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DIGITAL FINANCE
for AI-driven
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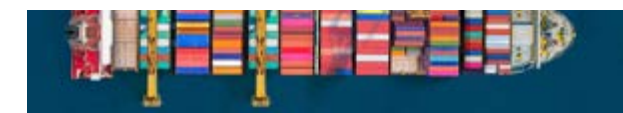
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FinTech Futures Team

Managing Director and
Editor-in-Chief
Tanya Andreasen
tanya.andreasen@fintechfutures.com

Managing Editor
Paul Hindle
paul.hindle@fintechfutures.com

Senior Reporter
Tyler Pathe
tyler.pathe@fintechfutures.com

Reporters
Cameron Emanuel-Burns
cameron.emanuel-burns@fintechfutures.com
Francis Bignell
francis.bignell@fintechfutures.com

Head of Sales
Sam Hutton
sam.hutton@fintechfutures.com

Business Development Manager
Kate Stevenson
kate.stevenson@fintechfutures.com

Business Development Executive
Luke Hickman
luke.hickman@fintechfutures.com

Head of Marketing
Rebecca Nolan
rebecca.nolan@fintechfutures.com

Marketing Manager
Robert Mitchell
robert.mitchell@fintechfutures.com

Graphic Designer
Olivia Brooks-Wilkins
olivia.brooks-wilkins@fintechfutures.com

Find us online

www.fintechfutures.com

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SW1P 1WG
UK

FinTech Futures Sibos Content Hub
21 global banks set to launch
USD-pegged stablecoin JV

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Editor's note

Sibos returns stateside this year, bringing the global financial community together at Miami Beach Convention Center for four days of thought leadership, innovation showcases, industry-defining conversations, and networking.

Once again, the FinTech Futures team has curated this year's Daily News at Sibos magazine to accompany the event.

Under the banner of "digital finance for AI-driven economies", Sibos 2026 looks to tackle the defining challenges reshaping our industry, including AI's transformation of global finance, the evolution of cross-border payments and settlement infrastructure, the expanding role of tokenisation, and the critical imperatives of trust, security, and resilience in an AI-powered landscape.

This supplement delves into these themes and more through expert analysis and forward-looking commentary on topics including AI-powered fraud defence, the rise of agentic AI and autonomous transactions, what's next for stablecoins and blockchain infrastructure, and the latest innovations

shaping tomorrow's financial ecosystem.

The magazine features perspectives from a number of regular FinTech Futures columnists. Dr Leda Glyptis, NED and author, examines how financial institutions are only as strong as their weakest links, while banking technology consultant Dharmesh Mistry charts the path from legacy core systems to an "Intelligent Ledger" capable of handling programmable, blockchain-native transactions driven by stablecoins, CBDCs, and tokenised deposits.

NMD+ founder and podcast host Dave Wallace analyses how AI will reshape economies, with winners determined by infrastructure development, policy response, and the ability to manage workforce transition, and Unconventional Ventures founder and author Theodora Lau reveals how transaction foundation models are converting customer financial behaviour into strategic intelligence that powers smarter institutional decisions.

FinTech Futures senior reporter Tyler Pathe investigates what's next for tokenisation and the

blockchain interoperability challenge, while reporters Cameron Emanuel-Burns and Francis Bignell assess the fintech IPO landscape as well as AI-powered digital twins and their emerging influence on consumer credit.

Fintech product leader Jas Shah identifies AI's genuine transformation areas within financial services, TCS's Sujata Dasgupta unpacks the escalating AI-versus-AI fraud battle demanding adaptive institutional defences, Wells Fargo's Subramanian Narayanaswamy explores the future of AI in lending and the importance of trust, and fintech entrepreneur and author Christer Holloman examines how autonomous AI agent transactions are reshaping conversations around customer ownership.

We hope you enjoy this year's magazine, and as ever, be sure to check out our [website](#) for comprehensive Sibos coverage throughout the event.



Paul Hindle
Managing Editor

21 global banks set to launch USD-pegged stablecoin JV

Since its initial announcement in late 2025, the consortium has welcomed 11 new banks as it gears up for a H1 2027 launch.

A consortium of 21 banks, including [Lloyds Banking Group](#), [Capital One](#), [BBVA](#), [Standard Bank](#), and more, has come together with the intent of creating a new stablecoin issuing company. The new entity, which currently remains unnamed, is expected to be officially established in H2 2026.

The company plans to offer a GENIUS Act and MiCA-compliant USD-denominated stablecoin solution to facilitate cross-border payments, digital asset settlements, and more across wholesale, institutional,

and retail markets. The group says it “aims for its stablecoin solution to go to market in the first half of 2027”.

The project was initially announced in October 2025 when Banco Santander, Bank of America, Barclays, BNP Paribas, Citi, Deutsche Bank, Goldman Sachs, MUFG Bank, TD Bank Group, and UBS committed to exploring the issuance of a 1:1 reserve-backed form of digital money focusing on G7 currencies and stable payment assets. All these banks continue to remain associated with the project.

Other new additions to the consortium include Fidelity Investments, PNC Financial Services, Scotiabank, Wells Fargo, WisdomTree, Commerzbank, Crédit Agricole, Coöperatieve Rabobank, and Sirius International Holding.

The consortium states it will “keep appropriate parties updated as the initiative progresses”.

The launch of the new company comes amid rising interest in privatised stablecoin solutions. In December 2025, a group of 10 European banks including Rabobank, ING, and BNP Paribas formed Netherlands-based euro-pegged stablecoin issuer [Qivalis](#). Utilising Fireblocks as its core infrastructure partner, Qivalis onboarded a further 25 banks to support the project in May, bringing the total number in the consortium to 37.

Qivalis has not launched its stablecoin yet. However, a *Reuters* report suggests Qivalis’ stablecoin launch is expected to take place later this year.

“took minutes to complete”. The DBS statement continues that being able to complete transactions in this way “provides greater certainty and faster access to cash for suppliers and

customers” and enables corporate treasurers to “respond more effectively to changing market conditions by moving liquidity across entities and markets at a moment’s notice”.

During September, Citi states it intends to continue using Swift’s ledger to complete transactions, naming United Overseas Bank as its next collaborator.

39 US state bankers associations unite to build industry-owned blockchain network



The BankChain Alliance is aiming to bring interoperable blockchain-powered payments services to thousands of banks across the US.

39 US state bankers associations have joined forces to form the BankChain Alliance, with the aim to create an industry-owned blockchain network for financial institutions across the country.

Described as a “secure, regulated, industry-built, and industry-owned network that allows institutions of all sizes to provide modern capabilities” by Kathy Kraninger, interim chair of the BankChain Alliance and president and CEO of the Florida Bankers Association, the network will enable banks to offer a range of blockchain-based payment services, including tokenised deposits, stablecoin payments, and automated settlements.

“The BankChain Alliance network will allow participating financial institutions the ability to provide emerging banking capabilities while maintaining the regulatory standards, security, and trust that

customers expect from their banks,” the group says in a statement.

The alliance adds that the network “will be interoperable with other networks and will invite ownership from banks across the country”.

Some of the biggest [participating associations](#) include the Texas Bankers Association, Iowa Bankers Association, Missouri Bankers Association, Wisconsin Bankers Association, and Ohio Bankers League.

Though a specific date has not been set for the launch of the BankChain Alliance network, the group says in a statement that it is currently “undergoing a rigorous process to select a technology partner and is targeting a 2027 launch”.

Citi spearheads Swift blockchain ledger pilots in MEA and APAC



Using Swift’s recently launched blockchain ledger, Citi has completed three international digitally native transactions in the Middle East and Southeast Asia in partnership with First Abu Dhabi Bank (FAB), Oversea-Chinese Banking Corporation (OCBC), and DBS.

The ledger, [first announced in September](#) last year, is designed to facilitate 24/7/365 cross-border transactions

using shared blockchain-based infrastructure. Committing payments via tokenised deposits, banks use existing settlement models like real-time gross settlement (RTGS) for final settlement.

The ledger officially [launched with 17 partner banks](#) in July. In August, HSBC completed the [first live transaction](#) on the blockchain in partnership with Standard Chartered. The UK high street bank has since also executed the first corporate treasury transaction in partnership with BNP Paribas.

Over the past month, Citi has used this ledger to complete USD-based transactions with three separate institutions. The initial transactions were completed with FAB and OCBC, debuting the ledger’s use in the Middle East and Southeast Asia.

Citi then partnered with DBS to complete a transaction between the US and Singapore. In a statement published by DBS, the bank says the transaction, which took place outside of traditional banking hours, only





Mastercard Move: Building a multi-rail future for cross-border payments

By Elizabeth Lumley, Editorial Contributor, FinTech Futures

From banks to large corporates to small and medium-sized enterprises (SMEs), issues around streamlining and modernising the complex legacy of cross-border payments dominate today's retail and wholesale commerce strategy.

According to [Money in Motion](#), recent Mastercard research compiled by Bain & Company, around 91% of SMEs plan to switch cross-border payment providers in the next two years, and 92% already use multiple providers. The study goes on to say that half of SMEs (48%) will pick a fintech as the main provider by 2028, with only 28% selecting a bank. Speed and trust are now top priorities for SMEs, followed by transparency and cost, in a money movement market set to surge to \$47.8 trillion by 2032.

While [speed and faster settlement times](#) remain important, a payment arriving in seconds is not the lone goal. The report shows that real or near-real-time cross-border payments are not a great experience if the business does not know the foreign exchange (FX) rate, the final amount received, whether it has settled, or what happens if something goes wrong.

The research showed the two most desired capabilities were payment tracking (43%) and fraud detection/risk analytics (42%). Other areas included beneficiary or payment validation, FX hedging and forward

contracts, multi-currency or virtual accounts, tax reporting and advisory, spend analytics, working capital financing, and other liquidity management tools.

“The challenge is that cross-border payments are still too often built on fragmented infrastructure, with multiple intermediaries and limited visibility for the end customer.”

Pratik Khowala

The findings in [Money in Motion](#) highlight the values around the transaction — knowing where the payment is, controlling risk, managing FX and liquidity, and reducing manual work — rather than treating money movement as a standalone utility.

According to Pratik Khowala, Mastercard's Global Head of Transfer Solutions, banks can no longer view cross-border payments as a back-office service.

“The challenge for banks is not that they lack trust,” he says. “In many cases, trust is their biggest advantage. The challenge is that cross-border payments are still too often built on fragmented infrastructure, with multiple intermediaries and limited visibility for the end customer.”

Mastercard Move, the company's global money movement business, addresses these challenges by supporting banks and fintech companies as they modernise their infrastructure without needing to rebuild from scratch.

Via a connection with [Mastercard Move](#), global money movement capabilities across more than 200 countries and territories can be accessed. That includes 150-plus currencies and multiple endpoints, including bank accounts, cards, digital wallets, and cash, subject to solution and market availability.

This is about helping banks respond faster to what SMEs expect, says Khowala, which makes payments easier to track, clearer on fees and FX, and more predictable in terms of when funds arrive.

This focus on SMEs is being driven by changes in their strategies, says Khowala, as more are going global earlier in their journey.

“A small business may be collecting payments from one market, paying suppliers in another and managing FX exposure across several currencies,” he says. “But many SMEs still do not have the kind of integrated treasury tools that large corporates take for granted.”

Khowala stresses that for SMEs, cross-border payments are not a standalone transaction, but “part of how they run and grow their business”.

Providers, whether banks or fintech companies, need to understand that bringing together payments, visibility, FX, reconciliation, and control will make them “better placed to earn loyalty over the long term”, Khowala says.

Khowala joined Mastercard from a career in corporate finance as a CFO. He feels that background shaped him in a “very practical way”.

“It taught me to be disciplined about choices: where to invest, where to simplify, where to take risk and where to be very deliberate,” he says. “In money movement, that discipline matters because we operate at scale, across complex markets, and trust is non-negotiable.”

Nor does Khowala see innovation and risk management as opposing forces, instead focusing on how to innovate responsibly.

“Whether we are expanding real-time capabilities, leveraging AI for smart routing and fraud screening, or exploring where stablecoin-enabled settlement can add value, we have to ask the same questions: does it make

money movement faster, safer, more transparent, and more useful for customers?” he adds.

“Many SMEs still do not have the kind of integrated treasury tools that large corporates take for granted.”

Pratik Khowala

Ultimately, cross-border payments are increasingly expected to mirror domestic payments, that is, appearing instant and seamless, says Khowala. Achieving that means connecting different rails and choosing the right path for the right transaction, he says.

Those different technologies include domestic real-time payment schemes, artificial intelligence (AI), and emerging stablecoins.

The next opportunity is seeking to connect real-time domestic systems across borders in a way that is reliable, compliant,

and practical for banks and fintechs to use, he says.

AI will continue to play a role, particularly in areas such as fraud detection, compliance, routing, and operational efficiency.

However, stablecoins are an area where Mastercard sees potential, particularly around prefunding, settlement, and payout models, says Khowala.

According to the [Money in Motion](#) research, fintech companies are the primary provider for roughly 30% of respondents and the fastest-growing provider category. Separately, 39% of respondents had experimented with stablecoins and 10% identified them as a primary provider, with greater penetration in Latin America and Asia-Pacific.

“But the important point is not the technology label,” he adds. “The value comes when it solves a real customer problem and is brought into the payment flow with the right controls, compliance, and trust.”

Ultimately, the future will be multi-rail, as banks, fintechs, and businesses will not want to be locked into one way of moving money, says Khowala.

“They will want choice, reach, transparency, and confidence that the payment will arrive as expected,” he adds. “Our role is to help make that complexity simple for the partners and customers who depend on it.”

Living up to the promise of AI-driven economies

By Dr Leda Glyptis, NED and author

In a relay race, you are often only as fast as your slowest runner, allowing for the other team tripping up or dropping the baton and making your day. Which may happen. But otherwise, you are as slow as your slowest team member's worst time. Or can be. You catch my drift.

