



**Fintech at the
Crossroads:**
Regulatory
Divergence and
Technological
Convergence
in 2026

Executive Summary



Fintech is entering 2026 at a pivotal moment of both convergence and divergence. Emerging technologies such as agentic AI, stablecoins, and embedded finance are advancing alongside increasingly fragmented global regulation. Fintech at the Crossroads examines ten fintech subsectors that present new opportunities for innovators and institutions navigating this evolving landscape. The paper explores why each subsector matters and how organizations can turn compliance into competitive advantage while shaping the next generation of financial experiences users now expect.

The more things change, the more they stay the same—or do they? On the one hand, a wave of enabling technologies, new challenges, and shifting attitudes is reshaping the way companies and individuals all over the world are making, investing, spending, and moving their money. On the other hand, sharply divergent paths toward regulation, consumer rights, and more suggest that this wave will hit different shores in different ways.

This Finovate white paper, *Fintech at the Crossroads: Regulatory Divergence and Technological Convergence in 2026*, will examine the major fintech trends that are impacting financial services decision-makers and entrepreneurs worldwide. We are especially interested in how the challenges of 2025 will turn into the opportunities of 2026, and what fintech companies are doing to turn these opportunities into real-world solutions for banks, credit unions, their customers, and members.

Credits:

Julie Muhn, Finovate Senior Research Analyst
David Penn, Finovate Research Analyst

Divergences in Global Regulatory Strategies Emerge

The challenge of keeping up with evolving regulations will be felt by banks, fintechs, and financial institutions on both sides of the Atlantic—indeed, around the world—in 2026.

In the US, the fate of open banking has never seemed more uncertain, with the outcomes of both legislative actions and policy decisions yet to be decided. At the same time, the path has never been clearer for stablecoins, which have achieved a great deal of regulatory clarity thanks to the recently enacted GENIUS Act.

Meanwhile, in the UK and Europe, regulations on everything from AI to identity verification are

mandating new goals and requirements for banks and other financial services companies.

In both cases, proactive management of regulatory and compliance concerns will be key in remaining on the right side of the regulatory authorities—whether dealing with policy uncertainty in the US or the regulatory certainty in the UK and EU.

In this context, it may be worthwhile for institutions to think of regulatory change not as hurdles to be overcome but as fuel to catalyze modernization and innovation. Significant policy shifts and determinations can present opportunities for early adopters.



Open Banking and Open Finance in a Post-1033 World

As previously discussed, the fate of open banking in the US is very much in question. Most recently, in October, a judge blocked enforcement of the CFPB's open banking rule pending reconsideration.

That said, open banking-related compliance deadlines are coming into effect in 2026. These regulations impact primarily the largest banks and will require them to meet new standards regarding data access, technical implementation, consumer authorization, privacy standards, and more. How well these big banks meet these challenges will help others in the industry—community financial institutions, fintechs—identify the most significant pain points and implementation difficulties. More importantly, it will help determine what technology solutions can be deployed to address them, from API development to security architecture to staff training and compliance monitoring.

In contrast, open banking is on much surer footing in Europe. Heading into 2026, the next round of regulations on data access will bring customer experience enhancements, a better framework for international transactions, and improved security and fraud prevention measures. Nevertheless, as in the US, identifying best practices for efficient compliance with these requirements will be valuable.



Embedded Finance Expands Beyond Payments



2025 saw most embedded finance innovations focused on pilot integrations and merchant-led credit or payment features. Next year, expect more companies to move beyond lending- and payment-based embedded functionality to include full-stack banking, insurance, and investment services offered as built-in solutions rather than add-ons.

The key to making embedded finance work will be the seamless nature of the customer experience, requiring an artful alignment of design and engineering. Timing and location in the customer journey will also be important in delivering the right experience at the right time.

Additionally, both trust and transparency will be paramount; just because a process is embedded doesn't mean that customers should be blind to what is happening with their data or their money.

While considerable attention is being paid to innovations on the consumer side, we should watch for greater penetration by embedded finance on the B2B side of the market. Working capital solutions embedded in procurement workflows and payments solutions offered to accounting and invoice platforms focused on small and medium-sized businesses are just a few examples.



