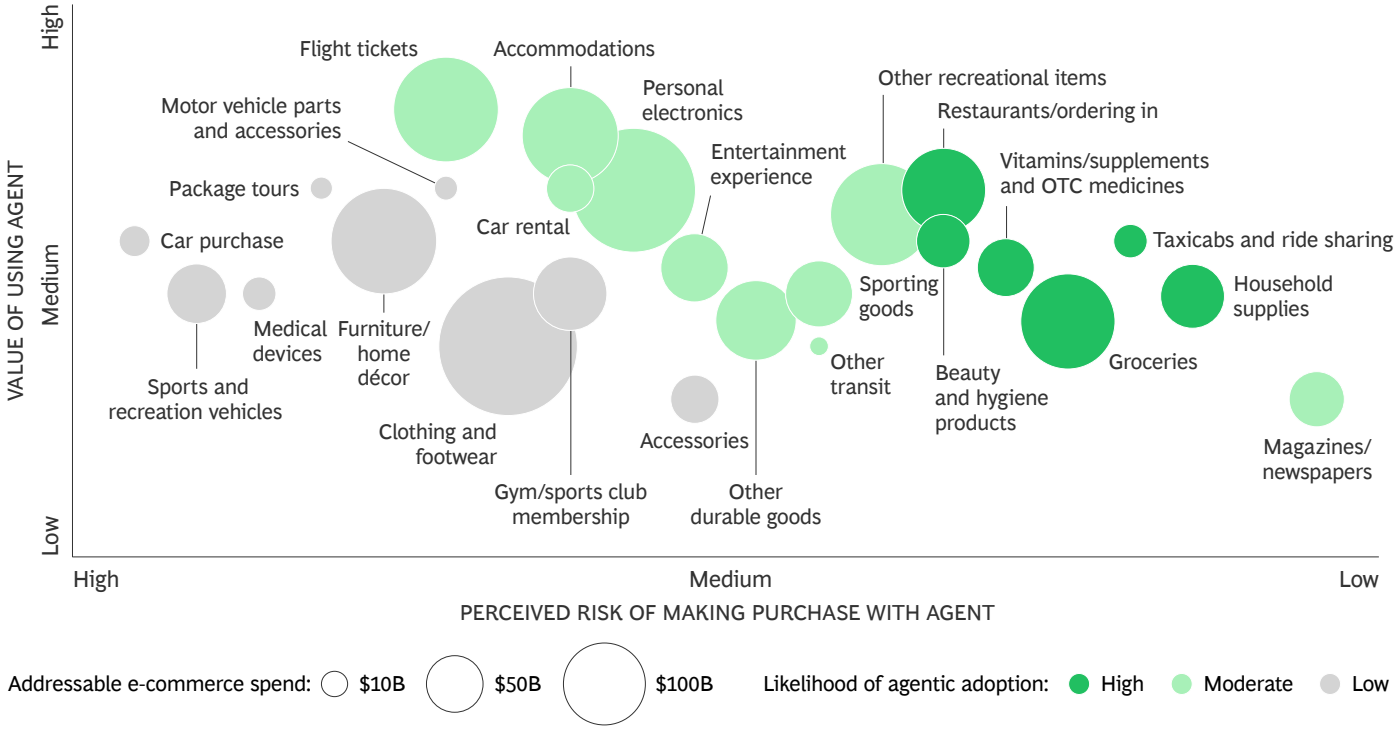
We believe that autonomous agentic commerce has a reasonably long path to scale, and may only get there in certain cases. The reasons exist on both the demand side and the supply side. On the former, consumers are more likely to adopt agents where they create meaningfully more value than existing shopping flows and where the purchases feel low risk. On the supply side, given that agentic experiences need to solve for different types of purchases, we expect fragmentation leading to many specialized agents rather than scale through one universal buying agent. Merchants, for their part, want to meet customers where they are and however they choose to shop, which means preparing to integrate with multiple agents and to comply with multiple emerging standards rather than betting on a single interface.

Adoption of agent-led and autonomous agentic commerce—where the agent facilitates or executes checkout—will vary greatly by category because one key question is where an agent creates a better consumer experience than today's e-commerce journey. Agents can create real value in categories where shopping is time- or research-intensive, comparison-heavy, fragmented across multiple merchants, rules-based, and/or logistically complex. In travel, for example, instead of spending an hour comparing flights, hotel locations, baggage rules, cancellation policies, and prices across multiple sites, a consumer can ask an agent for the best options for a specific trip—with context on their specific needs—and get a curated shortlist in seconds. That is a real improvement in discovery and comparison, though the purchase decision might still be made by a human. This is not to say that agent-led commerce is not valuable for more routine purchases; for example, it can help consumers generate and order a grocery shopping list to cook a particular dish.

Another critical factor in determining adoption of autonomous agentic commerce is consumer trust and willingness to give agents autonomy. When the brand or product is familiar and purchase is lower risk (for example, low ticket size, standardized product, repeat purchase, easy returns or cancellation), consumers may be more willing to cede control. Both of these factors imply a staggered adoption curve rather than a rapid takeoff. The first wave is likely to come in lower-ticket, repeatable categories where the cost of error is small but there is tangible value of reducing frictions (household supplies, takeout food, beauty products). (See **Exhibit 10**.) These first wave categories represent roughly $375 billion in addressable US e-commerce spending, but BCG estimates that in the coming years about $1 trillion of such spend could become agent-assisted, out of a roughly $1.9 trillion of addressable e-commerce base.

EXHIBIT 10

Agentic Commerce Will Emerge First Where Value Is High and Risk Low



Source: BCG analysis.

As agentic commerce matures, we will likely see the emergence of specialized agents designed to effectively address the specific needs of each situation. Different spending categories require different integrations, decision logic, and merchant relationships. A travel agent needs to understand schedules and fare rules. A fashion or home agent may need to understand sizing, fit, style preferences, delivery timing, and return behavior. Further, merchants will seek to protect their business by launching proprietary agents that have exclusive access to their inventory data and, in some cases, pricing data. Merchants with robust and differentiated fulfillment networks (grocery, for example) will have stronger agent value propositions and be able to more successfully compete with non-merchant agents. This fragmentation will slow adoption and points toward a more specialized ecosystem of agents rather than a universal consumer interface.

Trust is a foundational issue across all of these categories, not an isolated problem in any one vertical. Consumers need confidence that the agent is acting within clear boundaries, that mistakes can be corrected easily, and that the downside of delegation is limited. Merchants need confidence as well, particularly around fraud, bad actors, and who bears liability when an agent acts incorrectly or a transaction goes wrong.

Fully autonomous checkout will still require stronger infrastructure around agent identity, delegated authority, merchant coordination, and fraud, reversal, and dispute protections. But the bigger bottlenecks are not simply the maturity of the payments stack. They are trust, liability, network scale, and the operational complexity of letting different agents act across different categories and merchant environments. (See Exhibit 11.) OpenAI's retreat from in-chat checkout suggests that even sophisticated platforms can underestimate how much operational and trust infrastructure is required once an agent moves from recommending to transacting, as well as the challenge of launching a platform dependent on network effects.