A chain is as strong as its weakest link, hence the name of the popular show.

Your infosec colleagues know that. Your physical security colleagues know that. The intel community knows that.

It doesn't matter how shiny your most cherished accomplishments are - you are as good as your worst bits. Your worst day. Because if someone is scanning for your vulnerability, as a business, that is where they will hit. Where you are weak. Where you didn't do great.

People engaged in defensive work know that.

For everyone else, we have jazz hands.

Look over here at all the amazing shiny stuff I have. Don't look under the hood... it's a mess. Don't look in the corners, where the dust gathers. Don't look under the bed... I didn't clean there and you may disturb the resident monsters.

Look where I am pointing. There and only there.

This has been the attitude of FIs when it comes to technology adoption for almost two decades.

And, as I've said before, it was inefficient but effective. It largely worked. I give us a B-.

The cumulative, albeit unintentional, side-effect of this approach is that there is actually quite a lot of stuff to see by now. Whether you are pointing or not. There is a lot there.

“ We operate within tightly bound ecosystems. Our institutions are not standalone. Anything affecting our market affects us, directly and indirectly.

Dr Leda Glyptis

Without clear intent, not consistently at least, financial institutions globally have made progress. So the industry has made progress as a result. Almost every FI on the planet has digital channels with increasingly mature cloud infrastructure and well-thought-through

data governance... for the digital part. The rest of the estate might as well be under the bed. With the dust and the monsters. But you know... some of it is good.

So here we are. As an industry, our weakest links are not in the stone ages. That is something.

But it is not a lot.

Because we are in an AI-powered era now, and many of the institutions around us are still reconciling corporate actions on spreadsheets.

We are in the era where my dad assumes everything he sees is AI generated and yet he still needs to log out of his banking app and log back in again if he wants to look at different bank accounts under the same credentials because of how that particular bank implemented their core - and AI may be able to create videos of Erling Haaland to whatever music your eight-year-old niece prefers at the moment, but it hasn't quite fixed that yet.

And it matters.

It matters to my dad, first of all. So it matters to me. And it should matter to you. My dad is the best and this is stressing him out for no reason.

But it also matters because, when we speak of our AI-driven economies, when we speak about the current iteration of digital finance... we don't just mean that, when regulatory clarity is

“ This is a never-ending relay race. You are not a glorious, perfect, unbroken circle, but a link in a chain.

Dr Leda Glyptis

achieved on the liability question for merchants, there will be an arms race for the right investments and tooling decisions. We also mean everything else that is still happening, in the same market, in the same economy, at the same time.

Because in a relay race, we are as slow as our slowest runner. And this is a relay race.

No matter how shiny your pilot. No matter how advanced your implementation.

We operate within tightly bound ecosystems. Our institutions are not standalone. Anything affecting our market affects us, directly and indirectly. Our markets don't operate alone. Despite endless discussions on sovereignty and heartache on how to achieve it, interdependence remains a feature. Not a bug.

It is here by design. It is not something to be fixed.

To replace it, we would need to rethink our entire financial services system.

To withdraw from it, we would need to rethink our entire post-war world view.

And I don't wanna.

For all its faults, this globalised, interdependent world is the best one we've ever had.

I like it.

I would like to stay here.

Please and thank you.

I can see you smiling and getting ready to move on there.

Not. So. Fast.

I am not asking for your permission to stay in this interconnected world. I am

asking for your intervention.

In his 1983 book *Imagined Communities*, Benedict Anderson suggests (compellingly, by the way) that one of the characteristics of national and ethnic communities is that they believe in their own existence.

They imagine themselves as real. They know what their boundaries are, who's in, who's out, and what that looks like. And they believe it to be important. And, frankly, it is important. People have died in their millions to protect the continued existence of these communities. These groups of humans that belong because they have a sense of belonging. Those social constructs that are real because they believe they are real.

Belonging is an active condition.

That is what I am asking of you.

To remember that you are not a solo sprinter. This is a never-ending relay race. You are not a glorious, perfect, unbroken circle, but a link in a chain. Maybe you are the best link. In that case, it's all the more reason to pay attention to what all the lesser links are doing.

When you are deploying your tech and bragging about your latest AI whatever... when you are determining where to spend your budget and what to keep for another time... please remember a couple of things.

You are only as strong as your weakest link inside your organisation. Whether the

exam question is security, quality, or employee engagement. The things you choose not to do will always find a way to come home to roost.

We are only as quick as our slowest relay runner. And no matter how mighty your organisation or your home market, no man is an island, no company stands alone, and even the strongest markets need buyers, suppliers, and waves of interaction.

So.

When you are thinking about what digital banking looks like in an AI-driven economy, remember the debris. All the things we chose not to do, not to spend time or money or energy on. Inside our organisations and inside every other organisation across our markets. And beyond them.

Think of all the slow runners and all the weak links.

They are not your responsibility to fix.

But to ignore them runs the risk of assuming they are not there. And we all know what happens to vulnerabilities we don't actively manage.

#LedaWrites



Leda Glyptis is *FinTech Futures'* resident thought provocateur - she leads, writes on, lives and breathes

transformation and digital disruption.

Leda works as an external advisor to boards and leadership teams and has written two books, *Beyond Resilience: Patterns of Success in Fintech and Digital Transformation*, available to order [here](#), and *Bankers Like Us: Dispatches from an Industry in Transition*, available to order [here](#).

All opinions are her own. You can't have them - but you are welcome to debate and comment!

Follow Leda on [X \(@LedaGlyptis\)](#) and [LinkedIn \(Leda Glyptis PhD\)](#). Visit our website for more of her articles.

Under the hood: Where AI will really transform financial services

By Jas Shah, fintech product expert and author

Artificial intelligence (AI) isn't new to financial services.

Long before ChatGPT, financial institutions were using expert systems, machine learning, and increasingly sophisticated algorithms to make lending decisions, detect fraud, manage portfolios, and automate operational processes.

The origins of modern-day computing and AI can be traced back decades. What has changed is the sophistication, accessibility, and breadth of these technologies.

And, importantly, **"AI" isn't one technology.**

Machine learning enables computers to learn from data, identify patterns, and make predictions. **Large Language Models** (LLMs) process huge volumes of information, **generative AI** creates new content in response to prompts, and then there are **expert systems** - AI designed to emulate human expertise and decision-making within a specific domain.

Financial services has been using versions of these technologies for decades across areas such as underwriting, fraud detection, and investment management.

Despite the excitement around Artificial General Intelligence, the vast majority of AI being deployed today remains Narrow AI - technology designed to perform particular tasks or operate within specific domains.

And that's important, because the most useful question for financial services isn't whether AI becomes "as intelligent as humans". It's where machines can already do a better job than people.

AI's real superpower: Strength in numbers

When I think about AI and its benefits across financial services, I prefer to think logically about its strengths, the challenges that already exist within FS, and where those two overlap.

And that overlap is significant.

AI can automate repetitive tasks, analyse vast datasets, identify patterns humans might miss, and operate continuously at a speed and scale people cannot match. It can also support better decision-making and increasingly personalised experiences.

These strengths map remarkably neatly against the challenges faced by financial institutions and fintechs.

But rather than translate them into hundreds of disconnected "AI use cases", I prefer to look at financial services through major horizontals.

Transforming financial services from back to front

When it comes to looking at the areas of change and where AI will have the most significant impact across varying parts of FS, rather than purely looking

at individual strengths and challenges, I prefer to look at four front-to-back horizontals.

These can be applied to the majority of organisations, whether an asset manager, investment bank, retail bank, insurer, lender, or B2B provider.

“Some organisations sit on vast amounts of data they don't know what to do with. I call this **"data ignorance"**.”

Jas Shah

1. Data processing

Data is the first crucial horizontal of all FS organisations and products.

Financial services companies deal with vast amounts of data from transactions, customer interactions, market movements, and regulatory requirements. The challenge is pulling in the right data at the right time, ensuring its quality, and normalising information from multiple sources.

Some organisations sit on vast amounts of data they don't know what to do with. I call this "data ignorance".

AI can automate the capture and cleansing of data, spot anomalies, identify patterns, and ultimately unlock insights that have sat dormant.

2. Process optimisation

Financial processes often involve repetitive tasks and manual interventions, which

can be time-consuming and error prone.

Some of those interventions include initial lending application reviews, spot-checking transactions for fraud, multiple steps in underwriting, following up with internal teams to adhere to SLAs, and producing performance reports across multiple systems.

There are numerous areas where AI and automation can accelerate growth, create efficiencies, and allow an organisation to scale.

Think automated reconciliation, generating financial and performance statements, chasing additional documentation during onboarding, analysing the impact of regulatory changes, or assessing the downstream impact of changing one component within a complex technology estate.

This may not be the glamorous side of AI. It could, however, produce some of its biggest economic returns.

3. Decision-making

Financial services firms require accurate and timely decision-making to manage risk, optimise investments, and service customers effectively.

Almost every financial services product has a decision-making engine at its heart.

Investment management platforms optimise portfolios and suggest position changes. Retail account onboarding processes KYC customers, assesses risk, and tiers customers appropriately. SME finance systems process accounting data, project sales, assess risk, and disburse finance at bespoke interest rates.

At large financial institutions there are multiple decision-making systems. At smaller organisations, the decision-making system can be the core IP.

These systems are complex to build, sit at the

organisation's core, and require constant evolution to remain relevant and accurate.

AI can analyse more historical and real-time information, detect unusual patterns, incorporate more data into underwriting and risk models, and evolve rules and processes faster than traditional systems.

The opportunity isn't simply automated decision-making. It's better-informed decision-making at machine speed.

4. Customer experience

Customers expect fast, personalised, and seamless interactions with financial services providers.

The challenge is getting an accurate understanding of a broad customer base and their needs, then providing personalised products, experiences, and interactions at large scale.

AI allows customer experiences to be tailored, enables large-scale customer analysis, and creates the ability to provide customers with bespoke products as and when they need them.

We've already seen the obvious first generation through chatbots and copilots.

But the bigger opportunity is moving financial services away from reactive experiences, where customers navigate products and make decisions themselves, towards services that understand what a customer is trying to achieve and proactively help them get there.

And importantly, these four layers don't exist independently.

Better data enables better processes. Better processes enable better decisions. And better decisions create better customer experiences.

Although I've outlined the above as a back-to-front exercise - from data capture and processing to customer-facing outcomes - from the outside, most AI transformation looks like front-to-back.

In reality, this AI transformation is more of a pincer move, embedding AI from front to back AND back to front, eventually meeting in the middle.

Three areas primed for AI innovation

If those are the four horizontal layers where AI creates leverage, what happens when they come together?

Three areas I've been thinking about show just how different the resulting products, and the process of building them, could become.

Open finance + AI

One use case just over the horizon combines open finance and AI - hyper-personalised finance management using data from open finance and a one-to-one dedicated intelligent "advisor".

With access to transactions and data across all accounts, the difficulty becomes solving problems for customers and helping them navigate through all this data.

And what AI is good at is processing large datasets, spotting patterns, automating tedious tasks, and providing a human-like intelligence layer between the consumer and their data.

So instead of starting the year with a budget put together using Excel, you'd connect your data to an app and ask it to set you a monthly budget.

If you want to ensure enough space in the budget for a holiday, then you'd be specific:

"Budget for a week-long five-star resort holiday in the Maldives around May."

The system could estimate the cost and adjust the budget accordingly, taking the time and hassle out of maintaining a usable budget.

It could eventually go further - calculating tax implications, adjusting pension contributions following salary changes, identifying

better savings products, or proactively moving money between them.

The evolution of PFM could therefore be from showing customers their financial data to helping them act on it.

AI as an SME's finance team

SMEs have a multitude of needs, such as obtaining banking solutions, understanding accounts, getting financed, getting paid faster, and paying taxes.

Add to this the fact that businesses come in all sorts of shapes and sizes and you can see why AI could have a transformative impact.

Providing more accurate predictive cash-flow analytics, better accounting and transaction categorisation, dynamic budgets based on real-time data, analysis of supply chains, and appropriate supply-chain finance are just some of the possibilities.

For me, the interesting question is where that intelligence ultimately sits.

Accounting technology is one obvious candidate because it already sits on much of the financial data required to power these services.

Combine accounting data, embedded financial products, and an AI intelligence layer and the accounting platform starts to become something much bigger - a financial operating system for the SME, with AI increasingly performing the role of a virtual finance team.

AI + product innovation

The third is the one that probably interests me most personally - how AI changes the way we actually build financial products.

I've spent much of my career building and launching products across financial services, and one thing has remained remarkably consistent.

It can be painfully slow.

There are good reasons for that. New products need to navigate research, design,

“What we're witnessing isn't AI suddenly arriving in financial services - it's an acceleration and a convergence.

Jas Shah

technology, risk, compliance, legal, testing, and regulatory requirements.

But not all of that time is unavoidable.

The same strengths outlined earlier - AI's ability to process huge quantities of information, automate repetitive work, solve problems, and make faster decisions - can be applied to the product development process itself.

Product teams can use AI to analyse customer feedback and research markets, turn ideas into early requirements and user journeys, generate prototypes, and test concepts before committing significant engineering resources.

Engineers can use it to accelerate coding, testing, and documentation. Risk and compliance can potentially assess propositions earlier. And after launch, AI can analyse customer behaviour and feedback at scale to identify what should change next.

An idea that might previously have taken weeks to turn into something tangible can increasingly be prototyped in hours or days.

That's important, because one of the biggest constraints on innovation isn't necessarily a lack of ideas. It's the cost - in time, people, and money - of finding out whether those ideas are any good.

AI dramatically reduces that cost.

For me, that's one of its most exciting applications to financial services - compressing the distance between an idea and finding out whether that idea works.

And in an industry where genuinely new products can still take months or years to reach customers, shortening that distance could have a transformational impact on innovation.

Look under the hood

The most visible manifestation of AI in financial services today is the chatbot.

