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In collaboration with QED INVESTORS

The next age of fintech

AI, digital assets, and new paths to success

April 2026

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Key findings

— **$650 billion:** total fintech revenues in 2025, representing 4 percent penetration of wider financial-services revenue pools

— **Approximately $2 trillion:** projected fintech market size by 2030 if recent top-line growth rates are sustained

— **More than 40 percent** increase in annual capital deployed to fintech since 2023

— **Five fintechs** approaching "centicorn" valuations ($100 billion)

— **More than 50 percent** of fintech acquisitions were made by fintechs rather than incumbents or sponsors

— **$35 trillion** in stablecoin transaction value in 2025, with just 1 percent related to "true payment" activity

— **21 applications** received for US banking charters in 2025, more than in the previous four years combined

— **13 percent** of fintech revenue generated by "horizontal" players—software firms that help digitize incumbents from the inside out

Executive summary

After years of turbulence, the global fintech industry has entered a new era defined not by speculative exuberance but by a balanced focus on scalability, profitability, and operational and regulatory maturity. This is the fifth age of fintech: The first age, from the late 1990s to 2013, marked the emergence of pioneers. The second age, from 2014 to 2020, saw rapid growth but limited profitability. The third age, in 2021–22, was marked by a massive surge in venture capital investment, followed in the fourth age by a major reset and sharp contraction in 2023–24. In this fifth age, we see a set of scaled global fintechs achieving success, a new cohort of AI-enabled insurgents scaling, rising megatrends that put the wind at fintechs' backs, and renewed investor confidence.

In 2025, the global fintech market generated approximately $650 billion in revenues, representing a growth rate of about 21 percent year over year from 2024, and around 23 percent annually over the past four years. This materially outpaced the broader $15 trillion financial-services industry, which has expanded more modestly at a 6 percent annual rate. Despite this growth, fintechs have captured only about 4 percent of total financial-services revenues, underscoring both the progress and the substantial room for growth that remains.

Scale and speed vary markedly across geographies and verticals. North America, with fintech revenues of about $310 billion, remains the biggest market, while payments (about $250 billion in revenue) remains the largest vertical. The fastest growth is in Latin America (40 percent average annual growth over the past five years), driven by a rapid expansion in lending, which has grown at about 50 percent annually since 2021.

Total capital invested has increased by about 40 percent since 2023, particularly among later-stage, scaled fintechs with proven economics; although total deal volumes remain below peak levels.

In 2025, fintech IPOs also returned to prominence, with 31 new listings.[1] In fact, of the top 100 IPOs globally in 2025, fintechs accounted for about 12 percent of total market capitalization.[2] Bolstered by the likes of Adyen, Nubank, and Robinhood, the total market capitalization of listed fintechs has reached $850 billion, its highest level ever.

Earlier-stage investment has recovered more slowly, and growth equity has declined, creating a barbell-shaped investment profile. Capital is increasingly concentrated in a small number of firms—often driven by AI or digital assets—as well as the most compelling early-stage challengers, while midstage players face real challenges in finding the capital needed to grow. Meanwhile, scaled fintechs are leveraging their balance sheets to drive consolidation, accounting for more than 50 percent of acquisitions in the sector.

[1] IPOs with less than $30 million in capital raised are excluded. Data is from Dealroom.co.
[2] Data is from PitchBook.

Four trends that will shape the future of fintech

Looking ahead, our analysis suggests four trends will shape this fifth age of fintech.

The first and most consequential force is artificial intelligence. It is the accelerant behind most trends in this report. AI is supercharging structural trends that have been eroding incumbent advantages for years—but the pace has changed. Fintechs are deploying AI to build products in weeks that once took years, to serve customer segments that were previously not economically viable, and to compress cost structures so that legacy operating models cannot compete on price. Early-adopter incumbents are seeing real returns. But for those that have not yet moved decisively, the competitive gap is widening. For many midsize incumbents, the strategic pressure is increasingly acute: invest for scale or risk progressive irrelevance. For scaled fintechs, AI is a double-edged sword—it powers their current advantage while simultaneously lowering the barriers that once protected them from the next wave of insurgents.

Second is the rise of digital assets such as stablecoins and tokenized deposits. With instant, near-free settlement, the promise of stablecoins for cross-border payments and remittances is clear. However, of the $35 trillion reported annual stablecoin transaction volume, only about 1 percent, or $390 billion, represents true end user payments, such as paying suppliers or sending remittances. The remainder is trading, arbitrage, and crypto-native activity.[3] A range of industry estimates suggests that by 2030, the market value of stablecoins will be between $2 trillion and $4 trillion, implying a compounded annual growth rate of about 40 percent, with a broader range of on-chain tokenized assets potentially even higher.

Third, fintechs are increasingly viewing banking licenses not as constraints but as strategic tools to unlock cheaper funding, enable expansion opportunities, enhance trust with customers, and reinforce their moats. In 2025, 21 fintechs applied for banking charters in the United States, more than in the previous four years combined. This could further reinforce the market bifurcation between the largest-scaled fintechs with licenses and the rest, and potentially reduce a key moat for incumbent financial institutions.

Finally, a new form of fintech is gathering momentum and attracting a disproportionate share of investment. These are "horizontal" fintechs—software firms that help digitize incumbents from the inside out. They are ecosystem enablers that improve the efficiency of parts of the financial-services value chain. Today, these horizontal fintechs represent about 13 percent of industry revenues and have grown 25 percent faster than those directly competing with financial-services players over the past four years. They pose little direct competition to incumbents and, in fact, help them modernize and survive, particularly those without the scale, cash, or appetite to build similar solutions themselves. In some pockets—for example, UK insurtech—they have received 90 percent of all investment over the past five years.

New recipes for success

This report concludes with a look at where the next areas of material disruption will emerge. Our analysis suggests that fintechs that reach a new level of maturity across three dimensions could come out on top. The three dimensions are as follows:

— *Economics.* The industry has moved from a phase in which growth alone was rewarded, through a period where profitability became paramount, into a new equilibrium that demands both. Winning firms demonstrate strong growth while achieving profitability or demonstrating a near-term graduation path to credible unit economics.

[3] Matt Higginson, Alec Zorrilla, Julia Madden, and Michael Kirchner, "Stablecoins in payments: What the raw transaction numbers miss," McKinsey, February 18, 2026.

— *Product and distribution.* In a world in which AI is reshaping the cost and speed of product development, the age-old debate between product and distribution now looks to be over. Trusted distribution is the critical ingredient that will differentiate winners from losers; fintechs that have earned that trust through years of reliable service, transparent pricing, and regulatory credibility will find it compounds over time. That is not to say user interfaces and products won't be important; rather, they will be less differentiating. A feature is no longer a fintech.

— *Regulatory posture and production-grade capabilities.* Fintechs are increasingly shifting the perception of regulation from a barrier to a source of differentiation. Mature compliance capabilities are a touchstone of distinctive modern fintechs.

The sector is emerging from a turbulent period. The industry is nonetheless larger and more profitable than ever, and investment is returning. While penetration remains low and opportunity abounds, the most successful fintechs are demonstrating a new level of maturity across their economics, products, distribution channels, and operating models.


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The state of play today

The industry in its current form began in the late 1990s with early pioneers, particularly in payments. While many of today's giants, including PayPal and Stripe, were founded before 2013, fintech during those early years attracted little attention. (For a definition of how we define fintech for this report, see sidebar, "Fintech: Definitions and our methodology.")

Over the past decade, major fintechs have established a strong base for expansion. From 2014 through the start of the COVID-19 pandemic in 2020, markets rewarded rapid customer acquisition and headline growth. Investors in this second age priced in the option value of disruption, often independent of unit economics. The sector grew faster than ever, but the number of profitable firms declined.

The 2021–22 period, the third age, saw a huge surge in venture capital (VC) investment, with about 80 rounds of large-scale financing exceeding $250 million. Then came the fourth age, following the broader VC market reset in 2022, at a time when interest rates rose sharply around the world and investor focus pivoted to cost control, funding resilience, and clear paths to profitability. Subscale or capital-dependent fintechs were disproportionately penalized through valuation compression. Some fell by the wayside.

In 2025, fintech entered a new age, as evidenced by the return to year-over-year growth, improving profitability among leading players, and a renewed flow of investor capital following a post-hype recalibration (Exhibit 1). The largest fintechs are approaching—and in private markets exceeding—"centicorn" valuations, defined as valuations exceeding $100 billion, or 100 times the magnitude of "unicorns." This maturation is further evident in fintechs stepping up their acquisitions of peers to add capabilities or drive consolidation. This is an industry that has come of age.

Fintech: Definitions and our methodology

The challenge of defining the term fintech becomes harder as new business models emerge and grow. This report uses two categories of fintech: technology-first financial-services firms and technology providers focused on serving financial-services institutions.

Fintechs in the first category compete with incumbent players to provide financial products to consumers and businesses. Fintechs in the second category help digitize financial-services firms and acquire new customers for them.

In this report, we include firms in all major financial-services verticals: payments (including money movement and crypto), lending, deposits, capital markets, wealth and asset management, and insurance. We also include all geographies. Recognizing that public data varies in depth, we have supplemented it where necessary with proprietary McKinsey and QED Investors insights.

Fintech disruption is not monolithic. We therefore segment the market across geography, vertical, and business model layers to isolate the pockets where innovation, penetration, and growth differ meaningfully.

Although many fintechs are fast growing and relatively young, we intentionally avoid defining the category by age, size, valuation, or growth rate. The report uses McKinsey's proprietary Panorama database of more than 10,000 fintechs from around the world. The database is regularly updated and manually reviewed to ensure continued relevance. The sizing methodology uses a bottom-up approach, compiling the revenues of all fintechs within the database and manually classifying them by geography, vertical, and business type.

Some of the most disruptive fintechs of yesterday have become the new incumbents of today. The report focuses on players launched since 2000, except where the frontier of disruption continues to be pushed by older firms.

The report also includes a small number of quantitative hedge funds and high-frequency trading firms. With a core focus on financial services and the use of cutting-edge technology, these firms meet the necessary criteria central to our definition of fintech.

The report excludes the following:

- Most "incumbent" financial institutions are excluded, even those with high levels of technology spend or significant AI investments. We *do* include a select number of fintech businesses within incumbents, particularly where these businesses operate as meaningfully distinct entities with technology-first propositions and report separate financials.
- Horizontal software firms whose majority focus is not on financial services are excluded.
- Big Tech firms whose financial-services offerings are noncore are excluded. Exceptions include payment wallets that have meaningfully reshaped the modern payments landscape, as well as a small number of telecommunications firms with material financial-services businesses, for example, in Africa and Asia.

In our most comprehensive sizing of fintechs globally to date, we estimate the total fintech market at about $650 billion in revenue in 2025, representing roughly 4 percent of the overall financial-services industry. Fintech is now a critical global sector: Its revenues are larger than the economies of countries such as Norway, the Philippines, or Singapore, as measured by GDP.

More broadly, 2025 was a strong year for the financial-services industry, with the sector achieving a solid 6 percent top-line growth and total revenue reaching about $15.5 trillion. Fintechs grew 3.5 times faster, with about 21 percent year-over-year growth compared with 2024.

If recent growth continues unabated, fintech could represent a $2 trillion industry by 2030—or three times its current size—and account for about 9 percent of the overall financial-services value pool.