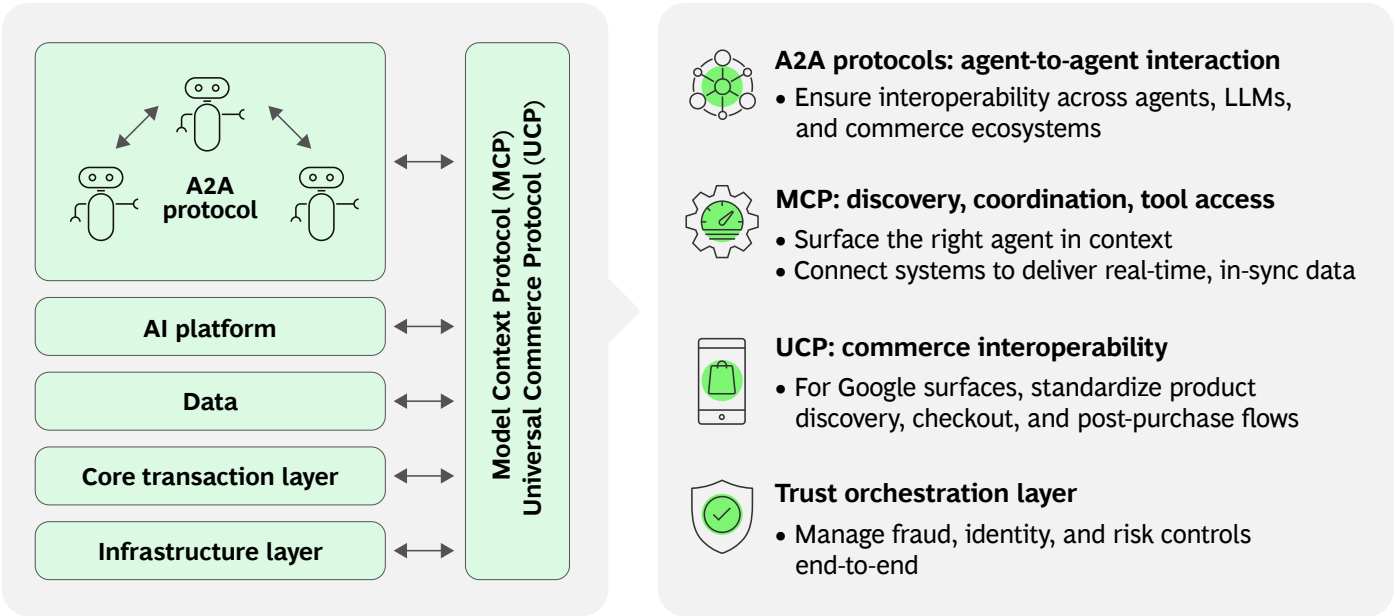
These constraints suggest that value is likely to accrue less to standalone "agent checkout" features and more to the infrastructure layer that manages identity, trust, tokenization, orchestration, and merchant integration. In other words, the winners may not be the most visible consumer interfaces. They may be the players that enable reliable coordination between agents, merchants, and payment systems underneath. (See Spotlight 3.)

GenAI is already meaningfully changing how consumers discover and research products, but adoption of agentic commerce at scale will take longer than the market's most ambitious narratives suggest.

> The checkout problem isn't a payments problem. It's a business logic problem. In order for it to work, everyone has to be able to change all the underlying logic of the core business. Pick tax, for example: Imagine there is an LLM provider and retailer. The LLM provider's CFO and the retailer's CFO have to agree that a third party can do tax calculation for their whole business, because otherwise how do you reconcile these transactions?"
>
> **Kaz Nejatian, CEO, Opendoor**

EXHIBIT 11

Payments Firms Need Interoperable Protocols to Operate in AI-Native Ecosystems



Source: The AI-First Payments Company (https://www.bcg.com/publications/2026/transforming-into-an-ai-first-payments-company).
Note: LLM = large language model.

SPOTLIGHT 3

Google Staking a Position in Agentic Commerce

The next phase of fintech will not be confined to fintechs themselves. As AI changes how consumers discover, compare, and buy, Google is moving to defend discovery—but its response goes beyond preserving search traffic. It is positioning itself at the center of a future commerce stack where the end-to-end workflow could happen inside AI-native interfaces.

Google's ambition is visible in its push into agentic commerce infrastructure. Through the Universal Commerce Protocol (UCP), the company is creating a standard through which AI assistants can connect directly with merchants and help users buy products inside Gemini and Search. UCP works with the Agent Payments Protocol (AP2), designed to secure those AI-driven payments through verifiable spending limits that provide cryptographic proof of user intent. Together, they move Google beyond its traditional role as a discovery platform to that of an execution engine that keeps more commercial activity inside its own interfaces. This vision is supported by the UCP Tech Council, a group of nearly 20 founding member companies including Walmart, Shopify, Mastercard, and Stripe, which are collaborating to establish the interoperable standards required for autonomous, cross-platform commerce.

If agentic interfaces weaken the traditional link between search, ads, and merchant traffic, Google has strong incentive to ensure the next commerce architecture still runs through surfaces and standards it controls. In that sense, the company is not just reacting to AI, it is shaping the rules of the emerging ecosystem before others do.

Search for At-Scale Digital Asset Use Cases Continues

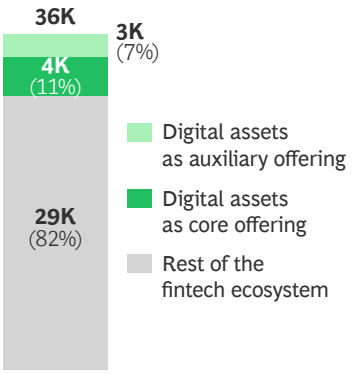
Digital assets have regained momentum following the crypto bear market of 2022 and 2023, with digital asset players accounting for 15% of all global fintech revenues and 23% of equity funding in 2025. (See Exhibit 12.) According to BCG's FinTech Control Tower, there are over 4,000 players today with a core product offering around digital assets: about 1,600 of these support markets and intermediation, 1,000 provide money and payments, and roughly 600 are infrastructure providers. (See Exhibit 13.) Another 3,000 players offer auxiliary products or services linked to digital assets. The asset class continues to grow, with crypto at roughly $3 trillion market capitalization, stablecoins at around $300 billion, and tokenized real-world assets smaller but already meaningful at roughly $30 billion.

Despite the strong activity and investment, at-scale use cases beyond crypto remain elusive. Further, while the technology foundations are stronger and regulation is clearer, adoption depends on durable value creation across workflows and on solving interoperability between on-chain and off-chain systems. To date, the tokenized-finance flywheel has been driven mainly by crypto activity: Crypto trading has fueled demand for tokenized money—primarily stablecoins—which in turn has supported more crypto and tokenized-asset activity. Looking ahead, we believe use cases around tokenization of assets have a higher likelihood of reaching scale than payments use cases, which face challenges to broader adoption. Thus, the next flywheel is more likely to be driven by tokenized assets than by stablecoin-led payments. (See Exhibit 14.)

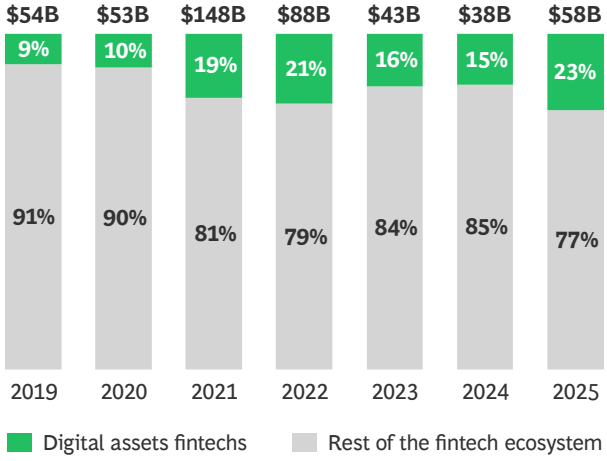
EXHIBIT 12

About 7,000 Fintechs Are Building the Digital Asset Ecosystem and Comprise an Increasing Share of Fintech Equity Funding and Revenue

SHARE OF ACTIVE FINTECHS, BY DIGITAL ASSETS (COMPANY COUNT)



TOTAL FINTECH EQUITY FUNDING BY DIGITAL ASSETS ($B | %)



Digital assets fintechs accounted for 15% of all fintech revenues in 2025, ~$77B

Revenue growth 2022–2025[1]

Digital assets fintechs: **91%**

Rest of the fintech ecosystem: **68%**

Sources: S&P Capital IQ; Pitchbook; BCG FinTech Control Tower; BCG analysis.
[1]Crypto trading in 2021 reached record highs, heavily driving revenues.