I suspect that will eventually look like the least interesting part.

Financial institutions already have trading systems, underwriting engines, automated product-selection tools, investment-management platforms, and other expert systems operating under the hood. Many have also been using automation and large-scale data tools for years.

What we're witnessing isn't AI suddenly arriving in financial services - it's an acceleration and a convergence.

AI is simultaneously changing how institutions capture and understand data, how they run processes, how they make decisions, how they build products, and ultimately how customers interact with them.

So perhaps the best way to separate genuine AI transformation from the hype is surprisingly simple.

Don't just look at the interface.

Look under the hood.



Jas Shah has been developing products in FS for nearly 20 years, initially as an engineer

and predominantly as a product specialist, starting out in tier 1 financial institutions and going on to help build challenger banks and PFM apps, scaling an SME lender as their Chief Product Officer, and continuing to advise and provide hands on expertise for organisations looking to create innovative products. Follow Jas on [X @jas_shah](#) and LinkedIn (Jas Shah), and subscribe to his bi-weekly newsletter, [Fintech: Under the Hood](#). All opinions are his own.

slalom

Modernize for what matters.

Slalom helps banks and fintechs transform legacy complexity into AI-ready technology built for what's next.

Learn more

The Inference Driven Bank is banking's next platform shift, and it will not look like the last one

Banking has moved from branches to digital to data. The next operating model runs on inference: institutions that anticipate needs, risks, and actions before anyone asks.

By Richard Winston, Global Industry Lead, Financial Services at Slalom

Every generation of bankers believes it is living through the transformation that will define the industry. Usually it is wrong. The shifts that reset the basis of competition arrive about once in a working lifetime and are visible as turning points only in hindsight.

The last 100 years hold four of them: the automated ledger, the ATM, internet and mobile banking, and cloud cores with real-time rails. Each improved customer experience and operating efficiency. And each automated or relocated an existing process. The payment still cleared. The balance was still checked. The process itself stayed recognisable.

As the industry gathers in Miami for Sibos, a fifth shift is breaking the pattern. Call it the Inference Driven Bank: an institution whose operating model is organised around continuous, machine-generated inference rather than static products and manual workflows. AI does not execute a predefined process faster. It reasons about a situation, predicts what happens next, recommends a course of action and, increasingly, takes it. The difference between digitising a workflow and deploying a system that reasons about outcomes is the difference

“The difference between digitising a workflow and deploying a system that reasons about outcomes is the difference between a faster horse and an engine.”

Richard Winston

between a faster horse and an engine.

The digital illusion

Most banks believe they are already digital. Underneath, most have digitised paper. Forms became screens. Workflows that moved as paper between departments now move as tickets between the same departments. The interface changed; the operating model did not. It is why a loan submitted in minutes still takes weeks to approve.

Digital banking was a necessary step, not the destination. An excellent app on fragmented workflows, siloed data, and a rigid core is a facade on a creaking building, and customers feel the creak the moment their need exceeds what the app can self-serve.

Prediction is not enough

Banks have used prediction for decades. A credit score estimates a probability from a model built for a specific question. The shift now is from isolated prediction

to contextual inference: reasoning across what the institution knows about a customer, a counterparty, a market, and its own policies to determine what is happening, what is likely next, and what should be done. Prediction answers a defined question. Inference connects signals to judgement and action.

That shift changes the rhythm of the institution. Analytics answers questions a human thought to ask, on data prepared in advance, on a schedule, and the output is a dashboard that still needs a person to read it, decide, and act. Inference reasons as events occur and closes the loop between observation and action in near real time. The overnight batch gives way to continuous decisioning.

A third layer

Bank architecture has long had two layers: the core as system of record and a CRM or channel platform as system of engagement. The first knows what is true. The second knows what was done. Neither knows what it means.

“Core modernisation is the foundation, not the destination.”

Richard Winston

The Inference Driven Bank introduces a third layer, a system of understanding, above both. The core says the balance is low. The engagement layer says the client called last week. The intelligence layer infers that the client is heading for a shortfall it does not expect, and that the right move is a proactive bridge before the payment fails.

The core remains foundational, but the centre of gravity begins to move above it, toward the layer that reasons. It becomes a reliable ledger the intelligence layer draws upon. Core modernisation is the foundation, not the destination.

From signal to service

The deeper problem inference solves is economic. Every institution carries an Actuation Gap: the distance between what it knows and what it acts on. That gap is set by a response threshold, the value line fixed by the cost of human attention. Above the line, a signal earns a banker's time. Below it, the bank knows but doesn't act, because acting would cost more than it is "worth".

Inference lowers that threshold, and agentic execution lowers it further. The operating model that results can be described as Signal to Service: detect, triage, act, learn. A supplier files a lien against a long-standing client. A correspondent's settlement behaviour drifts. Each is a signal most institutions can see and few can afford to act on. When the marginal cost of a finished action approaches zero, the economics of the whole book change.

From workflows to outcomes

Banking operations are organised around workflows:

receive, verify, check, review, decide, document, fund. Each step has an owner, a system, and a service level. The inference driven institution organises around the outcome instead. It asks not how to do each step faster but whether the step needs to exist at all, and answering that honestly eliminates far more work than optimising ever could.

The agentic bank is the fullest expression of this. An agent does not answer a question; it pursues a goal through a sequence of actions, calling the tools it needs and checking its own work. For decades, banking technology meant applications that people operated. The agentic bank introduces digital workers that do the work, supervised by people. The measure of a well-run function shifts from how many items were processed to how few exceptions needed a human.

Trust as the strategy

A digital workforce scales differently from a human one, with dramatically lower marginal labour cost and capacity on demand. It also fails differently, with errors that propagate at machine speed. The boundary between autonomous and human-handled work is a design decision, drawn with care and redrawn as capability improves.

The governance model emerging among leaders is tiered: scrutiny, oversight, and validation scale with the stakes of the decision. An internal summarisation runs light. A customer-facing recommendation requires more. A credit or payment decision that triggers regulatory obligations sits at the top. Uniform controls either strangle low-risk innovation or under-govern high-risk decisions. Institutions that can demonstrate this discipline

to supervisors will be better positioned to move faster. That makes trust the strategy, not a constraint on it.

The price of intelligence

Inference is not free. Every reasoning step consumes compute, and an agent that reasons continuously across a payments book carries a cost curve finance functions have not modelled before. The discipline that matters is the Outcome Denominator: the cost of intelligence per finished outcome, a resolved exception, a funded facility, a prevented fraud, rather than per token or model call. Govern inference by outcome and the economics are compelling. Govern it by consumption and it is expensive and hard to explain.

Less visible, more valuable

The bank this produces recedes from the foreground of its customers' lives precisely because it works. It anticipates, protects, and advises, continuously. Nearly every element of it can already be found in production somewhere. What does not yet exist is the institution that has assembled them into one operating model.

The distance is not primarily technological. The technology is arriving faster than the industry can absorb it. It is organisational: attribution, ownership of the customer continuum, compliance posture, and the willingness to redesign roles around a division of labour between human judgement and machine inference. Every prior shift rewarded the institutions that rebuilt the model around the new capability and punished those that bolted it onto the old one. Electricity reorganised the factory. The internet reorganised commerce. Inference will reorganise the bank.

AI vs AI: The new arms race in digital fraud

By Sujata Dasgupta, Global Head – Financial Crime Compliance Advisory, Tata Consultancy Services



Sujata Dasgupta is a multiple international award winning industry leader and global head of financial crime compliance advisory at Tata Consultancy Services (TCS), based in Stockholm, Sweden. She has over 25 years of experience, having worked extensively in the areas of payments, fraud and financial crime prevention

across banking operations, IT services and consulting. She has had global exposure through her work with premier banks in several major financial hubs in seven countries across North America, Europe, the UK and Asia. She is an accomplished thought leader, author, columnist and speaker and is regularly interviewed by reputed international journals for her analysis and opinions on contemporary topics in this area. All opinions are her own.

As economies become increasingly AI-driven, financial services firms are entering a transformative era where artificial intelligence (AI) is no longer simply a supportive tool for human decision-making. It is becoming an active participant in how money moves, how customers interact with financial institutions (FIs), and how risk is evaluated and managed.

But there is a parallel, darker side to this transformation.

The same cutting-edge technologies deployed to render financial services faster, smarter, and more personalised are being aggressively weaponised by criminals. Generative AI, deepfakes, and increasingly autonomous AI agents are drastically lowering the barriers to executing sophisticated fraud while accelerating its speed, scale, and reach.

The financial sector is no longer merely fighting digital crime; it is locked in an escalating AI-versus-AI arms race.

AI is powering fraud at machine speed

AI is fundamentally altering fraud not just by making existing tactics more persuasive, but by transforming its speed, scale, and adaptability.

Generative AI enables threat actors to craft convincing phishing messages, impersonate individuals

“ AI is fundamentally altering fraud not just by making existing tactics more persuasive, but by transforming its speed, scale, and adaptability. ”

Sujata Dasgupta

through synthetic cloning of voices or images, and personalise social engineering at scale.

As autonomous AI agents gain the ability to perform multi-step execution with minimal human supervision, these capabilities can be connected into end-to-end coordinated fraud operations— from researching high-value targets and synthesising credentials to executing real-time account takeovers and laundering funds.

The critical shift is from AI-assisted fraud to AI-orchestrated fraud.

What previously required weeks of manual exploration, specialised tools, and human coordination can now be orchestrated autonomously by AI agents within minutes. And when an attack encounters a fraud control, an adaptive AI system may be able to mutate the fraud approach to bypass it, rather than repeat the same behaviour.

This creates an existential challenge for FIs, as traditional fraud controls built on static rules, known signatures, and post-event human review cannot keep pace with dynamic, machine-speed attacks.

The evolving dynamic

So here's the emerging AI-versus-AI dynamic: FIs must defend against AI-enabled attacks using AI-powered systems capable of operating with equal speed, adaptability, and cross-domain intelligence.

To achieve this objective, financial services firms are now deploying AI to automate processes, personalise customer interactions, detect suspicious behaviour, and increasingly support financial decisions. For example, [JP Morgan Chase processes billions of daily transactions using proprietary machine learning algorithms](#) to identify subtle anomalies in real time, while [American Express utilises GPU-accelerated AI models](#) that monitor its massive transaction volumes and deliver real-time fraud decisions in milliseconds.

As AI continues to evolve, the challenge is no longer just detecting more fraud. It is building controls that can adapt faster than the fraud itself.

From reactive detection to adaptive defence

Moving forward requires a complete rethink of the traditional financial crime controls operating model. For

decades, FIs relied on rules-based transaction monitoring, periodic customer screening, and siloed behavioural models. While foundational, these static measures are inadequate against continuous, self-optimising threats.

Fraud, AML, identity, and cybersecurity have traditionally operated as distinct disciplines, often with different systems, teams, and data. Yet an AI-enabled attack may cross all of these boundaries within a single event.

A suspicious account opening could be an identity issue. The subsequent transaction could be a fraud signal. The movement of funds could reveal a money-laundering network. The compromise of credentials could involve cybersecurity.

The next generation of controls must shift from reactive alerts to continuous real-time risk assessment, dismantling the traditional silos between fraud, AML, identity, and cybersecurity. Modern FIs are now collapsing these boundaries and envisioning AI powered unified risk signals. [HSBC for example initiated this journey with Google Cloud](#) to deploy generative and agentic AI models (including Google DeepMind's Gemini) across its financial crime architecture. By evaluating risk early across nearly one billion monthly transactions, HSBC aims to intervene twice as fast when

threats are detected while dramatically reducing friction for legitimate customers.

Ultimately, defence must evolve from flagging isolated transactions to evaluating a holistic mosaic of live context—synthesising account relationships, behavioural biometrics, device telemetry, and ecosystem-wide patterns to neutralise threats before they materialise.

“ FIs must defend against AI-enabled attacks using AI-powered systems capable of operating with equal speed, adaptability, and cross-domain intelligence. ”

Sujata Dasgupta

Building an ecosystem of defence

Fraud rarely respects institutional, sectoral, or geographic boundaries. A single coordinated attack routinely traverses telecommunications networks, digital identity providers, acquiring banks, merchant platforms, and international payment rails. Criminal networks exploit these operational gaps—and financial crime controls must evolve to bridge them.

The future of digital fraud prevention depends heavily

on collective intelligence across the broader ecosystem. Global financial messaging network [Swift demonstrated this power through privacy-preserving AI trials with major global banks](#), including ANZ, BNY, Deutsche Bank, and DNB. This trial proved that by deploying federated machine learning across anonymised cross-border data, banks can instantly recognise complex, multi-institution fraud patterns which may remain invisible to individual organisations.

By pairing real-time intelligence with interoperable digital identity and responsible data sharing, financial networks can dismantle the blind spots that individual institutions face when operating in isolation.

Winning the AI arms race

The AI revolution has undeniably changed how financial fraud is committed. The question facing financial leadership is no longer whether to adopt AI for fraud prevention, but whether their defensive AI infrastructure can evolve fast enough to stay ahead of the threats running alongside it.

That means combining AI with high-quality data, real-time intelligence, digital identity, cross-industry collaboration, and—critically—human judgement and governance.

Winning this arms race does not require handing full control to autonomous AI systems. Instead, FIs must deploy machine intelligence to handle data processing and threat detection at scale, allowing human investigators to focus their expertise on high-risk, high-complexity decisions.

Only then can FIs aim for their AI-enabled controls to evolve fast enough to stay ahead of increasingly adaptive threats.

The race has already begun—and the challenge is whether FIs can close the gap fast enough.

Bank on intelligence: Building the banking and capital markets institution of the agentic era

By Jacqueline O'Flanagan, Head of Financial Services Americas, Microsoft Frontier Co.

Financial services have always been built on trust. Every payment, trade, credit decision, risk assessment, and client conversation depends on confidence that information is accurate, decisions are defensible, and institutions act responsibly.