Wealthtech 2.0: Beyond Robo-Advisors

It's been a decade since wealthtech first stepped into the spotlight as the darling of fintech. Backed by advances in big data and algorithmic modeling, roboadvisors exploded in popularity, and helped popularize the phrase "high tech, high touch." After a period of consolidation, roboadvisors are still thriving, but a new era of wealthtech is on the horizon.

As consumers become increasingly comfortable with interacting with generative AI, a new class of agentic advisory models is emerging. These models can manage portfolios dynamically, guide users through tax-savings and retirement spending strategies, and offer real-time, transaction-level advice on how to save more and spend less. These agentic advisors, with human-in-the-loop oversight, have the potential to scale down costs while scaling up value by weaving fund management into everyday financial life.

Agentic AI Powers Financial Personalization

The goal of personalizing products and services to consumers has been around for over a decade in fintech. While conversations around personalization have diminished in the past few years, increased AI adoption is changing how both organizations and consumers think about personalization.

As we move into 2026, expect to see both banks and fintechs use agentic AI to help anticipate customer needs in real time. AI agents will help analyze contextual data such as transactions, communications, and behavioral cues to create personalized product recommendations, automate financial decisions, and deliver conversational interactions that feel human. 2026 will be the year that agentic AI brings personalization into the new AI era, moving from reactive insights to proactive action.



Agentic AI Fuels the Next Era of Commerce

The groundwork laid for agentic AI payments earlier this year began bearing fruit this fall. New developments in agent-based shopping began rolling out in September 2025. Mastercard, Google, and Visa have launched agentic AI infrastructure, protocols, and initiatives.

Here's a quick lay of the current landscape:

- Mastercard launched Agent Pay, an infrastructure where AI assistants execute transactions on behalf of users. Agent Pay includes governance around agent registration and verification while offering users control over their purchases and giving visibility to banks and issuers.



- Google unveiled Agent Payments Protocol (AP2) in September of 2025. The Big Tech company partnered with more than 60 organizations, including American Express, PayPal, and Coinbase, to provide a payment agnostic, agent-centric framework that handles authorization, authenticity, and accountability when an AI agent initiates a payment.
- Visa announced its initiative around AI agents in April of this year. The payments giant will link AI assistants to its rails, setting up agents with budget controls to transact.

As legacy organizations sprint for a land-grab in launching new rails and payment methods in the agentic AI payments space, we expect to see new players enter in 2026. Demand for safe, embedded payment methods for AI agents will increase exponentially, especially as consumers shift their habits to shop within their preferred AI tools.



Conversational AI Redefines Customer Experience

From chatbots to a complete transformation of customer relationships, innovations in AI and automation are helping banks and other financial institutions develop more proactive, context-aware agents. These agents can act in a rules-based but otherwise autonomous manner on behalf of their human customers.

The current revolution in the customer experience in banking tacks against the perceived—and in some ways preferred—impersonality of digital banking. AI advisors that can provide personalized assistance through the customer journey, including seamless escalation to human intervention when needed, will increasingly serve as intermediaries for a growing number of financial services consumers.

Look for companies to move beyond pilots and toward actual real-world deployment of AI-powered solutions to enhance the customer experience in 2026. While many executives in banking and financial services express concerns about embracing AI technologies, the risks of being left behind by institutions offering real-time personalization at scale, predictive customer service, and contextually relevant banking experiences are equally significant.

Stablecoins Drive Payment Interoperability

Stablecoins emerged as one of the hottest trends in fintech in the first half of 2025. As the industry and regulatory frameworks have matured, however, a new era of stablecoin usage is emerging. Rather than serving as a separate payment tool, stablecoins are becoming universal settlement tools that help bridge payment rails across banking systems, card networks, blockchain platforms, and even central bank digital currency pilots.

In 2026, expect to see merchants, fintechs, and banks settle transactions using stablecoins as a universal settlement layer on top of or around existing payment systems. Using stablecoins as a payments “language” can enable near-instant cross-border clearing, lower transaction costs, and move funds between on-chain and off-chain systems. Wrapping stablecoins around existing payment systems will enhance liquidity, improve interoperability, and cause traditional players to rethink their legacy architectures.

