



Addressing top of mind fintech issues

July 2025



Contents



Business/Strategy trends

01

Internal audit update

06

M&A/Transactions

02

Regulatory and compliance

03

One Big Beautiful Bill Act

04

CAMT relief

05



Business/Strategy trends



Across the fintech landscape, we are seeing continued innovation, strategic consolidations, and a resurgence in capital market activity in 2025. The current quarter has been an eventful one for digital assets in particular, a sector that is experiencing robust growth, landmark initial public offerings (IPO), building stablecoin adoption, increased institutional participation, and large mergers and acquisitions (M&A). We expect stablecoin adoption and M&A activity to speed up further as regulatory clarity continues to improve.

Additionally, digital assets firms and new exchange-traded fund products are increasingly entering public markets in 2025, indicating growing institutional confidence. We expect this trend to continue in the near to mid-term. Stablecoin issuances and adoption are accelerating in 2025, driven primarily by increasing global demand and favorable regulatory developments (e.g., pending GENIUS Act). Going forward, integration of stablecoins into global financial systems could be a meaningful driver for adoption and growth.

Finally, the mainstream institutional adoption of tokenized real-world assets on public blockchain networks, including US Treasuries and money market funds, has gained momentum in a meaningful way throughout 2025. This trend is being powered by regulatory momentum, emergence of custodians that are trusted by institutions to secure on-chain assets, and the benefits of tokenization for treasurers and fund managers (instant settlement, reduced friction, and programmable compliance).

Potential actions:

- **Consider your business models and how they could be directly or indirectly impacted by the rapid changes in the digital assets/blockchain environment.** The political environment, the products being launched/offered, and the pace at which activities are changing is rapid. Thus, it is important to continue to assess your situation on a regular basis on how you want to consider the technology in your business plans.

Thought leadership

- [First 100 Days: Upcoming Regulatory Signals for Digital Assets](#)

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The second quarter of 2025 has seen a significant upswing in fintech M&A activity, reflecting renewed strategic focus and growing confidence in the sector's long-term trajectory. As fintech companies respond to intensifying competition, evolving customer expectations, and the need for operational scale, acquisitions have increasingly targeted complementary capabilities, geographic expansion, and end-to-end platform integration. The resurgence also reflects stronger capital markets conditions and a shift from opportunistic deal-making to more deliberate portfolio optimization strategies, particularly among large incumbents and infrastructure providers.

- Global Payments acquired the merchant acquirer WorldPay for US \$24.25 billion,¹ and divested its payroll business for US \$1.1 billion. These transactions position Global Payments as a more focused commerce solutions provider, benefiting from global scale, simplified operations, and a sharpened strategic profile.
- FIS entered into a definitive agreement to acquire Global Payments' Issuer Solutions business for US \$13.5 billion,² reinforcing its global reach and enhancing its offerings for large financial institutions. As part of the broader transaction, FIS will also divest its stake in WorldPay to Global Payments for US \$6.6 billion, enabling both firms to focus on core priorities.
- Also notable is Kraken's acquisition of retail futures trading platform NinjaTrader for US \$1.5 billion,³ which expands its product offerings and signals growing consolidation in the retail derivatives space.
- Ripple's US \$1.25 billion acquisition⁴ of prime brokerage firm Hidden Road marks a strategic push into institutional digital asset services, aligning with the broader trend of fintechs evolving into full-service platforms.

Potential actions:

- Continue **to explore the potential for divesting** of noncore units and **conduct in-depth evaluation** of potential transactions to minimize risk and improve potential outcomes.
- For IPO readiness, **create a structured plan** and involve partners early in discussions on execution priorities for the period leading up to an IPO.

Thought leadership

- [Pulse of Fintech](#)
- [M&A trends in financial services - Q1 2025 M&A trends report](#)

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¹ Global Payments, "Global Payments Announces Agreements to Acquire Worldpay and Divest Issuer Solutions" (April 17, 2025) [Press Release]

² FIS, "FIS Announces Sale of Worldpay Stake and Strategic Acquisition of Global Payments' Issuer Solutions Business" (April 17, 2025) [Press Release]

³ Kraken, "Kraken to Acquire NinjaTrader: Introducing the Next Era of Professional Trading" (March 20, 2025) [Press Release]

⁴ Ripple, "Ripple Acquires Prime Broker Hidden Road for \$1.25B in One of the Largest Deals in the Digital Assets Space" (April 8, 2025) [Press Release]

Regulatory and compliance



The Consumer Financial Protection Bureau (CFPB) previously issued an interpretive rule stating that digital user accounts used in Buy Now, Pay Later (BNPL) arrangements could be considered credit cards, thereby subjecting BNPL providers to the open-end credit provisions of Regulation Z. However, the CFPB has announced its intention to rescind this interpretive rule—while maintaining Regulation Z itself—clarifying that BNPL providers will not be held to those open-end requirements at the federal level for now.