AI raises the stakes. As intelligence becomes more widely available, access to models alone is unlikely to provide lasting advantage. The stronger advantage may belong to leaders who apply intelligence safely across the value chains where money moves, risk is managed, and client value is created.

One useful way to assess that advantage is through three reinforcing “moats” where differentiation is made: reputation, alpha, and distribution. Reputation gives an institution permission to operate in consequential workflows. Proprietary data, institutional knowledge, judgment, and insight can generate alpha that compounds over time. Distribution turns that intelligence into an advantage by putting it in the hands of employees, advisors, clients, and partners when decisions are made.

The next phase connects context, execution, and control through trusted intelligence. Context consists of institutional data, market intelligence, relationship history, risk signals,

documents, and operating knowledge. Execution means enabling agents and applications to coordinate work across workflows. Control ensures that actions are governed by identity, permissions, observability, auditability, resilience, and human accountability.

“ Trust must shape how technology operates, not sit beside it as a separate assurance.

Jacqueline O'Flanagan

Microsoft's role is to provide an integrated foundation that helps financial institutions retain control of their data and compound their intelligence across cloud, data, AI, security, and collaboration—bringing governed capabilities into the applications and workflows where work happens.

Modernise the financial services operating core

Banking value chains have traditionally been organised around products and functions: onboarding, lending, payments, treasury, and service. Trusted intelligence can connect these activities while preserving their controls. Onboarding information can inform

treasury setup. Cash-flow insights can support liquidity conversations. Trade-finance documents can be checked and routed for review. By reducing handoffs and carrying permissioned context across workflows, institutions can create a more coherent client relationship.

Capital markets firms face a similar shift. Research, pre-trade analysis, execution, post-trade processing, and custody could become more connected services. For example, an appropriately authorised agent could assemble approved research and portfolio exposures for an investor, while another could investigate a settlement exception and prepare an escalation. These illustrative scenarios do not justify giving every workflow the same level of autonomy.

BNY shows how intelligence can be embedded into an operating model. Its Eliza platform combines governance, agent-building capabilities, learning resources, and AI tools, supporting more than 300 solutions. AI-assisted onboarding is 20% faster, more than 10% of client settlement inquiries are resolved or assisted by AI with 80% faster processing, and digital employees handle more than 10% of payment-repair activities.

A data foundation makes this possible. LSEG is using Microsoft Fabric to unify systems and datasets, improve data quality, and reduce new-product development timelines from years to months. At Genworth, Microsoft 365 Copilot has reduced the time to construct complex portfolio trades from days to hours, while decisions remain with people.

Strengthen risk, compliance, and resilience

Trust must shape how technology operates, not sit beside it as a separate assurance. Depending on the use case, jurisdiction, and level of risk, agents should have an identifiable owner, a defined purpose, authorised data access, and clear limits on action. Institutions also need visibility into where data resides, how answers are grounded, what changed, and who remains accountable. Security, sovereignty, model governance, auditability, resilience, and recovery should therefore be addressed in the design from the start.

The direction is human-led and agent-operated—not end-to-end automation. Agents can gather evidence, reconcile information, or propose responses. Human authority should be retained where required by law, regulation, professional or fiduciary obligations, institutional policy, or the consequence of a decision. Escalation paths, approval thresholds, and stop controls should be defined before deployment and calibrated to the risk of each use case.

This human-led approach is already taking shape in audit

“ The priority now is to build institutions that operationalise intelligence safely, responsibly, and at scale.

Jacqueline O'Flanagan

and compliance. Bradesco's AILA supports audit planning, helping professionals focus on analytical depth and business risks. The opportunity is to make controls more informed and timely without confusing automation with assurance: generated explanations still require validation, and faster processing does not by itself make a process safer.

Empower advisors and client-facing teams

The distribution moat is the ability to improve client interactions by bringing the right context forward at the right time in a way that earns the next conversation. Corporate bankers can connect operating needs with treasury expertise, subject to appropriate permissions and controls. Wealth advisors can bring relevant research and approved product information into discussions of long-term goals, while continuing to apply suitability, supervisory, and professional-judgment requirements.

The distribution advantage depends on continuity as clients move between digital interactions and human advice. Service agents, relationship managers, and specialists should work from compatible, permissioned context so clients do not have to reconstruct their stories. That continuity

must preserve confidentiality, choice, and privacy; otherwise, personalisation erodes the trust it is meant to strengthen.

The future belongs to trusted intelligence

A practical starting point is the outcome rather than the model. Once the relevant client, market, operating, or risk outcome is clear, leaders can determine what proprietary intelligence the institution needs to own and map how that intelligence moves. They can then identify which decisions should remain human-led and build the data, governance, security, and workflow foundation appropriate to the use case and its risk profile.

At Sibos, the conversation has moved beyond proving that AI can help with individual tasks. The priority now is to build institutions that operationalise intelligence safely, responsibly, and at scale. Institutions seeking durable advantage will need to treat intelligence as a trusted institutional capability—one that shapes how the business operates, not simply a feature added to existing tools.

Additional resources

- [AI in financial services: Bringing trusted data into the flow of work | The Microsoft Cloud Blog](#)
- Frontier Transformation in Capital Markets: [The Frontier Capital Markets Firm](#)
- The Microsoft Business Blueprint for Agentic Assistants: [Blueprint for Agentic Assistants | Microsoft](#)
- Microsoft for Financial Services: [Microsoft for Financial Services | Microsoft AI](#)

Why tokenisation and trade digitalisation might finally be within reach

By Bhriugu Singh, Chief Product Officer, Global Trade Solutions, HSBC

International trade might be one of the last few bastions of the analogue world. Despite years of digital trade transformation efforts, many transactions still rely on paper documents, manual checks, and fragmented communication between buyers, suppliers, logistics firms, and financial institutions.

According to the DCSA (Digital Container Shipping Association), approximately 12% of global container shipping bills of lading are issued electronically. Although there has been a concerted effort to change this and build on a strong case for trade digitalisation, progress has been uneven and success has varied.

What held back the first wave of trade digitisation

One factor that hindered the digitisation of trade at scale was network complexity. A cross-border trade transaction typically involves numerous players, from importers, exporters, shipping companies, and banks to freight forwarders, insurers, and customs authorities. Each operates its own systems, processes, and data standards. Digitising one participant therefore creates only limited value if the others continue to exchange information through paper, PDFs, and email.

Each participant is incentivised to wait until others adopt a digital standard, resulting in a self-defeating prisoner's dilemma. To add to this challenge, there is a need for all participants to have confidence in the provenance and integrity of the data, but there is no centralised scheme for this complex ecosystem.

“As negotiable instruments and supporting documents become tokenised, they can also be used more readily as collateral for trade finance.”

Bhriugu Singh

With the introduction of distributed ledger technology (DLT) around 10 years ago, many had hoped that this could unlock this conundrum. DLT provided traceability and offered programmability which unlocked benefits not previously achievable. Rather than each participant maintaining separate records and repeatedly reconciling them, a distributed ledger provided a shared, trusted record of a transaction and its evolution.

However, DLT by itself floundered due to numerous

challenges. The required platforms needed critical mass to deliver value, but individual participants were reluctant to adopt them because of the associated costs of integration, coupled with the fact that some of their counterparties might not join. Lack of interoperability was another factor. Different platforms used different rule books and standards, adding to the reluctance of participants to join without seeing proof of success.

More building blocks are now in place

Much progress has been made in addressing previous challenges. On the legal front, several major jurisdictions are amending their laws to adopt the UNCITRAL Model Law on Electronic Transferable Records (MLETR), which recognises electronic transferable records as legally equivalent to paper ones. Because MLETR is technology-neutral, it also encourages the reuse of data and can support automation, including via smart contracts.

In parallel, standardisation is moving forward through the ICC Digital Standards Initiative, helping to create a more consistent foundation across the industry.

Adoption is also starting to show momentum. While electronic bills of lading (eBLs) are only one part of the document set in a typical

transaction, they're critical for establishing title to goods, which is why many see them as a bellwether for broader digital trade. Technology has matured alongside this, with privacy-preserving blockchains emerging that are better suited to the needs of regulated financial institutions and their customers.

Most importantly, funding and policy direction are increasingly aligned.

activities in a pre-agreed contracted manner.

If banks also then record trade finance facilities in a standardised digital form, exposures could potentially be fractionalised and distributed more efficiently between institutions. Over time, this may broaden the pool of capital available to finance global trade.

Major jurisdictions have now legislated for the use of digital

“Digitised trade data gives real-time visibility of cash, receivables, payables, and inventory, allowing treasurers to manage working capital more proactively and with far less friction.”

Bhriugu Singh

Tokenisation can connect trade, finance, and payments

The process of shipping goods today, including physical goods, eBLs, financing arrangements, and payments, are economically linked, but frequently operate across separate systems and processes. Tokenisation potentially allows those different components to be digitally connected.

An eBL could establish rights to the underlying goods and the associated trade asset or financing obligation could be represented digitally. Trusted data could be used to indicate that an event such as shipment, transfer of title, or delivery had occurred. Smart contracts could then execute atomic settlement of the asset and payment to each party, which in effect, could create a delivery-versus-payment nuance for trade transactions, thus reducing the period of exposure for each party. Other programmable features could include the automated release of collateral upon repayment, fulfilment of a contract, or sequencing of

currencies, and while the end-state mix of central bank digital currencies (CBDCs), stablecoins, and commercial bank-issued tokenised deposits are still evolving, programmable money is approaching commercial readiness at scale.

As negotiable instruments and supporting documents become tokenised, they can also be used more readily as collateral for trade finance, bringing meaningful benefits for businesses through simpler processes and improved access to funding.

The benefits can transform treasury

Digitised trade data gives real-time visibility of cash, receivables, payables, and inventory, allowing treasurers to manage working capital more proactively and with far less friction. The same digital infrastructure can embed financing directly into trade flows—bringing liquidity closer to the point



of need, accelerating cash conversion cycles, and reducing administrative steps. Combined, this shifts trade finance from an “add-on” to a seamless part of transactions, improving agility, resilience, and competitiveness.

The key to unlocking adoption

Fundamentally, demand needs to be catalysed to enable adoption by participants. This process primarily requires four actions:

1. A trust framework:

There is significant work underway to create regional digital trust frameworks, but these need to be aligned for global trade. Participants need confidence in the provenance of the data presented to them and the remedies available if something goes wrong.

2. Commitment to adoption:

Enterprises need to commit to adopting digital processes. Industry needs to work with governments and public bodies to agree an adoption roadmap that includes single digital windows to promote adoption by simplifying border processes, and digital corridors to focus on higher volumes and jurisdictions that have adopted legal enablers.

3. Investment in tooling:

This will likely follow from commitment to adoption. End users will naturally adopt services when they are accessible through their existing desktop, mobile, and corporate platforms. It is important to build the end-to-end tooling so that they can create invoices on easily accessible devices,

such as a tablet or mobile phone, upload them directly into an accounting system with all the relevant data elements captured, and then transpose this information into shipping documents.

4. Interoperability of data:

Interoperability of data between central platforms is also critical for a network as broad and complex as international trade. Over time, this will create a global trade web of trusted data flowing seamlessly.



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Podcast

Digital finance in an AI-driven economy: When the agent does the buying, who owns the customer?

By Christer Holloman, author of *Transactional to Transformational: How Banks Innovate*, published by Wiley

Disclaimer: The author is an employee at PayPal Inc. The views and opinions expressed in this article are those of the author and do not represent the views and positions of PayPal Inc. or its affiliates.

For the past decade, enterprise AI in financial services operated around two core capabilities: prediction and advice.

Banks deployed sophisticated machine learning models to predict credit default, forecast market volatility, and flag fraudulent behaviour, alongside generative systems designed to advise relationship managers and draft client communications. Yet across every predictive score and advisory recommendation, one operational constant remained. The AI processed data, while the human retained exclusive authority over the transaction button.

That boundary is now dissolving. As software agents move from predicting market behaviour to exercising transaction authority, the primary interface of digital commerce is shifting from

“As software agents move from predicting market behaviour to exercising transaction authority, the primary interface of digital commerce is shifting from human screens to agent-to-agent protocols.”

Christer Holloman

human screens to agent-to-agent protocols.

Agentic systems do not only synthesise information; they initiate actions, coordinate complex workflows, and trigger payments across the digital economy. When an autonomous software agent is empowered to scour the market, negotiate terms, and execute a purchase on behalf of a human principal, traditional touchpoints get blurred.

For the executives gathered at Sibos, this evolution poses profound questions about the future of control. How do we adapt our approval chains? How do we ensure auditability? Where does liability sit if a machine hallucinates an unauthorised transaction? And, most critically, when the agent does the buying, who ultimately owns the customer relationship?

At present, the governance framework for agentic commerce is not being written by the traditional financial sector. It is being forged in real time across the legal system, technology standards bodies, and web infrastructure providers. To understand the operational reality that banks will soon inherit, or must choose to shape, we must examine three foundational developments currently defining the rules of agentic finance.

The legal precedent: Establishing the acting party

Before financial institutions can underwrite the risk of agent-driven commerce, the legal system must resolve a fundamental ambiguity in payment law. When an autonomous agent initiates a transfer, does it legally constitute an “authorised” transaction by the human principal? Under existing regulatory frameworks like Regulation E and PSD2, transaction liability hinges almost entirely on authorisation. If an agent exceeds its parameters, misinterprets a prompt, or succumbs to prompt injection, determining whether the transaction was authorised dictates whether the bank, the merchant, or the consumer absorbs the loss.

The legal system has begun establishing this baseline. In

a pivotal August 2026 ruling, Amazon.com Services, LLC v. Perplexity AI, Inc. (No. 26-1444, 9th Cir. Aug. 4, 2026, 2026 WL 2237587), the Ninth Circuit Court of Appeals addressed agency in automated interactions. Reversing a lower court’s decision regarding AI access to third-party websites, the appellate panel held that when a user directs an AI agent, it is “the user who ‘accessed’ Amazon’s computers,” not the AI provider (Perplexity).