Fintech by market vertical and geography

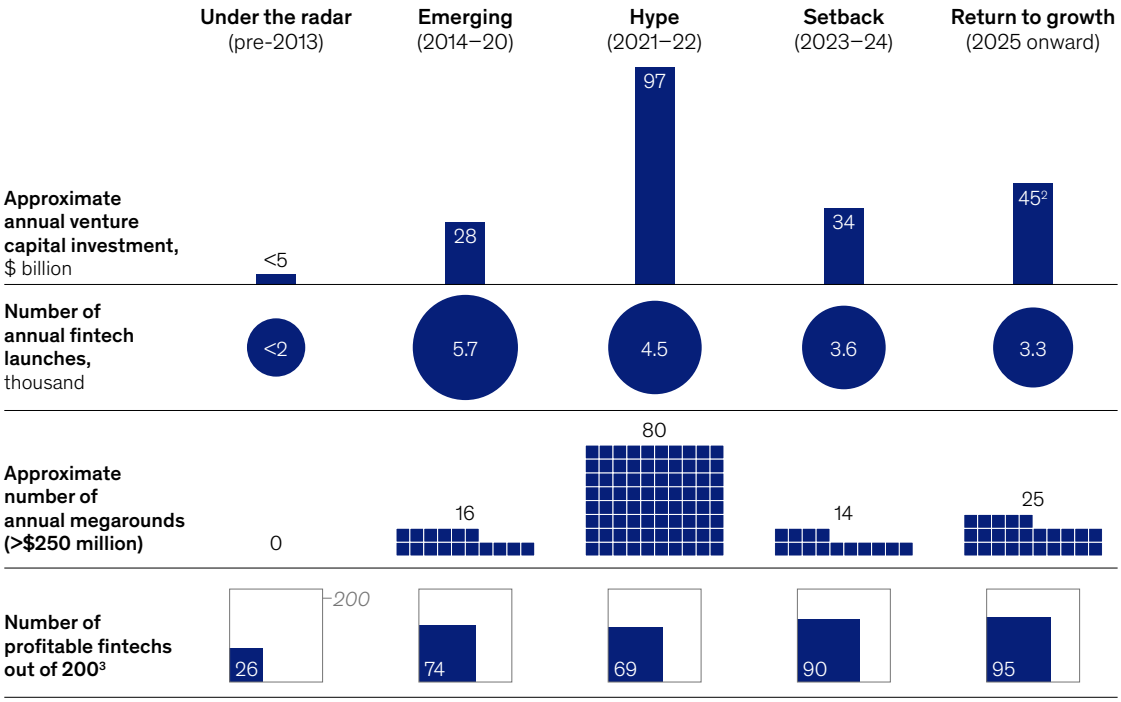
The scale, growth, and penetration of fintechs differ significantly across markets. Fintech value creation is uneven across verticals, with spikes reflecting where structural growth and inefficiencies are greatest.

- *Payments.* This remains the largest vertical, with about $250 billion in revenue (with 18 percent year-over-year growth in 2024–25). Players such

Exhibit 1

The year 2025 marks the start of the fifth age of fintech.

Key metrics of the 5 ages of fintech[1]



[1]Includes only fintechs launched after 2000 (including digital assets and excluding insurance subsectors). Excludes grants, SPAC private placements, debt, post-IPO debt, lending capital, and funding rounds not verified by Dealroom.co.
[2]Annualized based on data as of Oct 2025.
[3]Based on a subset of 200+ globally listed fintechs; positive adjusted net income.
Source: Dealroom.co; McKinsey Fintech; McKinsey Value Intelligence

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as PayPal and Stripe are capturing the fastest-growing global transaction flows, including digital, embedded, cross-border, and platform-based commerce.

— *Lending.* Rapid growth in consumer and small and medium-size enterprise (SME) credit in underbanked markets has driven fintech lending revenues, which now total about $120 billion (with 19 percent year-over-year growth). Global players in these markets, such as Nubank and WeBank, have scaled lending by embedding credit into digital platforms.

— *Insurance and capital markets.* These segments are growing fast, but from a lower base, and lag the other verticals in penetration. Each represents around $80 billion in total revenue. Insurtechs have seen some of the fastest acceleration of growth among all fintech verticals, with 37 percent growth since 2021.

We also see differing patterns by geography.

North American fintech, with revenues of $310 billion, accounts for about half of the global fintech market. Fintechs in this region have made headway in part because of deeper capital pools, a fragmented banking system, and an enabling regulatory environment. Larger markets have allowed North American fintechs to succeed beyond payments in areas such as capital markets and insurance.

Fintechs in Asia–Pacific have revenues of about $150 billion, representing about 3 percent penetration of local financial-services markets in 2025. Fintechs in this region had early success with platform-led ecosystems such as Tencent and Alipay, which built high-volume payments and lending businesses. These firms have since seen slowing growth, in part because of regulatory and state barriers. As a result, the Asia–Pacific market growth has dropped to 15 percent year over year in 2024–25, down from the 23 percent growth seen between 2021 and 2025 (Exhibit 2).

In Europe, despite high digital adoption, the fintech sector has remained smaller, with revenues of about $110 billion and approximately 2.6 percent market penetration in 2025. Fragmented national markets, fiercer competition from incumbents, tighter regulation, and lower access to capital have limited growth relative to Asia and North America.

Latin America, with revenues of about $60 billion and market penetration of about 8 percent in 2025, is still modest in absolute size but is growing quickly, at 26 percent year over year and 43 percent annually since 2021. Fintechs in the region have succeeded by addressing financial exclusion and inefficiencies in payments and credit, with growth concentrated among a small number of regional champions such as C6 Bank, Mercado Pago, and Nubank.

Several patterns emerge at the intersection of geography and vertical

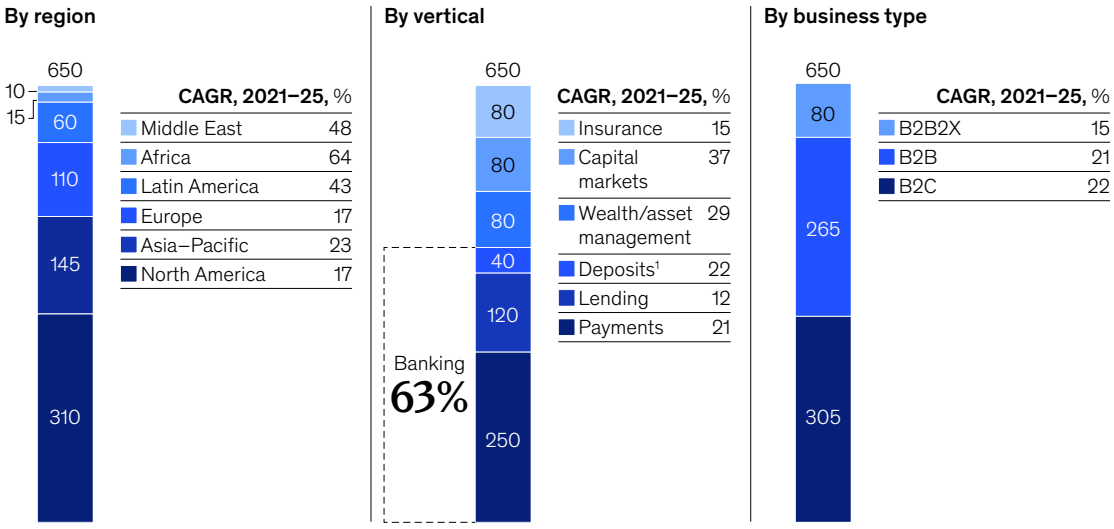
Exhibit 3 shows the intersection of geography and vertical revenue pools for fintechs.

Several patterns stand out. In North America, the mix of fintech revenues across verticals shows early signs of maturation. Payments accounts for only about 35 percent of fintech revenues, while insurance represents a relatively high share at approximately 15 percent, and capital markets has grown to about 21 percent in 2025, up from 8 percent in 2021. Earlier waves of digital adoption have already expanded fintech penetration beyond payments into risk, wealth, and market infrastructure.

Exhibit 2

The fintech industry now generates nearly $650 billion in total revenue.

Fintech revenue pools, 2025, $ billion



[1]Including cash.
Source: McKinsey Global Banking Pools; McKinsey Global Insurance Pools; McKinsey analysis

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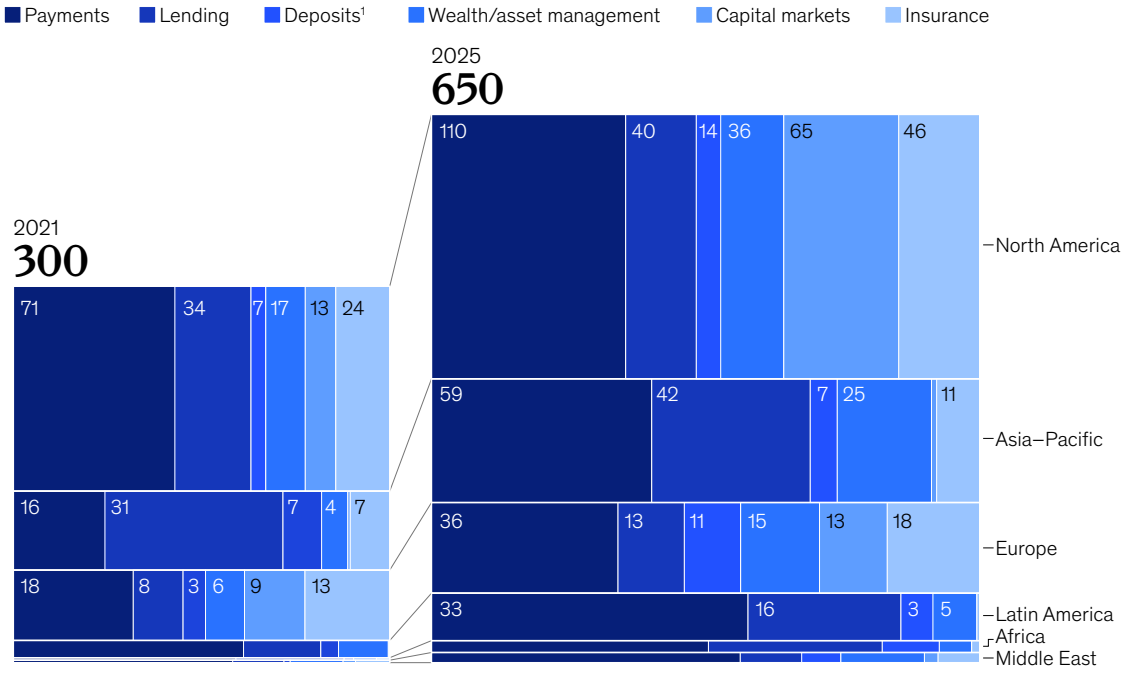
Exhibit 3

Fintech growth is markedly different between verticals and regions.

Fintech revenue pools, $ billion



[1]Including cash.
Source: McKinsey Global Banking Pools; McKinsey Global Insurance Pools; McKinsey analysis

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The growth pattern in Asia–Pacific, by contrast, is inverted compared with other regions: Revenue share has moved from lending—which accounted for 47 percent of the total in 2021 to only about 29 percent in 2025—to payments, whose share grew from 24 percent in 2021 to 40 percent in 2025, underpinned by rapid consumer digitization and maturing credit markets.

Lending, with a global value pool of about $120 billion, has a materially higher share of fintech revenues in Africa, Asia–Pacific, and Latin America. Underbanked consumers, fragmented SMEs, limited credit bureau coverage, and less efficient incumbent lending models have enabled fintechs to create net-new credit markets in these regions.

Capital markets fintech, a relatively small value pool of about $80 billion globally, is concentrated in North America and Europe around the most mature capital markets centers of London and New York.

Horizontal fintechs are scaling rapidly. As described in more detail in the next chapter, these are mainly technology and software firms that often do not offer financial services directly but help transform the sector. Rather than replacing incumbents, these fintechs act as critical enablers, helping institutions modernize legacy systems incrementally while meeting rising regulatory and compliance demands. They are the “picks and shovels” of the next phase of fintech growth, benefiting from structural demand for efficiency, compliance, and scale. In 2025, these firms represented about 13 percent of total fintech revenues, and, after growing at 13 percent per annum from 2021 to 2024, their growth accelerated to 21 percent in 2025.

These business models have been particularly successful in insurtech, reflecting both the challenges of starting and scaling full value chain insurers and the demand from incumbents seeking to digitize and modernize their distribution

and operations. Revenue earned by horizontal insurtechs—in other words, those that provide solutions to incumbents, including underwriting tools, policy administration, claims automation, pricing, and fraud—is roughly equal to the gross written premiums earned by full-stack insurtechs. While other verticals are being disrupted from front to back, insurance is being disrupted from back to front.