Despite this federal pullback, state-level regulatory activity is intensifying. For example, New York has enacted legislation targeting BNPL practices and expanding consumer protections more broadly, including measures governing the cancellation of online subscriptions and retail return procedures. This trend underscores a growing role for states in shaping the oversight and compliance landscape for BNPL and digital consumer finance.

The ongoing debate over federal versus state regulation for non-bank payment platforms suggests possible changes in the regulatory landscape. State attorney generals are increasingly active in the consumer protection space, particularly as federal oversight evolves.

Congress has repealed final regulations that would have expanded the CFPB's oversight over digital payment platforms and imposed a cap on bank overdraft fees. This legislative decision significantly alleviates the compliance burden for tech companies. However, the CFPB retains the authority to pursue legal action against payment apps as necessary, ensuring that regulatory enforcement remains a potential response to compliance issues.

The CFPB announced it will not prioritize enforcement actions related to the Truth in Lending Act for Buy Now, Pay Later (BNPL) loans and is contemplating rescinding these regulations. Instead, the CFPB will focus its resources on addressing pressing consumer threats, particularly those affecting servicemen, veterans, and small businesses.

Potential actions:

- **Be aware of the risks** of noncompliance and proactively develop robust compliance programs to avoid investigations and enforcement actions.

Thought leadership

- [Special Alert: DOJ Final Rule Prohibiting Access to Bulk U.S. Sensitive Personal Data](#)
- [Focus on Children's Online Privacy Protections](#)
- [Special Alert: DOJ Announces Revisions to Corporate Enforcement Policies](#)
- [Regulatory Recap: April 2025](#)
- [Regulatory Recap: May 2025](#)
- [First 100 Days: Where \(De?\)Regulation Goes from Here](#)

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One Big Beautiful Bill Act



The House of Representatives on May 22, 2025, passed [H.R. 1 \(House bill\)](#), the budget reconciliation bill known as the “One Big Beautiful Bill”. On July 1, 2025, the Senate passed its version of [H.R. 1 \(Senate bill\)](#), which made various amendments to the bill, including changes to the tax subtitle that was included in the House bill. On July 3, 2025, the House passed the Senate bill without amendment, and the bill was signed into law by President Trump on July 4, 2025. The descriptions of the provisions in the Senate bill below thus reflect the enacted provisions.

The bill generally makes the tax provisions of the 2017 Tax Cuts and Jobs Act (TCJA) permanent as well as temporary tax benefits promised by the president for tip income, overtime pay, and auto loan interest, and introduces revenue-raising provisions.

Among the important business provisions of the bill are provisions that would reinstate and make permanent expensing of R&D costs, the higher EBITDA cap on the deduction for interest, and 100% bonus depreciation, make the section 199A deduction for passthrough business income permanent, renews and reforms the Opportunity Zone program, and adds a 100% first-year depreciation deduction for real property used in a production activity.

To partially offset the cost of the above taxpayer-favorable changes, the bill includes a host of revenue-raising provisions, including an extension of the existing limit on the individual deduction for state and local taxes (SALT) (but subject to an increased cap of \$40,000), as well as repeal or phase out and other changes to the energy tax credits enacted in the Inflation Reduction Act and increase tax rates on certain university endowments.

Potential actions:

- **Assess the impact** of the One Big Beautiful Bill on your organization.

Thought leadership

- [Catching up on Capital hill \(podcast\)](#)
- [Week in Tax](#)
- [TaxNewsFlash](#)
- [KPMG reports: Tax title for "One Big Beautiful Bill Act"](#)

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The information provided in this document is accurate as of July 7, 2025. Given the dynamic and fast-paced nature of our environment, where content and regulations are constantly evolving, we recommend reviewing the links in the thought leader subsection for the most up-to-date and current information.



CAMT relief



The Internal Revenue Service's recently released *Notice 2025-27* provides interim guidance for the corporate alternative minimum tax (CAMT)—a 15 percent tax based on adjusted financial statement income—and offers welcome transitional relief on several key issues as taxpayers await final regulations.

Of particular relevance to fintech companies, especially high-growth firms with complex global structures and revenue recognition models, the Notice introduces an expanded optional simplified method for determining whether a company qualifies as an “applicable corporation” under CAMT. This method raises the general adjusted financial statement income threshold from US \$500 million to US \$800 million, and, for members of foreign-parented multinational groups, raises the U.S.-specific threshold from US \$50 million to US \$80 million.

