

Future of Fintech

A Look at the Technologies and Trends
Shaping the Future of Financial Services

October 2026



Frights and Delights in Fintech's AI Season



Compared to peak-ZIRP times, VC-backed companies have reduced burn, stabilized growth and extended runway. By many measures, fintech startups are healthier today than they were several years ago.”

At long last, fall has arrived. It's the perfect season to examine fintech because it's a sector filled with all the frights and delights of the innovation economy. Few opportunities offer greater long-term value than digitizing the world's financial information, yet two decades into the journey, fintech is still working to realize its full potential. The sector has created enormous paper wealth, generating more than \$1.1T in active private company value. Now, these companies face a difficult challenge: proving they can thrive in a rising rate, AI-enabled world.

The macro environment is not doing fintech any favors. Consumer sentiment is at historic lows, and household financial confidence has steadily deteriorated since its 2021 peak. Rising inflation has dashed hopes of lower interest rates. Meanwhile, regulators continue to take a permissive stance toward fintech innovation, clearing the way for growth in spaces like prediction markets and banking activity. But that openness appears driven more by a lack of enforcement than policy changes. This regulatory instability potentially incentivizes a risk-on mentality at the expense of long-term planning.

Despite these challenges, many fintechs are quietly healthy. Compared to peak-ZIRP times, venture capital (VC)-backed companies have reduced burn, stabilized growth and extended runway. By many measures, fintech startups are healthier today than they were several years ago. The caveat is survivorship bias. Failures

and distressed outcomes are becoming more common. Among companies founded between 2015 and 2020, a quarter are either out of business or essentially dormant, and bankruptcies are climbing to a record high. Acquisition markets remain challenging for founders who face a buyer's market. Public revenue multiples for formerly VC-backed fintechs — once at eye-popping levels — now trail both technology and traditional financial service peers. At the heart of the problem is a convergence of concerns: stagnant growth among mature fintechs, unfavorable consumer economics and a skepticism that fintech companies can capture enough value from AI applications.

That's a challenge that both legacy fintechs and the new generation will have to tackle. While most fintechs are embracing AI technology, the benefits aren't as obvious or as compelling as enterprise software. In an AI world, the key to winning within fintech is trust. That age-old element of financial services isn't going away with LLMs. In fact, it's more important than ever. If fintechs are going to harness the power of new capabilities like AI or tokenization, they must do so while also maintaining the trust with customers that has made incumbent financial services so difficult to dethrone. We're seeing signs of progress. As the next fintech chapter unfolds, the winning companies will be those that can meet the moment by pairing technology people want with relationship capital they have earned. From our seat, we see many companies that already fit that bill.



Nick Christian

Head of National Fintech
and Specialty Finance



Brian Foley

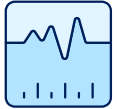
Managing Director, National
Fintech and Warehouse Lending

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Key takeaways



Public Pricing Doldrums. Public fintech multiples are a fraction of their prior highs, below both finance and tech sectors. [Jump to page 6 >](#)



A Run on the Bank Charters. Charter approvals are up 71% over 2025, as more fintechs become banks. [Jump to page 9 >](#)



Prediction Markets Rising. The top two prediction platforms are worth \$40B, up over 10x in one year. Will regulations spur or stifle growth? [Jump to page 11 >](#)



Fintech is Not a Tourist Sport. A general withdrawal of VC firms from fintech reveals a stable core of committed investors. [Jump to page 14 >](#)



Mega Rounds Boost VC. Investment in US fintechs is on pace for the best year since 2021. [Jump to page 15 >](#)



Efficiency Proficiency. Fintechs are managing burn better than in past eras. [Jump to page 23 >](#)



AI Saturation. Over half of fintech deals and two out of three dollars went to AI companies. But how core is that AI? [Jump to page 19 >](#)



Unicorn Newbies. The sixteen newly minted fintech unicorns are the most since 2022. [Jump to page 20 >](#)

Investor Perspectives:

“The biggest winners in fintech are usually downstream from something bigger happening in the economy. Stripe was downstream from ecommerce. Today the three forces that matter are AI, globalization and tokenization.”

QED
INVESTORS

Amias Gerety
Partner and Head of US

“AI is amazing, but it's not necessarily better at many of the things financial services needs done. Risk, compliance and lending decisions still require deterministic outcomes. AI efficiency needs to show up in the numbers. ARR per employee needs to start moving up and to the right. That's the metric I'm really focused on.”

