

The Future of Fintech

SVB's Outlook on the Financial Technology Sector

October 2025



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Fintech: The Strong and Silent Type



The job of fintech founders is to harness tech shifts while balancing regulatory changes and rate cycles. That's easier when you have money in the bank, and increasingly, the best fintechs do. Investment is up, cash burn is down, profitability is improving, and revenue growth — while slower than the go-go years of 2020-21 — has stabilized.”

If you're looking for a respite from AI-mania, you're in the right report. Despite promising use cases, fintech founders are operating in one of the least saturated spaces for AI adoption, with AI-enabled startups taking about 30 cents of every venture capital (VC) dollar in the sector — half the rate of VC overall. While other sectors are riding an updraft of AI exuberance to dizzying heights, fintech founders have their feet, and their valuations, on solid ground. If only that ground would stop shifting.

Our latest *Future of Fintech* report finds the sector tilted by three dominant forces. Government regulations, which tightened during the Biden administration, are rapidly unspooling under a Trump term keen on cutting enforcement and rolling back rules. Interest-rate cuts — driven by a weakening economic outlook — promise to unlock capital but could require a shift in revenue streams. Finally, there's technology disruption. While AI offers long-term transformation, the more immediate impact is in blockchain, where stablecoins are ascending as a potential replacement for conventional payment rails.

The job of fintech founders is to harness tech shifts while balancing regulatory changes and rate cycles. That's always easier when you have money in the bank, and increasingly, the best fintechs do. Investment is up, cash burn is down, profitability is improving, and revenue growth — while slower than the go-go years of 2020-21 — has stabilized. This momentum is helping to create exit velocity. Successful IPOs, such as Circle and Klarna, are encouraging more public offerings and, in the AI era's answer to the private equity (PE) style roll-up, more VC-backed companies are becoming buyers. M&A deals are pacing toward a historic high. The sum of these parts suggests that fintech has quietly matured into a promising but perhaps more stable pocket of the innovation economy. Right now, that's a quality worth banking on.



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Click Through to Key Takeaways



Navigating rate cuts amid weak labor signals.

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Crypto-focused funds are overperforming and outraising other funds.

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Delinquencies tick higher as student loan debt looms.

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Revenue thresholds jump across all stages of VC.

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Regulatory shifts clear the deck for fintechs. But can you bank on them?

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Stabled unicorns have 3x more pent-up value than all fintech IPOs so far.

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After ZIRP¹, fintechs embrace new strategies for profitability.

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M&A is set for an all-time high, thanks to more buying from other startups.

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Perspectives on Fintech Innovation

Less Flash Than Sizzle: Invest in What Matters

“In recent years, the market has seen a lot of product innovation, but many startups didn’t invest enough in compliance, risk and diversification of funding. Those critical aspects are too often overlooked. We’ve made huge investments in those areas, which may not be apparent by looking at a pitch deck or website. You need a complete business to reach critical scale and survive through cycles.”

Jeff Bogan
Chief Financial Officer



An AI Glow-Up for the PE Roll-Up

“The concept of roll-ups has existed for a long time in private equity. How I think of AI roll-ups is very different than PE roll-ups. While the PE thesis is about centralizing back-office functions and cutting costs at the margin, an AI roll-up is centralizing through an AI-native operating system. The growth strategy is adding books of business, convincing 10 accountants at a time to bring their business around AI.”

Justin Overdorff
Partner



When the DeFi App Is Perfect for TradFi Users

“You see a lot of traditional VCs coming into stablecoins because there are so many use cases. You’re going to see big banks coming in and buying stablecoin platforms. It makes sense for them. They want money transfers cheaper, faster, smoother. You’re only going to see this getting bigger and bigger. There’s tailwinds in this space.”

Serge Kassardjian
Co-founder and General Partner



No More Free Lunches: It’s Back to Basics

“Reflecting on the last decade, there are a lot of companies that wouldn’t be funded today. The “free lunch” hook — arbitraging student loans, free trading, advances on paychecks — those shrewd moves worked at the time, but you can’t play that game anymore. The cost of capital is normalizing across consumer fintech. Now, it’s about getting back to basics. Is the product experience 10x better? Is the value proposition a no-brainer? Why now?”

Charles Birnbaum
Partner



Macro Environment

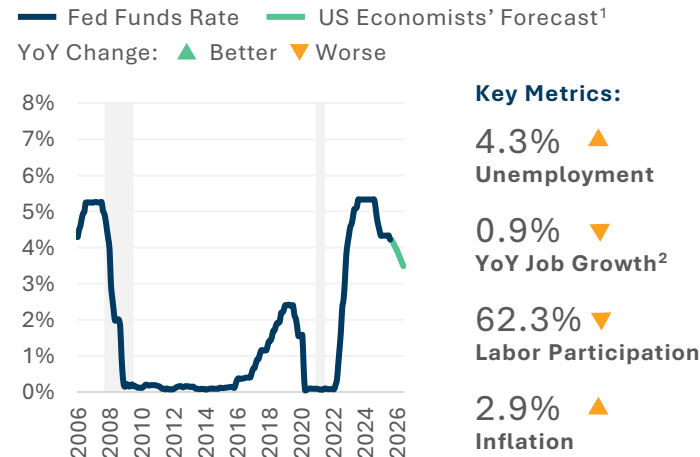
A 'Meh' Economy Beats a Bad One

The US economy has been in a liminal space for the past two years as surging stock market gains are tempered by percolating distress signals in the labor market. Concerns peaked this summer when corrections to Bureau of Labor Statistics (BLS) data revealed that job growth was much weaker than previously known. This pushed the Federal Reserve to cut the prime interest rate by 25 basis points in September, signaling that further cuts were likely.

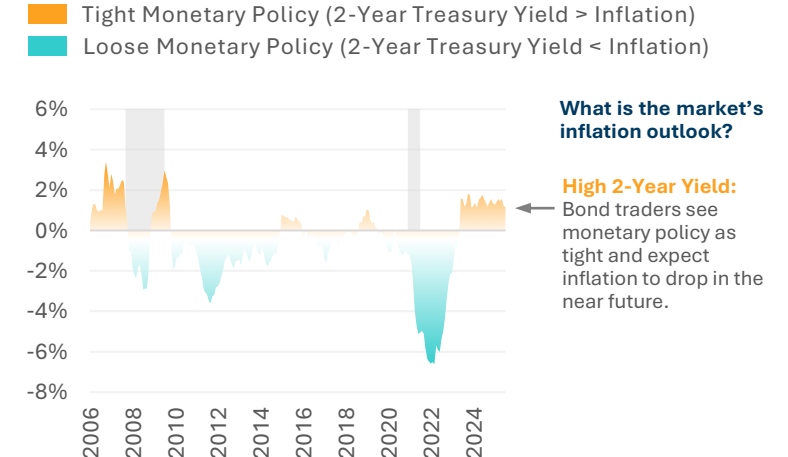
Among tech companies, fintechs are especially exposed to interest rate risk. **These rate moves reflect a double-edged sword: Lower rates stimulate lending activity and lower funding costs, but they also lower the opportunity for float income.**⁵ Ultimately, fintechs must balance the growth opportunity from renewed demand for consumer lending against the loss of income from squeezed interest margins.

Yet, as we'll see, many fintechs have shifted away from capital-heavy lending models toward fee-based revenue. For these companies, the biggest macro risk is recession. Fortunately, recession fears that spiked earlier in the year amid escalating tariff announcements have now eased. Only 33% of economists polled by *The Wall Street Journal* expect a recession in the next 12 months, down from 45% in April, a signal in confidence that lower rates may boost growth.

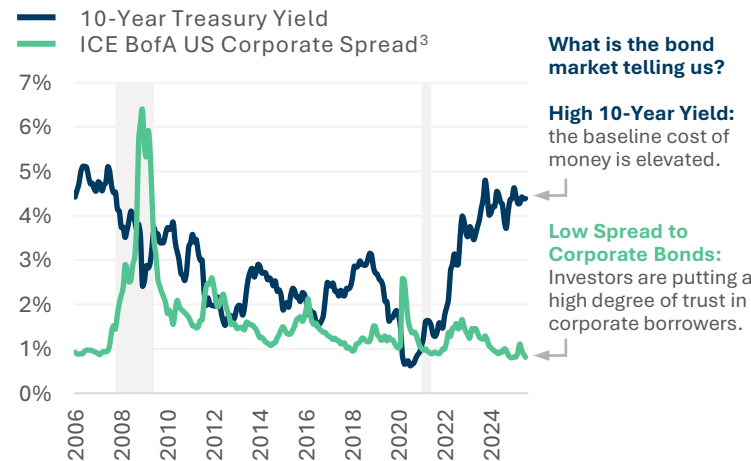
Fed Bends to Weakening Labor Market US Federal Funds Effective Interest Rate



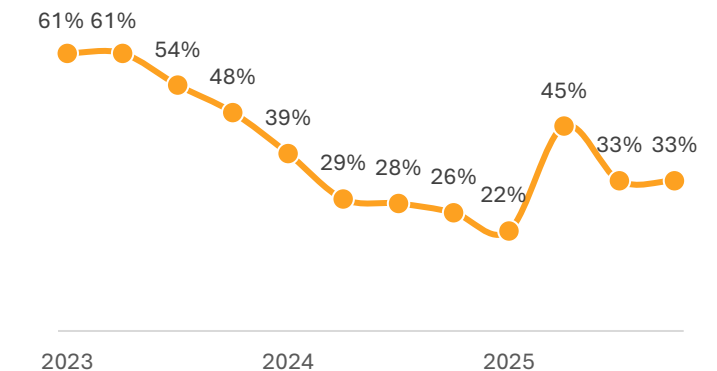
Bond Traders Expect Rates To Fall Two-Year Treasury Bond Spread to Inflation



Investors Rotate Into Corporate Bonds Yields: US Treasury to Corporate Bond Spread



Recession Fears Fall but Remain Elevated Survey of Economists: Chances of a Recession in the Next 12 Months⁴



Notes: 1) Projections of expected interest rates from *The Wall Street Journal* survey of business economists. 2) According to annual rate of growth in seasonally adjusted non-farm payroll jobs. 3) Option-adjusted spread. 4) Median percentage estimate from economists polled by *The Wall Street Journal* in October. 5) The revenue earned from interest rate spread.

Source: US Federal Reserve, *The Wall Street Journal* and US Bureau of Labor Statistics.