EXHIBIT 13

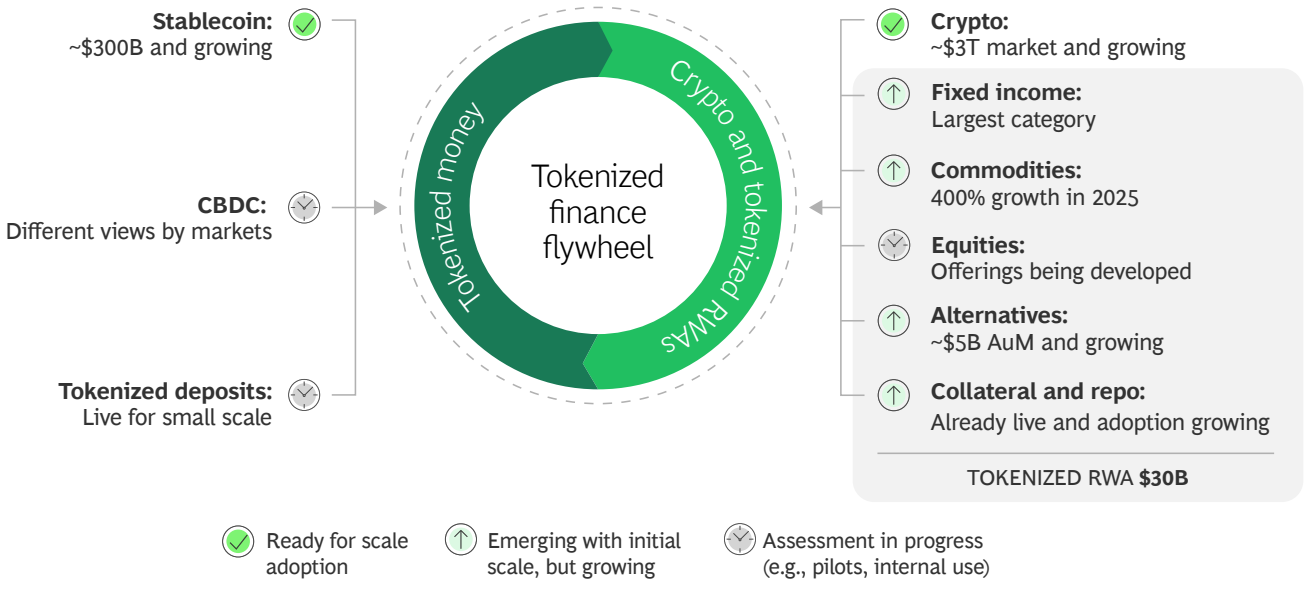
Fintechs Are Creating a Digital Asset Ecosystem, with Players Concentrated in Markets and Intermediation and Money and Payments

Digital asset clusters[1]	COMPANIES	EQUITY FUNDING		Subclusters	
Markets and intermediation	**1,600**	**$21.4B**	Platforms that **facilitate trading, liquidity, and investment access** across the digital asset space	• Cryptocurrency exchanges • Digital asset exchanges • Liquidity providers	• Digital asset investment management
Money and payments	**1,054**	**$13.2B**	Entities and protocols for **digital currencies, stablecoins, and payment infrastructure.** Enabling on-chain settlement	• Cryptocurrency payments • Cryptocurrency wallets • Crypto ATMs	• Stablecoin issuers and infrastructure • Stablecoin transactions
Infrastructure providers	**604**	**$13.4B**	Core **infrastructure that powers the digital asset ecosystem**—from base blockchain protocols to enterprise solutions	• Digital asset infrastructure and protocols	• Enterprise blockchain
Custody and issuance	**460**	**$6.3B**	Firms that **safeguard, tokenize, and issue digital assets**, providing infrastructure required for institutional participation	• Digital asset issuance • Digital asset custody	• Digital asset funding and rewards
Credit and yield platforms	**222**	**$1.9B**	Platforms and protocols that **generate or distribute returns** on digital assets through lending or staking	• DeFi lending protocols • Digital asset-backed lending	• Staking protocols • Yield optimization
Services and enablers	**149**	**$3.2B**	Supporting players that **enhance trust, compliance, and operational efficiency** within the digital asset ecosystem	• Digital asset compliance and analytics • Digital asset tax management	• Digital asset insurance

Sources: BCG FinTech Control Tower.
[1]Cumulative number of digital asset fintech and equity funding attracted from 2000 to 2025 inclusive.

EXHIBIT 14

The Asset Tokenization Flywheel Is Starting to Spin



Sources: RWA.xyz; BCG analysis.
Note: CBDC = central bank digital currency; RWA = real-world asset; AuM = assets under management.

> The more stablecoins have a common economic and regulatory floor, the more the innovation in use cases becomes a flywheel rather than stablecoins as a currency substitution. You can start to see real economic activity building on top of that, which is where the value ultimately comes from."
>
> **Dante Disparte, CSO and Head of Global Policy and Operations, Circle**

Tokenized real-world assets are more promising because they improve existing markets with established participants and clearer pain points. Recent announcements from some of the biggest institutions in public markets underscore that momentum. Nasdaq has advanced proposals to support tokenized securities within existing market structure, the NYSE has moved toward a regulated platform for tokenized securities, and DTCC has received regulatory clearance to launch a tokenization service for select DTC-custodied assets.

Many initial structures have relied on special-purpose vehicles to manage assets such as real estate, allowing tokenization to sit on top of existing legal frameworks. The appeal is straightforward: 24/7 secondary transfers, fractional ownership, lower minimum investment thresholds, and instant collateralization. But tokenization will not scale evenly across asset classes. Based on the emerging economics, market structure, and operational complexity of different products, the strongest candidates appear to be commodity funds, money market instruments, alternatives, and securitized debt. (See **Exhibit 15**.) Tokenization is likely to create the most value where existing infrastructure is costly, fragmented, or illiquid, not where markets are already highly optimized.

Several conditions still need to fall into place for scaled adoption of tokenized assets. National market utilities such as DTCC in the US, Euroclear and Clearstream in Europe, and CSDC in China will likely need to play a leading role. On-chain issuance must also become cheaper and easier than traditional issuance, and the buy side must participate at sufficient scale to create real liquidity. According to the BCG X DTCC white paper **Building the Path Towards Digital Asset Securities Interoperability**, digital asset securities are reportedly already growing at roughly 90% to 120% year over year, but interoperability remains a major constraint. It will require coordinated effort across infrastructures, regulators, market participants, and technology providers to harmonize data, processes, and roles.

Stablecoin growth has begun to delink from crypto trading and track more closely with demand for dollar access and cross-border movement in markets such as Mexico, Argentina, and Nigeria. Cross-border stablecoin payments can be valuable in remittance corridors where incumbent rails are slow, costly, or unreliable, but penetration will vary by corridor based on regulation, on- and off-ramp quality, FX controls, and competing alternatives. Cross-border stablecoin payments, however, are facing government resistance in some of the largest emerging markets: India, China, and Brazil. For example, in May 2026, Brazil's central bank banned fintech and payment provider cross-border services from using stablecoins or crypto with overseas counterparties. Further, stablecoin as a store-of-value is likely to face challenges from governments as they seek to preserve control over monetary policy. In the more than 70 countries with mature real-time payments systems and/or strong card ecosystems, the value of stablecoins for everyday domestic payments is much less obvious.