Value remains highly concentrated among the largest fintech players

Firm-level data shows that a relatively small number of scaled players generate a disproportionate share of value (Exhibit 4). Globally, the 25 largest fintechs account for about 40 percent of total fintech revenues. Concentration is highest in Latin America, where the three largest fintechs (Mercado Pago, Nubank, and PagBank) have achieved success by serving the large, previously underbanked populations. Collectively, these three account for approximately 48 percent of total fintech revenues in the region.

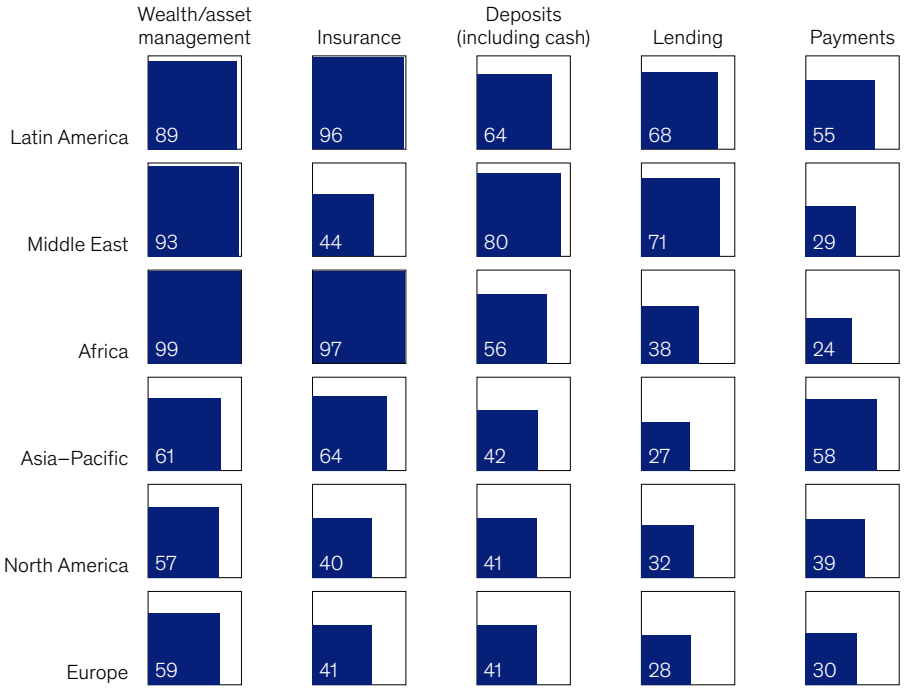
Europe, on the other hand, demonstrates the lowest concentration of all regions, reflecting a more mature existing financial landscape and the additional frictions created by the varying national regulatory regimes. The three largest fintechs—Adyen, Klarna, and Revolut—generate less than 20 percent of total fintech revenues in the region.

In some subverticals, we also see players achieving rapid scale and pushing industry concentration. For example, three of the largest cryptocurrency platforms—Bakkt, Binance, and Coinbase—together

Exhibit 4

Fintech concentration is lower in more mature markets and higher in emerging ones or those with runaway winners.

Share of total fintech revenues from the top 3 largest companies in each segment, %



Source: McKinsey Global Banking Pools; McKinsey Global Insurance Pools; McKinsey analysis

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represent about 30 percent of total wealthtech revenues. Lending is the least concentrated vertical, with the top three lending-focused fintechs accounting for only 16 percent of total revenues.

While penetration has grown, significant white space remains

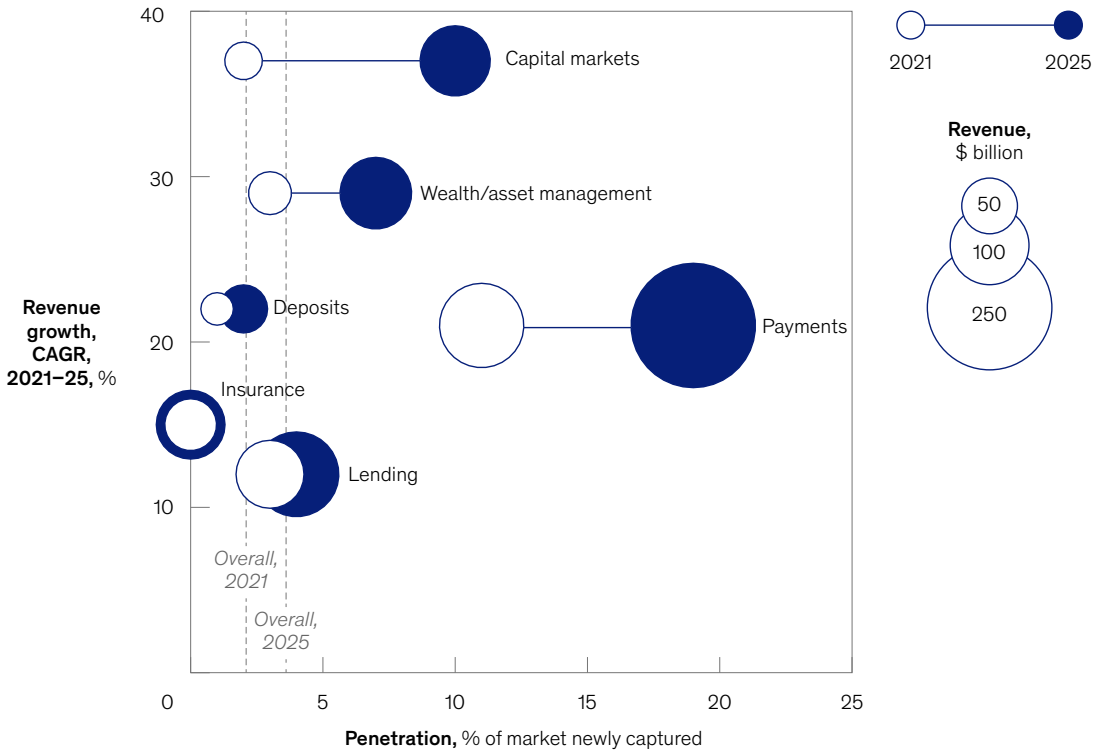
Globally, fintech revenue represents only about 4 percent of financial-services revenue pools. To date, fintechs have been most successful in disrupting payments, where lower capital intensity and a "modular" value chain have enabled innovative players to enter and scale quickly, achieving 19 percent penetration of total payments revenues (Exhibit 5).

Most direct share capture still comes from B2C and B2B fintechs, which account for about 47 percent and 41 percent, respectively, of fintech revenues. They compete head-to-head with incumbents for customer spending through modern, digitally native products. Despite attempts by larger firms to bolster their capabilities, SME lending remains a lagging segment of fintech. High customer churn, natural attrition rates among small businesses, and weaker operating leverage have limited the number of scaled, durable SME lending platforms. Where success has emerged, it has typically been tied to proprietary distribution, such as embedded lending within platforms, rather than stand-alone SME banks.

Exhibit 5

Overall fintech penetration is at 4 percent, with payments leading the charge ahead of wealth and capital markets.

Fintech vertical revenue growth vs penetration[1]



[1]B2C and B2B revenue pools only; excludes B2B2X.
Source: McKinsey Global Banking Pools; McKinsey Global Insurance Pools; McKinsey analysis

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Insurance penetration remains below 1 percent because of the capital-intensive and highly regulated nature of the market. The United States, for example, has bespoke state-by-state regulations. The need for long-lived historical underwriting and claims data presents an additional barrier for digital insurers to scale profitably.

Fintech investment is coming back, but unevenly

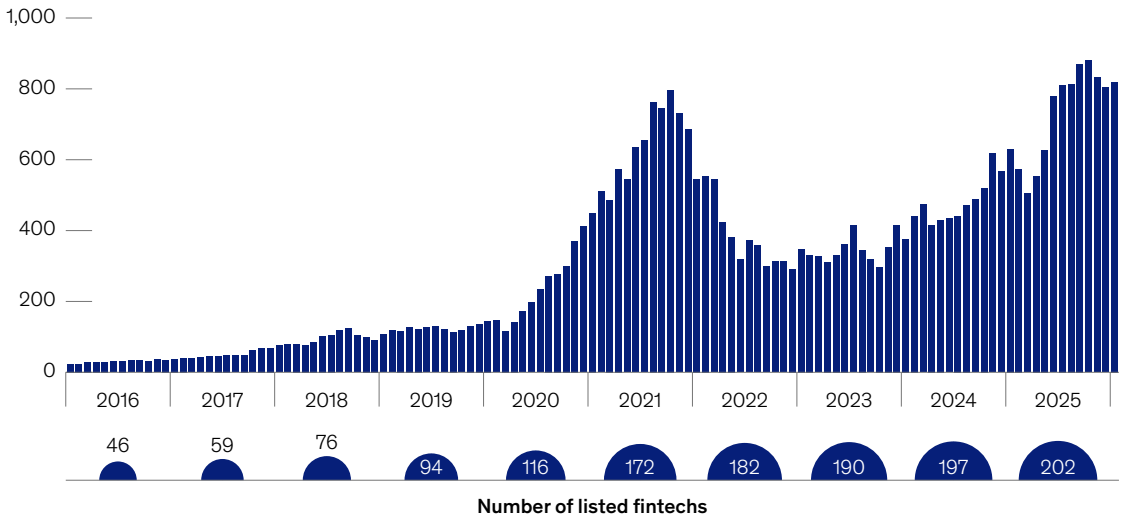
Fintech investment returned to growth in 2025, with 15 "decacorns" reaching valuations exceeding $10 billion.

Total capital invested increased by 40 percent compared with 2023. After a couple of challenging years, fintechs have seen stronger performance in public markets. The market capitalization of listed fintechs surpassed $850 billion for the first time, exceeding the peaks reached during the capital-fueled expansion of 2021. The number of publicly listed firms also rose to 202, the most to date (Exhibit 6).

Exhibit 6

Market capitalization of listed fintechs reached an all-time high in 2025.

Market capitalization of listed fintechs,[1] $ billion



[1]Globally, as of Jan 23, 2026. Based on an analysis of public fintech companies. The peer group is defined using the Dealroom fintech category, including only fintechs launched after 2000 with venture capital, accelerator, angel, or crowdfunding ownership that have completed an IPO or SPAC IPO. This includes digital assets and excludes insurance subsectors. It also excludes noncore tech companies, companies not verified by Dealroom.co, and those that are closed, acquired, or exhibit low activity (approach adopted since the Q2 2025 release). The total sample comprises 209 publicly traded fintechs.
Source: S&P Global Market Intelligence; McKinsey Fintech; McKinsey Value Intelligence Platform

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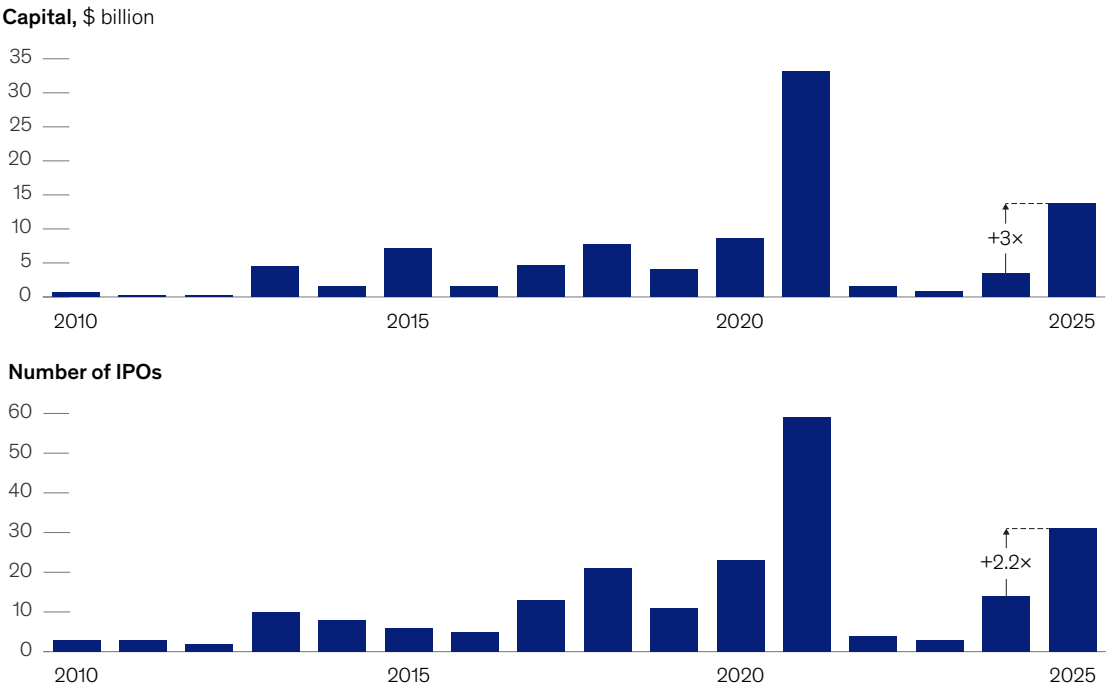
Exit multiples have also recovered, with both VC and private equity (PE) multiples substantially higher than in 2022–24 as well as in prepandemic years (Exhibit 7).