Walking on Thin Margins

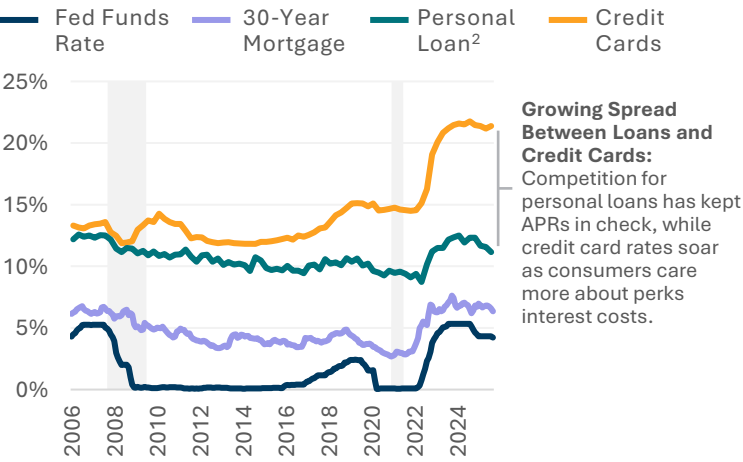
A little financial strain for consumers isn't always a bad thing for fintech companies. Managing consumer financial health is a balancing act. Elevated delinquencies require tighter underweighting, but fintech products like buy now, pay later (BNPL) and consumer refinancings can offer needed relief to cash-strapped customers.

Delinquency rates for most types of debt are now above COVID-era lows, yet they remain in a normal range for historic rates. The one exception is student loans. Delinquencies for student loans have surged to all-time highs after the end of a three-year federal deferral program. **Younger borrowers are under particular strain with 54% of Americans under age 40 reporting difficulty paying bills. Americans younger than 40 owe \$1.2T in student debt, more than any other debt category.**

Considering this strain, creditworthiness is down. More credit accounts have been closed than opened in the last two years and credit scores are declining faster than at any point since the Global Financial Crisis (GFC).⁴ Soaring credit card APRs may be one deterrent. Over the past decade, the interest rate margin between credit cards and personal loans¹ has widened dramatically. These rates were roughly in parity during the GFC. Yet in recent years credit card APRs reached historic highs, while personal loan rates remained in check. Credit card margins may have to come down if consumers become more price sensitive now that finances are being pinched.

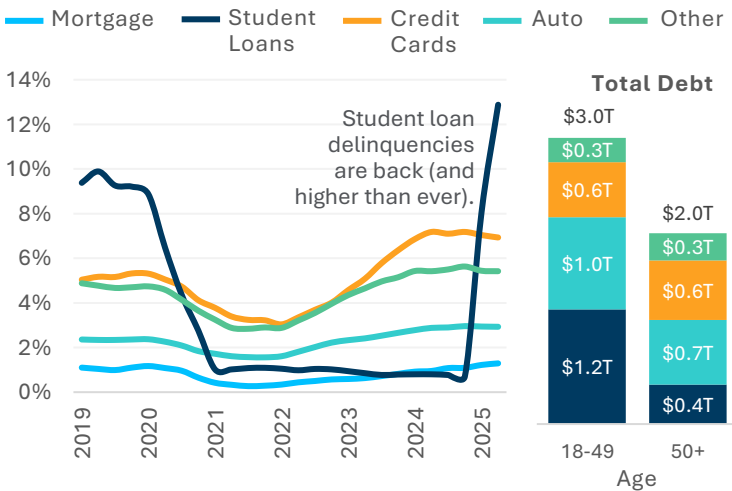
Interest Margins Feel the Squeeze

Average US Interest Rates by Loan Category



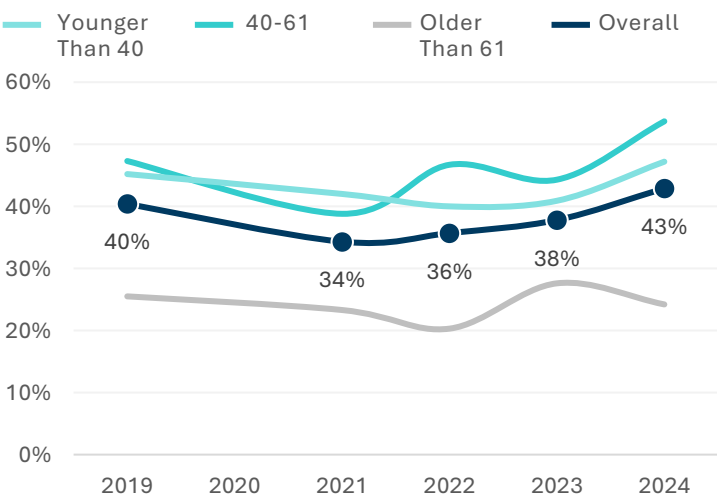
Are We Headed for a Student Loan Cliff?

US Delinquency Rates and Total Balance by Debt Type



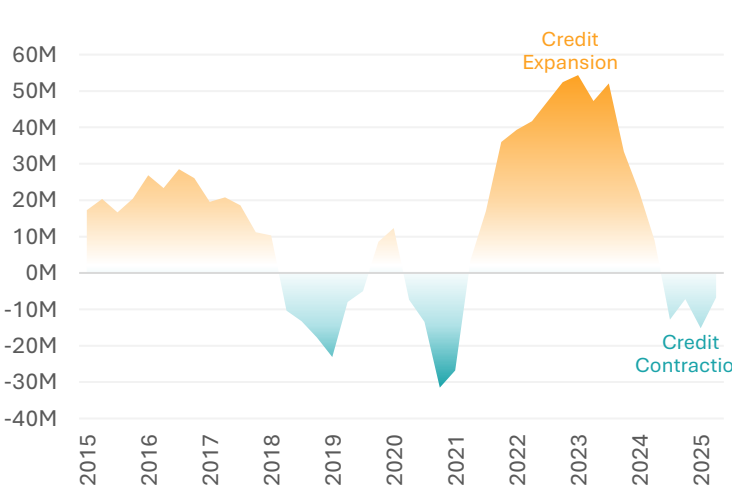
Young Households Feel Greater Strain

CFPB² Survey: "Percent Who Have Difficulty Paying Bills"



New Credit Accounts Are Shrinking

Net Total of US Credit Accounts Opened vs. Closed (TTM)³



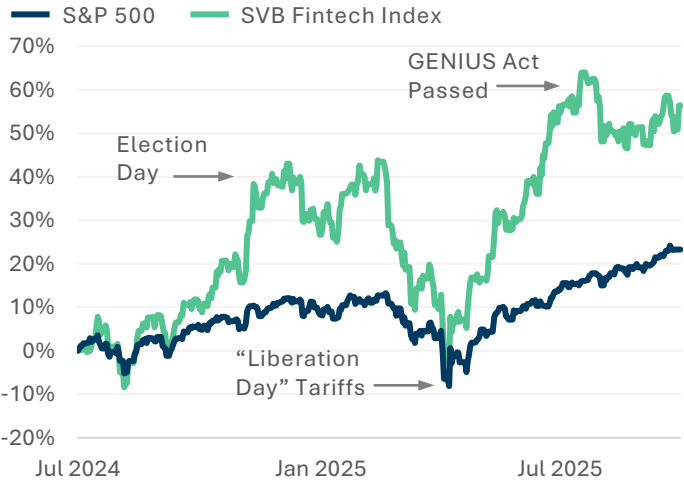
Notes: 1) Personal loan based on median rates to the 2-year term. 2) Consumer Financial Protection Bureau 3) Trailing 12 Months. 4) FICO reported consecutive drops in average scores in 2024 and 2025.
Source: US Bureau of Labor Statistics, FICO, Consumer Financial Protection Bureau, NY Federal Reserve and SVB analysis.

Regulations Rock and Roll Back

In his second term, President Trump has moved quickly to reverse Biden-era financial regulations and promote policies favorable to fintechs and crypto companies. In January, Trump signed Executive Order 14178: “Strengthening American Leadership in Digital Financial Technology,” outlining support for digital assets, stablecoins and blockchain innovation. Since then, the administration moved to pause or unwind a number of rules affecting fintechs. These include a rollback on caps to overdraft and credit card fees, and vacating open banking rules requiring banks to share data with third parties for free. The administration has reduced the CFPB through staffing cuts (still pending court review) and directed the agency to drop oversight of fintechs. One key legislative achievement is the GENIUS Act², signed in July, which establishes a legal framework for stablecoins.

Markets responded favorably to the administration’s fintech stances. **An index of 54 formerly VC-backed fintech companies has outperformed the S&P 500 since July of last year, up 56% to the S&P’s 23%.** While many of these actions are contested, they mark a reset for the policy terrain where fintechs operate. The question is how permanent these changes will be. Founders would be wise to build as if rules on the books are fully enforceable, said Charles Birnbaum, partner at Bessemer Venture Partners. “If there is a moment where you can get big because of a cut in enforcement, I don’t think that’s viable long term.”

