



Addressing top of mind fintech issues

April 2025



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Policy in motion

The policy landscape is constantly evolving, and the Trump administration has brought a wave of regulatory and proposed legislative changes that impact businesses, industries, and individuals alike. Staying ahead of economic uncertainty isn't just about reacting—it's about being proactive, informed, and ready to adapt.

Visit these KPMG Insights for the latest thinking on trade, fiscal and regulatory policy changes:

[Policy in motion: Insights for navigating the Trump administration with confidence](#)

[Climbing a wall of worry: Navigating uncertainty amidst an erosion of trust](#)

[Trade and Tariff Insights](#)

[Tax Policy Trifecta](#)

[First 100 Days: Regulatory Signals](#)



Business/Strategy trends



As we near the 100th day of the new administration, the regulatory landscape continues to be the biggest focal point for businesses across the fintech sphere. New and acting leadership at agencies across various sectors, including technology and financial services, are now aligning their regulatory focus with the administration's policy priorities. This shift emphasizes deregulation and national security, potentially leading to a business environment with fewer regulatory constraints and a heightened focus on compliance with national security mandates.

Ongoing enforcement actions and lawsuits are temporarily halted as new leadership reassesses priorities. However, enforcement will still target clear legal breaches and egregious cases, particularly considering workforce changes. Businesses can expect a temporary reprieve but should remain vigilant as enforcement activities will continue for serious violations.

Agencies are quickly adjusting their priorities and actions in areas like public funding, content moderation, and mergers and acquisitions. While immediate changes are expected in some areas, longer timelines are anticipated for adjustments needing Congressional action. Businesses should anticipate shifts in regulatory focus and adapt their strategies accordingly.

Across sectors, there is a concerted effort to foster innovation and competition by reducing federal regulatory burdens while ensuring ongoing adherence to existing regulations. For further details, refer to the *regulatory and compliance* update in this document.

Thought leadership

- [First 100 Days: Upcoming Regulatory Signals for Financial Services](#)

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The fintech M&A market has continued to “hurry up and wait” for the wave of deal activity that was expected to come in the wake of rate stabilization and the change in Administration. Particularly among Private Equity investors, we have an abundance of caution with investors focused on the best assets and passing on the more challenging deals.

Corporates in the industry have been more active on the buy-side with notable recent acquisitions by Flywire (who acquired Certify for \$300 million) and Cardworks (who acquired the credit card business of Ally Financial).

In 2023 and 2024, we saw a real focus on value creation and optimization initiatives (e.g., expense reductions, sale of unprofitable businesses) and we continue to see a tremendous amount of activity on the sell-side with businesses looking to exit non-core businesses and focus on reshaping for the future.

Although activity has not reached previous peaks, we have seen a marked increase in interest in the potential for IPOs in the next 12 – 18 months.

Potential actions:

- Continue to **explore the potential for divesting of non-core 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](#)
- [Onward and upward: Q4'24 M&A trends in Financial Services](#)

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Auditing and accounting



The impact of new leadership and new priorities for the Securities and Exchange Commission (SEC) had an almost instant impact on the evolution of accounting rules over digital assets. On January 23, 2025, the SEC issued Staff Accounting Bulletin No. 122 (SAB 122), which rescinded interpretive guidance included in SAB 121. Entities will apply SAB 122 on a fully retrospective basis in periods beginning after December 15, 2024 and have the option to apply to earlier interim and annual financial statement period included in filings after January 30, 2025.

On adoption, entities should include clear disclosure about the effects of the accounting changes in accordance with paragraphs 250-10-50-1–3.

Crucially, entities that have an obligation to safeguard crypto-assets for others should determine whether to recognize a liability related to the risk of loss under such an obligation and measure such a liability under the recognition and measurement requirements for liabilities arising from contingencies in ASC 450-20 (loss contingencies). Entities, should expect this evaluation to be a focus area for auditors in 2025.

The strategy towards digital financial technology is to promote innovation while maintaining regulatory oversight. A Crypto Task Force is being established to develop regulations for digital assets and promote third-party services, especially in artificial intelligence (AI). The administration aims to enhance banking services for digital assets and blockchain and supporting stablecoin payments. Their focus includes boosting crypto adoption, creating favorable regulations, and enabling traditional banks to offer crypto services, ensuring broader acceptance with sound risk management practices.

Potential actions:

- **Proactively review the details of SAB 122** and consider the impact on your organization's financial reporting.

Thought leadership

- [SEC rescinds SAB 121](#)

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Regulatory and compliance



The first quarter of 2025 has seen significant regulatory activity that promises to have a significant impact on the fintech business environment moving forward.

The Office of the Comptroller of the Currency (OCC) released [Interpretive Letter 1183](#)¹ to reaffirm that the crypto-asset custody, distributed ledger, and stablecoin activities, as outlined in previous Interpretive Letters issued in 2020 and 2021, are permissible for national banks and federal savings associations. Removing the requirements for OCC-supervised institutions to receive supervisory nonobjection and demonstrate that they have adequate controls in place before they may engage in cryptocurrency activities. This amendment has the potential to allow traditional financial institutions to explore digital asset / cryptocurrency services that they had been prohibited from providing.