Fintech IPOs also had a big year in 2025, with 31 new listings raising almost $14 billion in funds.[4] This was four times the amount raised in 2024 and almost double the amount raised annually in the strongest prepandemic years. Of the 100 largest global IPOs in 2025, fintechs accounted for about 12 percent of total valuation—their highest share since 2021. The year was headlined by prominent names such as Klarna ($1.3 billion raised at an $11 billion valuation), Circle ($1 billion raised at a $20 billion valuation), and Chime ($800 million raised at an $11 billion valuation).

Exhibit 7

Investor confidence returned in 2025, with 31 new fintech IPOs and triple the capital raised versus 2024.

Capital raised and number of listings for fintech IPOs[1]



[1]Excludes IPOs with <$30 million in capital raised.
Source: Dealroom.co; McKinsey analysis

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[4] IPOs with less than $30 million in capital raised are excluded. Data is from Dealroom.co.

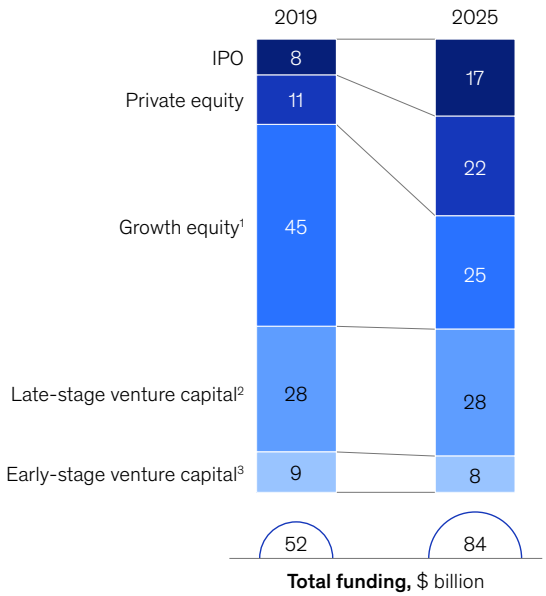
Looking at the investment landscape more broadly, however, our research suggests that capital has become more selective. A barbell-shaped pattern of investments is emerging. At one end, IPOs of the biggest, most successful fintechs—those that offer proven scale and profitable economics—are often oversubscribed, and total investment in later-stage deals (such as PE buyouts and IPOs) has grown by 22 percent annually since 2019 (Exhibit 8).

At the other end, VC investors are still willing to experiment and take a chance on the next major disruptor, maintaining a share of about 37 percent of capital invested. This leaves a gap in growth equity and places more pressure on fintechs to exhibit discipline and achieve profitable growth to meet the heightened needs of midstage investors. The period of "growth at all costs" has ended, and growth equity capital has declined from a 45 percent share of investments in 2019 to a 25 percent share in 2025. This shift suggests that investors are favoring either scaled firms with stronger economics or early-stage firms with more distinctive AI and growth narratives, leaving midstage companies under greater pressure.

Exhibit 8

Late-stage capital is chasing scaled winners, and venture capital is rebounding, while scale-up firms struggle for funding.

Share of capital invested in fintech deals, by investment stage, %



[1]Includes Series C, Series D+, and growth venture capital.
[2]Includes Series A and Series B.
[3]Includes angel and seed.
Source: Dealroom.co; McKinsey analysis

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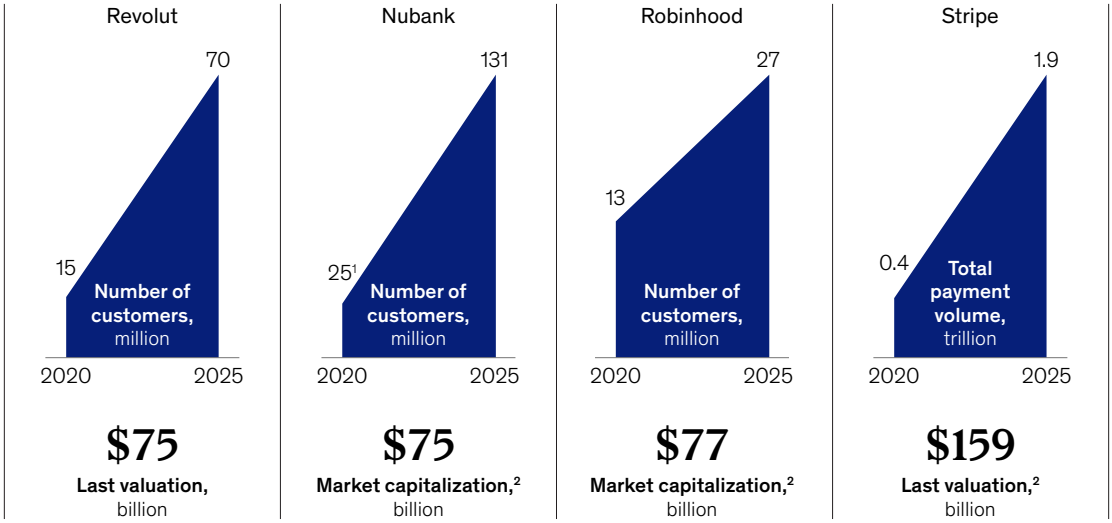
The largest fintechs, including Revolut, Robinhood, and Stripe, are now attracting valuations close to or above $100 billion and are scaling much faster than their peers. They are also acquiring other fintechs; for example, Stripe acquired Bridge[5] and Privy[6] to enter into the digital-asset space (Exhibit 9).

Exhibit 9

Some fintechs are attracting valuations near the $100 billion mark, which would make them 'centicorns.'

Selected fintech 'runaway' winners approaching $100 billion valuations



[1]As of June 2020.
[2]As of Apr 2026.

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[5] "Stripe completes Bridge acquisition," Stripe press release, February 4, 2025.
[6] Henri Stern, "Privy and Stripe: Bringing crypto to everyone," Privy, June 11, 2025.

Customer outcomes

For customers, one advantage of fintechs is superior experience in digital channels. While incumbent players still lead in their physical networks and the depth of advisory relationships, McKinsey's 2025 Retail Banking Survey shows that customers perceive fintechs to be more innovative, with greater transparency over fees and better overall value.

Our survey also found that, for the first time, customers trust fintechs more than traditional banks.

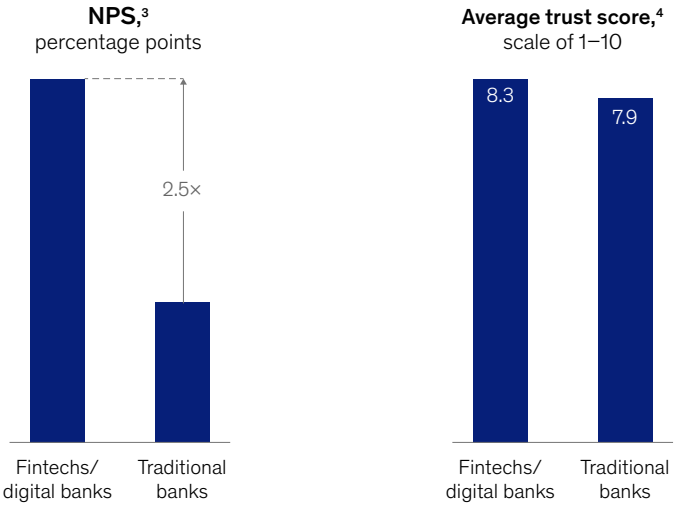
Overall, fintechs received Net Promoter Scores℠ (NPS℠)[7] two and a half times those of comparable incumbents (Exhibit 10).

Indeed, market leading fintechs regularly achieve 50-plus scores, some even as high as 70-plus.

Exhibit 10

Fintechs have achieved Net Promoter Scores℠ two and a half times as high as those of traditional banks and are slightly more trusted.

Net Promoter Score (NPS℠)[1] and trust—fintechs and digital banks vs traditional banks, Europe,[2]



[1]Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld. Net Promoter Score℠ and Net Promoter System℠ are service marks of Bain & Company, Inc., NICE Systems, Inc., and Fred Reichheld.
[2]Average for France, Germany, Italy, Netherlands, Poland, Portugal, and Spain.
[3]Question: How likely are you to recommend your main bank to a family member, friend or neighbor? Response on a 0–10 scale. NPS℠ calculated as the difference between the share of responses by promoters (9–10) and detractors (0–6).
[4]Question: How much do you trust your main bank, on a scale of 1–10?
Source: McKinsey Retail Banking Consumer Survey 2025, July–Nov 2025 (n = 20,900)

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Four trends reshaping fintech

Four trends are transforming the financial-services sector and will shape the next chapter of fintech: the rise of AI, the growth of digital assets, the dash for licenses, and the growth of horizontal fintechs.

AI: Accelerating the advance of the 'four horsemen' of financial services

The speed at which AI has spread across industries has immediate implications for financial services in general and fintech in particular.

As McKinsey has noted elsewhere,[8] AI is driving the industry's transformation and challenging its economics in four significant ways. These "four horsemen" are as follows:

— *Commoditization.* AI is speeding up software and product development. In the short term, this is helping early adopters launch innovative new features. Over the medium term, however, product differentiation will fall as barriers to replicating peer technology fall. AI will also reduce moats based solely on products and technology.

— *Democratization.* AI is transforming where individuals go for information and advice. Open-source large language models (LLMs) are challenging human-led advice models in areas such as wealth management while enabling players to expand into previously underserved segments by launching new AI-led advice models.

[8] For more, see *Global Banking Annual Review 2025: Why precision, not heft, defines the future of banking*, McKinsey, October 23, 2025.

— *Disaggregation.* Products that are bundled today—for example, the lending and payments components that are combined into a credit card—will increasingly be consumed individually, as AI agents optimize each component separately.

— *Disintermediation.* As agentic AI becomes the front door to the internet, financial institutions are increasingly challenged on customer relationship primacy.[9] Agentic AI has the potential to drive total disintermediation; in other words, a customer interfaces with their own agent, which negotiates directly with a financial institution's agent.

Fintechs are, in many cases, leading the disruption. Examples of democratization include April Tax Solutions, which embeds tax logic directly into financial platforms so that users can see real-time tax implications of actions such as selling stock or making business payments, and Midas, a Türkiye-based wealth platform using AI to bring financial planning and wealth advice to customers who cannot afford a human professional.

Disintermediation is already visible in product discovery, such as the search for new financial-services products, whereas disintermediation of completed transactions is likely to take longer. Along the way, examples like Nubank—which is developing its own AI agents that support automated customer interactions—suggest a pathway for financial institutions to ward off disintermediation.