In its analysis of the Computer Fraud and Abuse Act (CFAA), which governs unauthorised access (not payment authorisation), the court reasoned that the statute’s use of “whoever” contemplates access by a person, treating the agent as a software tool whose acts trace directly back to the human principal. As highlighted in [legal analyses by Ropes & Gray](#), this reinforces that the legal agency resides with the user.

While this is still an open regulatory question, bank executives can see the direction of travel. If the law treats the agent as an extension of the human, financial institutions cannot simply treat agent errors as third-party fraud. Banks must build mechanisms that cryptographically prove exact user scope and intent before a payment is processed.

The standards layer: Cryptographic proof of intent

If legal liability traces back to the human principal, the technology layer must be capable of proving exactly what that human authorised. This is the exact challenge being tackled by the Agent Payments Protocol (AP2).

Originally announced via a [Google Cloud blog post](#), AP2 is an emerging technical specification designed to standardise how agents interact with payment networks. Crucially, the standardisation work for this protocol is now moving into the FIDO Alliance’s authentication and payments working groups, positioning it as a vendor-neutral standard rather than a proprietary tech-giant initiative.

AP2 addresses the core executive concern - how to verify user authority for a specific purchase - by anchoring trust in what it calls “verifiable intent, not inferred action”. To mitigate the risk of an AI hallucinating a purchase or misinterpreting a prompt, AP2 mandates a non-repudiable, cryptographic audit trail for every transaction. It provides deterministic proof that a user gave an agent specific authority for a particular action, creating a robust mechanism for dispute resolution.

“By shaping the standards of identity, control, and compliance today, financial institutions can ensure they remain the indispensable anchors of trust in the agentic economy of tomorrow.”

Christer Holloman

Tellingly, [the AP2 specification](#) already includes a worked table detailing how liability could be allocated across various technical and operational failure scenarios, though it explicitly notes that every payment network will define its own liability contracts. For banks, this signals that the technical plumbing for agentic dispute resolution is already being codified. FIDO’s involvement means these standards will soon arrive at the bank’s front door, demanding integration into existing risk and compliance frameworks.

The infrastructure layer: Bounded authorisation and identity

Legal frameworks and cryptographic protocols are only effective if the agents themselves can be reliably identified and constrained in the wild. We are now seeing web infrastructure providers build the operational rails for agentic finance.

Cloudflare (which routes and secures roughly 20% of all global web traffic) recently announced new infrastructure designed to [give AI agents a stable identity and a wallet](#). As CEO Matthew Prince noted, the necessity is clear: “When an agent shows up at your

door, you need to know who sent it.”

To address the banking sector’s concerns regarding autonomous spending run amok, Cloudflare’s engineering architecture heavily emphasises bounded authorisation. The tools allow agents to make online purchases safely within strict limits set by their human creators. These guardrails include user-defined spending caps, approved merchant lists, and maximum transaction sizes that the agent cannot autonomously exceed. Crucially, keeping the “human in the loop,” any attempt by the agent to exceed a virtual wallet’s limit triggers a manual override, requiring approval from a human authorised to make changes to the account.

While Cloudflare’s handle reservation for agents is currently live, it is important to note that full wallet funding and virtual wallets are slated to roll out in the coming months. Nevertheless, the trajectory is clear - the infrastructure layer is actively racing to provision agents

with identity, wallets, and programmatic spending guardrails.

Closing the governance gap

The architecture of the AI-driven economy is assembling rapidly. The legal system is determining who the acting party is, standards bodies are working to make an agent’s authority cryptographically provable, and infrastructure providers are deploying bounded identities and wallets.

Yet, all three of these examples remain early. This presents a critical, fleeting window of opportunity for the global financial institutions gathered at Sibos.

Currently, the governance gap for agentic finance is being filled by technology companies and the courts. If banks simply wait to inherit these frameworks, they risk being relegated to mere utility providers in an ecosystem where tech platforms own the primary customer interface and dictate the rules of engagement.

To answer the question of who owns the customer when the agent does the buying, banks must proactively step into this governance gap. By shaping the standards of identity, control, and compliance today, financial institutions can ensure they remain the indispensable anchors of trust in the agentic economy of tomorrow.



Christer Holloman has been writing about finance and technology since 2012, first for Sky News and later as the author of five books published by Wiley and Pearson.

His most recent book is the Amazon bestseller, *How Banks Innovate*. He holds an MBA from the University of Oxford and is a popular keynote speaker. All opinions are his own.

From transactions to intelligence - the most important AI conversation in banking is not about chatbots

By Theodora Lau, Founder, Unconventional Ventures



Theodora Lau is the founder of Unconventional Ventures, a public speaker, and an advisor.

She is the author of *Banking on (Artificial) Intelligence* (2025) and co-author of *The Metaverse Economy* (2023) and *Beyond Good* (2021). She is also the host of *One Vision*,

a podcast on fintech and innovation. She was named one of American Banker's Most Influential Women in FinTech in 2023. She is also a regular contributor and commentator for top industry events and publications, including BBC News and Finovate. All opinions are her own. Follow [Theodora on X \(@psb_dc\)](#) and [LinkedIn \(Theodora Lau\)](#). Visit our [website](#) for more of her articles.

While much of the industry's attention recently has focused on AI agents, a consequential shift is underway in banking: moving from isolated models and chatbots towards reusable intelligence trained on financial behaviour.

On 25 August, [Revolut](#) launched [Revolut Research](#) and introduced PRAGMA, its proprietary foundation model trained on its own customers' financial behaviour. The following day, on 26 August, Lloyds Banking Group introduced Atum, a transaction foundation model intended to serve as a reusable, pre-trained AI backbone.

[Lloyds describes Atum](#) as a way to transform billions of transactions across 28 million customers into reusable customer embeddings — a shared intelligence layer that can support a range of banking decisions across the entire group.

Transaction foundation models are not banking chatbots. And they are not a replacement for regulated decision engines. They are trained to understand the sequence and context of financial events, including income, spending, money transfers, and merchant relationships, and turn that history into reusable representations. These representations can then be used to improve affordability, churn, and personalisation while also helping to reduce downstream fraud, with existing policy and risk

“If institutions want to be more than a regulated balance sheet behind someone else's interface, they need to own the intelligence as well as the ability to act on it safely and responsibly.”

Theodora Lau

frameworks still determining the final action.

This approach addresses a persistent challenge, where multiple teams begin with the same set of transaction data and build tailored models for different use cases. Instead of separately engineering a fraud model, a churn model, and a next-best-action model from scratch, the teams can use a shared, pre-trained representation of how customers behave.

Such a reusable model does not entirely eliminate the need for specialised models, but it provides a common, pre-trained understanding of customer behaviour from which to start. This can reduce duplicate effort and make downstream decisions and agents more accurate, contextual, and cost effective.

The early performance gains reported are encouraging. [Revolut reports](#) 3-5x faster model development cycles, 2.3x better accuracy at identifying credit default risk, 65% more fraud cases caught, and 41% more relevant product recommendations. These results illustrate the potential value of the shared model approach, rather than repeatedly rebuilding models and features from scratch.

Nubank and Ant

Nubank is probably the best proof for how this strategy will operationalise. Its proprietary model, [NuFormer](#), integrates structured financial data, behavioural signals, in-app interactions, as well as other information sources across its customer base. The model is in production for credit cards in Brazil and Mexico, and unsecured lending in Brazil, with SME and Colombian cards in testing.

Nubank serves 139 million customers globally as of Q2 2026. When announcing its second quarter 2026 financial results, the fintech giant said that its AI agents handle more than 60% of customer support conversations in Brazil at or above human parity. Taken together, the disclosure offers an early indication of how a reusable intelligence layer can connect to large-scale operations.

Separately, Ant International's FalconTST 2.0, a time-series transformer AI model, illustrates another important branch. Instead of encoding a customer journey (as in the case of Nu and Revolut), it forecasts numerical flows, such as when cash will be needed, in which currency, and at what volume.

Ant International says that the model has been adopted by [Barclays](#), [Citi](#), [Deutsche Bank](#), and [Standard Chartered](#) for cashflow forecasting and FX liquidity management use cases.

What does this mean?

A financial foundation model can become a differentiated asset, but the advantage lies not just in the model. The real moat is high quality, permissioned, longitudinal data, combined with a reusable financial intelligence, and the ability to apply it through real customer journeys and operational workflows in ways that competitors cannot easily replicate.

On the flip side, a shared intelligence layer can also create a shared failure point. A data quality issue or a proxy effect could potentially propagate across fraud, credit, marketing, and collections. Use case level validation, continuous monitoring, controls, and auditability will be essential.

These models should not be treated as final decision makers, however. A transaction foundation model can detect an anomaly and estimate a high probability of fraud. It can recognise a customer's changing financial circumstances, identify affordability signals, or make a more relevant recommendation. But it cannot, by itself, decide what happens next and what the

institution is permitted to do.

Can the bank pause the payment, request a step-up authentication, block a card, or simply flag the case for review? Can it route the exception to a fraud analyst? What action is permitted for this customer, or for this amount? When is human review mandatory? Who has the authority to act? Can the bank present a clear record of the data, policy, model, authorisation, and sequence of events that produced the outcome?

“For incumbents with legacy fragmentation, the question is urgent: What is the business outcome that you need to deliver today and how can you deliver it at scale?”

Theodora Lau

This is why the end state is unlikely to be one single bank AI model. Instead, the emerging architecture will likely be a portfolio: transaction models that understand customer behaviour, specialised models that are designed for high-stakes risk decisions, and LLMs that can handle language, documents, and

interactions. And an operating layer that orchestrates workflows, constraints, permissions, and human oversight with auditability.

As AI agents become the new distribution layer for customers, banks must decide which capabilities they will expose, to whom, and under what authority. A model that understands a customer's financial context is useful, but an agent must be paired with identity, consent, permissions, liability rules, constraints, transaction limits, escalation paths, and control mechanisms before it can act on the insight.

If institutions want to be more than a regulated balance sheet behind someone else's interface, they need to own the intelligence as well as the ability to act on it safely and responsibly. Building a bank-owned foundation model is only one step of the transformation journey, albeit an important one. A trusted operating layer, one that connects systems of record, model outputs, workflows, policy, identity, delegated authority, and human oversight, supported by strong governance to orchestrate execution across systems, is what turns intelligence into a competitive advantage.

For incumbents with legacy fragmentation, the question is urgent: What is the business outcome that you need to deliver today and how can you deliver it at scale?

Are fintech IPOs back? Assessing the market's revival

By Cameron Emanuel-Burns, Reporter, FinTech Futures

Initial Public Offerings (IPOs) are often seen as the ultimate milestone for fintechs - the moment they achieve optimal maturity and scale.

During the booming market of 2021, over 62 fintechs went public (including the likes of [Robinhood](#), [Affirm](#), and [Marqeta](#)), doubling the previous year's tally. However, a post-Covid market correction effectively slammed the public listing window shut.

Now, the public market tide is turning again. Recent listings from major fintechs like [Klarna](#), [BitGo](#), and [Chime](#), coupled with the historic IPO of Elon Musk's SpaceX in June, suggest momentum is building. This resurgence raises an important question: what is the current sentiment around fintech IPOs?

To gauge the market's mood and uncover what the future holds for the sector, FinTech Futures sat down with industry experts to find out.

The current fintech IPO landscape

Yusuf Ozdalga, partner and head of UK and Europe at QED Investors, explains: "2025 represented a lot of pent-up fintech demand being released, and then in 2026 SpaceX, energy, and AI grabbed the headlines. From a European perspective, it is worth noting that there is huge pent-up fintech demand there, with lots of successful and exciting fintech companies considering IPOs, e.g. Monzo and Revolut."

Meanwhile, Jonathan Crystal, managing partner at Crystal Venture Partners, finds that the IPO market is "clearly healthier than it was two years ago", highlighting that "the US remains the most natural market for companies of scale", while "Europe has been more difficult".

Crystal notes that in Asia, India stands out as a "fintech pipeline", while in China and Hong Kong, "much of the current IPO activity is concentrated in other parts of technology". He also adds that investors today are "distinguishing between companies rather than buying a category".

James St. Clair, president at brokerage fintech ViewTrade Security Inc., says that demand for IPOs is "becoming very apparent". While IPO activity was "almost non-existent over the past few years", St. Clair states "many fintech companies are now teed up, and the market is picking up steam".

"It is important to note that while the flow of private funds into fintech companies has increased dramatically over the past year, in anticipation of subsequent IPOs, the number of companies that are the recipient of these funds has decreased," continues St. Clair.

"The theme appears consistent with the pattern that quality is winning over quantity. We've seen a few fintech firms pull their IPOs perhaps due to market conditions, but also perhaps

realising that they have not focused on the metrics investors are looking for today."

Metrics to value late-stage private fintech

So, what metrics are institutional and retail investors looking for to back fintechs in 2026?

While acknowledging that profitability is of course a key driver, St. Clair notes that investors are also "now looking at EBITDA, free cash flow, sustainable recurring technology or platform fees versus transactional revenues, and then the quality of the customers the fintech engages with".

Meanwhile, Crystal explains that capital providers want to know "why the growth is repeatable, what it costs to produce, how much revenue recurs, how long customers stay, what margins look like at scale and how much capital the company needs to keep growing".

Comparing today's landscape to the 2020-21 boom, Ozdalga states that "today, the focus is also on profitability and return on capital", in contrast to the previous emphasis on revenue and growth.

"For fintech specifically, investors today also focus on how durable the business model is with regard to rate changes as well as regulatory changes, and also what kinds of moats the business has in the age of AI," adds Ozdalga.

Valuation gaps

According to St. Clair, another sentiment driver is the valuation of late-stage private companies that are coming to market. He explains: "As companies stay private longer, the meat left on the bone is rather thin, which is why a few recent IPOs have not performed well in the short term." But why has this shifted so dramatically over the past few years?

