



Addressing top of mind issues for fintech



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Update

The third quarter of 2025 has seen significant developments in the fintech space, particularly with the resurgence of the initial public offering (IPO) market and increased merger and acquisition (M&A) activity. Key players in fintech have successfully launched IPOs, signaling a positive trend for mature fintech companies with proven profitability and regulatory compliance. Some of the key updates and trends observed in the fintech space include:

- The IPO market has seen a resurgence with successful launches by Klarna and Figure Technologies in September.
- Fintech companies are actively acquiring entities to support strategic initiatives, expand geographically, and access new customer segments.
- M&A activity is driven by the need to acquire innovative technologies like AI, blockchain, and advanced data analytics.
- The fintech and payments M&A space is expected to remain active with continued consolidation, cross-border acquisitions, and a focus on digitalization.
- Digital asset and Stablecoin activity is showing continued growth, fueled by the GENIUS Act and continued innovation in the space. Digital Asset Treasury Companies (DATCOs), which are companies that intentionally accumulate digital assets as a core function of their business, continue to expand their balance sheets allowing investors to gain exposure to digital assets via the capital markets.

As we move forward, the fintech landscape is likely to be shaped by strategic consolidation, technological innovation, and the integration of advanced technologies. Companies that are well-prepared and have a clear strategic vision are poised to capitalize on these emerging opportunities.

Opportunity

1

Continue to consider options in the market for strategic consolidation and how acquisitions can support long term strategic objectives.

2

For IPO readiness, create a structured plan and involve partners early in discussions on execution priorities for the period leading up to an IPO.

Resources

- [Pulse of Fintech](#)
- [M&A trends in financial services](#)
- [Stablecoins: The Bridge Between Traditional Finance and Digital Assets](#)

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Regulatory and compliance



Update

The regulatory and compliance landscape in the fintech sector continues to evolve, driven by emerging technologies such as AI and shifting regulatory frameworks. Key developments include the advancement of regulatory frameworks for stablecoins through initiatives such as the GENIUS Act, the nullification of a Consumer Financial Protection Bureau (CFPB) rule affecting nonbank digital payment providers, and the introduction of safeguards for Buy Now, Pay Later services in New York. Some of the key points to watch include:

- The development of regulatory frameworks for emerging technologies, including stablecoins
- Shifts toward self-regulation and domain-specific standards
- Increased antitrust enforcement through state and federal collaboration
- More complex merger submissions involving both federal and state reviews.

As regulatory frameworks continue to adapt to technological advancements, companies must remain vigilant and proactive in their compliance strategies. A key perspective is that staying ahead of these changes will require ongoing monitoring and strategic planning to navigate the evolving landscape effectively.

Opportunity

1

Evaluate the strategic opportunities and threats posed by stablecoins and **monitor potential impact** to payment processing operations.

2

Continue to monitor regulatory actions at the state and local government as well as at the federal level.

Resources

- [GENIUS Act: Payment Stablecoin Framework – Senate Approves](#)

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Update

Popularly known as the One Big, Beautiful Bill Act (OBBA), HR 1 (Public Law 119-21) introduces significant changes to the federal income tax treatment of domestic research and experimental costs, particularly impacting the fintech industry. Key updates include the ability to immediately deduct domestic research costs incurred after 2024, or to capitalize and amortize them over a period of at least 60 months or ten years. Some key points to consider:

- Domestic research costs can be immediately deducted or capitalized and amortized over 60 months or ten years.
- The OBBA provides several transition options for domestic research and development costs, including elective retroactive application for eligible small businesses.
- Accelerated recovery of previously capitalized costs is available for all taxpayers starting in 2025.
- Foreign research remains subject to mandatory capitalization and 15-year amortization.

The changes brought about by the OBBA offer research-intensive businesses greater flexibility in managing their tax positions and encourage investment in domestic research. As companies navigate these new rules, it's essential to assess the available options to determine the most suitable approach for their specific circumstances.

Opportunity

1

Asses the options presented in the OBBA for research and experimental (R&E) expenditures to understand what the most appropriate treatment is for your facts and circumstances.

Resources

- [New R&E expensing procedures are complex with favorable options](#)
- [KPMG One Big Beautiful Bill Act Resources](#)

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Update

The Financial Accounting Standards Board has issued ASU 2023-09 “Income Taxes: Improvements to Income Tax Disclosures” to enhance transparency and decision usefulness of income tax disclosures. Key updates include expanded annual income tax disclosures to address investor requests for more information about tax risks and their impact on effective tax rates and future cash flows. The effective date for public business entities is fiscal years beginning after December 15, 2024. Key points to consider:

- The ASU is effective for public business entities in 2025 (for calendar-year-end entities), with non-public business entities having an additional year to adopt.
- Expanded disclosures aim to provide more information on tax risks, tax planning, and operational opportunities affecting the effective tax rate and future cash flows.
- Companies should consult with internal and external stakeholders, including accounting, financial reporting, investor relations, and external auditors, to ensure a seamless transition.
- Several accounting policy choices are available upon adoption, requiring coordination among stakeholders.

To navigate these changes effectively, companies must consider their current processes and the impact of the new requirements. A proactive approach to implementing these changes will be crucial for ensuring compliance and maintaining transparency.

Opportunity

1

Consult with partners on the impact that the ASU may have on existing processes and procedures.

2

Continue to coordinate among the various functions, including tax and accounting, to ensure that effective management review is being performed of any updated disclosures.

Resources

- [KPMG Hot Topics: Income Tax Disclosures](#)

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Update

The fintech internal audit (IA) landscape is evolving rapidly due to deregulation, shifting expectations, and executive orders supporting responsible growth. Key developments include recent legislative and regulatory shifts such as the GENIUS Act,¹ Clarity Act, and Anti-CBDC Act affecting the cryptocurrency sector, as well as executive orders that may alter the risk profile of existing auditable entities. Some of the key points to consider:

- Recent legislative and regulatory changes are impacting the cryptocurrency sector and fintech industry.
- Executive orders, such as allowing 401(K)s to include digital assets, may change the risk profile of auditable entities.
- CFPB is proposing a rule to standardize how nonbanks are determined to pose risks to consumers.
- Chief audit executives must establish a clear process for monitoring regulatory changes to respond quickly and effectively.

As regulatory developments continue, fintech companies must remain vigilant and adapt their audit strategies to ensure compliance and minimize harm to consumers. A proactive and dynamic risk assessment is crucial to align IA plans with changing risks.

Opportunity

1

Assess how the IA functions stay abreast of rapid industry changes in order to align their IA plan to the organizations' changing risk profile.

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¹The White House, "Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law" (July 18, 2025)

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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