It is worth noting that many scaled fintechs—such as Coinbase, Nubank, Revolut, and Robinhood—are actually using this technology to push in the opposite direction, aggregating products and becoming points of intermediation for horizontal fintechs because of their scale and distribution.

Identifying potential winners and losers in the AI race reveals early patterns of advantage. AI is already producing winners and losers. While traditional incumbents have largely experimented with internal applications—such as AI-powered tools that assist internal staff—fintechs are adopting autonomous agents faster, deploying customer service applications more boldly, and harnessing data to create insights for customers. In that sense, the smaller, more progressive fintechs are winning the short-term battle. For example, customer-facing AI call center agents such as Decagon, Lorikeet, and Sierra are already in use at multiple scaled fintechs but still face skepticism at some banks.

In the medium term, we see two groups of potential winners that may capture disproportionate value from AI.[10]

The first group comprises "pioneering incumbents" that harness AI first. Our research (as described in our *2025 Global Banking Annual Review*) suggests that incumbents that are early adopters across both internal and customer-facing AI offerings could see up to a four-percentage-point increase in return on tangible equity. One way incumbents are harnessing AI is by refreshing core infrastructure faster and cheaper. In some cases, AI is helping rapidly modernize 40-year-old legacy systems that were previously propped up with intensive, manual engineering support. In other examples, we see horizontal fintechs helping incumbents transform their own cost base and deliver a step change in customer experience (Exhibit 11).

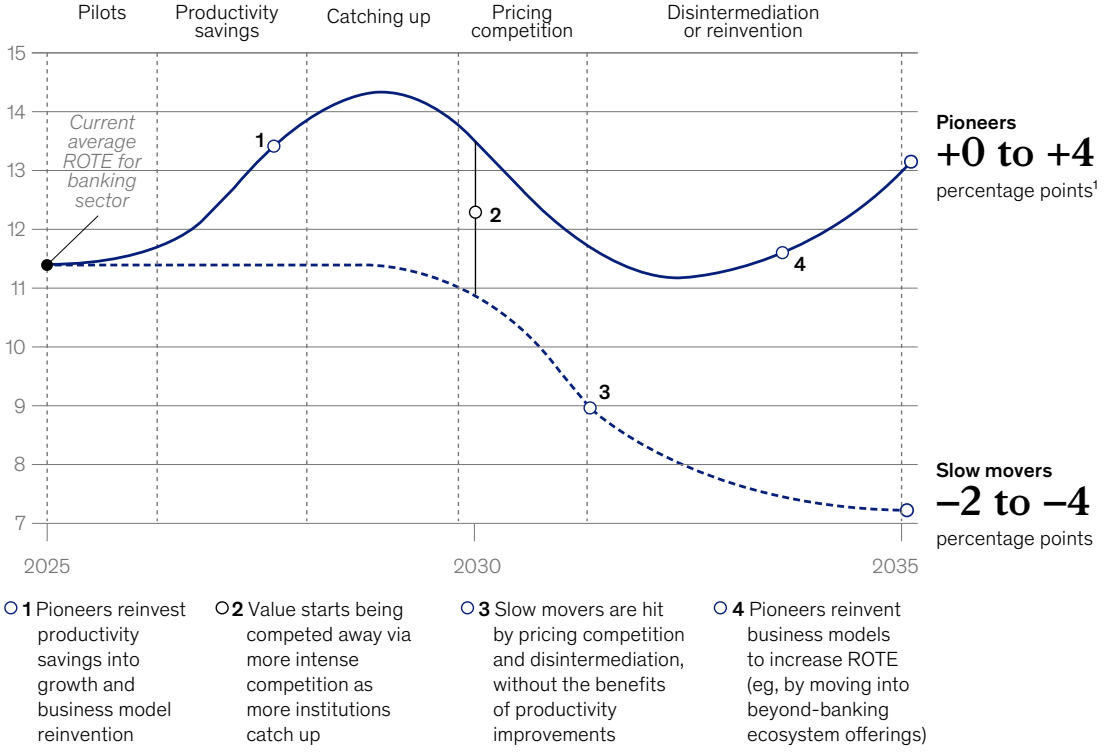
The other potential winners are "AI second" disruptors: those that already have deep domain expertise, proprietary data, customer relationships, or emerging distribution channels and can now use AI to accelerate their product development. Firms, whether fintechs or incumbents, with deep capabilities built before the rise of generative AI may have an edge, particularly in financial services, where understanding the nuances of particular workflows, verticals, and markets is critical to success. They may also be best placed to combine the agentic benefits of AI with the deterministic robustness and fixed outcomes expected by financial regulators and customers. For example, one B2B workflow automation modeling company has used customized integrations with proprietary data sets to deliver solutions far beyond generalist AI tools with chat interfaces.

[9] "The automation curve in agentic commerce," McKinsey, January 28, 2026.
[10] For more, see *Global Banking Annual Review 2025: Why precision, not heft, defines the future of banking*, McKinsey, October 23, 2025.

Exhibit 11

Agentic AI pioneers and slow movers will see significantly divergent outcomes in return on tangible equity and market share.

Potential impact on returns on tangible equity (ROTE), by bank archetypes, illustrative, %



[1]Extent of gains will depend on local market structure.

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We also see two groups of firms at greater risk from the accelerating competitive pressures created by AI. First are slow-moving incumbents. Failing to move fast to use AI to increase profitability can leave firms vulnerable at a time when increasing competition reduces pricing and squeezes margins. Over the longer term, it may become harder to find the breathing room to reinvest, reinvent, and thrive.

Second, some scaled fintechs are also potentially vulnerable. They are the counterpoint to "AI second" disruptors, in that their insufficiently differentiated technology may prove vulnerable to a step change in competition from new entrants. Product commoditization will reshape their competitive arena, as what may have taken five years to build before can now be built in six months.

The rising tide of digital assets

After a decade of experimentation, the digital-assets space is beginning to look less like a speculative narrative and more like a set of products and businesses that financial-services incumbents can invest in. From 2020 to 2022, the crypto boom rewarded exuberance over viability. Today, the assets gaining most attention are those that behave, monetize, and integrate like financial infrastructure. The center of gravity is moving toward revenue-generating instruments that solve real balance sheet and settlement problems. These include stablecoins and bank-issued tokenized deposits. Digital assets have the potential to transform all four areas of banking, from moving money to storing it, lending it, and investing it.

Bitcoin and other cryptocurrencies saw early uptake as an alternative store of value to fiat currencies, gold, and other traditional stores: As of the first quarter of 2026, more than 60 percent of bitcoin supply was held in wallets for more than one year.[11] Bitcoin penetration is now about 3 percent of the value of investable gold globally.[12]

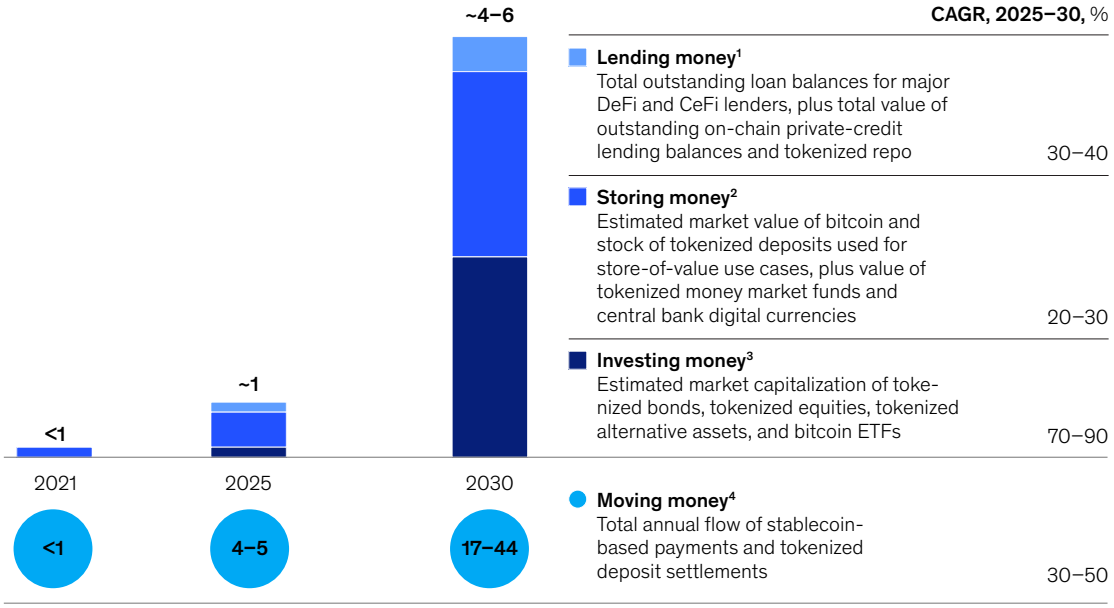
More recently, digital assets have begun transforming money movement (see Exhibit 12).

Here, scale is quickly becoming institutional: Dollar-denominated stablecoins have reached about $390 billion in annual payments volume, while tokenized deposits are beginning to dwarf them in transaction throughput. For example, JPMorgan Chase's Kinexys alone processes $2 billion to $3 billion in tokenized transaction volume per day,[13] and Citibank projects that bank-led tokens could support $100 trillion to $140 trillion in annual flows by 2030.[14]

Exhibit 12

Digital assets have seen the most success in store-of-value and money movement use cases but have potential across all banking pillars.

Estimated total market impact of digital assets, $ trillion



[1]Lending money in banking maps to the loan book—mortgages, corporate credit, consumer loans, and repo. Digital asset analogues include DeFi lending protocols, CeFi crypto-backed loans, and on-chain private-credit platforms (tokenized real-world lending).
[2]Storing money in banking maps to liabilities: deposits, cash equivalents, and money market balances. Digital analogues include stablecoins (nonyield-bearing M1 substitute), tokenized money market funds (yield-bearing M2 substitute), central bank digital currencies (M0 substitute), and Bitcoin as digital gold.
[3]Investing money in banking maps to capital markets and asset management, including equities, bonds, funds, and structured products held or distributed by financial institutions. Digital analogues include tokenized treasuries and government bonds (on-chain fixed income), tokenized fund shares (on-chain alternative and mutual funds), and tokenized corporate bonds and equities (blockchain-native securities issuance and settlement).
[4]Moving money in banking maps to payment rails and transfer infrastructure (eg, wire and card networks). Digital asset analogues include payment volumes made via stablecoins and tokenized deposits (including both retail and institutional or interbank settlement).
Source: Artemis Analytics; Bank of International Settlements; Citi Token Services; Galaxy research; JPM Kinexys; RWA.xyz; McKinsey analysis

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[11] Unchained HODL Waves database, accessed April 9, 2026.
[12] Excludes gold held by central banks.
[13] "Kinexys digital assets: Unlock the power of tokenization," Kinexys by J.P. Morgan, March 17, 2026.
[14] Rhonit Ghose, "Beyond stablecoins: Why bank tokens could boom," Citigroup, November 19, 2025.

Over the next five years, we see potential for high double-digit growth in digital assets across all four areas of banking, with the fastest growth in investment use cases and the largest absolute upside around money movement.

Stablecoins: The open-network liquidity layer

Stablecoins are the clearest example of a digital asset with potential product–market fit and are rapidly transforming money movement.[15] Dollar-denominated stablecoins have now reached $300 billion in total issuances and $40 trillion in circulating value, with total issuance expected to expand to $2 trillion to $4 trillion by 2030, according to some industry estimates.[16]

Rising adoption has been enabled by increased regulatory clarity. In Europe, the Markets in Crypto-Assets (or MiCA) regulation defines categories for stablecoin-like instruments and sets requirements for issuers. In the United States, the GENIUS Act (2025) established a federal regime for "payment stablecoins," mandating 1:1 high-quality liquid reserves and strict anti-money-laundering standards. This regulatory momentum has helped transform the perception of stablecoins from that of crypto-native trading tools into credible payments and treasury infrastructure, as well as an enabler of embedded financial services. Four use cases for stablecoins have started to emerge.