A Trump Bump: Fintech Stocks Surge in '25
SVB Fintech Index vs. S&P 500 (July '24 = 0)¹

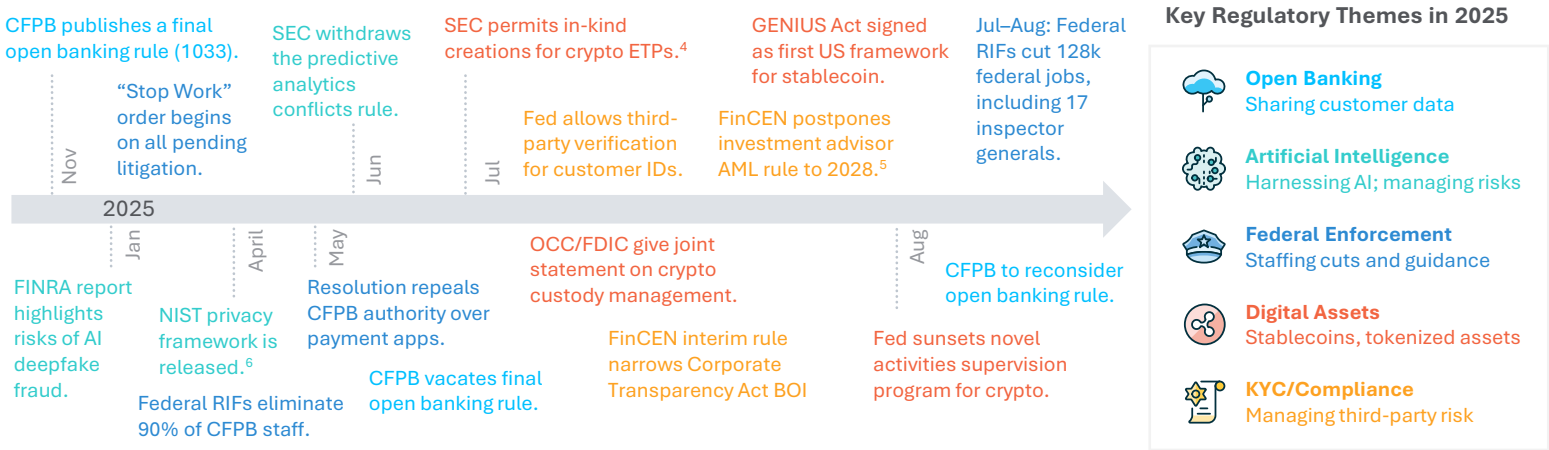


How Stances Have Shifted on Four Key Issues
Executive Actions on Regulations from Biden to Trump

From Biden Policy: Reversed Continued Modified

Issue		Trump Policy (2025)
Combatting Illicit Finance		Continued Corporate Transparency Act actions and Geographic Targeting Orders, though RIFs ³ reduced enforcement.
Open Banking Policy (1033)		Scrapped the 1033 rule requiring banks to share third-party data for free; Re-opened the rulemaking process to consider changes.
“Junk Fee” Consumer Protections		Repealed a Biden-era rule capping bank overdraft fees at \$5 and stopped enforcing an \$8 cap on credit card fees.
Central Bank Digital Currency		Repealed Biden-era exploration of CBDCs and banned their development. Pursued crypto-friendly policies.

Clearing House: Sweeping Changes to Finance Regulations Set a Blank Space for Fintech
Timeline of Key Regulatory Actions



Notes: 1) An index of 54 formerly VC-backed public fintech companies. 2) Guiding and Establishing National Innovation for U.S. Stablecoin Act 3) Reductions in force (RIFs). 4) Exchange-Traded Products (ETPs). 5) Financial Crimes Enforcement Network (FinCEN). 6) National Institute of Standards and Technology (NIST).
Source: S&P Capital IQ and SVB analysis.

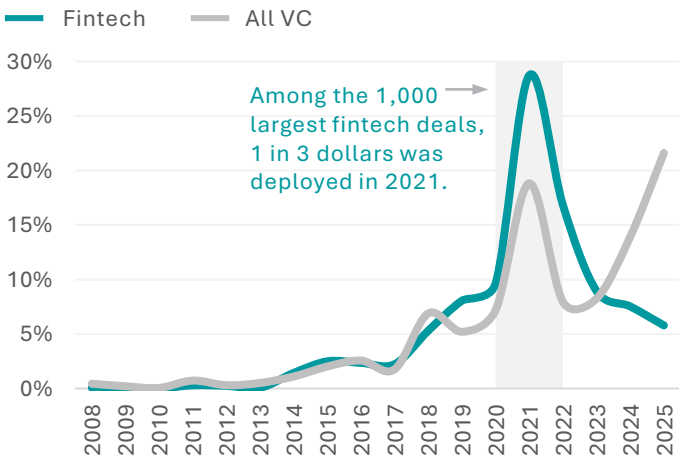
ZIRP-Rise! Time To Get Profitable

The ZIRP era fueled an unprecedented surge in late-stage fintech funding, but as the capital dried up, fintechs have been forced to adapt. **Among the top 1,000 largest US fintech deals ever done, one in three dollars was deployed in 2021, feeding many deals that were done near record valuations.** With capital cheap and abundant, fintech companies prioritized growth over profitability, raising massive rounds to expand rapidly.

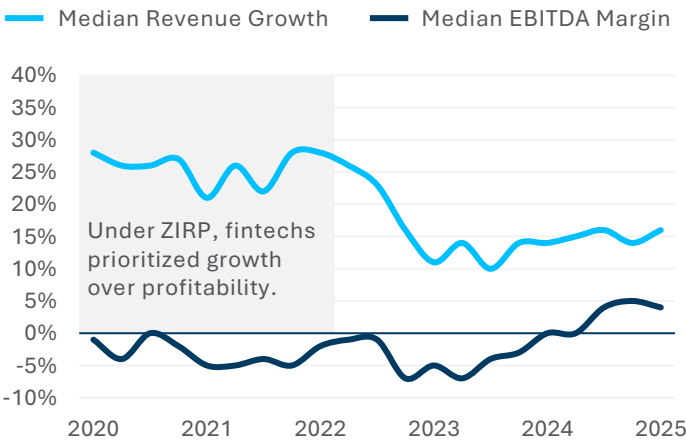
As interest rates began to rise in 2022, markets reset sharply. Late-stage VC deal volume fell dramatically, and fintechs overhauled strategy to prioritize efficiency and profitability. **Among a cohort of 54 formerly VC-backed public companies, the median EBITDA margin went from negative 5% in Q1 2021 to positive 4% in Q1 2025.** The cost was slower growth. YoY revenue growth dropped to 16%, down from 28% at market peak. Valuations followed suit with the median forward revenue multiple dropping from 10x to 3x, where it has largely remained.

Some companies have pivoted business models to thrive in the higher rate environment. Robinhood and Coinbase now lean on float income, earning yield on customer deposits. Zillow shifted from capital-heavy iBuying to a fee-based SaaS model. The end of ZIRP marks the start of a new normal: efficient growth, diversified revenue and disciplined use of capital.

After the VC Wave, What's Next for Fintech Capital From Top 1,000 US VC and Fintech Deals¹

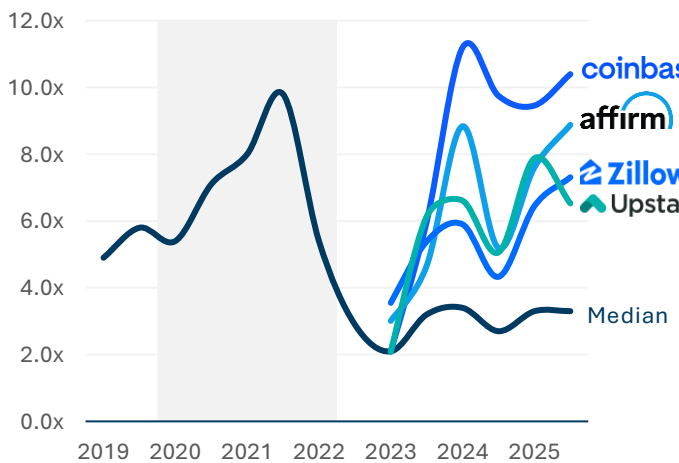


Embracing Profitability While Scaling Public Fintech Cohort: Growth and EBITDA Margin (TTM)²



In a Post-ZIRP Era, Fintechs Are Forging New Strategies To Get Ahead

Case Study: Revenue Multiples and Four Companies Finding Success Post-ZIRP²



Embracing Float Income	Coinbase and Robinhood now earn significant revenue investing customer funds.
Tightening Unit Economics	Upstart has improved AI underwriting tools to automate 90%+ of loans.
Sticking to the Plan	Affirm is proving that ZIRP models work with a strong enough product market fit.
Shifting to Capital Light Products	Zillow left iBuying and embraced SaaS market tools for real estate.

Notes: 1) Analysis looks at the yearly distribution of the top 1,000 largest US fintech deals and the 1,000 largest US VC deals of all sectors, comparing the percentage of those deals' dollar volumes done in each year. 2) Based on YoY change among a cohort of 54 formerly VC-backed public fintech companies.
Source: S&P Capital IQ, PitchBook Data, Inc. and SVB analysis.



Capital: VC Fundraising and Investment

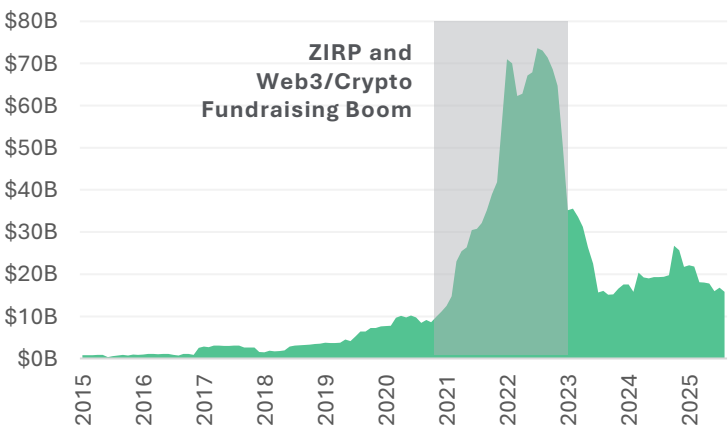
All They Are Is Funds in the Wind

Fintech fundraising had a moment, and the moment is gone. A perfect storm of low interest rates and Web3 hype pushed fintech fundraising to jump from a \$10B annual run rate in 2020 to over \$70B by mid-2022. But just as quickly, the funding bubble burst. **Today fintech fundraising is generally trending in line with the long-term trend we have seen since 2018, as if the ZIRP and Web3 hype cycle did not happen.**

As the fintech hype cycle has cooled off, investors are taking an indirect approach to fintech investing. There has been a substantial decline in venture funds focused only on fintech. **Today, generalist funds that have an interest in fintech alongside numerous other verticals account for over 70% of fintech fundraising compared to 2021 where they only accounted for 33%.** This shift has been accompanied by more large, platform-style funds entering the fintech space. Between 2020 and 2022, 37% of venture funds investing in fintech were over \$500M. Since 2023 that has jumped to 43% of funds. These larger funds are more likely to invest across sectors. The new era of fintech funds is dominated by crypto-focused funds. Investors have seen strong performance from crypto funds thus far — the top quartile Internal Rate of Return (IRR) for a crypto fund is 30% compared to just 22% for all VC funds. The result? Funds with a crypto focus represent two-thirds of all fintech funds.