“As companies stay private longer, the meat left on the bone is rather thin, which is why a few recent IPOs have not performed well in the short term.”

James St. Clair

Addressing the current valuation gaps, Ozdalga says this divide exists because "private markets tend to be less volatile and founders have the opportunity to partner with funds that are more aligned with them on valuation, whereas public markets tend to be more volatile and open to all sorts of actors founders cannot influence, such as short sellers".

On the differences in valuations today compared to the 2021 boom, Crystal highlights: "A lot of companies were simply priced too aggressively in 2021. Some have reset. Some stayed private and grew into their valuations. And some of the best companies have

enough access to private capital and secondary liquidity that they have been able to wait."

"[Stripe](#) and [Revolut](#) are good examples of the last category," adds Crystal. "Both have continued to grow at enormous scale without needing the public markets to provide liquidity or validate the valuation."

For St. Clair, he finds that around 2021, "many late-stage private companies boasted valuations during the boom era that far exceed their down-to-earth valuations of today". He notes: "There are many examples of companies that were prepared to enter the SPAC market at unicorn valuations, only to face reality and abandon these high expectations."

"Many of these companies retrenched and spent time building their businesses, strengthening their customer base, stabilising their revenue streams, including recurring technology fees, and ultimately reflecting positive income statements," continues St. Clair. "It appears that companies now hope to be rewarded by focusing on multiples of EBITDA rather than multiples of revenues."

Factors influencing investor appetite

While IPO appetite appears to have been gradually rising from the lulls of 2022 and 2023, some companies have been deterred from going public due to factors outside their control.

Crystal explains: "IPOs require reasonably stable markets, and a company can spend years preparing to go public only to have the window close in a matter of days."



Management can't control the window. It can control whether the business is ready when the window opens."

One such area impacting markets is geopolitics. Ozdalga notes: "Geopolitics is nervy to say the least, but as usual, institutional investors find it very hard to price geopolitical risk, and hence to some extent this tends to get avoided until it stares you right in the face."

Regulation can also play a key role when it comes to IPOs. Evidence of this can be seen in the US, with Ozdalga stating that frameworks such as the GENIUS and CLARITY Acts have been a "big tailwind, especially for stablecoins, which is a hot fintech area".

“ IPOs require reasonably stable markets, and a company can spend years preparing to go public only to have the window close in a matter of days.

Jonathan Crystal

Meanwhile, in the UK, the Financial Conduct Authority (FCA) recently [simplified the country's IPO rules](#) in a bid to enhance London's appeal as a destination for companies pursuing public listings.

Another factor impacting investor appetite is interest rates. However, St. Clair finds that while "higher interest rates present many problems for companies that depend on access to funds (lenders, fintech start-ups, refinance fintechs), some fintechs tend to flourish in this environment, especially those that generate revenues from idle client cash or deposits (neobanks, brokerages)".

Ultimately, St. Clair believes that "if a fintech has proven itself worthy of the valuation being presented, offers a service that appeals to investors and has successfully focused on profitability and a sustained business model, investors can look past the noise of world events in order to participate".

Future predictions

As we move further into the second half of 2026 and look toward the new year, Ozdalga asserts that "the main thing to watch is how the big names (SpaceX, but also OpenAI and Anthropic) will trade".

He notes: "If the big names do well, capital will likely rate into other sectors more broadly. We see the fourth quarter of 2026 as a litmus test for fintech IPOs."

Crystal states that firms providing fintech, payments, and financial infrastructure will

"continue to produce public companies". "There are also strong businesses in wealth, trading, and digital assets that have now reached enough scale to be evaluated on their actual economics. I would put insurance high on the list as well," continues Crystal.

Crystal adds that he does not think the IPO market "needs another 2021", explaining: "Good companies need to come public, hit their numbers, and trade well. If that happens, there are plenty more behind them."

For St. Clair, fintech companies that "monetise their revenues across multiple revenue streams" are going to prove to be the most successful. He believes that the front-runners will be wealthtech and brokerage infrastructure firms, explaining that "their combination of recurring platform fees, transaction activity, interest income, securities lending, and advisory services creates a diversified revenue model that is hard to beat, particularly as asset values continue to grow".

“ We see the fourth quarter of 2026 as a litmus test for fintech IPOs.

Yusuf Ozdalga

However, while macroeconomic factors such as the "inflation outlook" and "geopolitical powder kegs" remain, these uncertainties make it "difficult to predict what the IPO landscape will look like over the next couple of years", says St. Clair.

Overall, St. Clair holds the view that we will see a "robust IPO market ahead", driven by the "exciting technology being developed every day and enhanced exponentially". He concludes: "As long as investors exist, there will be compelling opportunities in the IPO market."

The core is dead, long live the core

By Dharmesh Mistry, banking technology consultant and FinTech Futures editorial contributor

I'm probably described as the 'core bore', because it has been such a focus of my writing for years. But given the activity around tokenisation right now, it would be remiss of me not to discuss the impact of something that promises to revolutionise money on core banking. When the infrastructure of payments changes, so do the demands on the core.

This is for the architects, engineers, and technology leaders who will have to build for the digital money era. You already know what stablecoins, CBDCs, and tokenised deposits are; this article demystifies what each one does to your core.

The short version is this: tokenised money is arriving in multiple forms, and each makes different demands on your core. Stablecoins and retail CBDCs barely touch it. Tokenised deposits and deposit tokens change it significantly. All four point toward an architecture I believe nobody is selling and almost nobody has built yet. If you are not planning for it, you are already behind.

Stablecoins and CBDCs: Barely a core challenge

Institutional stablecoins exist entirely outside your core. There is nothing to integrate, no API to build, no ledger entry to make. A customer moving money into a stablecoin is the same as a customer withdrawing cash: it leaves your balance sheet and you lose sight of it.

“ Tokenised money is arriving in multiple forms, and each makes different demands on your core.

Dharmesh Mistry

Some banks are drawing a sharper conclusion: that if stablecoins are coming, it's better to issue them than potentially lose deposits. Qivalis, a consortium of 37 European banks building a MiCA-compliant euro stablecoin, is the clearest example, but this has no impact on the core as Qivalis is a separate entity, built

outside the existing core.

Retail CBDCs are similar. The bank distributes it and manages the wallet. Once the customer has it, the core no longer tracks where it goes, exactly like cash. You are adding a wallet management layer, not rebuilding the ledger. Wholesale CBDCs have more impact: your reserve position moves continuously on a shared central bank ledger instead of settling at end of day, and settlement is immediate and irrevocable. That changes treasury and settlement systems, but the core ledger itself is not the primary target.

Tokenised deposits: Meet the token ledger

This is where the core really feels the pressure, and where a new component enters the picture: the token ledger. A tokenised deposit is a conventional deposit with a programmable token on top of it. The deposit still exists in your core as it always has; the core records the balance and the token moves it. This is the familiar separation of booking and settlement.



“ I believe traditional cores served their era. The token ledger will serve the next few years. The Intelligent Ledger is what comes next.

Dharmesh Mistry

The token ledger sits in between, bridging your core and the blockchain: it manages token creation and destruction, keeps token balances in sync with core balances, and translates blockchain events into instructions the core can process. You are not replacing your existing core, you are standing up a new layer alongside it. The live GBTD programme in the UK and EnsembleTX in Hong Kong are both built this way, with each participating bank's existing cores remaining the ledger of record.

The token ledger model is pragmatic and it works, and it gets you into programmable money without replacing your core, but there's a few points worth understanding:

Minting, burning, and keeping money set aside: Every time a customer moves money into a tokenised deposit the token ledger mints tokens. Every time they redeem, it burns them and instructs the core to release funds. These events need to flow both ways in real time, not overnight in a batch window. The core now needs to track a balance within a balance, reserved for tokens versus total. If your core already maintains a shadow balance, the path to supporting tokens is shorter; if not, closing that gap is the first engineering task.

Smart contracts and their limits: A smart contract checks the available token balance before it executes. If that balance comes from a batch-cycle core via the token ledger, it may be hours old, so the intelligence of your programmable money

is potentially capped by the slowest system in the chain. Changing a deployed smart contract also requires formal deployment, testing, and change control; who owns that governance needs deciding before the first client transaction.

Who earns what: Interest and fees are calculated against overnight balances, but when a token moves during the day, the core's view of who holds the deposit may be hours behind. At institutional scale, that can create a challenge when it comes to interest calculations and regulatory reporting, so plan for it from the start rather than discovering it after solving the mint/burn mechanics.

Deposit tokens: Hollowing out the core With deposit tokens, the architecture shifts decisively: I believe this is the epitome of hollowing out the core. The blockchain is no longer a layer on top of the core; it is the ledger of record. Settlement and record-keeping happen in the same place at the same time, so the lag between them disappears. The deposit does not exist in your core, it just exists on-chain. JP Morgan's JPMD, live on Base since late 2025, is the clearest example: there is no need to map entries back to the core for transaction purposes, though JPMD positions still need aggregating into conventional regulatory reporting, balance sheets, capital adequacy, and liquidity ratios. That reconciliation is exactly the reporting engine role the core now plays. The token ledger shrinks from a bridge to a monitor,

watching the blockchain for events that need reflecting in reporting systems. The core shrinks from source of truth to reporting engine, aggregating on-chain positions into financial statements and providing the audit trail. Both are still necessary, but neither is in the transaction chain anymore. The token ledger still syncs with the old core because it cannot yet do everything the core does: lending, regulatory capital reporting, conventional payment rail connectivity, and consolidated customer management, for example. Each capability it absorbs removes one thread of dependency, and when all threads are gone the old core is no longer in the chain for those products, though it will keep serving the bank's fiat estate, mortgages, personal loans, and current accounts for as long as those products exist. Honestly, a major bank's core manages thousands of fiat product variants, multi-currency accounting, complex collateral arrangements, and decades of customer history: replicating that in a token ledger is a multi-year programme, not a product release. **The Intelligent Ledger: The token ledger, fully grown** Each capability gap that keeps the token ledger tethered to the old core is also a capability it needs to build. As it absorbs lending, regulatory reporting, rail connectivity, and full customer management, the sync gets thinner. When it has absorbed all of them, the old core is gone for those products. What remains is a token ledger that can do everything a banking ledger needs natively, in real time, with programmability built in from the ground up.

That is the Intelligent Ledger: not a mysterious future concept, but the token ledger, fully grown. It is also what a world of AI agents and streaming money requires, since a batch-cycle core cannot support an agent managing a customer's financial life continuously. The existing core vendors are optimising what exists. The blockchain platforms provide programmability but not banking intelligence. The token ledger providers solve the bridge challenge but not the destination. The Intelligent Ledger sits in the gap between all three: start with the token ledger, add capabilities incrementally, and let the sync with the old core get thinner for programmable money products. The old core will not disappear overnight. It will keep running the fiat estate for years, possibly decades. The goal is not to eliminate it but to stop adding to it, and

to build every new product on the Intelligent Ledger from day one. I'm just saying that I believe traditional cores served their era. The token ledger will serve the next few years. The Intelligent Ledger is what comes next. As the saying goes, "To be forewarned is to be forearmed."



Dharmesh Mistry has been in banking for more than 30 years and has been at the forefront of banking technology and innovation. From the very first internet and mobile banking apps to artificial intelligence (AI) and virtual reality (VR). He has been on both sides of the fence and he's not afraid to share his opinions. He is an entrepreneur, investor and mentor in proptech and fintech. Follow Dharmesh on X @dharmeshmistry and listen to the *Demystify* podcast he co-hosts with Dave Wallace. All opinions are his own.

Summary: What each form of digital money does to your core

Form	Core role	What you need to build or change
Stablecoins	Unaffected	Nothing in the core.
Retail CBDC	Distribution channel	Wallet management layer.
Wholesale CBDC	Settlement participant	Real-time reserve visibility during the day. Settlement systems redesigned for instant, irrevocable finality.
Tokenised deposits	Ledger of record - token ledger bridges to chain	New token ledger required to bridge on-chain activity to core.
Deposit tokens	Reporting and reconciliation only	Record keeping (ledger) no longer required in core.
Intelligent Ledger	Token ledger fully grown - old core isolated to fiat product estate	Core remains only for fiat products.

The future of AI in lending isn't smarter models, it's trusted models

By Subramanian Narayanaswamy, Executive Director at Wells Fargo

For years, financial institutions have tried to outdo each other by building better lending models.

Every few years, the industry has found new ways to improve prediction, whether through improved credit scores, richer data, or advanced machine learning. However, the goal remained the same: to predict credit risk more accurately.

Today, accuracy is becoming table stakes. Most major lenders use sophisticated machine learning, rely on the same credit bureaus, and often use similar modelling techniques or buy them from the same vendors.

As AI increasingly powers these lending decisions, the competitive advantage is shifting from accuracy to trust.

The question is no longer simply: *Can AI make better lending decisions?* It is becoming: *Can we trust those decisions?*

What makes an AI model trustworthy?

A trusted lending model must meet four key criteria.

First, it must deliver consistent decisions. Similar applicants should receive similar outcomes, and the same applicant should receive the same result under the same circumstances.

Second, it should explain those decisions. If a customer is denied credit, the lender should be able to say why in clear, simple language the customer can understand.

Simply pointing to a complex algorithm or a list of variables is no longer enough.

Third, it must demonstrate fairness. Models need to be tested to see if some groups of borrowers are treated differently without a good reason, and to check if better options are available.

“Trust is often viewed as a compliance issue, but it is much more significant.”

Subramanian Narayanaswamy

Fourth, it must be continuously monitored. Customer behaviour, economic conditions, and data can change over time. A model that performs well initially may not remain effective in the future.

Together, these capabilities build confidence that a model is accurate today and will remain reliable over time.

Trust is becoming a business advantage

Trust is often viewed as a compliance issue, but it is much more significant.