These revised thresholds are especially significant for fintechs operating in cross-border structures or undergoing rapid scaling. Many fintechs fall into the US \$500 million to US \$800 million income range—often driven by nontraditional revenue streams, digital product margins, or venture capital-backed growth. For these companies, the simplified method may offer meaningful compliance relief by potentially avoiding CAMT classification altogether, or at minimum, easing the burden of complex income aggregation and reporting requirements during the transition period.

The interim guidance signals the IRS's recognition of the operational challenges faced by innovative and globally dispersed companies—like fintechs—when applying traditional tax frameworks to modern business models. Further clarity is still expected in final regulations, but the adjustments in *Notice 2025-27* provide timely relief for a sector navigating both regulatory complexity and rapid expansion.

Potential actions:

- **Assess** whether your organization's applicable corporation status is impacted by this positive change.

Thought leadership

- [Week in Tax](#)
- [TaxNewsFlash](#)
- [New CAMT Notice: Reasons Taxpayers are Breathing a Sigh of Relief](#)

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Internal audit update



Fintech internal audit functions face distinct challenges auditing in an environment with unique and magnified risks largely due to rapid innovation and handling of highly sensitive data. The reduction of regulatory burden brought about by the new administration can create a more favorable environment for fintechs to see increased consolidation, capital investment, and increased innovation, which will challenge companies' operational resiliency. In the last quarter, the fintech industry has experienced ongoing volatility, with discussions about the potential rollback of Rule 1033, the announcement of stablecoin legislation, new US tariffs, and multiple IPOs (e.g., Chime, Circle). Internal audit functions are looking to become more agile, technology-forward, and strategically aligned with business transformation.

Chief audit executives are proactively assessing risks frameworks to capture emerging risks from accelerated merger activity, evolving regulatory interpretations, and increased reliance on advanced technologies. Proactive risk identification and the agility to recalibrate audit strategies are key to staying ahead of disruptions. Thematic focus areas of internal audit functions include cybersecurity, cloud computing, regulatory compliance, fraud, and financial crime.

Potential actions:

- **Implement a dynamic and continuous risk assessment audit planning process**, along with developing innovative auditing techniques leveraging big data and generative AI to run more efficient audits. These steps will help the function remain adaptable in managing change and continuing to add value to the organization.

Thought leadership

- [On the Chief Audit Executive's agenda](#)

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KPMG Fintech – A leader in your industry



Leading fintech firms rely on KPMG to help them improve business performance, turn risk and compliance into opportunities, develop strategies, and enhance value. The KPMG Fintech team sees today's environment of converging challenges as a catalyst for improvement by taking advantage of the opportunities that surround us.

Our mission is to help our clients grow, engage with customers, manage costs, and comply with regulations by leveraging the power of data and digitization.

By integrating our capabilities across Audit, Tax, And Advisory, KPMG Fintech professionals bring insight to help our clients build competitive advantage and align strategies during this period of substantive change and enormous opportunity.

At KPMG, we help our clients succeed with strategic approaches to their fintech challenges across the following fintech categories:

Digital assets

Entities whose core business is predicated on distributed ledger (blockchain) technology with the financial services industry and/or are involved in providing services or developing technology related to the exchange of cryptocurrency, the storage of cryptocurrency, the facilitation of payments using cryptocurrency, and securing cryptocurrency ledgers via mining activities.

Digital wealth

These companies or platforms whose primary business involves the offering of wealth management services using technology to increase efficiency, lower fees, or provide differentiated offerings compared to the traditional business model.

Payments

Entities whose business model revolves around using technology to provide the transfer of value as a service, including both B2B and B2C.

Digital lending

- **Platform companies:** Any nonbank that uses a technology platform to facilitate movement of funds, often implementing alternative data and analytics, or any entity whose primary business involves providing data and analytics to online lenders or investors in online loans.
- **Neobanks:** Type of direct bank or a digital banking platform that operates exclusively online without traditional physical branch networks.
- **Challenger banks:** Small, recently created retail banks with a banking license that compete directly with the longer-established banks.

PropTech, RegTech, and InsurTech

- **PropTech:** Entities that are developing and leveraging technology intended to help facilitate the purchase, management, maintenance, and investment into both residential and commercial real estate.
- **RegTech:** Entities that provide technology-driven services to facilitate and streamline compliance with regulations and reporting as well as protect from employee and customer fraud.
- **Insurtech:** Entities utilizing technology to increase the speed, efficiency, accuracy, and convenience of processes across the insurance value chain.





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