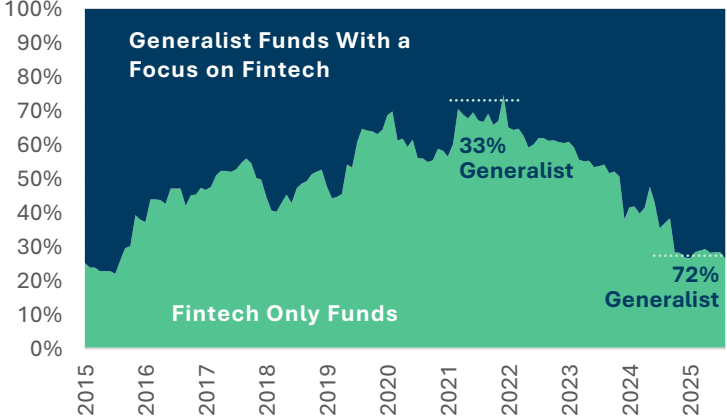
Fundraising Is Back in Line

Trailing 12 Month US VC Fundraising for Funds Focused on Fintech or Crypto¹



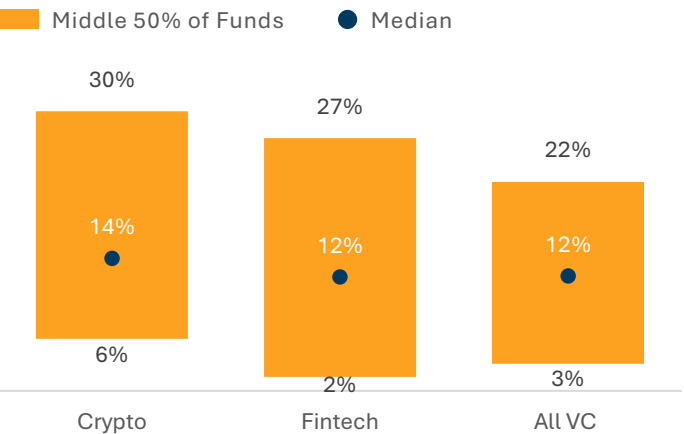
Fintech Generalists Are Taking Over

Share of Fintech Fundraising Dollars Going to Generalist Funds That Invest in Fintech vs. Fintech-Specific Funds Trailing 24 Months²



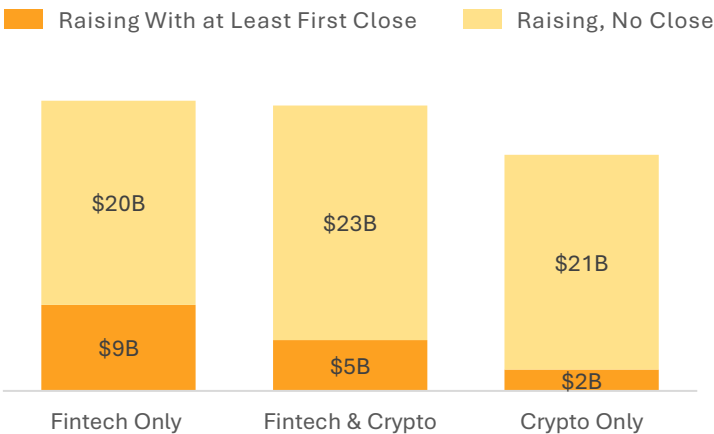
Crypto Funds Are Outperforming

IRRs for Funds That Have Closed Since 2015³



Crypto Funds Are Two-Thirds of New Funds

Funds Currently Raising Capital by Stated Focus Areas⁴



Notes: 1) Funds with a stated focus on crypto or fintech. 2) Fintech specific funds are funds that say they invest in fintech or crypto and at most one other vertical. 3) Crypto includes funds that may not have a stated focus on crypto but have made at least five investments in crypto companies. IRR for recent vintage will nearly entirely be paper, unrealized markups. 4) Funds that are actively raising capital and have announced their fundraises since 2023.

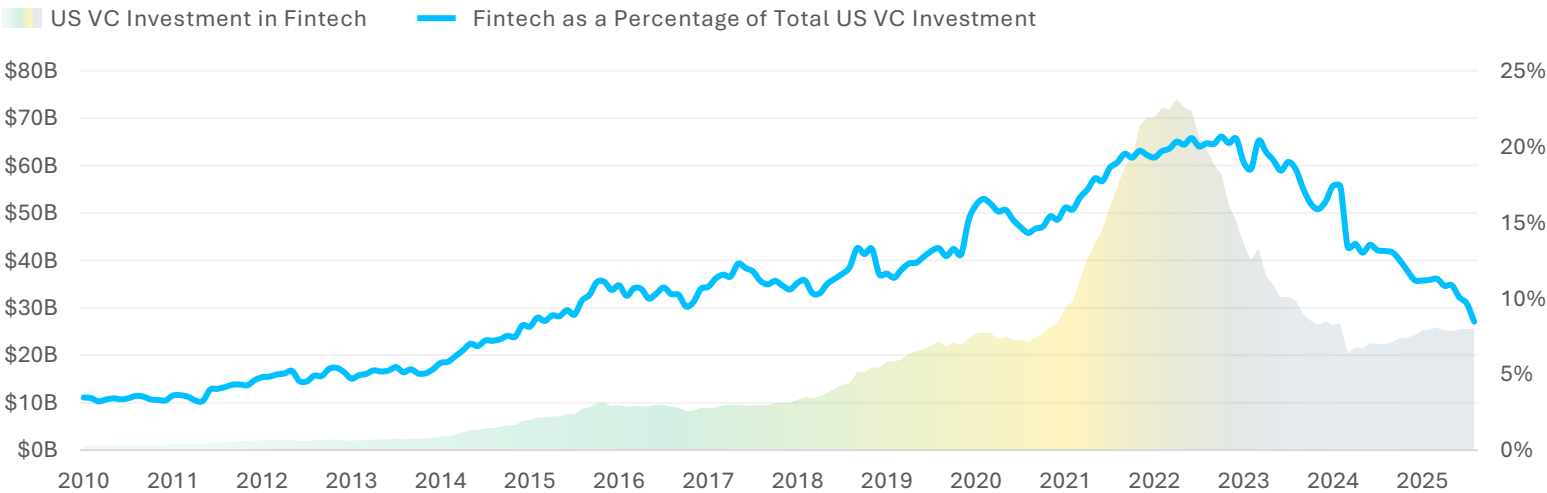
Source: Preqin, PitchBook Data, Inc., SVB proprietary taxonomy and SVB analysis.

After ZIRP, a Leaner Era Emerges

Fintech has always been a sector defined by reinvention every three to five years, with each wave reshaping the landscape. The earliest chapter centered on payments over the internet, which enabled commerce to move online and scale. That gave way to the rise of standalone consumer platforms — challenger banks, stock trading apps, and personal finance tools. These built massive user bases but struggled with profitability. Then came the capital-heavy lending models, financed by cheap ZIRP-era capital to underwrite loans or subsidize growth. These were fast growers but some have struggled to pivot and achieve sustainable revenue.

Today, we have entered a new era in which financial infrastructure through embedded payments and digital assets, not just consumer apps, define the growth potential. Stablecoins are quickly emerging as new rails for money movement. Crypto-focused companies are now dominating key VC metrics in the space such as valuations, deal size and share of investment dollars, just as AI-enabled companies are generating in other sectors. And embedded payments continue to drive growth, albeit with a lighter touch than in prior years. **At its peak in 2022, fintech represented over 20% of US VC investment. Now, with a tighter focus on profitability and efficiency, the space accounts for less than 10% of VC dollars.** Embedded payments are “front and center,” said Charles Birnbaum, partner at Bessemer Venture Partners. “It’s so easy to build software now, and the value of the application layer is too great.”

Fintech VC Recedes to Five-Year Low
US Fintech VC Investment and Fintech Share of Total US VC¹



	(2000s-15) Internet Payments and Infrastructure: Building the Rails for Online Commerce	(2015-19) Standalone Consumer Businesses: Fintechs as Full-Service Consumer Brands	(2019-22) Fintech as a Platform Can Every Company Become a Fintech?	(2022-Present) Embedded Finance/ Digital Assets Fintech Rewires Traditional Finance Workflows
Tech Focus:	Payment Gateways and Merchant APIs	Challenger Banks, Neobanks	Banking-as-a-Service and APIs	Finance Embedded into SaaS, Stablecoins Go Mainstream
Capital Focus:	Capital-Light/ Early Stage investments	Strong Later Stage Rounds	Large Late Stage mega deals; Low-cost capital	Favorable Regulation and Corporate Adoption
Key Players:	PayPal, Stripe, Adyen	Robinhood, Chime, SoFi	Plaid, Klarna, Alloy	Toast, Coinbase, Circle

Notes: 1) Fintech includes companies defined as such by either SVB or PitchBook taxonomy.
Source: PitchBook Data, Inc., SVB proprietary taxonomy and SVB analysis.

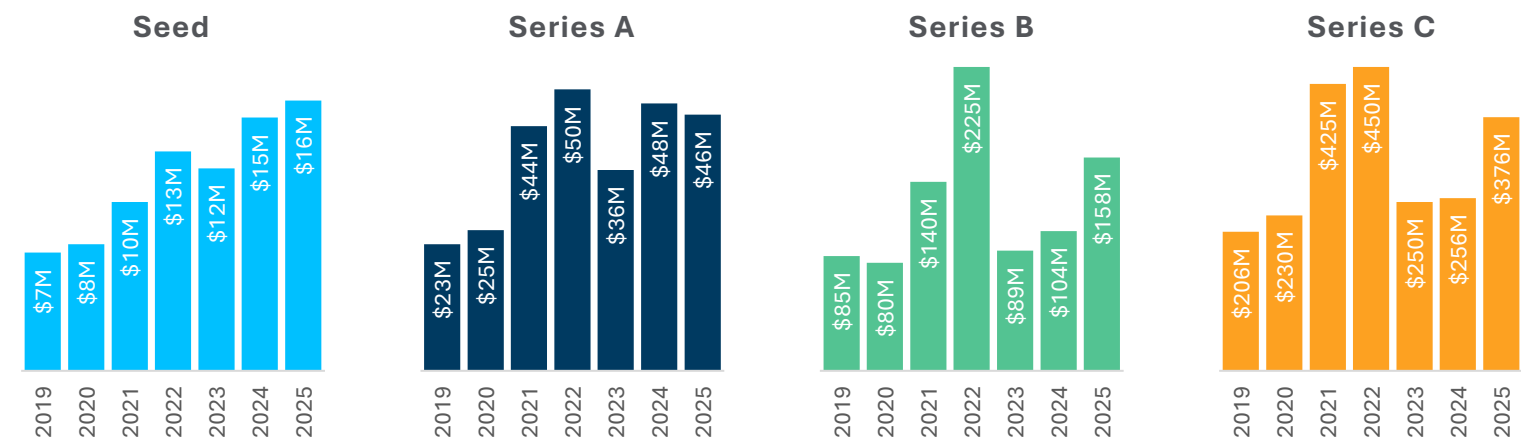
Keeping Up With the Valuashians

After a period of reset in 2023 that walloped late-stage valuations and barely affected the early stage, valuations have generally continued their upward march across all stages in 2025. That upward march has been most pronounced at the seed stage where valuations have more than doubled since 2019, while Series C valuations have only increased by 83% since 2019. The late-stage funding environment has remained fairly quiet as we'll see examining unicorn funding dynamics (page 22).