EXHIBIT 15

Roughly 16% of Investable Real-World Assets Will Be Represented in Tokenized Form by 2035, with Significant Variations by Asset Class

Real-world asset class tokenization potential by 2035 (estimated)

ASSET CLASS	PENETRATION	RATIONALE
Commodity funds	40%–50%	Strong growth in tokenized precious metals observable for a crypto-savvy customer base
Money market instruments	25%–40%	Operationally intensive, balance-sheet heavy, already short-dated and institutional; prime for on-chain issuance
Alternatives	25%–35%	Increasing accessibility of alternatives for a larger client base
Securitized debt (MBS, ABS, CLOs, etc.)	20%–30%	Structuring complexity, lifecycle events, and opacity make this one of the strongest candidates
Other securities (hybrid capital, etc.)	15%–25%	Bespoke terms and lower liquidity favor programmable issuance
Corporate bonds	10%–15%	Strong case in private placements, EMTNs, short-dated issuance; public benchmarks migrate slowly
Equities (listed)	3%–7%	Governance, market structure, and exchange incumbency constrain adoption; limited to private-to-public transition and niche venues
Government bonds	3%–5%	Highly standardized, politically sensitive, CCP-anchored; tokenization limited to bills, repos, and selected wholesale pilots

Sources: BCG Flagship Report - The Future of Digital Assets.
Note: MBS = mortgage-backed securities; ABS = asset-backed securities; CLO = collateralized loan obligations; EMTN = euro medium-term note; CCP = central counterparty.

DeFi remains another source of stablecoin demand, though still largely within crypto-native markets. Stablecoins are increasingly used in liquidity pools and in on-chain lending and borrowing, where they can function as the primary settlement asset and collateral. That is a significant use case, but it is still not mainstream financial adoption. Stablecoins could serve as collateral in areas such as derivatives trading or become the cash leg for trading tokenized real-world assets, from tokenized equities to private credit. Those use cases are credible, but client adoption is still in its early days.

Tokenized deposits sit somewhat apart from this story. They remain earlier stage and are focused mainly on corporate cash management, where programmability can automate money movement and optimize fragmented multinational cash positions. Over time, this may create a sharper separation in the value proposition between banks and fintechs: banks leaning into tokenized deposits for account-linked cash management, and fintechs focusing more on stablecoins and adjacent infrastructure.

Regulation will determine how quickly any of the aforementioned use cases scale. The direction of travel is clearer than it was a year ago, with the US and Europe leading through the GENIUS Act and MiCA, respectively.

But the global picture remains highly uneven. Stablecoin adoption is likely to lag in markets such as India and China, where regulators remain more restrictive. Firms therefore need to design for a persistent multi-regime reality rather than wait for global harmonization. That favors incumbents and scaled fintechs, because tighter AML and KYC requirements make compliance capacity part of the competitive moat. (See Spotlight 4.) It also helps explain why many banks are now joining consortia and building stablecoin infrastructure as a defensive move, seeking to reduce the risk that new rails disintermediate payments, FX, and deposit-linked revenue pools. At the same time, in some markets outside the US, a new wave of neobanks is beginning to emerge on top of stablecoin-based infrastructure.

The result is a digital-asset landscape that is both more credible and more constrained than prior cycles suggested. Adoption at scale still rests on a relatively narrow set of proven applications. Beyond crypto, payments use cases appear to have less runway for continued scale-up than many expected; asset tokenization now appears the more likely path to meaningful adoption. The next phase will depend less on enthusiasm and more on whether digital assets can create durable value across multiple workflows while solving the interoperability challenge between on-chain and off-chain systems. (See Spotlight 5.)

SPOTLIGHT 4

Coinbase at the Leading Edge of Next-Gen Financial Infrastructure

The changes underway at Coinbase, a leading player in the digital assets space, reflect a broader shift in this category: It is no longer framed only around crypto trading, but around whether blockchains can become part of the next generation of financial infrastructure. Coinbase is making a bet that stablecoins, tokenization, and on-chain rails will matter less as standalone crypto products than as the plumbing through which money moves, assets settle, and financial activity takes place.

This strategy rests on a simple observation about the limits of today's financial system.

Emerging industry use cases beyond those that are more common today (for example, cross-border payments, remittances) include nascent agent-to-agent use cases like micropayments for access to data, paying per-call for LLM completions, video and image generation, and digital storage. Major players like Coinbase are expecting the market to move away from crypto as a standalone category and toward digital assets as a global infrastructure layer and are investing based on that thesis.

> “Historically many players have tried to apply ‘band-aid’ solutions to traditional financial infrastructure but still deal with some real constraints like lack of access to banking services on the weekend, illiquid corridors for cross-border money movement, and defined market hours in capital markets. Crypto gets around those constraints, along with the benefits of programmability and open access that are very well suited for AI agents.”
>
> **Shan Aggarwal, Chief Business Officer, Coinbase**

SPOTLIGHT 5

Stripe Building Digital Assets into Mainstream Financial Infrastructure

Stripe's recent moves in digital assets illustrate where the market may be heading: not toward digital assets as a standalone category, but toward stablecoins and on-chain money embedded within mainstream financial infrastructure. Rather than waiting for a single breakout consumer use case, Stripe has been assembling the pieces needed to make digital dollars usable in business workflows.

Stripe acquired Bridge in February 2025, and three months later launched Stablecoin Financial Accounts, enabling businesses in 101 countries to hold stablecoin balances and transact across both crypto and fiat rails. In July 2025, it acquired Privy, which supports more than 110 million programmable wallets. In September 2025, it incubated Tempo, a payments-first blockchain built with Paradigm, featuring dedicated payment lanes, sub-second transaction finality, and native interoperability with compliance and accounting systems. In April 2026, Stripe entered a partnership with Meta to enable USDC stablecoin payouts to select Instagram creators. Rather than treating digital assets as a narrow product add-on, Stripe is building across orchestration, wallets, and settlement rails at the same time.

Stripe's moves are a credible signal that one of the most scaled infrastructure players in fintech sees the next phase of growth in making on-chain money work inside ordinary business workflows.

> "One of the biggest shifts we're seeing is the rise of agents as economic actors. If that future takes hold, the infrastructure has to support fast, global, low-cost exchange of value. Stablecoins are a very effective way for that to happen. From the merchant and consumer's perspective, they may not even know it's a stablecoin; it just needs to be as frictionless as possible."
>
> **Eileen O'Mara, Chief Revenue Officer, Stripe**

The Regulatory Gap Between Banks and Fintechs Is Narrowing

The regulatory story in fintech is becoming more complicated. In parts of the world, regulation is no longer focused on giving fintechs more room to compete outside the banking system; increasingly, it is about requiring more fintech activity to meet bank-like standards. For years, many fintechs delivered bank-like products or economics without operating as fully regulated banks on a different playing field. That gap is now narrowing for at least some of the sector.

This shift is changing the trade-off for scaled fintechs. Operating through sponsor-bank structures allowed firms to move quickly and avoid some of the cost and complexity of becoming a bank. But it also meant sharing economics, depending on partner-bank approval for product changes, and giving up a degree of control over compliance, policy, and customer experience. As charter pathways become more navigable, some fintechs are deciding that the long-term benefits of formal status outweigh the trade-offs.