Global remittances. Stablecoins offer an alternative to traditional remittance channels, enabling near-instant cross-border transfers at a fraction of the cost. Stablecoin payment volumes in 2025 rose to $90 billion, representing less than 1 percent of the more than $100 trillion in total volume for this segment, of which about $1.2 trillion is cross-border, according to McKinsey's Global Payments map.

B2B payments. Stablecoins can address inefficiencies in cross-border payments and international trade, such as high fees and settlement delays. Early adopters are using stablecoins to streamline supply chain payments and improve liquidity management, especially for SMEs. B2B stablecoin payment volumes in 2025 totaled about $226 billion, up from $27 billion in 2024.[17]

Emerging markets. Demand for a stable store of value is driven by the need to protect against weak or volatile local currencies in countries such as Argentina, Nigeria, Türkiye, and much of sub-Saharan Africa, as well as where previous dollar scarcity or inaccessibility was a barrier.

Capital markets. Stablecoins are starting to reshape settlement workflows and shorten settlement cycles, reducing counterparty risk and the resulting cost to transact. Stablecoin settlement transaction volumes in 2025 totaled $8 billion, accounting for less than 0.01 percent of global settlement volumes of $200 trillion, according to McKinsey's Global Payments map.

While optimism about stablecoins has grown in the wake of the passage of the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act, excitement may currently be outpacing actual adoption and usage. There are multiple areas in which the promise of stablecoins risks being overhyped, including the following:

Domestic payments. While the technology behind stablecoins does offer cheaper payments, this value proposition does not apply equally across geographies. Domestic instant payment rails are already cheap and fast enough to meet customer needs across much of the world.

Mature cross-border corridors. Stablecoins are less appealing in currency corridors with more mature payments infrastructure and existing liquidity pools—for example, between the eurozone and the UK pound sterling.

Industries with higher fraud risk. Stablecoin transactions are irreversible and settle instantly, which can complicate fraud controls—for example, returns in retail settings or transactions where payment and delivery are separated, such as paying for an airline flight months in advance.

Furthermore, the actual volume of payments using stablecoins is small. While headlines report stablecoin transaction volumes of up to $35 trillion annually, McKinsey estimates suggest that most of this activity represents trading, internal shuffling of

[15] For an in-depth discussion of stablecoins, see Matt Higginson and Garry Spanz, "The stable door opens: How tokenized cash enables next-gen payments," McKinsey, July 21, 2025.
[16] "Standard Chartered forecasts stablecoin growth to fuel $1 trillion in new T-bill demand by 2028," Coinpedia, February 23, 2026.
[17] Matt Higginson, Alec Zorrilla, Julia Madden, and Michael Kirchner, "Stablecoins in payments: What the raw transaction numbers miss," McKinsey, February 18, 2026.

funds, and automated blockchain activity.[18] Actual stablecoin use—for economic, value-creating end user payments, such as supplier payments or remittances—amounts to about $390 billion per year, representing about 1 percent of all stablecoin activity and just 0.02 percent of global payments volumes (Exhibit 13).[19]

While questions about the future trajectory remain, stablecoin transaction volumes have grown substantively over the past four years, increasing by more than 40 percent annually on average since 2021 and by more than 80 percent annually since 2023. Although this growth rate cannot be simply applied on a forward basis, it implies that stablecoin transactions could represent a meaningful share of payment volumes in less than a decade.

Tokenized deposits: Solving the 'cash leg' bottleneck

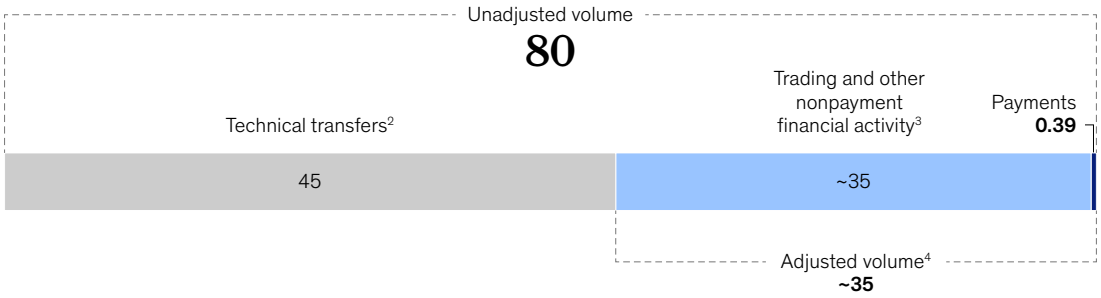
Tokenized deposits are the institutional-grade alternative to stablecoins. While they may appear similar to users, the "plumbing" is fundamentally different. Tokenized deposits are true bank liabilities that sit within existing deposit frameworks and supervisory oversight, while offering comparable settlement features to stablecoins.

For banks, tokenized deposits can upgrade settlement and cash concentration without surrendering the deposit relationship. For example, JPMorgan Chase's JPMD is positioned as a deposit token for institutional clients with 24/7 instant settlement built to sit inside a bank-grade perimeter. Citi's Token Services similarly focus on tokenized cash and smart-contract workflows embedded in institutional-banking operations.

Exhibit 13

Most stablecoin activity reflects trading and internal flows, while true payment usage remains modest.

Annualized stablecoin volume, by type, estimate,[1] $ trillion



[1]Annualized from Dec 2025 stablecoin payment activity.
[2]Includes intraexchange movements, protocol-level activity, and automated transactions (such as maximum extractable value flows) that don't reflect end user economic intent.
[3]Includes economically meaningful stablecoin usage for trading, liquidity provision, and other financial-market activity, excluding end user payments.
[4]Estimates vary by source due to differing methodologies in defining and calculating excluded technical flows.
Source: Artemis Analytics; McKinsey analysis

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[18] For an in-depth discussion of stablecoins, see Matt Higginson and Garry Spanz, "The stable door opens: How tokenized cash enables next-gen payments," McKinsey, July 21, 2025.
[19] Matt Higginson, Alec Zorrilla, Julia Madden, and Michael Kirchner, "Stablecoins in payments: What the raw transaction numbers miss," McKinsey, February 18, 2026.

Tokenized deposits are gaining share among institutional users who value the security of legacy bank rails but want a modern payments experience, with benefits.

Yield-bearing treasury. Unlike stablecoins, which are not currently permitted to pay interest in the United States under the GENIUS Act, tokenized deposits allow corporate treasurers to earn yield on idle cash while maintaining 24/7 programmable liquidity.

Regulatory continuity. Institutional users can upgrade to blockchain speed settlement without going outside their primary banking relationship. This ensures funds remain classified as bank deposits, benefiting from familiar supervisory oversight and, in many jurisdictions, deposit insurance.

Risk-off 'cash leg.' For high-value transactions, tokenized deposits serve as the regulated "cash leg" for atomic settlement, where asset transfers occur simultaneously and completely or not at all, eliminating the risk of one side settling without the other. This allows users to settle tokenized assets within a bank-grade perimeter, eliminating the counterparty risk and "on ramp" friction associated with nonbank stablecoins. For multibillion-dollar bond trades to settle instantly, the cash must move with the same velocity as the tokenized asset. Without bank-issued tokens, these trades remain tethered to the 24- to 48-hour delays of the legacy banking system, negating the efficiency gains of blockchain.

We expect this last point to be a primary driver of tokenized deposit adoption. While the technology to tokenize securities has matured rapidly, executing trades with atomic settlement requires an equivalent digital dollar on the same ledger (for example, to achieve delivery-versus-payment settlement). As we discuss below, the growth of real-world asset (RWA) tokenization could incentivize banks to accelerate tokenized deposit adoption. As a consequence, we are already seeing rapid uptake of tokenized deposits to support repurchasing transactions across Europe and the United States.

The real-world asset explosion: Tokenizing other assets

Beyond tokenized money lies the tokenization of RWAs, and a potential explosion in growth across other areas of banking. Perhaps the fastest growth potential lies in investing money. This consists of bringing traditional assets, such as public equities and private credit, on chain. While estimates vary widely, the consensus suggests significant growth, with our estimate reaching $2 trillion in RWA by 2030.[20]

In 2026, capital efficiency emerged as the core market driver. Yield-bearing collateral is finding product–market fit through tokenized treasury and cash-equivalent products, such as repurchasing agreements, which keep assets productive. At the same time, settlement design is also influencing product launches focused on the cash leg. Tokenized assets can change hands fast, and institutions want cash to move at the same speed to support atomic settlement. Platforms that package issuance, distribution, compliance, and integration are supporting this shift by reducing the need for bespoke issuance. At the same time, institutional custody is tightening the path to scale, with multiple large incumbents directly participating in tokenized fund workflows—for example, the BNY Mellon and Goldman Sachs initiative that keeps records in controlled, institution-grade environments.[21]

Digital assets are bringing about a convergence of traditional finance and fintech

Investors are re-rating the digital-assets space because stablecoins and tokenized deposits offer an opportunity to drive a new wave of modernization in financial technology. Today, early adopters are using digital assets such as stablecoins, tokenized deposits, and tokenized RWAs to produce quantifiable revenue streams and attract a new segment of digitally native customers.

The real change is more than just product design; it also affects the underlying rails. Blockchain is moving from a speculative layer at the edge of finance into embedded infrastructure within the tech stacks of mainstream financial institutions and fintech players. Stablecoins are being used for cross-border settlement, treasury optimization, merchant payouts, and collateral mobility. Tokenized deposits are giving banks a way to bring programmable money into regulatory frameworks rather than disintermediating themselves. Tokenized RWAs are expanding the addressable market for private credit, treasuries, and funds by making them interoperable with digital distribution channels.

[20] Anutosh Banerjee, Julian Sevillano, and Matt Higginson, "From ripples to waves: The transformational power of tokenizing assets," McKinsey, June 20, 2024.
[21] "BNY and Goldman Sachs launch tokenized money market funds solution," Goldman Sachs, July 23, 2025.

Traditional finance and fintech are thus converging with blockchain infrastructure at a structural level. For example, BNY Mellon has fully integrated digital-asset custody into its core platform, signaling that safekeeping tokenized assets can sit alongside traditional securities.[22] Revolut, Robinhood, and others are illustrating the retail shift by integrating tokenized equities into a platform where customers already hold balances and expect fast, free, around-the-clock trading.

Multiple payment stablecoins have been developed by companies such as Klarna and PayPal, aimed at reducing cross-border payment costs and reliance on legacy correspondent rails. Stripe's Bridge is expanding stablecoin-linked card issuance to more than 100 countries, which lets wallets and apps offer card-based spending while settling with stablecoin infrastructure behind the scenes. Visa and Mastercard are settling billions in USDC directly over public networks, reducing friction in global settlement flows. At the same time, AI agents are beginning to use stablecoin-based micropayments to autonomously procure computational resources, hinting at the emergence of machine-driven commerce that operates natively on programmable money.

The competitive edge may thus be shifting toward firms that can combine blockchain-based efficiency with trusted brands, regulatory clarity, and scaled distribution. The likely winners will be those that own customer relationships and compliance capabilities while leveraging blockchain to offer superior customer experiences, reduce costs, and unlock new revenue models. The laggards will be the organizations that continue to design products around batch processing and limited banking hours in a world that increasingly expects money and markets to operate in real time.

Regulation: The growth of fintech applications for banking licenses

Previously, some have argued that fintechs benefited from a degree of regulatory arbitrage. More recently, however, there has been an uptick in applications for banking licenses from a variety of players, suggesting that many are seeing a potential benefit in doing so. The United States, in particular, has become more

[22] "BNY expands digital asset platform with launch of innovative on-chain offering," BNY press release, April 3, 2025.