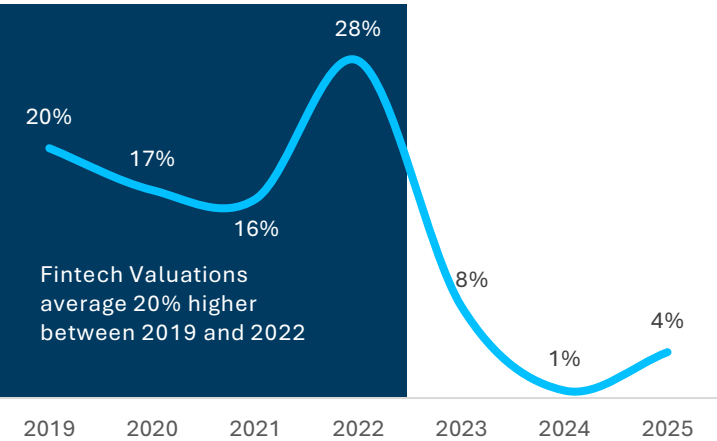
Fintech no longer outperforms from a valuation perspective. Between 2019 and 2022, fintech commanded on average a 20% valuation premium compared to overall venture valuations. But starting in 2023, that trend quickly reversed. Valuation premiums for fintech companies now stand at just 4%. **The loss of valuation premium is likely driven by both the rise of AI in the broader market that has led to skyrocketing valuations among AI companies and a far more sober approach to fintech investing today as evidenced by the much slower venture funding environment compared to 2021-2022 market highs.**

Not all sectors command the same valuations. Blockchain and cryptocurrency companies at the median have pre-money evaluations that are three times higher than alternative lending companies, for example.

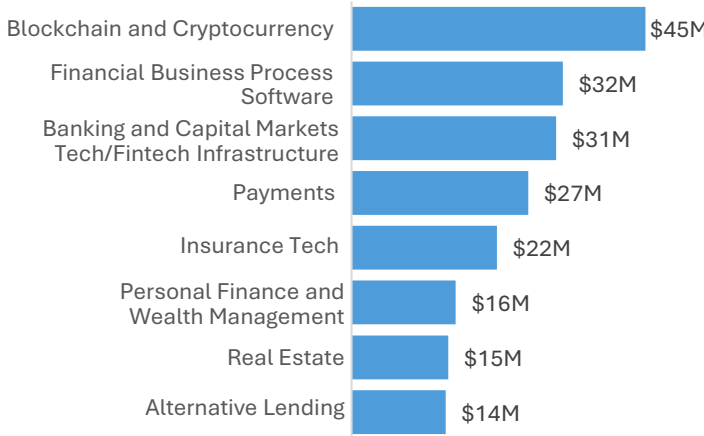
Fintech Valuations Rebound
Median Pre-Money Valuation for US Fintech by Series¹



Are the Fintech Glory Days Over?
Average Pre-Money Valuation Premium for US Fintech Compared to Tech²



Crypto Valuations Excel at the Early-Stage
Median Early-Stage (Seed-Series B) Pre-Money Valuation by Fintech Subsector



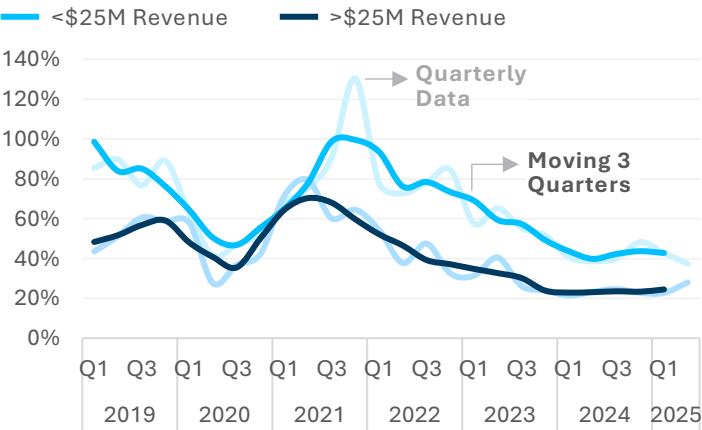
Notes: 1) 2025 numbers as of 8/30/2025. 2) Compared pre-money median valuation for all tech to pre-money valuation for fintech.
Source: PitchBook Data, Inc., SVB proprietary taxonomy and SVB analysis.

Price Like a Startup, Growth Like a Bank

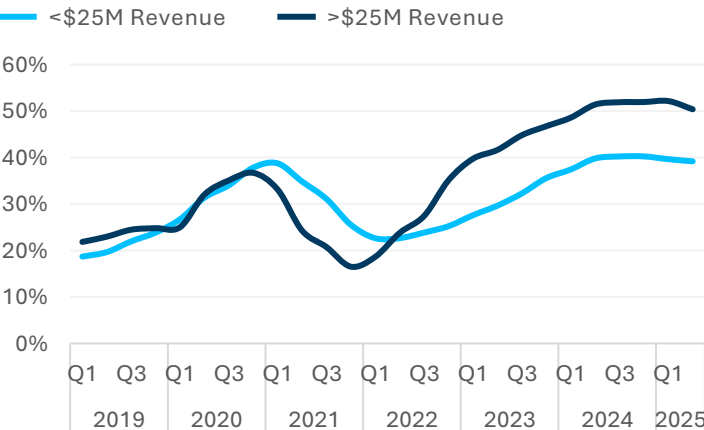
For fintech companies, growth is harder to come by, yet investors want to see higher revenue than ever before. Between late 2021 and the end of 2023, revenue growth rates have fallen by over half for fintech companies. But revenue growth rates have seen greater stability in the last five quarters as fintech companies have generally started to reach a new equilibrium with the current environment. With lower growth across the board, fewer companies are achieving levels that would be exciting for venture investors.

Only half of companies with over \$25M in revenue are growing 25% per year. That’s down from 83% at the end of 2021. This trend with lower venture investment rates has contributed to an uptick in M&A transactions (page 21). While companies are growing slower, investors expect more in terms of absolute revenue. Companies raising a Series A round had just \$1M in revenue in 2020-21. Now, the bar is \$4M. Similar trends have also played out at Series B and Series C. **What isn’t reflected in this data is that investors are looking for durable revenue — companies are diversifying revenue streams to be less susceptible to changes in stock market volatility or interest rates for example.** Many companies have also gone longer since the last time they raised. Tech companies are generally taking ~10 longer than they used to between series, with slower growth, they need this additional time to achieve higher revenue benchmarks.

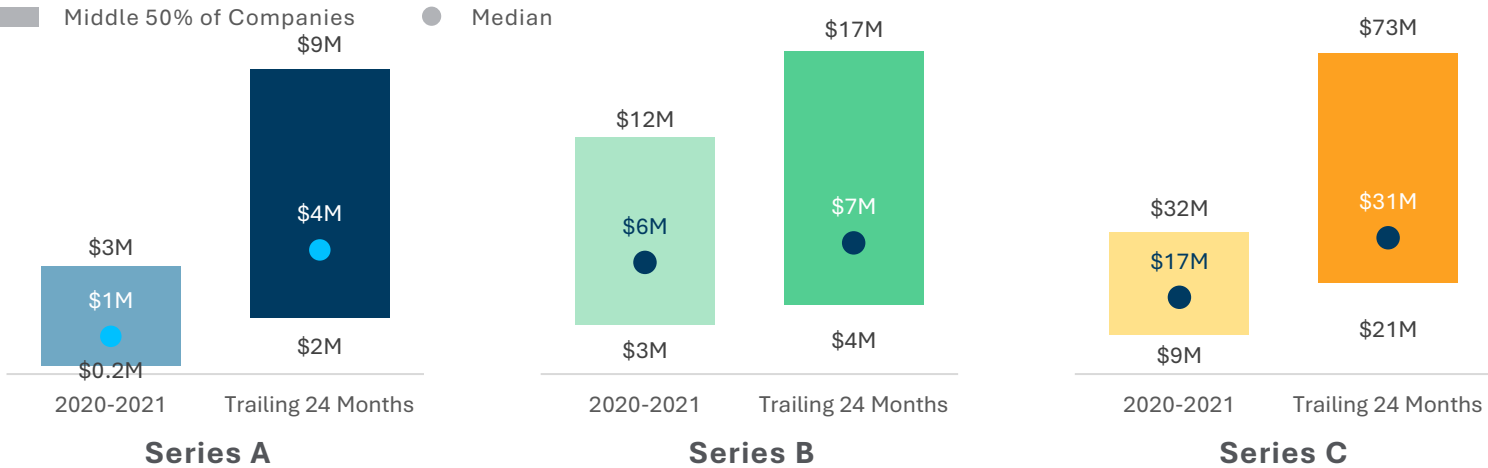
Revenue Growth: Low, but Stable
Median Revenue Growth Rate for US VC-Backed Fintech Companies by Company Revenue



More Companies With Underwhelming Growth
Percentage of US VC-Backed Fintech Companies With Revenue Growth Less Than 25% Annually (Trailing 4 Quarters)



The Benchmarks To Raising Capital in Fintech Grow Substantially Higher
Revenue Distribution for US VC-Backed Fintech Companies at the Time of Raise¹



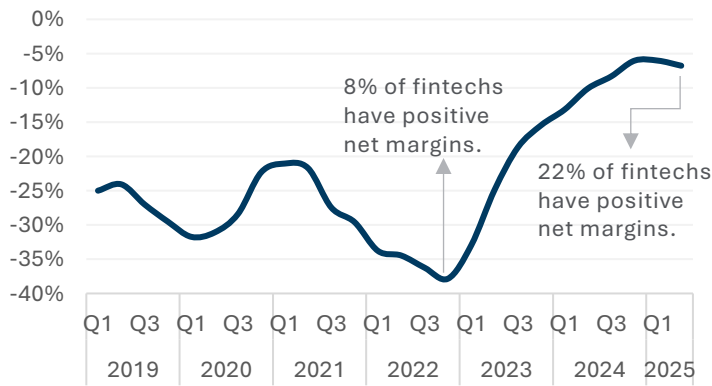
Notes: 1) Revenue at time of raise reflects the nearest quarter or month's financial statement. It is not the run rate of revenue at the time of raise.
Source: SVB proprietary data, SVB proprietary taxonomy, PitchBook Data, Inc. and SVB analysis.

