



# Addressing top of mind issues for digital assets and fintech



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The digital asset industry is undergoing a pivotal transformation as regulators move from a posture of reactive enforcement to establishing clear, structured frameworks for compliance. A series of recent developments from key US financial bodies is creating defined pathways for innovation, integrating crypto firms into the traditional financial system while demanding robust governance:

- A significant step toward regulatory clarity has been taken by the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC). The agencies have launched "Project Crypto," a joint initiative aimed at creating a unified rulebook for digital assets. This collaborative effort follows a definitive SEC statement affirming that tokenized securities are subject to existing securities laws. This move is critical, as it shifts the industry away from an unpredictable, ad-hoc enforcement environment and toward a more stable, compliance-focused ecosystem where firms can operate with greater certainty.
- The Office of the Comptroller of the Currency has established a vital, federally supervised operating model for digital asset firms by approving multiple national trust bank charters. This action provides a clear pathway for fintech companies to embed essential services like custody, settlement, and payment capabilities within a regulated and recognized structure. By operating under these charters, crypto-native firms can gain credibility and seamlessly integrate with the traditional banking system, fostering greater trust and adoption.
- The derivatives market has received a significant update from the CFTC, which has expanded its allowance for certain digital assets to be used as margin collateral. This guidance now includes payment stablecoins and other non-security digital assets. Crucially, the guidance recognizes the newly chartered national trust banks as permitted issuers of these assets. This development forges a powerful link between regulated crypto firms and established financial market infrastructure, allowing for greater capital efficiency and participation in derivatives markets.
- Beyond digital assets, regulators are turning their attention to the use of artificial intelligence in financial services. The SEC is emphasizing that existing rules apply directly to AI-driven systems. Instead of waiting for new, technology-specific regulations, the agency is taking a "governance-first" approach. This requires fintechs to proactively ensure their AI models have strong governance, are explainable, and include comprehensive risk controls, placing the onus on firms to manage this powerful technology responsibly from the outset.

Ultimately, these regulatory advancements signal a clear departure from ambiguity, demanding a future where innovation in digital assets is inextricably linked to robust compliance and integration with the global financial system.

## Opportunity

### 1 Seamless integration of digital asset services

The OCC's approval of national trust bank charters enables banks to seamlessly integrate regulated digital asset custody and settlement services into their traditional frameworks while ensuring federal compliance.

### 2 Expanded capital efficiency in derivatives

The expansion of eligible margin collateral to include stablecoins and digital assets allows banks to provide institutional clients with greater capital efficiency and enhanced liquidity in derivatives markets.

## Resources

- [Chairman Selig Announces Formation of New Innovation Task Force | CFTC](#)
- [KPMG AI Governance; these are the success factors](#)

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As digital assets have evolved from a niche technology into a significant component of the financial landscape, the desire for a clear and consistent tax framework has emerged. Analysis of recent industry commentary and legislative proposals reveals a clear trend: a move away from applying ill-fitting traditional tax rules and toward creating a bespoke regime for digital assets.

Key developments are centered on clarifying tax treatment for crypto-native financial activities, increasing tax compliance through robust reporting, and making digital assets more practical for everyday use. Some key updates to consider include:

- **Crypto lending:** A significant question has been whether lending digital assets is a taxable event for the lender. While the internal revenue service (IRS) has not provided specific guidance, the prevailing analysis compares it to securities lending. Generally, lending securities is not a taxable event under the tax code (Section 1058). Recent legislative proposals, such as the Lummis Crypto Bill, and recommendations from the White House, aim to codify this non-taxable treatment for digital asset lending, which would provide much-needed certainty and liquidity to the market.
- **Staking and mining “income”:** The IRS's current position appears to be that staking and mining rewards are taxable when they are received and the owner has control over them. This approach can create "phantom income," where a recipient owes tax on the value of the rewards at receipt, even if the token's price plummets before it can be sold. An alternative view argues that these rewards are newly created property, which should only be taxed upon their sale as a capital gain. The Lummis Crypto Bill proposes a middle ground: rewards would not be taxed until they are sold, resolving the phantom income problem. However, the income recognized at sale would be treated as ordinary income, not capital gain.
- **Tax reporting and compliance:** In the US, Congress has expanded the definition of a "broker" to include entities that facilitate digital asset transfers. This means that, starting with the 2025 tax year, many crypto platforms and exchanges will be required to issue Form 1099-DA to their customers and the IRS, reporting sales proceeds. This brings the tax reporting for digital assets in line with that of traditional securities like stocks and bonds. Globally, the development of the Crypto-Asset Reporting Framework (CARF) signals a move toward a global standard for the automatic exchange of information on digital asset transactions between countries, further reducing opportunities for tax evasion.

The digital asset industry is at a pivotal moment in its relationship with the tax system. The overarching trend is a maturation from an unregulated frontier to a more structured and transparent market. While significant uncertainties remain, particularly concerning decentralized finance (DeFi), the direction of recent legislation and regulatory guidance points toward a future of greater clarity, stricter compliance, and a bespoke tax framework designed for the unique attributes of digital assets.

## Opportunity

### 1 Increased market liquidity

Clearer tax guidelines for crypto lending can reduce regulatory risk, encouraging more institutional participation and increasing overall liquidity in the digital asset market.