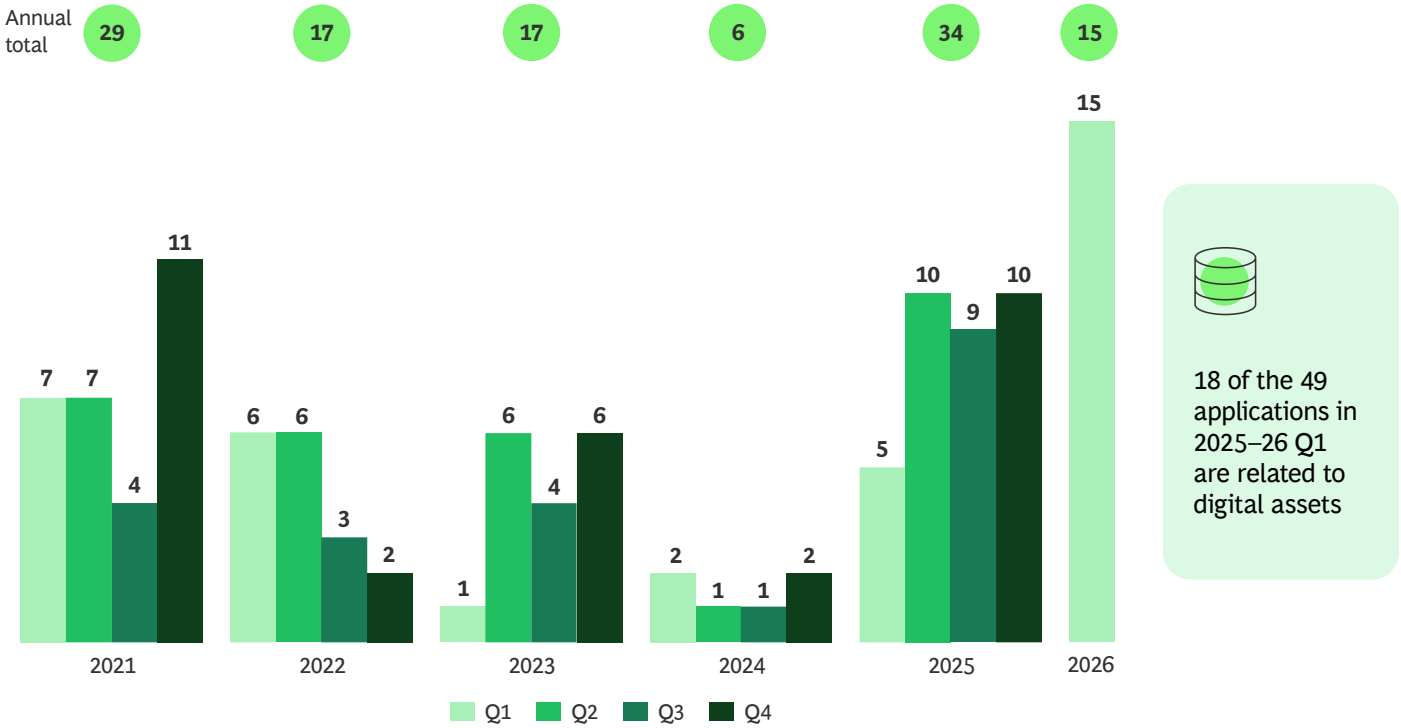
For the right firms, the appeal is straightforward: lower funding costs, less reliance on sponsor banks, more control over the product roadmap, and fuller ownership of the customer relationship. But those benefits come with a price. Fintechs that move closer to bank status will increasingly be expected to operate to bank standards, with tighter requirements around governance, compliance, risk management, capital, and supervision. The next phase is not one in which fintechs simply gain the advantages of being banks. It is one in which they must increasingly accept the obligations of being banks as well.

This dynamic is visible in the US, UK, and EU, though in different forms. In the US, bank charter and depository institution applications are rising and approval pathways are becoming shorter and more navigable. (See Exhibit 16.) In the last year, major players like like Revolut, Nubank, Coinbase, and Ripple applied for federal bank charters. In the UK and parts of Europe, clearer licensing pathways and more formal regulatory routes are also making it easier for fintechs to expand product scope and compete more directly with incumbents, though with greater supervisory scrutiny.

EXHIBIT 16

Federal Bank Charters and Depository Institution Applications Increased Over 5x from 2024 to 2025

Federal bank charter and new-bank application volume[1]
(2021–2026 Q1)



18 of the 49 applications in 2025–26 Q1 are related to digital assets

Sources: OCC; FDIC.
[1]Includes OCC national bank / national trust charter applications and FDIC "Deposit Insurance – New Bank" applications by earliest year received. State-level charter applications not separately captured. Deduplicated at the unique-entity level.

The same trend is emerging in parts of Africa, where licensing reform in countries such as Kenya, Ghana, and Nigeria is expected to accelerate fintech entry and growth and support market competitiveness. These are markets where fintechs can "leapfrog" incumbents and provide stronger value propositions given rapidly improving local infrastructure, ability to distribute digitally, and an underpenetrated formal finance system.

This is not the story everywhere. In India, there has been an increase in fintechs seeking banking licenses, but the underlying logic is different. There, the shift reflects not a broad deregulation of the market, but the erosion of the old arbitrage between regulated and non-regulated models. As regulation increasingly applies to both, the benefit of staying outside the perimeter weakens. In that environment, licensing becomes less a privilege and more a rational response to a tighter regime.

In several other geographies, the environment remains distinctly less favorable to fintech challengers. China, Hong Kong, the GCC, and Chile all, in different ways, present a disadvantage to fintechs relative to incumbents. In some of these markets, the issue is direct regulatory pressure. In others, it is market structure, data access, licensing complexity, or rules designed in ways that are manageable for incumbents but costly for smaller challengers. The effect is the same: Fintechs in these markets often face a costly and narrow opportunity to scale and, in some cases, must look abroad for growth.

Some industry players are beginning to develop models and standards where regulators have stalled. When formal rulemaking falls short or moves too slowly, fintechs and incumbents are finding bilateral ways to unlock access to new financial infrastructure and data rails. Open banking is one example. Rather than waiting for Section 1033 of the Consumer Financial Protection Act to resolve in court, private firms in the US are striking direct commercial agreements with major institutions to move the market forward through secure APIs regardless.

The notion that fintechs operate outside the system while banks operate inside it is fading in many geographies, where the boundary is becoming more porous. In others, the delineation remains acute. The strategic challenge for fintechs is increasingly not whether to enter the regulatory perimeter, but how to do so in a way that expands their addressable market while allowing them to remain nimbler than incumbents and minimize the cost of managing regulatory and compliance overhead.

Some industry players are beginning to develop models and standards where regulators have stalled. When formal rulemaking falls short or moves too slowly, fintechs and incumbents are finding bilateral ways to unlock access to new financial infrastructure and data rails. Open banking is one example.