Growth Ghosts, Margin Calls

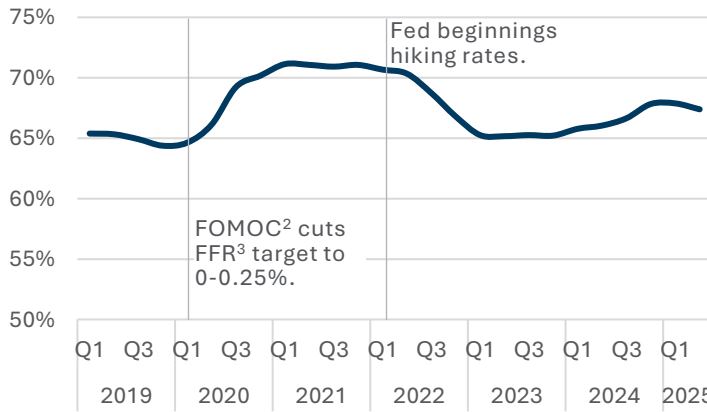
Fintech has witnessed a robust push toward profitability, despite the sector experiencing lower gross margins. Since the end of 2022, the percentage of fintech companies with positive net margins has gone from just 8% to 22% today. The improvement in net margin has happened despite a decline in gross margin from many fintech companies. Gross margins for fintech increased as the Fed began to cut rates in early 2020 and remained elevated until the Fed began hiking rates in 2022. With more rate cuts likely, we may see improvements to gross margins for many fintech companies that depend on low-cost capital. But net margin has been barely affected by changes to gross margin. Instead, the biggest changes to net margin have resulted from companies reducing their burn and the increased efficiency gains as companies achieve scale.

During the record-breaking investment environment and Q2 2022, the median fintech company increased its burn over 90% YoY. **But since mid-2023 fintech companies have consistently cut their burn every single quarter.** These cuts have resulted in higher profitability but also contributed to the far lower growth discussed on the prior page. Despite the cuts, the lower growth rates mean that fintech companies are generally moving farther away from achieving the Rule of 40. The median Rule of 40 for companies with over \$25M in revenue peaked at 35% in 2021 and sits at just 23% today.

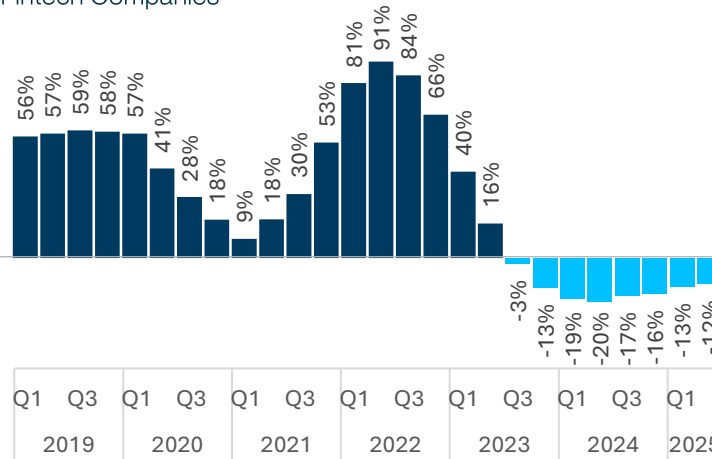
Fintech Companies Are More Profitable...
Median Net Margin for VC-Backed Fintech Companies With >\$25M Annual Revenue (Trailing 4 Quarters)



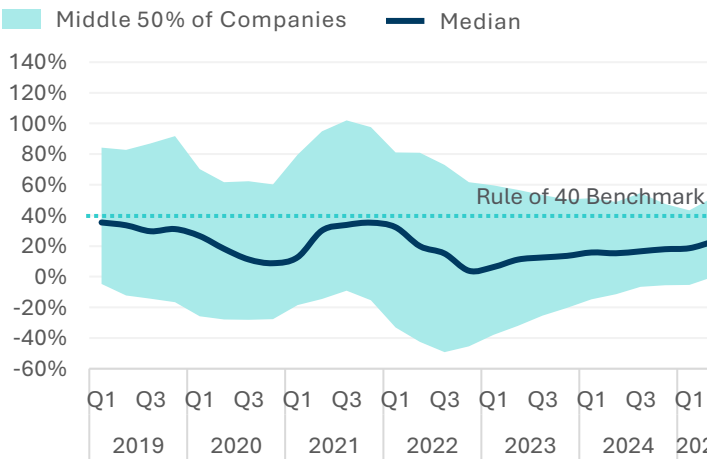
...Despite Lower Gross Margins
Median Gross Margin for VC-Backed Fintech Companies With >\$25M Annual Revenue (Trailing 4 Quarters)



Fintech Companies Are Continuing To Cut
Median YoY Change in Net Cash Burn for US VC-Backed Fintech Companies¹



Rule of 40 Improves Slowly
Median Rule of 40 for Companies With >\$25M in Revenue



Notes: 1) Excludes companies that are profitable. 2) Federal Open Market Committee 3) Federal Funds Rate
Source: SVB proprietary data, SVB proprietary taxonomy, PitchBook Data, Inc. and SVB analysis.



Sector Spotlights: AI and Stablecoins

Short on Hype, Long on Value

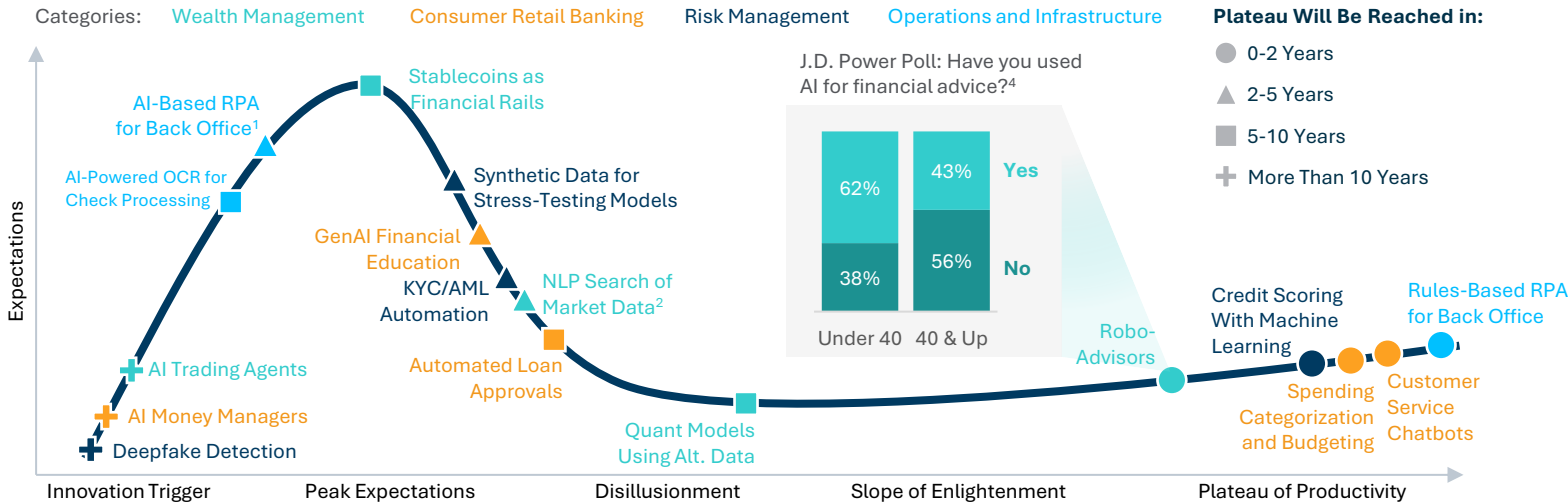
While most people can imagine a future where personalized financial avatars automatically pay our bills, manage our investments or shop for insurance rates, the reality remains elusive. Compared to sectors like consumer internet or enterprise SaaS, fintech has fewer near-term, high-impact AI use cases. Regulatory constraints and trust barriers that are unique to financial services are making adoption slow-going.

A July survey by J.D. Power found that consumers are split in their willingness to trust AI with financial advice. While 62% of those under the age of 40 said they have used AI for financial guidance, only 43% of older respondents said the same. Banking and finance ranked near the bottom of a list of categories that consumers said they consult AI about, with 27% saying they never consults AI about it. Of those who do use AI for finance, savings strategies, credit questions and investment advice were the most commonly cited topics brought to AI.

Today, most AI-driven innovation in fintech is incremental, focused on efficiency gains and compliance automation rather than headline-grabbing breakthroughs. “Where it is going to make a difference is giving customers the best experience at the lowest cost,” said Jeff Bogan, CFO of Upgrade, a consumer lending platform. For now, that largely means back-office innovations, but in time we should see flashier use cases.