The potential of quantum computing

As recently as two years ago, leading investors viewed quantum computing as science fiction. More recently, however, research and experimentation have accelerated among players such as Google's Quantum AI team and financial-services firms like HSBC,[1] which are exploring how quantum can be used in algorithmic trading. Another recent development is the emergence of hybrid compute approaches, in which quantum computing is used for the complex work, while "classical" computing enables users to interface with and manage the outputs. McKinsey analysis suggests that "Q day"—the point at which quantum technologies demonstrate a definitive real-world advantage—could come as soon as 2028 to 2030, with commercial adoption and integration into existing technology stacks between 2030 and 2035.[2]

Quantum computing has the potential to both enhance and destroy value across the industry. Major business units within financial institutions manage compute-intensive tasks that are well suited to quantum computing. By adopting hybrid approaches, institutions can begin solving complex problems today without waiting for fully scaled quantum hardware to mature. Estimates of the potential economic value of quantum computing in the financial-services industry are as high as $620 billion by 2035 (exhibit).[3]

[1] *Quantum Research Blog*, "HSBC breaks new ground in quantum-enabled algorithmic trading with IBM quantum computers," blog entry by Robert Davis, IBM, September 24, 2025.
[2] Henning Soller and Martina Gschwendtner, "Quantum communication and computing: Elevating the banking sector," McKinsey, February 19, 2026.
[3] *Tech: Forward*, "Quantum technology use cases as fuel for value in finance," blog entry by Martina Gschwendtner, Nicole Morgan, and Henning Soller, McKinsey, October 23, 2023.

The potential of quantum computing (continued)

However, this acceleration comes with potentially considerable risks, as it signals that the day is approaching when quantum computers may break the cryptographic algorithms on which current security protocols rely. Financial institutions are among the key targets for cybercriminals, and financial data has a long half-life: Many mortgage agreements, for example, last for decades, during which time account names, numbers, and other key details remain unchanged. Financial institutions are thus vulnerable to a "harvest now, decrypt later" attack and need to prepare today for a threat tomorrow. In addition, the cryptography that underpins many of the digital assets may itself be vulnerable to quantum attack.

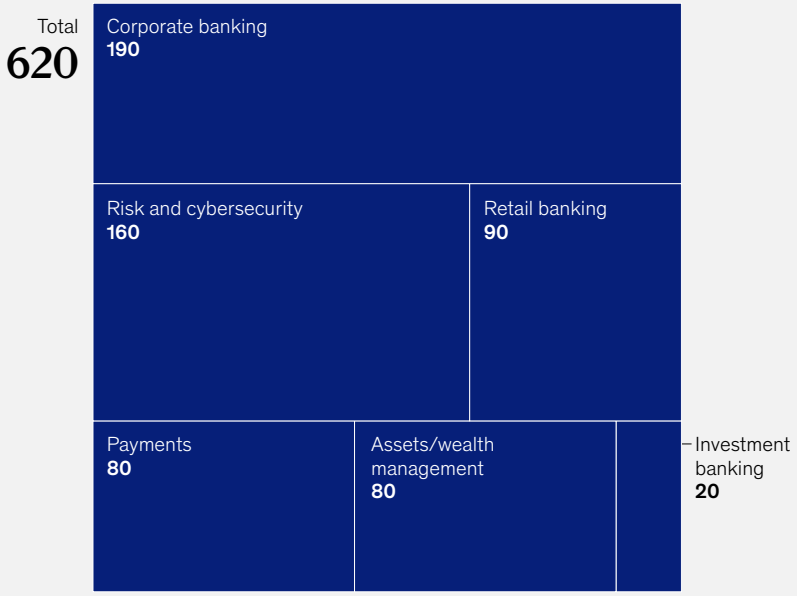
While use cases for quantum computing in financial services are still emerging, we see potential across several areas, including improved pricing and credit risk management; hyperpersonalized product tailoring, offers, and rewards; advanced portfolio simulations and collateral optimization decisions across a whole institution or a vast book of business; and the development of new algorithmic trading strategies.

For the foreseeable future, the high investment costs of quantum experimentation make this an area where incumbents have a bigger role to play than fintechs. However, over the medium term, as the cost of quantum components falls, the technology has the potential to unlock countless new opportunities across financial services. Nimble, innovative players will increasingly have opportunities to develop solutions on the back of this technology.

Exhibit

Quantum computing could add $620 billion in value to financial services by 2035, but fintech's role is still too early to predict.

Value of quantum computing use cases for financial services, by business unit, 2035, $ billion



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open to large-scale participation by fintechs and new players in the financial ecosystem (Exhibit 14).

In 2025, the Office of the Comptroller of the Currency received 21 applications for new bank charters in the United States. Approval times also appear to have shortened: Charters granted in 2025 took about 40 percent less time than those granted between 2021 and 2023.[23] For example, Paycom National Trust Bank, which filed its initial application in 2022, secured approval and launched in early 2024 after 421 days. By contrast, Erebor Bank filed in summer 2025 and received its charter in just 125 days.

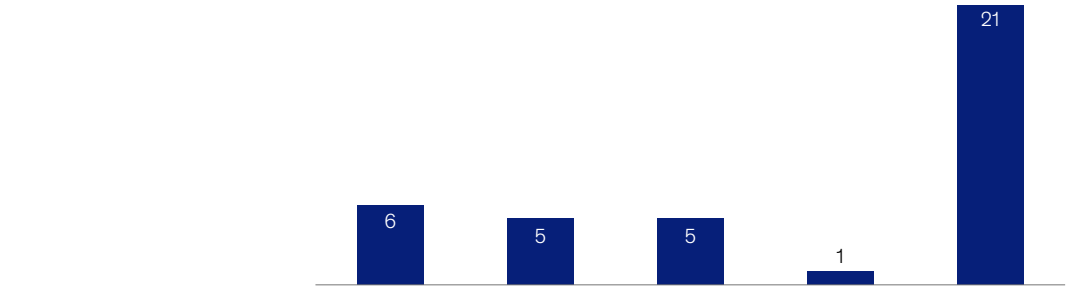
The characteristics of banks attaining charters are shifting too. They include international neobanks, such as Nubank,[24] and digital-asset players such as First National Digital Currency Bank (owned by Circle),[25] Bridge (owned by Stripe),[26] and Fidelity Digital Assets.[27] Scaled fintechs have also shown an appetite to become licensed charter holders, as evidenced by PayPal's application for a chartered industrial bank to support its push into SME lending.[28] In Europe, Monzo successfully acquired a banking charter in Ireland,[29] enabling it to serve customers across Europe. Zilch acquired AB Fjord Bank in part to obtain its European license,[30] while Revolut recently secured its full UK banking license and is awaiting authorization in France.[31] Similarly, in Africa, Flutterwave recently received its Nigerian banking license, while in Asia, KakaoBank recently received a banking license in Thailand ahead of its market entry there. Other players, including Airwallex,[32] are reportedly exploring UK or European licenses.

Fintechs are pursuing bank licenses for several reasons.

Exhibit 14

There was a threefold increase in the number of US charter applications in 2025, along with a 40 percent decrease in the average approval time.

Number of new bank charter applications to the US Office of the Comptroller of the Currency



	2021	2022	2023	2024	2025
Number of new charters	2	5	2	1	8

Source: US Office of the Comptroller of the Currency; McKinsey analysis

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[23] Office of the Comptroller of the Currency, Corporate Applications Search database, accessed January 26, 2026.
[24] "Nu secures approval to establish US national bank," Nubank press release, January 26, 2026.
[25] "Circle receives conditional approval from OCC for national trust charter," Circle press release, December 12, 2025.
[26] Emily Mason, "Stripe's Bridge joins crypto firms securing nod for bank charter," Bloomberg, February 17, 2026.
[27] "Conditional approval letter regarding Fidelity Digital Assets applications," Office of the Comptroller of the Currency, December 12, 2025.
[28] Zennon Kapron, "PayPal Bank: What a US charter would mean for SME lending," *Forbes*, December 18, 2025.
[29] "Monzo secures Irish banking license," KPMG Law, December 19, 2025.
[30] "Zilch to acquire Fjord Bank to kickstart European expansion," Zilch press release, January 8, 2026.
[31] "Revolut launches UK bank," Revolut press release, March 11, 2026.
[32] Samuel Norman, "Grounds for expansion: Airwallex's Europe chief bets on London in license pursuit," City AM, March 6, 2026.

First, licenses allow for broader product and revenue expansion. This can include adjacent offerings such as lending, deposits, asset custody, and regulated crypto services, which enable fintechs to deepen relationships and increase lifetime value.

Second, licenses can lower funding costs and improve economics. They enable access to deposits or balance sheet funding, reducing reliance on expensive wholesale funding or bank partners and materially improving margins.

Third, licenses give control over the value chain. Regulation allows fintechs to own core activities rather than rent them, thereby cutting friction, speeding innovation, and reducing dependency risk.

Fourth, licenses help improve trust, credibility, and customer conversion. Being regulated signals stability and safety to customers, enterprises, and regulators.

Finally, obtaining a license can provide fintechs with reduced regulatory and third-party risk, as regulators tighten oversight and partner banks derisk.

The spread of fintech banking licenses has significant implications for the financial-services ecosystem. These moves by fintechs to become licensed operators could have several implications for different actors in the ecosystem.

For incumbents, this trend means more competition on both price and product, including in areas where they have historically enjoyed relatively little fintech incursion. Access to sticky, low-cost retail deposits may enable more fintechs to profitably offer mortgages, driving product innovation and price competition. Revolut's recent digital mortgage offering in Eastern Europe, for example, serves as a testing ground for possible future retail lending offerings.[33] With its new UK license in hand, Revolut could potentially disrupt the $2 trillion UK mortgage market.

There is a flip side to fintechs acquiring bank charters. A banking charter does not insulate a fintech from regulation; it removes the buffer entirely. When regulators tighten oversight, a licensed fintech feels it directly—on its own balance sheet, within its examination cycle, and through its own enforcement risk. The charter eliminates the danger of being debanked by a partner, but it replaces that vulnerability with something more permanent: The fintech becomes the bank, and every regulatory shift is now its responsibility.

Fintechs should also be clear eyed about why this push is happening now. The current pace of charter approvals reflects a regulatory window that may well be time limited. A change in political leadership, a high-profile fintech collapse, or a major compliance failure could quickly and materially shift the regulatory environment. Fintechs seeking licenses are making a calculated bet that the long-term value of owning a license will justify the costs and scrutiny that comes with it, even if the terms of that scrutiny change over time.

An additional potential cost may manifest in fintech valuations. Many fintechs have enjoyed valuation premiums over incumbent peers or are valued on metrics other than traditional price to book. If they begin taking deposits and lending on their own balance sheets, the valuation criteria may shift toward more bank-like multiples. For investors currently holding fintech assets, this raises the prospect that their investments will have a valuation reset.

The growing 'horizontalization' of fintechs

About 13 percent of fintech revenue is now generated by firms that do not offer financial services, about double the proportion of five years ago. These firms are software and infrastructure providers that are transforming how the industry works from the inside out, helping incumbents and fintechs operate faster, cheaper, and better.

For example, agentic AI players, including Omilia,[34] have launched self-learning AI solutions focused on financial services that can be deployed quickly and deliver cost and customer benefits within days.[35] Others, such as Vitesse, are building software that transforms the middle offices of insurers by digitizing claims, payments, and treasury operations, reducing manual processes and speeding up payouts. Alloy,

[33] "Revolut reveals 2025 vision, with AI assistant, mortgages, and ATMs on the horizon," Revolut press release, November 22, 2024.
[34] "Omilia launches self-learning agentic CX platform," Destination CRM, February 3, 2026.
[35] Examples in this paragraph are from interviews with company officials.