It impacts three key areas for lenders: revenue, operations, and technology procurement.

The revenue story starts with the decline queue. Consider a self-employed applicant with seasonal income. A model focused on monthly income stability might decline the application, while a fuller assessment of cash flow across the year could reveal sufficient capacity to repay. Understanding what drives a decline helps lenders identify creditworthy customers

they might otherwise miss while maintaining their credit standards.

The operational benefits are less obvious but still important. Trusted models are easier to validate, defend during reviews, and update when things change. They also save time when explaining decisions to auditors, validation teams, and regulators.

historically underserved borrowers, without raising credit losses. Their experience indicates that explainability and lending performance can be achieved together.

FairPlay helps banks evaluate whether existing models unintentionally disadvantage certain groups of applicants. The company reports that between one-quarter and one-third of the highest-scoring declined

Companies such as Credo AI provide monitoring, documentation, and audit-ready evidence that supports internal governance and regulatory expectations.

Each company addresses a distinct challenge, yet collectively they reflect a broader industry trend – “The conversation is moving past just making predictions. It is moving toward trust.”

The next competitive advantage

Every major technology follows a similar path. First, people ask if it works. Then they ask if it can scale. Finally, they want to know if they can rely on it. AI in lending has now reached that last stage.

While accuracy can be purchased, trust must be earned and demonstrated repeatedly to regulators, boards, customers, and institutions that use these models daily.

The institutions that lead over the next decade will not necessarily be the ones with the most sophisticated models. They will be the ones that can consistently show those models are accurate, fair, explainable, and well governed.

For years, competitive advantage came from building smarter models.

The next competitive advantage will come from building models that people trust.

The views expressed herein are solely those of the author and should not be reported as representing the view of Wells Fargo Bank.

“Every major technology follows a similar path. First, people ask if it works. Then they ask if it can scale. Finally, they want to know if they can rely on it.”

Subramanian Narayanaswamy

riskiest borrowers who were approved.

As more models move into production, banks need evidence that they continue to perform as expected.

There is also a growing business consideration.

As banks purchase more AI tools from external providers, governance is becoming integral to the procurement process. Institutions increasingly require evidence that a model is explainable, fair, and well managed before adoption.

The role of fintech

Many fintech companies now focus on helping banks build models that people can trust. For example, some companies are working to make underwriting models easier to understand.

Zest AI has deployed over 600 lending models, supporting \$1 trillion in loans. The company reports significant increases in loan approvals, including for



Subramanian (Subbu) Narayanaswamy is a senior credit and fraud risk executive with deep expertise in consumer lending, credit strategy, and financial innovation. Throughout his career, he has led the design and implementation of enterprise-wide credit decisioning frameworks and risk strategies that have supported the prudent growth of multibillion-dollar lending portfolios. All opinions are his own.

Beyond digital islands: Why interoperability is tokenisation's next frontier

By Tyler Pathe, Senior Reporter, FinTech Futures

Bankers know that the blockchain works, and they know that tokenisation can make money move for their clients instantaneously and with fewer steps in between. The ground has been thoroughly tested, and now the sector races towards the even bigger challenge of scaling their tokenisation initiatives and blockchain interoperability.

Industry developments are therefore rightly front and centre on the agenda of Sibos 2026, being held this year in Miami, US. Sessions will look into suitable core integrations, building trust and security, moving beyond the testing ground, and ultimately how the benefits of tokenisation can create greater value for banks and their clients.

Here, *FinTech Futures* convenes some of the industry's top movers in this space to see how they're bringing tokenisation out of the sandbox and into real-world use cases and what's next for the technology.

Sibos attendee Deutsche Bank continues to make headway with tokenisation. Being the world's largest clearer of euro transactions, processing over €1 trillion in institutional cash daily, the German giant is actively engaged in a number of high-profile projects using blockchain technology.

These include Project Guardian with the Monetary Authority of Singapore (MAS) and Project Agorá, led by the Bank for International

Settlements (BIS) and the Institute of International Finance (IIF). In July, Deutsche Bank completed one of the first live transactions during Agorá's real-value testing phase, acting as an intermediary for a €10,000 treasury payment from Lloyds Banking Group to CaixaBank.

“ The greatest value from tokenisation is emerging in the tokenisation of money rather than assets.

Ciarán Byrne

Speaking to *FinTech Futures* ahead of Sibos 2026, Ciarán Byrne, global product and market management head at Deutsche Bank, says the institutional focus is looking beyond the initial securities remit of tokenisation towards money itself. “The real friction point in financial markets has often been the movement and settlement of cash,” he explains. “The greatest value from tokenisation is emerging in the tokenisation of money rather than assets.”

This ties into the drive for constant service availability. Traditional correspondent banking, Byrne says, was built around sequential processing and market operating hours, while tokenised money opens the door to always-on settlement and greater visibility over payment flows.



But Byrne also warns of the risk of system isolation and the need for interoperability. “Today, many initiatives are being developed in parallel, whether around tokenised deposits, stablecoins, securities settlement networks, or digital asset platforms,” he says. “The risk is that we create a series of digital islands rather than a connected ecosystem.”

Following the money

Deutsche Bank is far from alone when it comes to tokenisation innovation. JP Morgan has spent the last few years moving tokenisation out of the lab and onto the balance sheet through its flagship blockchain platform, Kinexys. The Wall Street heavyweight has processed over \$4 trillion in blockchain transactions since launching the platform in 2015 and routinely clears an average of \$7 billion in daily volume.

Recent tokenisation developments include JP Morgan launching its first tokenised money market fund, My OnChain Net Yield Fund (MONY), on Ethereum in December 2025, as well as an expansion of its JP Morgan Coin infrastructure to Coinbase's public Base network executed around the same time.

Kara Kennedy, global head of market development at Kinexys by JP Morgan, says demand for this infrastructure is being driven by corporate clients increasingly operating around the clock. “Cash and liquidity management is one of the leading use cases for tokenisation today, and one that banks are uniquely positioned to support,” she tells *FinTech Futures*.

Kennedy sees an opportunity to extend this into assets such as money market funds and fixed income instruments, increasing the range of yield-bearing assets available on-chain and opening up new opportunities for investment and distribution.

However, she too recognises the efforts needed to bring tokenisation into mainstream banking infrastructure: “Tokenised financial infrastructure is no longer theoretical. It's restructuring liquidity, settlement, and digital asset workflows today. However, interoperability between systems is essential for adoption to scale.”

This focus is shared by Citi, which is also betting on tokenised money as a means of overcoming what Bis Chatterjee, head of partnerships and innovation for Citi Services, describes as the “legacy tech and ops barriers of time and geography limitation”.

Citi Token Services uses a private permissioned blockchain to enable tokenised liquidity transfers, and in July announced Siam Commercial Bank as the first financial institution client to go live with its integrated Citi Token Services and 24/7 USD Clearing solution.

Speaking to *FinTech Futures*, Chatterjee says the direction of development is now towards “borderless, always-on, and real-time” financial networks, but adds that the bigger breakthrough will come when individual bank networks start connecting to one another.

“Tokenised cash will continue to evolve with more institutions rolling out their tokenised money infrastructure and the biggest progress will come from these ecosystems starting to interconnect with each other, and with other payment and settlement systems,” he says.

That shift is already beginning to play out beyond Citi's own network. The bank is among 17 institutions working with Swift on its blockchain-based ledger, designed to support tokenised deposit payments between participating banks.

HSBC is another participant, and in August completed a live cross-border tokenised deposit transaction on

the Swift ledger alongside Standard Chartered. Lewis Sun, global head of digital currencies at HSBC, tells *FinTech Futures* how tokenised deposits offer banks new capabilities without abandoning the protections associated with commercial bank money.

"For wholesale treasury, tokenised deposits allow commercial bank deposits to become digital, programmable, and always-on without losing the trust framework, controls and regulatory framework that already supports institutional banking," he says.

“The next phase will test whether tokenised deposits can move beyond single bank platforms and become part of a shared settlement layer.”

Lewis Sun

The business case, Sun argues, is particularly strong for institutional clients holding large liquidity buffers or managing funding across multiple jurisdictions. Yet real-world adoption is not simply a technical issue. He points to a need for greater market understanding of the differences between tokenised deposits, stablecoins, and native crypto assets, alongside regulatory considerations including FX controls and country-specific infrastructure requirements.

"The next phase will test whether tokenised deposits can move beyond single bank platforms and become part of a shared settlement layer," Sun continues. HSBC's work already spans several initiatives in this area.

These efforts include Project Agorá, HK Ensemble, UK Finance's Great British

Tokenised Deposit initiative, and a tokenised deposit pilot on Canton Network. The bank's own DLT Settlement Utility, which offers a patented distributed ledger technology solution that links blockchain networks with fiat settlement rails, is described by Sun as "strategically important as an enabler" of the bank's continued success with tokenisation.

Escaping the digital islands

When it comes to where the industry currently stands with tokenisation, Wayne Hughes, digital assets market and client engagement lead at BNP Paribas, says: "We are still in the early days."

"The focus for now is on building the foundations for the future of capital markets," he tells *FinTech Futures*.

BNP Paribas has itself been testing that business case. In February, its asset management arm issued a tokenised share class of an existing French money market fund on Ethereum through the bank's AssetFoundry platform, using a permissioned model restricting holdings and transfers to authorised participants.

Hughes believes the hurdle facing the wider industry is now less about proving that tokenisation is technically possible and more about demonstrating "meaningful near-term value". He points to fund distribution, particularly money market funds, and collateral mobility as areas where tokenisation could remove existing friction, while also stressing the importance of interoperability.

"We're unlikely to converge on a single blockchain, which makes interoperability and common standards particularly important," Hughes says. "We need to preserve competition and innovation while ensuring that different networks and solutions can work together at scale."

This is also a priority for BNY, which began 2026 by enabling on-chain representations of client deposit balances on its Digital Assets platform, initially targeting collateral and margin workflows. It followed this in July with digital transfer agency capabilities designed to support digitally native funds across different blockchains and jurisdictions.

Carl Slabicki, head of commercial, global payments, and trade at BNY, sees these developments as part of something much bigger than the blockchain: "The most important point is that tokenisation is not valuable simply because it is new; it is valuable because it can help make financial services more available, more programmable, and more synchronised with an always-on economy."

For Slabicki, that means that tokenisation cannot develop as an island alongside the rest of the financial system. Traditional infrastructure, instant payment rails, tokenised bank liabilities, and digital assets are all advancing at the same time. "The opportunity is unlocked when these systems become interoperable across banks, market infrastructures, and ecosystem participants," he says.

The proof-of-concept era has demonstrated that money, funds, and other assets can be represented and moved on-chain. Production deployments are now showing that the technology can support real financial activity. What remains much less certain is how hundreds of individually successful systems become one functioning, unified market.

Tokenisation's next act then is unlikely to be won by whichever bank builds the best blockchain. It will depend on whether banks can make their new infrastructure speak to everyone else's.



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AI is the new railroad: How will it shape economies?

By Dave Wallace, host of the Dave and Dharm Demystify podcast

The railway wasn't just a new way to travel. It catalysed economic transformation. It changed where goods could be made and sold, connected previously separate markets, and helped create businesses on a scale that had been impossible before.

It also introduced a new problem for investors: how could they determine which of those businesses were sound?

John Moody first issued the *Moody's Manual of Industrial and Miscellaneous Securities* in 1900, compiling information and statistics concerning US stocks and bonds. In 1909, he published an analysis of investments in railroads together with a system for grading the credit quality of their bonds, a method which was subsequently applied to other industries and to public debt.

A century later, the railway is no longer the key technology in an economy. Artificial intelligence (AI) might be.

AI, just as the railway, is as much infrastructure as it is an invention; it has the capacity to alter companies' productive capacity, the form of labour markets and, in the end, the financial strength of countries. And Moody's Ratings is creating a framework for understanding that change at the level of sovereign states.

I spoke with Marie Diron, Global Head of Sovereign Ratings at Moody's Ratings, about the research.

"It is very nuanced," Diron says. "Different groups will experience more of the positive effects, and other groups will experience more of the negative effects."

The starting point is simple: AI could affect three broad forces underpinning sovereign credit analysis - productivity, social conditions, and public finances. The problem is that these factors will not all change in the same direction or at the same speed.

A key finding is positive. Across more than 100 countries, Moody's Ratings

estimates that AI could increase productivity growth by about 1.5% on average.

For someone who works about 220 days each year, a 1.5% increase is equivalent to producing approximately three extra days' work, and over five years that totals to about three additional working weeks.

The gain can come through two very different ways. The first is augmentation: AI helps people complete tasks faster, improve the quality of their work, or do things that were previously impractical. The second is displacement: an AI system performs tasks that would otherwise have required a person.

They can both increase measured productivity, but their social effects are clearly different. A nation may therefore become more productive while some of its population becomes less economically secure.

That is the reason why Diron employs the term "diffusion". In earlier waves of automation, certain sectors or occupations were severely

affected. AI can be applied to a wide variety of cognitive tasks and therefore affects a much broader part of the economy.

The jobs most exposed are not necessarily entire professions, but roles with repeatable, standardisable tasks. Clerical and administrative work is particularly vulnerable. At the same time, professions including law, healthcare, economics, and the creative industries are highly exposed to AI in the broadest sense: in some tasks the technology will complement people, while in others it may substitute for them.

The automation story was largely about machines in factories. This one is also about offices.

The gains will be uneven between countries and within them. Moody's Ratings estimates that the productivity uplift could be closer to 2% in advanced economies, compared with the low 1% range in emerging markets.

Diron gives three main reasons: advanced economies usually have more jobs which can be augmented by AI, a greater capacity for skills and training, and more of the fundamental digital infrastructure required for adoption. AI will remain just a theoretical possibility rather than a practical tool for the average business if there is no reliable broadband and connectivity.