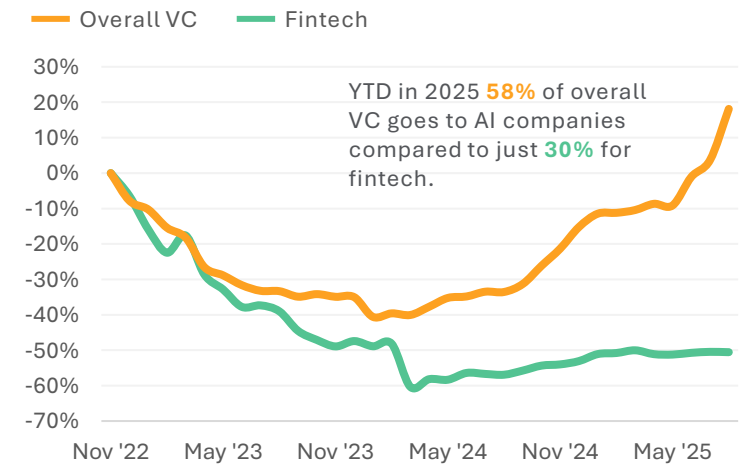
AI in Fintech: A Slower-Burning Hype Cycle

Estimated Position and Time to Peak Productivity of Selected Financial AI Applications



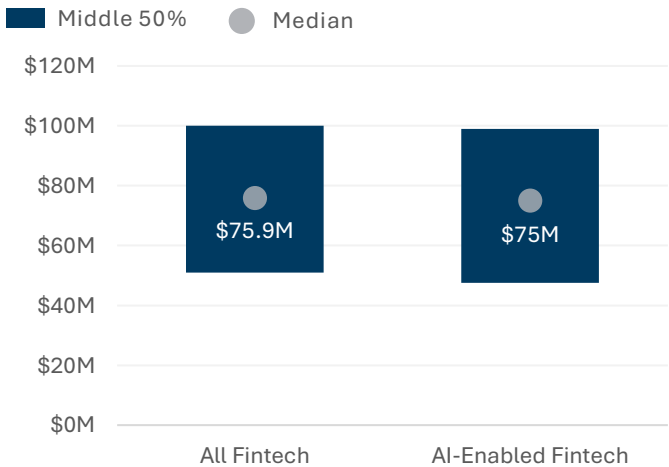
Is Fintech Dodging the AI Bubble?

Change in US VC Investment Since ChatGPT Release



At Series A, No Valuation Premium for AI

Series A Valuations for US Fintechs and Those AI-Enabled³



Notes: 1) Robotic process automation (RPA). 2) Natural language processing (NLP). 3) Fintech companies defined by SVB and PitchBook taxonomy and including an artificial intelligence and machine learning vertical tag. 4) According to survey of consumer in July. Source: PitchBook Data, Inc., J.D. Power and SVB analysis.

Stablecoins Have Entered the Chat

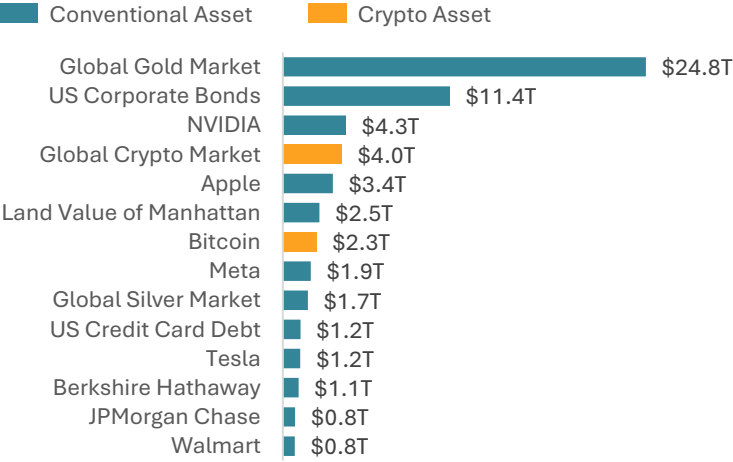
The crypto market has reached mainstream maturity, establishing itself as a global store of value on par with conventional global assets. Total cryptocurrency market cap has surpassed \$4T, rivaling the world’s most valuable company, NVIDIA, and becoming one-sixth the size of the global gold market.

As crypto adoption grows, blockchain’s core utility — fast, low-cost value transfer — is driving momentum in stablecoins. These digital assets are pegged to fiat currencies and backed by reserves, bridging the gap between fintech and traditional finance. The Trump administration’s GENIUS Act, the first US federal stablecoin framework, has provided regulatory clarity, accelerating adoption. This was punctuated in July by the successful IPO of Circle, issuer of the USDC stablecoin. Circle’s market value surged from \$8B to \$33B post-listing, underscoring investor enthusiasm.

Institutional players are now exploring stablecoins at scale: JPMorgan is piloting a blockchain settlement system, while retail giants Walmart and Amazon are evaluating stablecoins as alternatives to legacy payment rails like ACH. **Stablecoin payments settle in seconds, rather than days, and at a fraction of the cost. This convergence could push crypto companies offering stablecoin solutions deeper into the institutional finance ecosystem.**

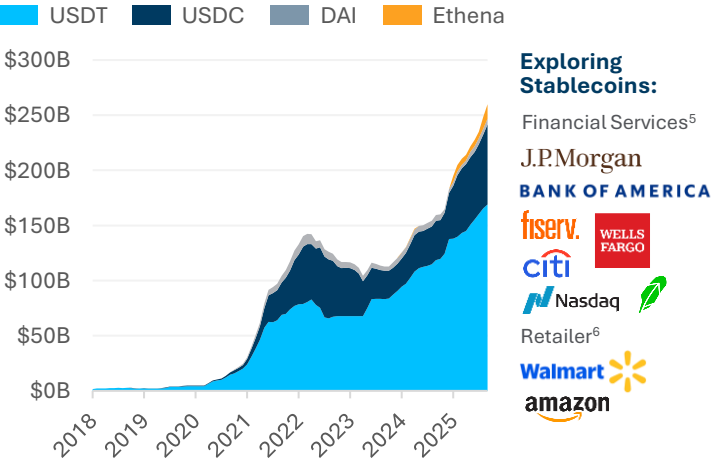
Crypto Ranks Among Top Asset Classes

Market Capitalization for Select Global Assets¹



From Zero to \$250B in Five Years Flat

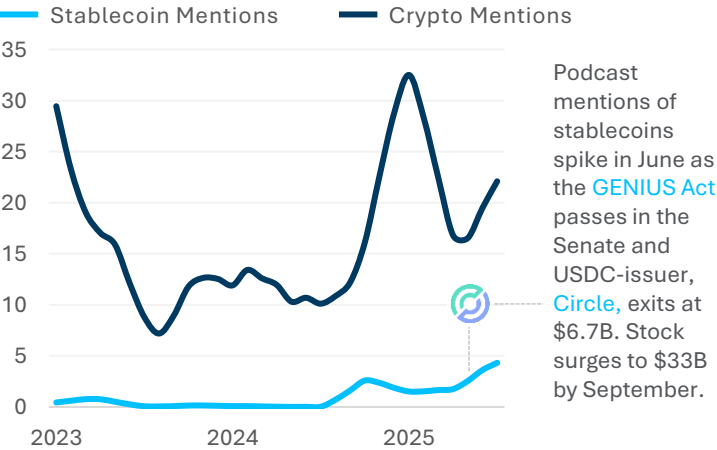
Market Capitalization of Top Stablecoins³



Notes: 1) Based on best available estimates as of 9/15/25. 2) SVB analysis of transcripts from 3,200 VC-focused podcast episodes. Mentions include a list of words synonymous with the mentioned terms. 3) Includes the top four stablecoins pegged one-to-one with the USD. 4) Includes global companies. Latest post-money valuation if available. 5) According to company or CEO statements. 6) Reported by the Wall Street Journal. Source: CoinCodex.com, PitchBook Data, Inc., Wall Street Journal, VC podcasts and SVB analysis.

Tech Talk: Mentions of Stablecoins Spike

Average Mentions on US Venture-Focused Podcasts per Episode²



Round Logos and Rosy Valuations

Notable VC-Backed Stablecoin Companies by VC Raised/Valuation⁴

	Company	Raised/Value	Focus
EXITED	CIRCLE	\$1.9B / \$32.8B (IPO)	Issues USD coin, second largest stablecoin by market cap.
	Bridge	\$116M / \$1.1B (M&A to Stripe)	Builds APIs for companies using stablecoins in their operations.
LATER STAGE	BVNBK	\$90M / \$750M (Series B+)	Payments infrastructure for global money movement.
	rain	\$88M / \$590M (Series B)	Stablecoin infrastructure for branded credit/debit cards
EARLY STAGE	Plasma	\$24M / NA (Series A)	A payment platform focused on USD transfers.
	sphere	\$5M / NA	Global stablecoin payments API.

Exits

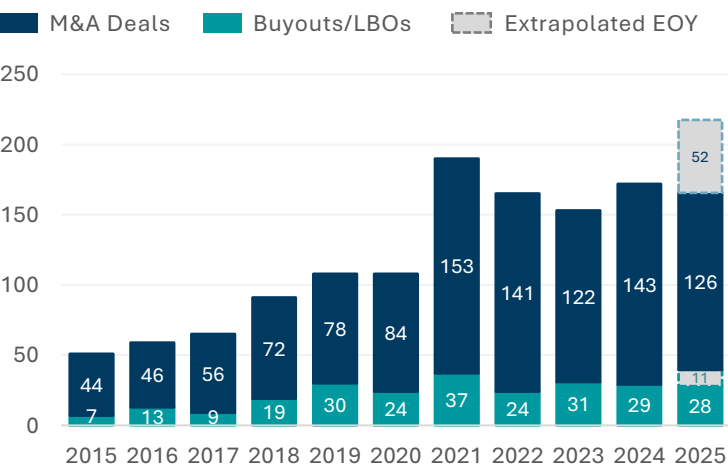
Buy a Fintech For Your Fintech

Fintech M&A is on pace for a record year of over 200 announced deals — a total that would surpass even the buying frenzy of 2021-22. That’s good news for founders who have been waiting on an exit. However, signs point to less favorable outcomes than they may be hoping for.

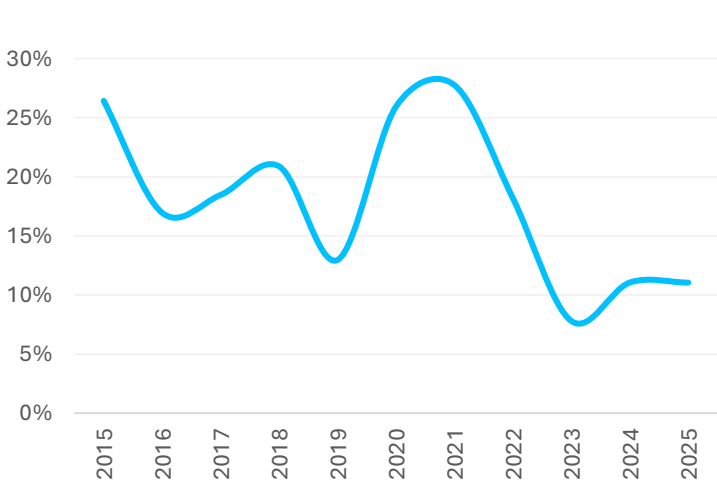
For disclosed transactions, the median sale price is roughly 4x the total capital raised, down sharply from nearly 9x in 2022. The true figure is likely lower, as nearly 80% of deals go undisclosed, and smaller distressed exits often carry harsher terms for acquired companies.