Neobanks Winning Globally—But US Is a Different Story

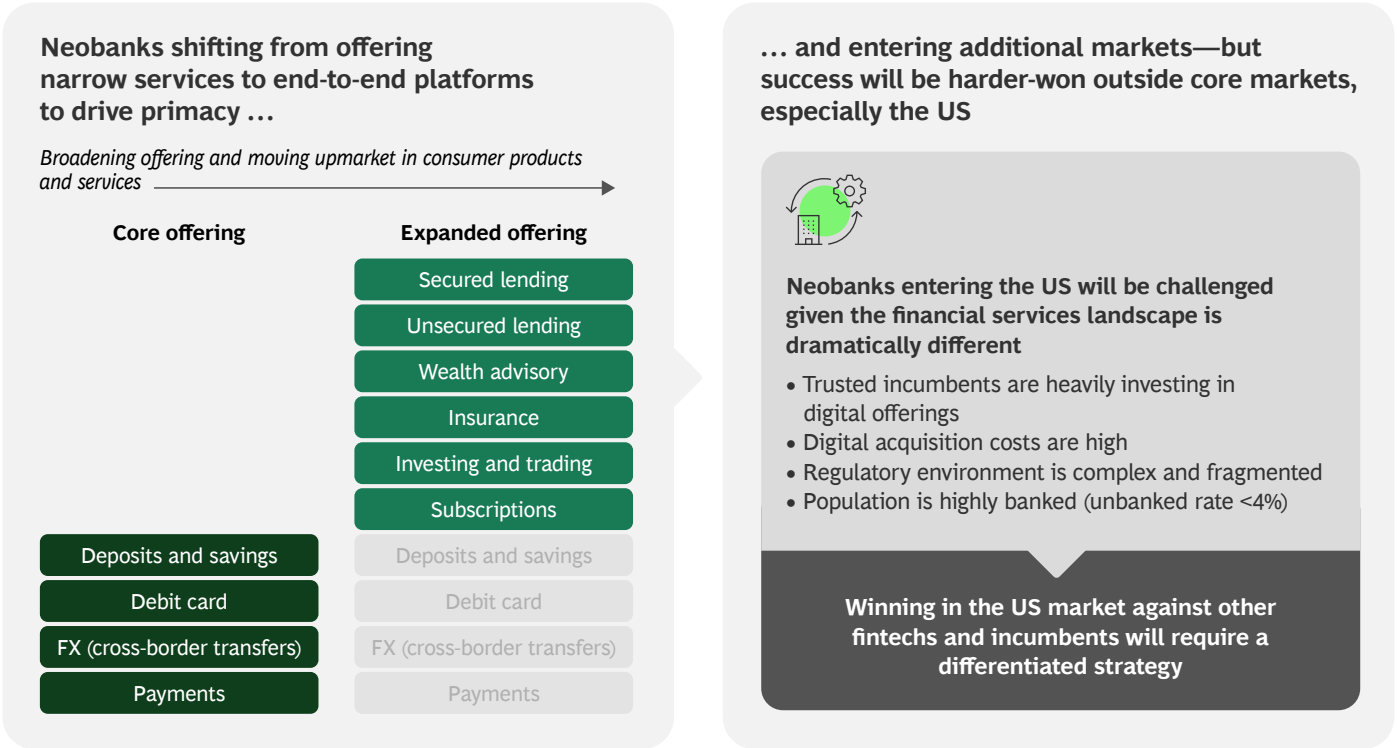
The neobank story is entering a new phase. Leading players are no longer focused narrowly on digital payments or low-friction onboarding and are diversifying beyond payments and daily banking into lending, investing, insurance, cross-border transfers, and mass-affluent wealth solutions. In short, they are evolving from single-product disruptors into broader financial platforms that will become sharper competitive threats to incumbents.

The shift is especially visible in consumer credit. Unsecured lending remains one of the largest global white spaces for neobanks, and is especially attractive both because it can be enabled by alternative underwriting models and because it deepens the customer relationship beyond payments. Chime, for example, entered lending with Instant Loans in 2025, offering eligible members access to up to $500, while Nubank has continued to broaden its credit portfolio across cards and unsecured lending, including recent personal-loan expansion in Colombia. The leading neobanks are not just adding adjacent products, they are building wider ecosystems that foster primacy, raise engagement, and improve monetization across the customer lifecycle.

Over the last year, neobanks have shifted their focus from digital experience and user acquisition to deepening customer relationships, broadening product suites, and developing more holistic financial propositions. (See Exhibit 17.) In some markets, a more accommodating regulatory environment and easier paths to formalization have helped accelerate and legitimize that expansion. In Europe, Revolut was approved for a full UK bank license, expanded its wealth offering in 2025 with zero-commission ETF plans across the EU and Switzerland, rolled out contracts-for-difference trading across 29 countries, and moved into mortgage refinancing in Lithuania. In Latin America, Nubank expanded NuCel, a mobile phone service, across Brazil in January 2025, extending its proposition beyond core financial services into adjacent everyday services.

EXHIBIT 17

Neobanks Are Expanding with a Push into Lending, Mass Affluent Wealth, Insurance, and Investing



Source: BCG analysis.

> Whether a historically successful fintech can succeed in new markets depends on two things—first, the extent to which they find comparable market structures in other countries. Second, what competitive advantages can they port over from their existing codebase, regulatory status, team, brand, etc.? Neither would suggest the US is an easy market for most global competitors to enter."
>
> **Matt Harris, Partner, Bain Capital**

Neobanks that succeeded outside of the US often benefited by challenging legacy players that underinvested in digital experiences, addressing large financially underserved populations, solving pain points such as high foreign-exchange fees, or building structurally lower cost-to-serve through digital-only models.

The US is a different challenge on nearly all of these dimensions: It is already crowded with trusted incumbents and scaled domestic fintechs, digital acquisition costs are high, the regulatory environment is fragmented, and the population is highly banked.

This does not mean international entrants cannot win in the US. But it does mean success is likely to be selective and niche rather than broad-based. Neobanks entering the US will need a differentiated proposition tied to a real unmet need, not the same playbook that worked in markets where the structural gaps were wider. Competitive intensity is already starting to rise ahead of Revolut's and Nubank's entry. Domestic US fintechs are not standing still: Chime, for example, has launched premium checking tiers aimed at deepening primacy and moving further upmarket, a sign that US players are preparing for a more intense fight for higher-value customers rather than waiting for new entrants to make the first move.

In Europe, we expect leading neobanks such as Revolut, N26, and Monzo to continue chipping away at share from incumbents, in part because competition remains weaker and more fragmented than in the US. Revolut and N26 have both reported strong customer and profitability momentum in recent years in Europe, and Monzo has chosen to refocus on UK and European expansion rather than continue its US push.

There is also an important funding distinction to keep in mind as neobanks expand into credit. Recent scrutiny around private credit has centered on middle-market business lending, especially to SaaS borrowers exposed to fears of an AI-driven "SaaS-pocalypse." That concern appears unlikely to spread to fintech lending. The underlying exposures are different, and fintech lending remains supported by a distinct set of funding channels and a still-large pool of private credit demand.

If private credit were to move into deeper distress, it would likely manifest as higher funding costs and tighter lending terms across the board rather than through a fintech-specific dislocation. In that scenario, lenders competing most directly for prime borrowers could feel the pressure first, as those segments are most sensitive to pricing. But this remains a downside case rather than the base case. More likely, fintech lenders would continue to rely on a mix of private credit and securitization, using the latter as an additional source of balance-sheet flexibility if direct-lending conditions tighten.

The broader conclusion is that neobanking is becoming less a story of generic digital disruption and more one of market-specific execution. The winners are likely to be the firms that can turn product breadth into customer primacy, expand where local conditions support their model, and fund credit growth through a more disciplined mix of capital sources. Capitalizing on these opportunities should leave room for continued growth. But it would also mean that the next chapter will be harder fought, more local in character, and less forgiving of strategies that travel badly.