That does not mean the outcome is predetermined. It means public policy matters. Emerging economies that improve infrastructure, education, and access may have considerable scope to close the gap. Those that cannot may find that AI widens an existing divide in productivity and income.

“ Just because some countries introduce AI more rapidly does not mean they will end up the strongest.

Dave Wallace

Demography adds another layer to the issue. Economies in Europe and high-income Asia already have slower growth, a shrinking working-age population, and labour shortages. AI could help firms fill some of these gaps by enabling fewer workers to produce more. However, this advantage relies on the older workforce being able to retrain and use the technology effectively.

Gender is also a matter of concern since women are disproportionately found around the world in various clerical and administrative jobs, which carry a relatively high risk of displacement. However, the situation differs greatly from one country to another. In several Asian

economies, a high percentage of female graduates are in STEM subjects, meaning women are better positioned to benefit from AI.

Skills, infrastructure, occupational mix, and institutions' ability to respond will decide whether exposure becomes augmentation or displacement.

The response will be difficult because technology and government operate on different schedules.

Education policy is slow. Although a government can invest now, the full effects may not appear for ten years. In contrast, AI-driven changes can be substantial within three months. Retraining schemes, social protection, and public-sector reform all face the same mismatch.

Diron does not regard AI's speed as inherently undesirable. Fast adoption can offer opportunities for individuals, companies, and governments. The challenge lies in the transition process: medium- to long-term effects could be positive, but short-term effects are uncertain.

She says governments must manage the transition by identifying the groups most adversely affected, deciding what support to provide, and investing in education and training to shape longer-term outcomes.

Certain governments will handle this situation more effectively than others. Effective institutions, cooperation between



“The state is not merely regulating AI or addressing its consequences; it is also a potential user, and the quality of its use could affect its financial strength.

Dave Wallace

ministries, and the capacity to quickly reorient programmes will become economic advantages in themselves. Moreover, public resistance could affect how quickly the technology is adopted. Just because some countries introduce AI more rapidly does not mean they will end up the strongest; it will depend on whether they include their populations in the process.

For finance ministers, AI creates several forces that pull in different directions.

Since higher productivity leads to higher company profits, corporate tax revenues should rise. Higher productivity should raise wages, and income tax receipts should rise as well. But workers who become unemployed, especially those who stay unemployed for a long time, reduce the tax base and put more pressure on public spending.

AI will likewise create new companies, new types of activity, and new forms of value. Governments have not always been quick enough to amend their tax systems in the face of changes in economic activity. The rise of online commerce showed how rapidly new kinds of activity can emerge compared to the rules created to tax them.

AI can also enhance the machinery of government itself; since every tax authority has a gap between the revenue that is theoretically due and what is actually collected, plus the cost of collection, AI can reduce both.

Diron refers to public administrations which have built up datasets over decades, if not centuries, that were never intended to be used in conjunction with one another. Linking these different records could enable governments to improve fraud detection, more accurately target subsidies, pre-fill tax returns, and check whether the various programmes are achieving the results they were meant to achieve.

The state is not merely regulating AI or addressing its consequences; it is also a potential user, and the quality of its use could affect its financial strength.

For the financial sector, this is no mere discussion of economic policy, since a country's creditworthiness underpins the financial system and affects the cost of government borrowing, as well as the credit ratings of banks and companies. When AI leads to national credit profiles becoming different, those differences will

eventually show themselves in the markets and financial networks, for example in the price of capital, in the availability of liquidity, and in the willingness of institutions to keep their exposures and relationships.

It also brings up a second question about sovereignty. A large amount of the computing power, cloud infrastructure, and work involved in developing AI is concentrated in a small number of companies and countries. A nation may adopt AI enthusiastically without controlling the infrastructure that capability relies on.

For decades, governments have worried about maintaining monetary sovereignty and about depending on imported energy; they may now have to decide how much dependence on imported intelligence is acceptable and what level of domestic capability, resilience, and governance they need as a result.

Moody's originally set out to make sense of the economic changes brought about by the railways, and its most recent effort now aims to understand another transformation as it unfolds.

The question is no longer whether AI will affect sovereign strength. It is how quickly its benefits will spread, who will capture them, and who will bear the cost of transition. The countries that answer those questions well may gain more than productivity. They may shape the next sovereign divide.



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Dave Wallace is a user experience and marketing professional who has spent the last 30

years helping financial services companies design, launch

and evolve digital customer experiences. He is a passionate customer advocate and champion and a successful entrepreneur. Follow him on X @davejvwallace and listen to the [Demystify podcast](#) he co-hosts. All opinions are his own.



How digital twins could unlock the next phase of growth in lending and beyond

By Francis Bignell,
Reporter, FinTech Futures

The lending sector has been hard at work exploring new ways to effectively validate someone's credit worthiness, with a number of fintechs carving out a niche to facilitate greater lending opportunities for underserved individuals and businesses.

The latest technology to find its way into the spotlight is digital twins.

A digital twin does what it says on the tin. Utilising AI, organisations can create a virtual replica of a person to simulate their lives, identifying any factors that might affect their financial standing in the future. Using real-time market data, transaction flows, and a customer's behaviour, a financial institution can stress-test their portfolio and optimise risk management before making a decision for the borrower.

Ensuring accuracy

Given that digital twins can play a significant role in determining a financial outcome for a customer, it is extremely important that the tech is accurate. To do this, the AI engine must pull data from a wide array of sources.

Traditional lending data such as income, liabilities, repayment history, and

bureau information remains at the core of decisions, explains Jay Nair, executive vice president at Infosys. "Digital twins add value by layering in more current signals: transaction flows, spending patterns, and savings behaviour for individuals; cash-flow, receivables, payables, and inventory data for SMEs and corporates; and, in both cases, open banking data only where the customer has explicitly consented."

However, a customer's financial journey could be impacted by something out of their control. For this reason, Nair also spotlights "interest rates, inflation, employment trends, and sector-specific indicators" as they can change what "affordable or resilient means for a given borrower month to month".

He continues: "More data is not automatically better data. Banks need strong data governance to ensure every input is accurate, permissioned, explainable, and used in line with privacy regulation. In our experience, the institutions that get the most value from digital twins are the ones that treat data quality and consent as the first design decision, not a compliance afterthought."

The path to the mainstream

Reliable and accurate data isn't the only factor impacting digital twins' journey into the mainstream. Edwin Mata, CEO and co-founder of tokenisation infrastructure provider Brickken, highlights how other emerging technologies can help scale it.

Mata says auditability is just as important as reliable data, because "if a digital twin influences whether someone gets a loan, the lender needs to understand what data went into that decision and how the outcome was reached".

He continues: "This is where technologies like blockchain can play a role by creating verifiable records and clearer data provenance, while sensitive personal information can remain protected off-chain."

According to Michael Down, global head of financial services at Neo4j, a graph-based data management platform, speeding up decision-making is one of the fastest ways to grow digital twins into the mainstream.

To facilitate this acceleration, Down says one technology organisations can look towards is graph tech. "Current systems struggle to

represent how risk spreads across the interconnected networks of borrowers, employers, guarantors, and collateral, as the entities are distributed across multiple systems and modelled separately. As a result, banks have to manually rebuild a contextual view of a customer's entire profile every time they want to assess a new scenario, making scenario analysis slow and complex."

Down continues: "Column-based databases are able to manage static records, but they're not designed to model complex and dynamic relationships. Lenders need more to capture the crucial relationships between dependencies; they need a living, connected representation of the entire lending system."

"This is where graph technology becomes foundational for a digital twin, because it models lending data in a way that closely reflects how the real-world financial ecosystem is structured. When graphs are the underlying architecture, a digital twin can continuously reflect the latest state of the lending environment as new transactions, market events, or organisational events occur. This makes it possible for banks to run millions of predictions simultaneously, safely simulate how one change affecting one borrower could ripple through an entire portfolio, and answer the most complex and subtle questions about lending."

Adoption hurdles

When it comes to the challenges facing the wider adoption of digital twins, Mutu Srinivasan, head of product at Hyperlayer, explains: "The barrier to digital twins in lending isn't the modelling or the tech, but the data underneath it. A digital twin needs a single, canonical view of a customer or business built from data sitting across multiple systems and in different formats with different levels of trust

- core banking, payments, third-party feeds, and so on. Most banks don't have the architecture to acquire and normalise that data before they can even start building scenarios."

“The barrier to digital twins in lending isn't the modelling or the tech, but the data underneath it.”

Mutu Srinivasan

Ivan Pilnikau, a blockchain development expert at software development firm Vention, adds that the biggest implementation challenge is not so much technology, "but aligning risk, compliance, business, and engineering teams around a common operating model".

While organisations introduce technology that can analyse the extraordinary amounts of data needed to accurately and responsibly simulate a customer's journey, they must also factor in that looking at so many more data points also provides bad actors with new avenues to try and abuse their financial services.

Sandra Sorza Hernandez, global risk solutions advisor at data and AI tech provider SAS, elaborates: "The same simulations that banks deploy to identify vulnerabilities and improve operations could be misused by fraudsters. If sophisticated attackers can model how a bank detects fraud or makes lending decisions, they could exploit gaps or bypass detection."

This threat grows as lenders introduce Internet of Things (IoT) sensors into the mix, says Iván Marchena, chief communications officer at decentralised finance lendtech 8lends.

Further exploring potential risks, Marchena notes: "Another threat could be the emergence of malware that's

designed to infiltrate networks and alter simulations to disrupt the lending process. We may even one day see the emergence of 'evil' digital twins, where avatars are reverse engineered to create false twins that exploit financial services."

Opportunity knocks

In terms of the opportunities presented by the technology, digital twins can create a fairer lending ecosystem for both borrowers and lenders.

Richard Fitch, co-founder of MQube, a mortgage-focused lendtech, says: "Rather than relying on static credit snapshots, decisions could be based on a customer's current financial circumstances, creating better outcomes for everyone involved."

"For borrowers, this could lead to more personalised lending decisions and improved access to suitable financial products. For lenders, it offers the opportunity to improve risk management, make more informed lending decisions, and enhance portfolio performance."

Further highlighting how digital twins can improve financial inclusion, Phil Dutton, CEO and founder of Solidatus, an AI-powered data management platform, explains: "Borrower twins have clear potential benefits. They let lenders test thousands of economic scenarios before making a decision, improving risk assessments and helping identify creditworthy customers who might be overlooked by traditional scoring models."

Looking at how players in the field can utilise digital twins, Dutton adds: "If borrower twins model how customers might behave, data twins model how information moves through an organisation. They provide a living, continuously updated view of the data estate, showing where data originated, how it was transformed, who owns it,

what controls apply, and how it was used by AI systems, traceable down to individual attributes rather than just tables or files. Because that view is versioned and bi-temporal, a bank can reconstruct exactly what data informed a decision years later, how it was used, and how the AI reached its conclusion."

He continues: "This matters even more as predictive agents draw on synthetic data to fill gaps, making lineage essential to tracking how that overlaps with real customer information."

"Without that traceability, borrower twins remain an interesting experiment. With it, they become a technology that regulated lenders can confidently stand behind."

Digital twins in action

Multiple big-name organisations across the financial industry have started integrating AI-powered digital twin technology into their decision-making.

One prime example is FICO. The global fintech has been utilising the technology since 2024, when it integrated its proprietary FICO Business Outcome Simulator into its flagship platform.

Meanwhile, JP Morgan Chase is using the tech in the fight against cybercriminals, simulating the impact of an attack, flagging vulnerabilities, and identifying suspicious behaviours. Similarly, banking giant BBVA has also created a digital twin in partnership with Spanish telecoms firm Telefónica to bolster its cybersecurity measures.

The insurance sector can also benefit from digital twins.

For Allianz, digital twins have been a staple in the semantic layer of its Customer 360 platform "for some time", says Jan Malmendier, the company's chief operating officer, in an exclusive conversation with FinTech Futures.

He explains that the platform uses digital twins to "get a better understanding of our customers, value them, and identify good prospects and opportunities to cross-sell, upsell, and prevent churn".

“Digital twins are attracting a lot of attention, but many organisations are still exploring different approaches rather than rolling out fully mature solutions at scale.”

San Nakra-Shah

Malmendier adds that through digital twins, Allianz can respond much faster to any customer pain points. "In the past, we had to rely fully on humans, and though human intuition was good, the way they processed data was more limited. Now, we don't have to rely solely on humans to evaluate the situation. Instead, we can support our employees with data and actionable processes to spot when a customer needs help."

In late 2025, Allianz took the next step in scaling its digital twin capabilities when it partnered with a data processing company.

Malmendier elaborates that through this partnership, Allianz was able to enhance its process mining capabilities and subsequently bring on new datasets that it can use to "better analyse processes, detect issues, and build a stronger foundation for digital twins to have a clearer outlook on future possibilities".

What's next?

As digital twin technology gains traction across industries, its efficiency and sophistication will continue to grow. According to San Nakra-Shah, co-founder and managing partner of ChilliMint, a marketing and strategy consultancy specialising in retail financial services: "Digital twins are attracting a lot of attention, but many organisations are still exploring different approaches rather than rolling out fully mature solutions at scale."

"Some have strengths in data, others in AI, others in decisioning or customer relationships. The firms that succeed are likely to be the ones that bring those capabilities together in a way that works for lenders and their customers."

Nakra-Shah continues: "History shows that the companies which define a new market aren't always the first to build the technology. More often, they're the ones that make it practical, trusted, and easy to adopt. I suspect digital twins will be no different."

"For me, the winners won't simply be the companies with the smartest technology. They'll be the ones that make better lending feel completely natural."



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Get in touch with our team:

Sam Hutton

Head of sales

✉ sam.hutton@fintechfutures.com

☎ +44 208 052 0434

Kate Stevenson

Business Development Manager

✉ kate.stevenson@fintechfutures.com

☎ +44 782 593 0099

Luke Hickman

Business Development Executive

✉ luke.hickman@fintechfutures.com

☎ +44 7425 731007