### 2 Enhanced client advisory services

The shift toward a bespoke tax framework allows banks to provide specialized wealth management and tax planning services for clients navigating "phantom income" and new reporting requirements.

### 3 Streamlined compliance infrastructure

The transition to mandatory 1099-DA reporting and global CARF standards creates an opportunity for banks to develop integrated, transparent digital asset custody and reporting platforms.

## Resources

- [KPMG article: Lummis crypto bill and White House report on digital assets](#)

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# Banking charters: A new horizon for fintechs



2026 is shaping up to be a transformative period for the financial services industry, marked by a significant uptick in banking charter activity. Regulatory shifts and market dynamics are creating fertile ground for certain financial technology (fintech) firms to establish a more formal banking presence, opening up new avenues for growth and competition.

For fintechs, the increasing accessibility of banking charters presents a pivotal opportunity to solidify their position in the financial ecosystem. Here are the key implications:

- A banking charter allows fintechs to move beyond partnerships and offer a wider range of services directly to consumers, including insured deposits and lending products.
- The current environment is ripe for strategic partnerships between traditional banks and fintechs. Banks are actively looking to leverage fintech partnerships to enhance their digital capabilities.
- As more fintechs obtain charters, competition within the sector is expected to intensify. This will likely drive further innovation and a greater focus on customer experience to differentiate in a crowded market.
- A charter subjects a company to a web of complex regulations from bodies like the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve. The ongoing costs of maintaining a robust compliance department and undergoing regular examinations can be substantial.
- Unlike a typical startup, a chartered bank cannot rely solely on venture capital for its operations. It must meet and maintain significant capital and liquidity requirements to ensure it can cover its obligations and withstand financial shocks.

The decision to pursue a banking charter is a strategic one that requires a careful weighing of the trade-offs. While it offers a path to greater stability and a wider range of product offerings, it comes at the cost of increased regulatory burdens, higher operational costs, and a fundamental shift in company culture and agility.

## Opportunity

### 1 Expanding direct product offerings

By obtaining a banking charter, fintechs have the opportunity to move beyond third-party partnerships and provide services directly to their customers which allows them to offer a broader and more sophisticated suite of financial products.

### 2 Strategic partnerships with traditional banks

Fintechs can look to to integrate their innovations into the traditional banking sector, helping banks modernize while potentially scaling their own technology through these high-level alignments.

## Resources

- [KPMG | Gaining Momentum: Bank Charter Activity](#)

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The first quarter of 2026 saw robust merger and acquisition (M&A) activity in the US fintech and digital assets sector, continuing the resurgence that began in late 2025. Dealmaking has been fueled by improving market conditions and clarity in regulations, and fintech valuations have rebounded from 2025 lows as investors and corporates refocus on profitability and strategic consolidation. The period was marked by several notable transactions and trends centered around four key themes:

- Capital One's \$5.15 billion acquisition of Brex—a leading corporate expense management fintech—underscores the trend of large banks expanding into fintech to capture small and medium-business (SBM) spend and modernize business payments.
- Elsewhere we have seen a broader move by incumbents to shed noncore assets (e.g. parking payments) and double down on corporate payments. This follows similar portfolio optimization moves by industry players in 2025 to focus on their primary platforms and customer bases.
- The federal Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act, enacted in 2025, with the US Treasury aiming to finalize stablecoin oversight rules by July 2026. This regulatory clarity—alongside Europe's full implementation of Markets in Crypto-Assets Regulation (MiCA)—is transforming stablecoins from crypto novelties into regulated payment instruments integrated with traditional finance. Major US players are responding: As digital dollars gain traction, large incumbents are being pushed to adapt or risk disintermediation. The acquisition of a stablecoin platform and the pursuit of a national trust bank charter by the largest privately owned fintech company signal a race to control next-generation settlement rails and integrate stablecoins into mainstream financial services.
- Artificial Intelligence (AI) is now a core M&A driver. PayPal's acquisition of Cymbio enhances its "agentic commerce" capabilities, enabling merchants to sell via AI platforms like Microsoft Copilot and ChatGPT.

Looking ahead, US fintech M&A is expected to remain active through 2026. Financial institutions and fintechs alike are pursuing scale, digital asset and blockchain technology, and profitability—whether through megamergers or targeted tuck-in acquisitions—to adapt to competitive pressures and customer demands. With capital markets improving and regulations (from stablecoins to bank chartering) becoming clearer, both strategic buyers and private equity investors have renewed confidence in dealmaking. Continued consolidation, partnerships bridging traditional finance with digital assets, and AI-enabled fintech innovation will likely be dominant storylines as the year unfolds.

## Opportunity

### 1 Strategic expansion into SMB markets

Large banks can acquire specialized fintechs to modernize business payment systems and capture a greater share of small-to-medium business spending.

### 2 Modernization of settlement rails

Regulatory clarity surrounding the "GENIUS Act" allows banks to integrate stablecoins and next-generation settlement technology into mainstream financial services.

### 3 Enhanced AI-driven commerce

Acquisitions in the "agentic commerce" space enable financial institutions to embed their services directly into AI platforms like Microsoft Copilot and ChatGPT.

## Resources

[US Insights: Pulse of Fintech H2'2025](#)

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