Notably, VC-backed fintechs are now the buyers in many fintech deals. These “roll-up” acquisitions are part of a post-ZIRP strategy to consolidate revenue streams and diversify business lines. Leading the pack among buyers, Coinbase has completed 12 acquisitions in the past five years while Stripe has completed six deals. At least 17 other companies have completed three or more transactions in the same period. Nearly half of all fintech M&A is done by a current VC-backed company. The number is closer to two-thirds, if you count formerly VC-backed companies that have exited. **The implications show an industry consolidating to survive, with leading fintechs positioning themselves as diversified financial services companies, expanding into adjacent markets and solidifying their bottom lines.**

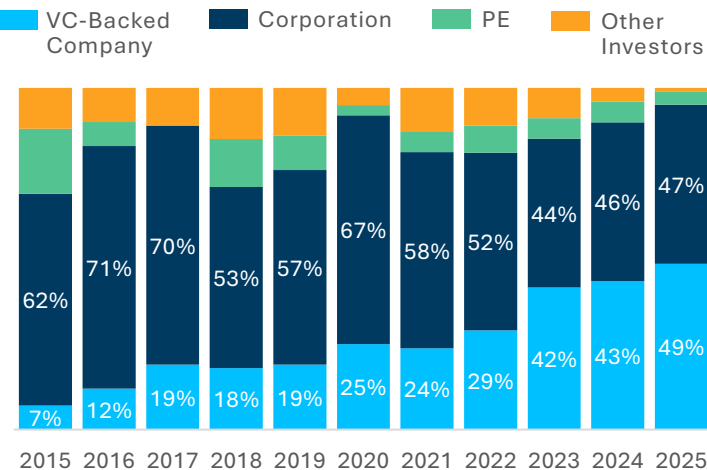
Fintech M&A Is on Pace for a Record Year
US VC-Backed Fintech Mergers, Acquisitions and Buyouts¹



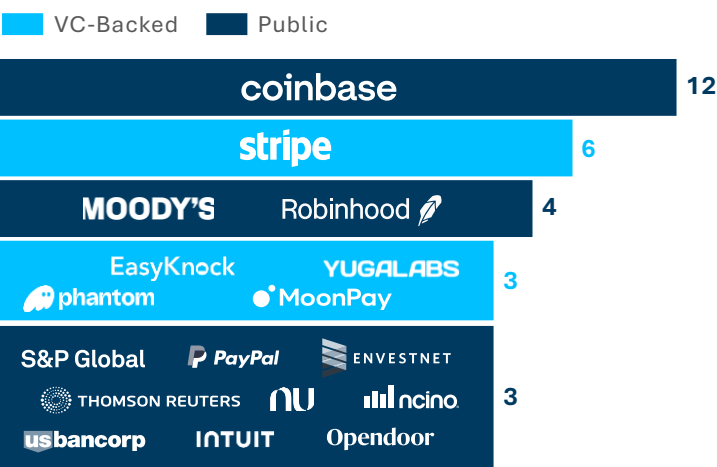
But Favorable Outcomes Are Hard To Find
US VC-Backed Acquisitions Sold at Break-Even Price or Better²



Half of Fintech Buyers Are Other Startups
US VC-Backed M&A Buyers by Type³



Repeat Buyers of VC-Backed Fintechs
Acquirers With the Most Fintech Acquisitions Since 2020



Notes: 1) Extrapolated totals assume current YTD run rate through the end of the year. 2) Break-even deals are those where the exit valuation is equal to or greater than VC raised. Break-even deals are presented as a percentage of all deals, including those with undisclosed valuations, which make up the majority of M&A deals, which are typically less favorable for founders. 3) “Corporations” include formerly VC-backed public companies such as Coinbase. Source: PitchBook Data, Inc. and SVB analysis.

A Round of IPOs, But Hold the Froth

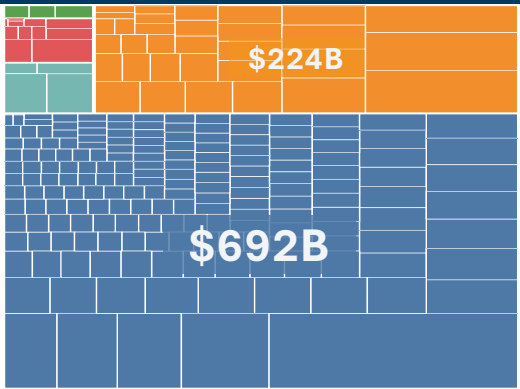
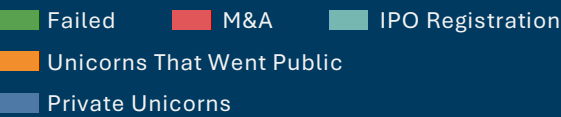
After no US fintech IPOs in 2022 and 2023, the public exit window for fintech companies is wide open in 2025, and there are many IPO hopefuls. **There is 3x more value locked in private, VC-backed fintech unicorns than the total value of fintech unicorns to ever go public.** The financial pressure is mounting for many of these private companies to go public. Venture investment in US fintech unicorns is on track to hit \$7B in 2025, down from \$36B in 2021. This means that many unicorns may turn to public markets to raise equity that private market investors are no longer supplying.

Companies going public today aren't receiving the rich valuations that fintech companies once did. The five companies that timed their IPO perfectly with the peak of the market received an average 30x revenue multiple. Now that the market is more grounded, VC-backed fintech IPOs on major US exchanges have averaged 10x since 2024. Even with lower multiples, many investors have a lot to gain from successful IPOs. Sequoia Capital, for example, owns nearly 20% of Klarna's common shares outstanding — a position worth over \$3B at IPO.

Stock price performance has also been mixed for 2025 IPOs. Even with these mixed results, we expect to see continued IPO activity, given the quiet venture markets, the demand for liquidity from investors, and the large number and value — over \$690B worth of private fintech unicorns.

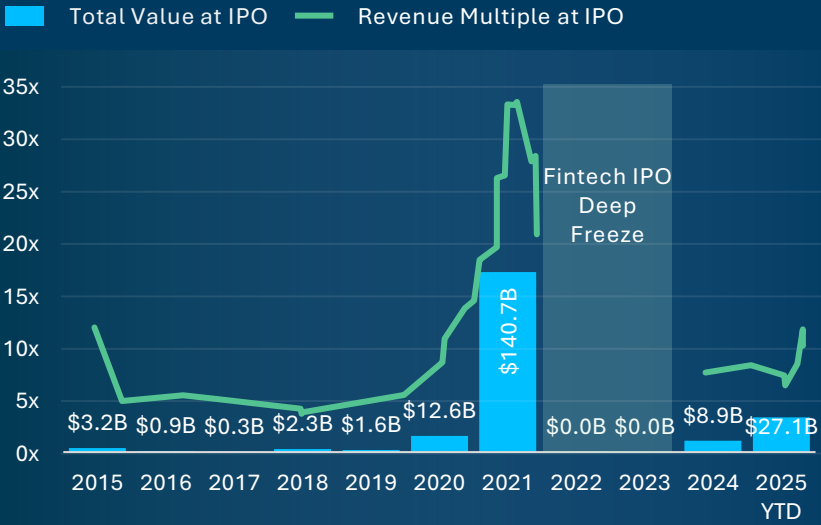
Fintech Unicorns Remain Private

All US Fintech Unicorns Valuation by Unicorn Status



IPOs Return at Lower Multiples

Fintech IPO Total Value by Year and Average of Trailing 5 IPOs' Revenue Multiples at Time of IPO¹



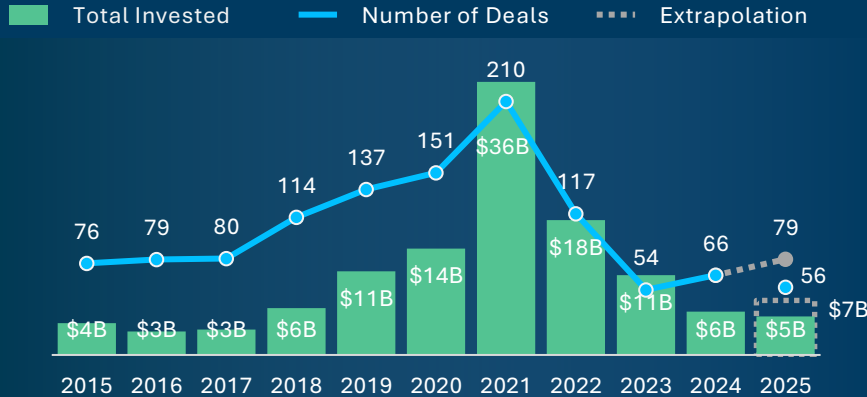
Performance Has Been Mixed

Notable 2025 Fintech IPOs on US Exchanges

	Since IPO ²	LPV to Mkt Cap ³	Revenue Multiple
chime®	-39%	-68%	5.5x
CIRCLE	118%	287%	3.7x
GEMINI	-31%	-58%	24.1x
Klarna.	-7%	137%	6.8x
FIGURE	37%	228%	16.9x

Funding Is Down; Will IPOs Fill the Gap?

US VC Investment Raised by Today's Fintech Unicorns



Notes: 1) Trailing 5 IPOs for all years apart from 2024; the 2024 trend does not include 2021 IPO activity. 2) Stock price performance through 10/8/2025. 3) Last Known Private valuation to market as of 10/8/2025. Uses Circle's terminated SPAC deal for LPV not the last known completed deal. Source: PitchBook Data, Inc., S&P Capital IQ and SVB analysis.

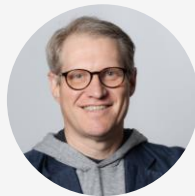
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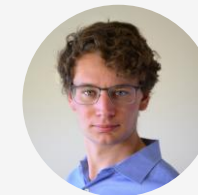
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