Multiple regulations may be subject to Congressional Review Act (CRA) scrutiny, potentially leading to rollbacks. These include the Consumer Financial Protection Bureau's (CFPB) rules on overdraft lending for very large financial institutions, prohibiting medical debt on credit reports, personal financial data rights (Section 1033), and nonbank firms with digital payment apps. Additionally, the CFPB's circular on improper overdraft opt-in practices, debt collection practices on unfair collection of medical debt (Reg. F), the Federal Deposit Insurance Corporation's policy on bank merger transactions, and the Office of the Comptroller of the Currency's guidelines for recovery planning could also be reviewed.

Elsewhere, Rule 1033 remains a key aspect of open banking. Its effective date of January 17, 2025, is valid, and it is not subject to CRA review. Pending litigation by the Bank Policy Institute may delay or affect the rule, but it currently remains in effect.

Potential actions:

- **Consider the potential impact of regulatory changes** on the competitive environment specific to your business model
- Seek to **understand how the changing regulatory environment impacts the risk profile** of fintechs.

Thought leadership

- [Special Alert: Digital Assets/Cryptocurrency Regulation](#)
- [Special Alert: CFPB](#)

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¹Office of the Comptroller of the Currency, "OCC Clarifies Bank Authority to Engage in Certain Cryptocurrency Activities" (March 7, 2025)

Digital services tax update



On February 21, 2025, President Trump signed a memorandum setting out administration plans to respond to the enactment by foreign governments of digital service taxes (DSTs) targeted at US companies, as well as the adoption by foreign governments of regulations on digital services in general.

The administration will consider responsive actions like tariffs as a response to DSTs, fines, practices, and policies that foreign governments levy on US companies.

The memorandum specifically directs the United States Trade Representative (USTR) to renew investigations into DSTs of France, Austria, Italy, Spain, Turkey, and the United Kingdom, which were initiated on July 16, 2019, and June 5, 2020, and to investigate any additional countries adopting DSTs that discriminate against US companies. The memorandum also directs the USTR to investigate Canada's DST.

The memorandum directs the Treasury secretary, in consultation with the Commerce secretary and the USTR, to determine whether any foreign country subjects US citizens or companies to discriminatory or extraterritorial taxes, inconsistent with any US tax treaty or otherwise actionable under section 891 of the Code.

Potential actions:

- **Follow the actions of countries noted** in this memorandum as they determine how to respond to US pushback on DST's being imposed on US companies.

Thought leadership

- [UAE: FAQs on Pillar Two domestic minimum top-up tax](#)
- [White House announcement on OECD "Global Tax Deal"](#)

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Tax policy trifecta



A tax policy trifecta is approaching quickly and its impact will reshape the business tax landscape. The tax policy trifecta has three prongs: 2025 tax cliff, global tax reform, and regulatory disruption.

The 2025 tax cliff: The expiration of nearly all individual and many business-favorable provisions from the 2017 Tax Cuts and Jobs Act.

Global reform: This includes the implementation of Pillar Two outside the US, what comes after Pillar One, and disruption following the Trump administration's denouncement of the Organisation for Economic Co-operation and Development's (OECD) global tax deal, as well as other global trends such as the UN agenda to expand withholding tax on cross-border services.

Regulatory changes: This includes guidance under the Inflation Reduction Act (IRA) and the Corporate Alternative Minimum Tax (CAMT), regulations that could arise from any major tax legislation or from the administration pursuing alternative pathways when unable to pass legislation. This also includes any tariffs imposed by the executive branch, as well as the uncertainty regarding the validity of existing regulations following the Supreme Court's *Loper Bright Enterprises v. Raimondo* decision.

Potential actions:

- **Pay close attention to what is happening on Capitol Hill** to make sense of tax policy discussions and understand what the impacts may be to your organization.
- **Monitor the OECD's global tax deal and the latest on Pillar One and Pillar Two** adoption by countries around the world as well as the US government's evolving views on the deal.

Thought leadership

- [Podcast series: Catching up on Capitol Hill](#)

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Crypto tax update



The final digital asset broker reporting regulations generally require U.S. custodial brokers (brokers that take possession of digital assets) to report gross proceeds to customers and the Internal Revenue Service (IRS) beginning with sales occurring on or after January 1, 2025, and to provide cost basis information on sales occurring on or after January 1, 2026 (for digital assets acquired on or after this date).

Historically, brokers generally have had to report this information for payments of proceeds from the sale of securities. Applying these similar rules to digital assets will be particularly complicated for traditional brokers and will be a new type of reporting for other industry participants that find themselves making or accepting payments of digital assets.

Given the new digital asset regulations, the fact that the IRS expects to provide additional regulations packages for global requirements under the Crypto-Asset Reporting Framework (CARF), there is a growing need for businesses dealing in digital assets to become compliant. Even where there may not be any digital asset activity within a business, organizations would be prudent to review their existing activities to identify where current rules require updates and to flag activities that may require future compliance.

Potential actions:

- **Start early** to assess whether your organization will be required to issue Form 1099-DA to any recipients. Implementing systems and processes to gather data, determine basis reporting and manage special issues, such as those related to nonfungible tokens and stablecoins, could lead to a large project to comply with the new regulations.

Thought leadership

- [Legislative update](#)

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KPMG Fintech – A leader in your industry



Leading fintech firms rely on KPMG LLP 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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