IPOs and M&A Window Open, But the Bar Is Higher

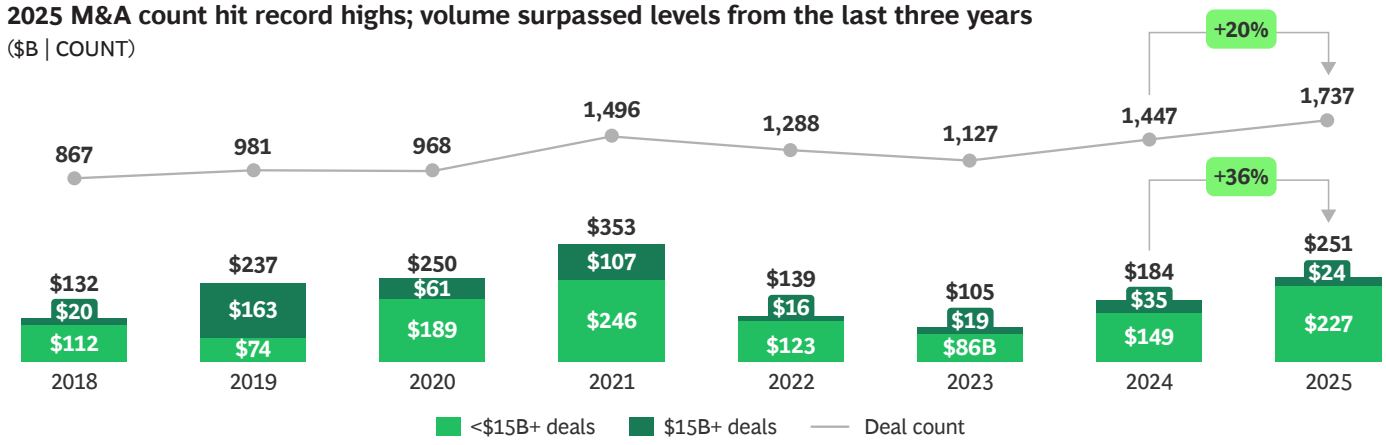
Despite continued public-market volatility and investor selectivity, IPO and M&A activity are likely to continue at their current levels. Scaled fintechs still need paths to liquidity, and strategic urgency across the sector remains high. But the composition of M&A is shifting. A growing share of deal activity is characterized by fintechs acquiring other fintechs: 659 deals were completed by scaled fintechs in 2025, versus 589 by incumbent acquirers, reversing the pattern from 2024 when incumbents led deal activity 517 to 491. (See Exhibit 18.) Outside 2023, in all other years on record, incumbents exceeded fintechs in acquisitions. That is a signal that the sector's more mature players are no longer just acquisition targets. They are increasingly acting as consolidators in their own right.

Despite market volatility, the strategic pressure to transact does not disappear. Some fintechs have enough runway and private capital access to wait, but many do not. For those firms, public markets remain imperfect but necessary. For many others, M&A is likely to remain the clearest path, whether to provide liquidity, absorb subscale competitors, or acquire products, talent, and distribution more quickly than building them internally.

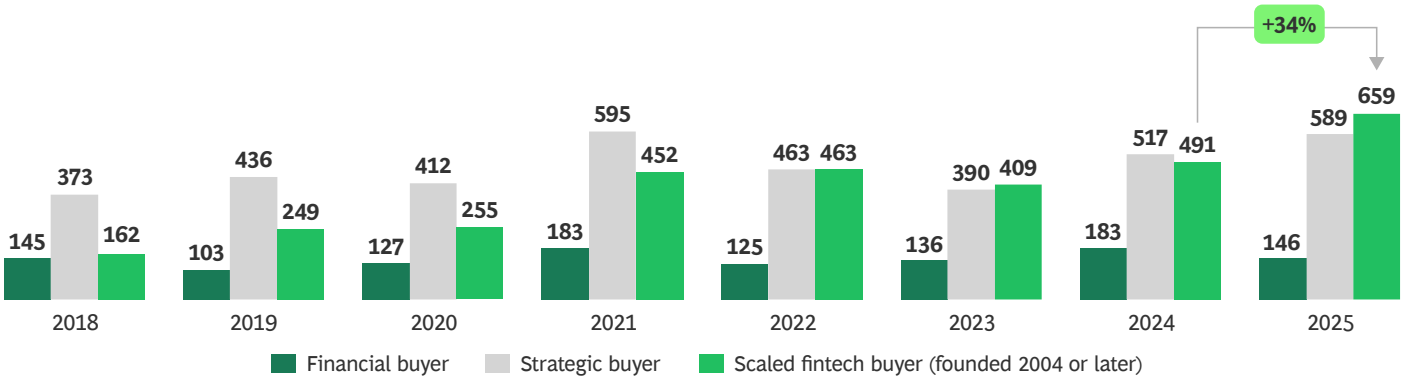
EXHIBIT 18

2025 Saw the Highest Number of M&A Deals and Second-Highest Amount; Scaled Fintechs Were the Most Active Acquirers

2025 M&A count hit record highs; volume surpassed levels from the last three years
($B | COUNT)



Scaled fintechs were the most active acquirers in 2025
(COUNT BY ACQUIRER TYPE[1])



Source: FT Partners' proprietary database.
[1]Analysis by acquirer type only includes deals where the target company is fintech; excludes joint ventures and management buyouts. Financial buyer category includes special purpose acquisition companies.

Exit momentum for fintechs is now being driven more by structural need than exuberance. IPOs are no longer a simple celebration of growth; they are a tougher proving ground.

The M&A logic for fintech is becoming especially clear in a market where scaled players are broadening product sets and where AI, compliance, digital assets, and infrastructure capabilities are becoming more important to long-term positioning. In this environment, acquisition can be both a defensive and an offensive tool. For incumbents, it can accelerate modernization, close capability gaps, or preempt competition. Historically, bank-led M&A has often been constrained by the difficulty of integrating acquired technology into legacy systems. AI may begin to ease some of those migration challenges, making it simpler to map, translate, and rationalize disparate tech stacks after a transaction. If that proves to be the case, bank-driven M&A could accelerate meaningfully in the coming years. For fintechs, acquisition can fill capability gaps, open formal access to new markets, or consolidate fragmented categories. Capital One's acquisition of Brex is one example of the kind of scaled transaction that could become more common as regulation, funding, and strategic urgency align.

Some of the current appetite is also extending into a small set of consumer-facing fintech models that have recently attracted outsized investor interest. Prediction-market platforms are a notable example of this valuation acceleration. Kalshi announced a $185 million Series C at a $2 billion valuation in June 2025, which escalated to $11 billion by December; by March 2026, it secured a further $1 billion led by Coatue Management at a $22 billion valuation. Polymarket has followed a similar trajectory: After being valued at $1.2 billion in mid-2025, a strategic investment from Intercontinental Exchange in October valued the platform at $9 billion, with April 2026 reports indicating the company is now raising $400 million at a $15 billion valuation.

These step-ups are a reminder that private-market enthusiasm can concentrate quickly around emerging models with strong consumer engagement and narrative momentum. But they also underscore how dependent some categories remain on regulatory clarity. In areas such as prediction markets, the eventual market size, durability of growth, and exit potential could be shaped as much by how regulation evolves as by product adoption alone.

The geographic picture is also shifting. Activity has historically been concentrated in the US, but the UK and EU have launched initiatives over the last couple of years to encourage technology listings and improve exit conditions. Measures such as the UK Listing Rules, PISCES, and the EU Listing Act may not transform the market overnight, but they point in the same direction: more deliberate attempts to improve capital market access for growth companies. If these reforms gain traction, they should support an increase in transaction activity and exit options in Europe.