Tokenized Deposits and Digital Assets Rise

It increasingly looks like the future will be tokenized, but what does that look like in practice? Stablecoins are one example of tokenization: digital representations of real-world assets, such as Treasuries or cash, that are brought onto a blockchain for faster, programmable payments.

Stablecoins, however, come with notable risks, from counterparty exposure to the lack of deposit insurance, and their large-scale use could carry unintended macroeconomic consequences. To avoid these risks, some banks are developing their own versions of digital money in the form of tokenized deposits and bank-issued digital assets. These tools combine the efficiency of blockchain settlement with the safeguards of the traditional banking system. Tokenized deposits allow banks to transfer deposits instantly between customers and organizations, bringing banks the efficiencies of stablecoins without their fragility.



New Fraud Threats Bring New Challenges

Banks and financial services companies remain among the top targets for fraud, with only the healthcare sector experiencing greater dollar losses from fraud. Many of the top threats to financial services firms and their customers that were prevalent in 2025—AI-powered phishing attacks, synthetic identity fraud, and ransomware—are likely to continue as challenges in 2026. There is also evidence of a growing form of fraud—first-party fraud—in which the criminal and the customer are one and the same. Threats like these are a reminder that not every evolution of financial crime will be exclusively technologically driven.

That said, there is no doubt that the proliferation of AI tools and technologies continues to empower criminals and fraudsters. One area to watch—in addition to more expected threats like deepfakes—is attacks on AI pipelines via techniques such as model poisoning, prompt injection, and similar techniques. These attack vectors, along with the compromising of third-party fintech partners, will make companies increasingly aware of an important reality: trust and validation are as crucial to effective cybersecurity as maintaining a strong defensive perimeter.



Conclusion:

AI, Digital Assets, and the Future of Fintech

The 2026 financial services landscape will be characterized by agentic AI, digital assets like stablecoins, and significantly divergent regulatory environments. Agentic AI is transforming commerce, wealth management, customer service, and more through proactive, personalized experiences that anticipate rather than react to user needs. Stablecoins and tokenized deposits are closing the gap between decentralized and traditional finance. Embedded finance is making it increasingly possible—and profitable—for non-financial companies to expand into payments, investing, lending, and more.

Regulatory environments vary significantly, with the US demonstrating clarity in some areas while facing uncertainty in others. Meanwhile, in places like Europe—and even Asia and MENA—more progressive regulators have provided greater clarity on the rules of the road. This is compelling institutions—and the fintech innovators seeking to serve them—to scramble to keep up.

The defining shift moving into 2026 is the transition from reactive and fragmented systems toward proactive and integrated experiences. Firms that successfully balance innovation with compliance, AI advancement with customer security and trust, and who view regulatory frameworks as empowering rather than obstructing, stand to gain the most from these emerging trends.





Join us at FinovateEurope 2026 and FinovateSpring 2026

As the fintech industry navigates the crossroads of regulatory divergence and technological convergence, staying ahead of the curve has never been more critical. FinovateEurope (Feb 10-11 2026, London) and FinovateSpring (May 5-7 2026, San Diego) are your opportunities to connect with the brightest minds, cutting-edge innovators, and industry leaders shaping the future of financial services.

At these premier events, you'll gain firsthand insights into the trends explored in this white paper, including agentic AI, embedded finance, stablecoins, and tokenized deposits. Discover how fintech companies are turning challenges into opportunities, leveraging compliance as a competitive advantage, and redefining customer experiences with groundbreaking technologies.

Why attend?

- Exclusive demos: Witness live demonstrations of the latest fintech solutions that are transforming the industry.
- Expert panels: Engage with thought leaders and regulators as they discuss the implications of global regulatory divergence and technological advancements.
- Networking opportunities: Build connections with fintech innovators, financial institutions, investors, and technology providers from around the world.
- Actionable insights: Learn how to position your organization for success in 2026 and beyond.

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