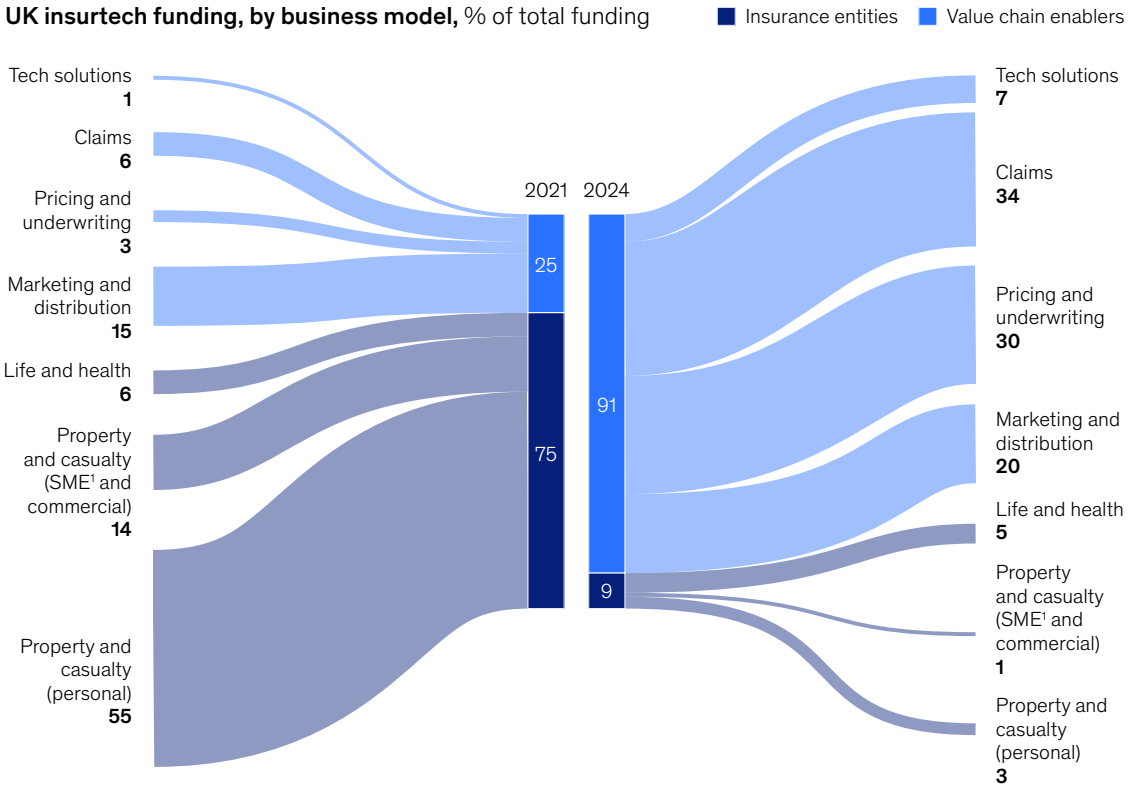
Footprint, and similar firms provide automated identity decisioning and risk management tools used by banks, credit unions, and fintechs to automate know-your-customer (KYC), know-your-business (KYB), and anti-money-laundering (AML) screening and fraud detection within the risk and compliance teams. Similar AI-native enablers offer services including financial advice, M&A banking services, and data and analytics workflow enablement, among others.

Investors increasingly recognize the potential and success of these firms. In 2021, firms underwriting insurance direct to customers attracted 75 percent of investment in UK insurtech, while horizontal insurtechs attracted just 25 percent. By 2024, that proportion had flipped: 91 percent of funding now goes to insurtech firms focused on digitizing incumbents (Exhibit 15). This breed of firms poses little direct competition to incumbents and instead helps them modernize, particularly those without the scale, cash, or appetite to build similar solutions themselves.

Exhibit 15

Total insurtech funding has shifted away from insurance entities toward horizontal insurtechs.

UK insurtech funding, by business model, % of total funding



[1]Small and medium-size enterprises.

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New recipes for success

Investors and operators are increasingly focusing on four characteristics that are likely to shape future winners: economics, distribution, product quality, and risk and resilience.

— *Economics: Breadth and depth.* The industry has moved from a phase in which growth alone was rewarded, through a period when profitability became paramount, into a new equilibrium that demands both. Winning firms must demonstrate strong growth while maintaining—or demonstrating a near-term graduation path to—credible unit economics.

"Technology barriers are coming down, but business model barriers are going up"
—Raman Bhatia, Starling Bank

— *Trusted distribution wins.* In an AI-driven world, distribution is the moat that will differentiate winners and losers. But distribution alone is not enough. Trust is the other durable advantage: Fintechs that have earned customer trust through years of reliable service, transparent pricing, and regulatory credibility will see it compound over time, making it harder for new entrants to displace them, regardless of how quickly AI allows a competitor to replicate their products. User experience (UX) and product still matter, but the winners will be the firms that own the customer relationship and the trust that underpins it.

— *Product quality.* Fintech product sets are also maturing. Durable advantage requires products that are materially better than those of incumbents across economics, speed, risk outcomes, or distribution—not incremental UX improvements layered on legacy propositions.

"Competitive advantage increasingly sits in product fundamentals, distribution, and operating models, rather than customer-facing features that incumbents can replicate"
—Justin Basini, ClearScore

— *Risk and resilience.* As fintechs scale, technology resilience and risk management are increasingly becoming core sources of differentiation, especially in light of AI-driven coding advancements, which are eroding

traditional software development moats. Many fintechs no longer see regulation as a barrier to growth but rather as a potential regulatory moat around their business.

"Perhaps the best investment a fintech can make at the moment is in compliance"
—Dima Kats, Clear Junction

How can incumbents react?

Although many incumbents may lack the agility of their fintech counterparts, they have the capital, scale, and relationships to respond in kind to the looming disruption.

Many of the largest global institutions are looking to invest or acquire at scale to protect their existing franchises and continue to grow. JPMorgan Chase invested nearly $18 billion in technology alone in 2025.[36]

Others have bet big on inorganic moves. For example, over the past five years, Visa has acquired or invested in more than 50 firms and partnered with about 90 more to develop the next generation of its core payments infrastructure, expand its solution offerings, and strengthen identity, security, fraud, and other capabilities.

For large players that lack the resources to acquire fintech challengers, this creates a strategic conundrum: Do they opt to stay the course, where market scale already narrows their strategic moat, leaving them vulnerable to disruptive fintechs? Or do they choose to invest in or acquire technology capabilities, which invariably results in worse economics, purely to protect market share?

We see an increasingly narrow third path: Rewire yourself. The advent of an AI-driven, secure software development life cycle presents an opportunity for incumbents too often hobbled by legacy technology and practices. While the window will not be open indefinitely, there remains an opportunity for incumbents to rapidly modernize by substantively cutting costs and leveraging the best of horizontal fintech innovations to build the remarkable customer experiences they will need to stay relevant.

The next wave of fintech growth

Where could the next wave of fintech decacorns and centicorns be found? Our analysis of the current state of play and forward projections suggests that six arenas could be the most likely.

Digital-asset infrastructure and networks are emerging as a foundational layer in financial services. The passage of the GENIUS Act and other legislation globally has laid the groundwork not just for individual stablecoin issuers but for an entire infrastructure layer, including wallets, on- and off-ramps, compliance tooling, cross-border orchestration, and programmable settlement. Stablecoin issuance may consolidate around a small number of dominant coins, but the importance of interoperability means there is also room for successful firms to emerge across the broader ecosystem. Beyond payments, digital-asset fintechs may also disrupt deposit, lending, and investment value pools.

Financial-services-focused agentic AI players are emerging as a new source of competitive advantage. Financial institutions spend hundreds of billions of dollars annually on customer-facing contact centers, operations teams, and fraud and compliance functions. Yet these firms have barely scratched the surface of the automation opportunity. Fintechs leveraging agentic AI—either to build new solutions to disrupt themselves or to provide software tools to incumbents—may have a significant edge. Their willingness to move fast, experiment boldly, and deploy autonomous agents at scale contrasts with incumbents, which are more cautious about putting AI in front of customers and regulators. With potentially hundreds of billions of dollars in addressable cost pools, winners could generate ROI for their customers and build deeply embedded relationships that are difficult to displace.

Data infrastructure is emerging as the foundation of next-generation financial decisioning. The next generation of fintech lending, underwriting, and risk decisioning will likely be built on proprietary data assets that were previously inaccessible or fragmented. Across emerging markets, digitized records—such as electronic invoicing systems, real-time tax filings, and open banking rails—are creating new foundations for credit decisioning at a scale and precision that legacy bureau models cannot match.

In developed markets, the opportunity looks different but is also potentially significant: The proliferation of open banking mandates, real-time payment systems,

[36] "We're one of the world's largest tech and data-driven companies," JPMorgan Chase, accessed on April 2, 2026.

and alternative data sources (such as payroll, rent, and transaction histories) is enabling a new class of players to assemble richer, more dynamic credit and risk profiles than traditional bureaus ever could. Winners may also include platforms that aggregate, normalize, and make sense of this data quickly and in context, turning raw signals into actionable decisioning for financial institutions.

AI-driven wealth advisory is emerging as a significant opportunity in financial services. Globally, hundreds of millions of mass-affluent individuals—with total wealth between $100,000 and $1 million—remain unable to access affordable, personalized financial advice. The gap is particularly acute in markets such as Europe, where regulatory and commercial barriers have kept human advisory models out of reach for all but the wealthiest clients.

The segment is vast, incumbent advisory models are structurally unable to serve it profitably, and the quality of AI-generated financial guidance is improving rapidly. At the same time, scaled consumer fintechs such as Robinhood are pushing aggressively into wealth management, using their existing customer bases and brand affinity to offer advisory services that blur the line between a trading platform and a financial planner. Progress in pure AI-led advice has been slower than many anticipated, and trust in automated recommendations remains a hurdle as regulatory frameworks mature. But the competitive dynamics are accelerating from multiple directions, and firms that crack the trust barrier—whether insurgents or scaled platforms expanding into adjacencies—could unlock one of the largest underserved markets in financial services.

Horizontal insurtechs are emerging as an important driver of innovation in insurance. The long duration and balance sheet intensity of insurance markets may make them difficult to disrupt head-on, but the sector has an opportunity to leapfrog banking in its digital transformation, precisely because it was slower to adapt to the last wave of cloud and software as a service.

AI capabilities can squarely target the digitization and transformation of claims management, pricing, and underwriting processes and could scale rapidly as enterprise adoption reaches a tipping point. One significant shift ahead is the use of AI to unlock the vast stores of unstructured data that insurers hold—from adjuster notes and medical records to satellite imagery and Internet of Things sensor feeds—enabling a move from static, cohort-based pricing toward individualized, continuously updated risk assessment. Insurers and insurtechs that can price to individual risk in near real time could gain an advantage over those still relying on annual actuarial reviews. Already in the United Kingdom, horizontal insurtechs attract more than 90 percent of all investment in insurtech, a striking signal that capital is flowing to firms that modernize incumbents rather than those that try to replace them.

Identity and trust infrastructure is emerging as a critical layer in financial services. As the sector fragments across fintechs, neobanks, embedded finance providers, and digital-asset platforms, the question of who verifies identity, manages permissions, and maintains trust becomes increasingly urgent. Today, every new financial relationship requires redundant KYC, KYB, and AML checks—a costly and time-consuming process that frustrates customers and slows conversion. Firms building universal, portable identity and compliance layers—a reusable trust credential that regulators accept and consumers control—could sit at the center of the future financial ecosystem. This is a hard problem to solve but is among the most valuable infrastructure gaps in fintech.

The outlook is not monolithic across all fintechs. Scaled players whose moat rests “only” on the technology they have built over the past five to ten years may face a wave of competition as AI reduces barriers to entry and the next generation of fintech founders replicates their success. Firms that offer a thin layer of technology or an innovative front end may struggle.

A second group that could be at risk includes deposit-focused fintechs. Many are already finding that their ability to monetize through money markets and Treasury bills is decreasing. Margins may come under further pressure as the number of regulated deposit-taking fintechs increases and competition for customers drives higher rates.

Nonetheless, the next age of fintech is already shaping up to be one of growing maturity, as companies increasingly demonstrate their ability to deploy capital, technology, and trust at scale—and often across borders.

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