Exit momentum is now being driven more by structural need than exuberance. IPOs are no longer a simple celebration of growth; they are a tougher proving ground. Further, fintechs must increasingly compete for investor funding against investments in AI across market sectors. M&A, meanwhile, is becoming a more important tool for filling capability gaps, achieving scale, and creating liquidity. That should make the current rise in exit activity more resilient than earlier bursts of IPOs and acquisitions driven mainly by sentiment. The likely result is not a broad-based reopening of exit markets, but a selective flow of listings and acquisitions among companies with either strong fundamentals or clear strategic value. Even in a choppy market, this level of exit activity is likely to continue.

Now What? Calls to Action

Fintechs

Many opportunities remain in fintech, but the bar for winning is higher than it was in the sector's first chapter. For fintechs, there are four imperatives:

- **Use AI to solve real frictions, not to chase hype.** Fintechs should use AI to remove bottlenecks both inside the company and across the customer journey. That means targeting the workflows where the payoff is already visible: engineering, customer support, underwriting, compliance, and other document- or decision-heavy processes, while also considering how to use AI to improve onboarding, servicing, and products for customers. The goal is not to simply be efficient. It is to redesign the workflows that have significant and measurable impact on growth, cost, and customer value.

- **Pick your battles in digital assets and own the white space.** Fintechs should avoid fighting banks head-on in segments where incumbents still have strong distribution, low-cost funding, and a real willingness to compete. Instead, they should focus on the customer segments, workflows, and pain points that banks do not want to own directly—and, where possible, build a defensible position as the infrastructure or specialist provider that others rely on.

- **Pursue banking charters only if you are already essentially operating as a bank.** Fintechs should view a charter as the next step for a model that is already economically and operationally close to banking, not as a shortcut to growth. A charter can improve cost of funds, product control, and ownership of the customer relationship, but it also brings meaningful regulatory, compliance, and operating burdens. It makes sense only when the benefits clearly outweigh the trade-offs relative to sponsor-bank models.

- **Prepare for public markets well before going public.** Fintechs approaching IPO should demonstrate durable profitability, clear and steady revenue streams, greater ownership of economics, and less reliance on partner banks or opaque structures. They should also show investors how AI is improving core operations in measurable ways, not simply enriching the story.

Banks

Despite being the incumbents, banks still have considerable agency in shaping the next chapter of financial services. For banks, there are five calls to action:

- **Treat AI as a competitive imperative, not an innovation program.** Banks can no longer afford to manage AI through scattered pilots and business-as-usual governance. They should concentrate investment on a limited set of high-value use cases and push them hard enough to change economics, speed, or customer outcomes in a measurable way.

- **Move now on one high-conviction digital asset use case.** Banks can no longer afford to treat digital assets as optional or wait for perfect clarity. They should pick a use case with a clear near-term business case, build it with partners where needed, and use it to develop the capabilities, operating muscle, and vendor relationships required to scale quickly if and when customer adoption accelerates.

- **Modernize the operating model, not just the interface.** Better digital front ends are no longer enough. Banks need faster decision making, simpler architecture, cleaner data foundations, and fintech-style ways of working if they want to compete with more agile challengers.

- **Use institutional strengths more effectively.** Banks still retain major advantages in trust, balance sheet, customer base, and distribution. The opportunity now is to pair those strengths with stronger digital execution so they can defend customer primacy as neobanks broaden product suites and improve the user experience.

- **Pursue M&A aggressively and use partnerships to close capability gaps.** Not every weakness should be solved internally. With bank valuations still relatively strong, many institutions are well positioned to acquire capabilities at attractive prices rather than build them slowly in-house. Banks should use that position to strengthen areas where fintechs are ahead, particularly SMB financial services, digital-asset infrastructure, and next-generation workflow tools.

Investors

For investors, the key challenge is to understand which models are proving to be more durable, more scalable, and more strategically relevant. Four priorities stand out:

- **Underwrite operating quality, not just category exposure.** In a more mature fintech market, sector labels matter less than execution quality. Investors should place greater weight on evidence of pricing power, customer retention, distribution advantage, risk discipline, and the ability to expand profitably in products or geographies.
- **Differentiate by AI substance and sector maturity.** Nearly every company now has an AI narrative, but the real test is whether AI is changing business economics in a measurable way. Investors should look for proof of product velocity, operating leverage, underwriting outcomes, sales productivity, and workflow redesign, rather than accept broad claims about automation or agentic potential. They should also avoid treating fintech as a single maturity curve as different verticals are at different stages of development. That means underwriting standards, growth expectations, and value-creation levers should vary by sector rather than being applied uniformly across the market.
- **Back companies that can persist through structural shifts.** Some of the most important developments in fintech are taking place at the infrastructure and market-structure level: clearer charter pathways, payment-sovereignty efforts, adoption of stablecoin rails, changing acquisition dynamics, and the reopening of exit markets. Investors should focus on businesses positioned to benefit from shifts that occur over multi-year horizons, rather than those reliant on one favorable cycle or narrow arbitrage.
- **Prepare for a more selective exit environment.** Liquidity is returning, but is likely to reward a narrower set of companies. Investors should steer portfolio companies early toward the attributes that matter most in the next phase of exits: credible economics, heightened controls, and a clear strategic role in the market.

Regulators

The next phase of fintech growth will be shaped as much by regulatory design as by technology or capital. We see three areas of focus for regulators:

- **Provide clearer rules for AI and digital assets.** Fintechs and banks alike need greater certainty around AI governance, stablecoins, tokenized deposits and assets, and data-sharing standards. Regulators should advance the stablecoin framework, defining, for example, capital treatment and margin eligibility, and confirm tokenized deposits and securities carry the same treatment as the underlying asset. The priority now is less about encouraging experimentation for its own sake and more about creating durable rules that allow scaled adoption where the value is real and risks are manageable.
- **Pair clearer pathways with consistent obligations.** Regulators should expand fair access to licenses, charters, and rails where appropriate, while ensuring that fintechs taking on more bank-like activities are held to commensurate standards of safety, soundness, and oversight.
- **Support interoperability in new infrastructure from the start.** As markets develop domestic rails, digital-asset frameworks, and data-sharing systems, regulators should ensure these systems can connect across institutions and borders rather than become isolated stacks. Without that, resilience and sovereignty gains may come at the cost of new fragmentation and lower long-term efficiency.

Conclusion

Despite volatility in funding, public markets, and the macro environment, the fintech industry's foundations are materially stronger than they were only a few years ago.

Growth has returned, profitability has improved, and a clear group of scaled winners has emerged. Many of these firms are expanding across adjacent services, entering new geographies, moving closer to the regulatory perimeter, and in some cases becoming part of the core infrastructure of financial activity. That progress does bring more demanding expectations, such as stronger public-market scrutiny and heavier compliance burdens. It also reflects something more important: Fintech is no longer just proving it belongs, it is helping shape the ongoing evolution of financial services.

At the same time, the significant opportunities that lie ahead will be captured by firms that adopt AI beyond workflows and into operating models, expand into new markets with a strong core product that meets local pain points, and translate early product gains into durable advantages in trust, distribution, and regulatory footing.

A great deal of white space still remains, and the next chapter should be one of the most exciting yet. There is ample room for continued disruption across B2B financial services, digital assets, consumer platforms, and the software and payments layers underpinning modern finance. The firms that combine scale, innovation, and regulatory readiness with real execution discipline will be best positioned to capture that opportunity and turn it into lasting advantage.

> "In the short term, AI disruption is clearly a way for companies to get ahead: things become cheaper, faster, and more efficient. But over the longer term, everyone will have access to the same technology and what looks like an advantage today could disappear. It's not yet clear what competitive differentiation will look like five years from now, but execution speed will likely remain one of the few durable moats."
>
> **Sergio Furio, Founder & CEO, Creditas**

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