CANAPI

Walker Forehand
President and General Partner

Macro Environment



Fintech at Tech Prices? Wall Street Isn't Biting

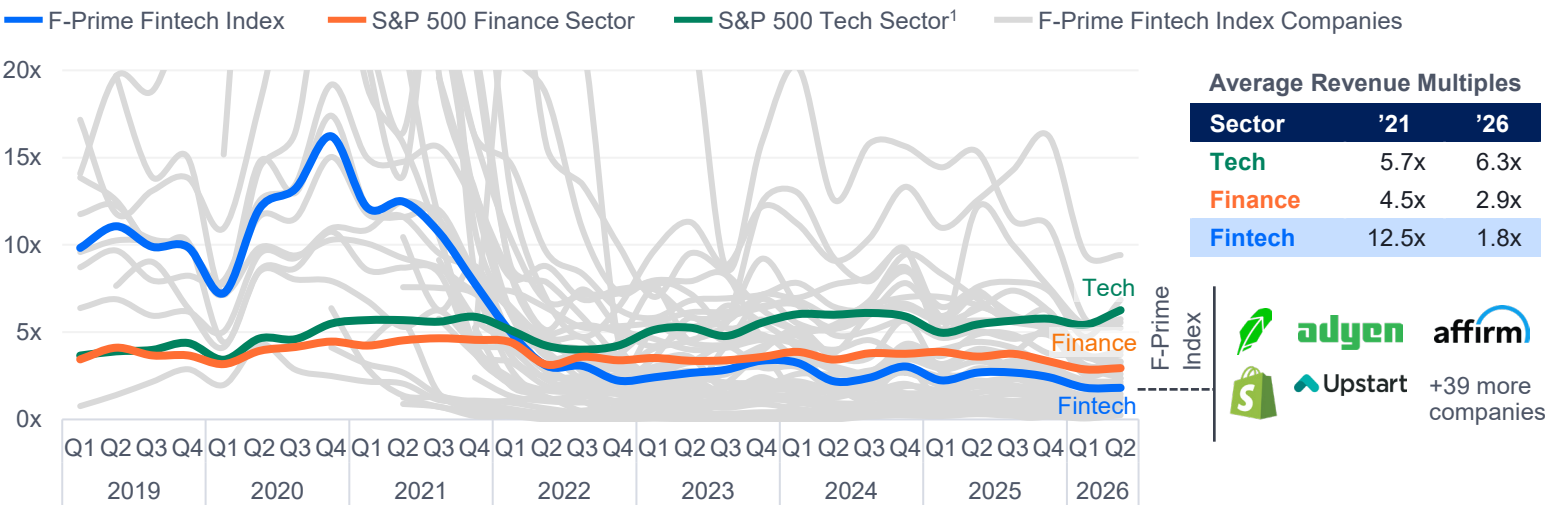
Fintech companies enjoyed premium revenue multiples during ZIRP, but those valuations have collapsed in recent years as the sector has struggled to find its footing in a high-rate environment. Today, the F-Prime Fintech Index, which tracks over 40 formerly venture-backed public companies, trades at less than 2x expected next-twelve-month revenue, below both the S&P 500 IT and Financial Services sectors.

Most public fintechs are no longer being valued as high-growth technology companies, but rather as banks, which are themselves more tech-enabled. **“The fintechs are increasingly becoming banks, and the banks are increasingly becoming more fintech-like. The gap between the two has narrowed significantly over time,”** said Walker Forehand, General Partner at Canapi Ventures.

Compounding the challenge, many fintechs counted on lower interest rates to provide a valuation tailwind. Instead, those expectations unraveled over the past nine months as rising inflation prompted the Federal Reserve to raise the fed funds rate in September, marking its first rate hike in three years and extending the difficult environment for growth-oriented fintech companies. Without lower rates to boost growth, fintechs will be under more pressure to achieve efficiency and boost growth through other means like AI adoption.

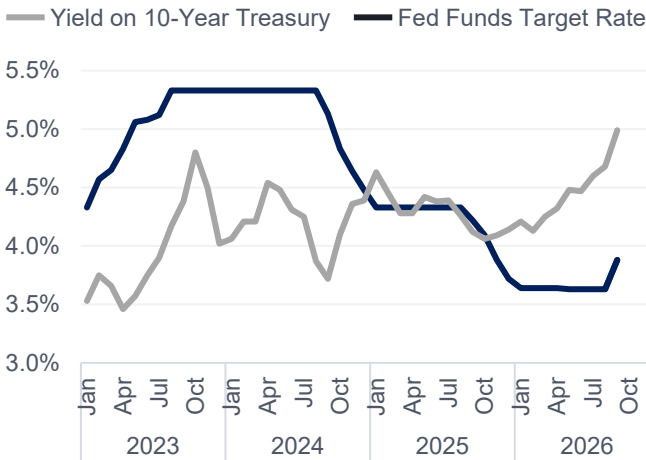
Less Than the Sum of Its Parts: Fintech Multiples Drop Below Tech and Finance Sectors

Median Forward Revenue Multiples (Enterprise Value/NTM Revenue)¹



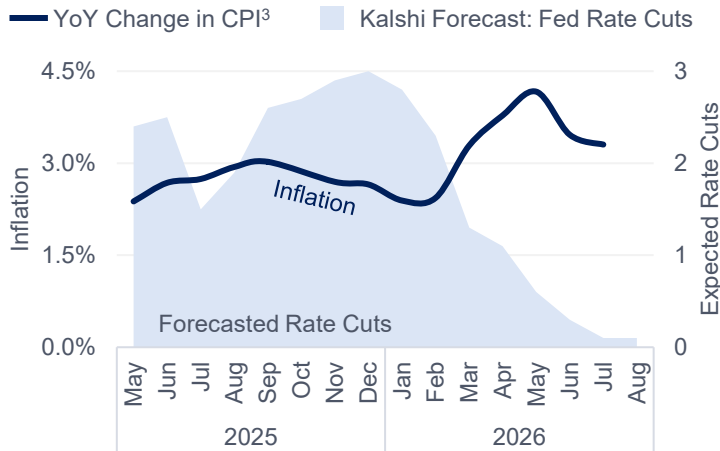
High Bond Rate, Meet Rising Interest Rate

Federal Funds Effective Rate and Forecasted Rate²



Rising Inflation Sinks Hope for Rate Cuts

Inflation and Expected Rate Cuts by Year-End



Notes: 1) Multiples taken as a point in time figure at close on the last trading Friday of the quarter. "Tech" sector is the S&P 500's Information Technology industry subsector. "Finance" is the S&P 500's financial services sector, excluding banks. 2) As of 10/1/2026. 3) CPI is the Consumer Price Index. Sources: S&P Capital IQ, Kalshi, Federal Reserve and First Citizens Innovation Banking analysis.

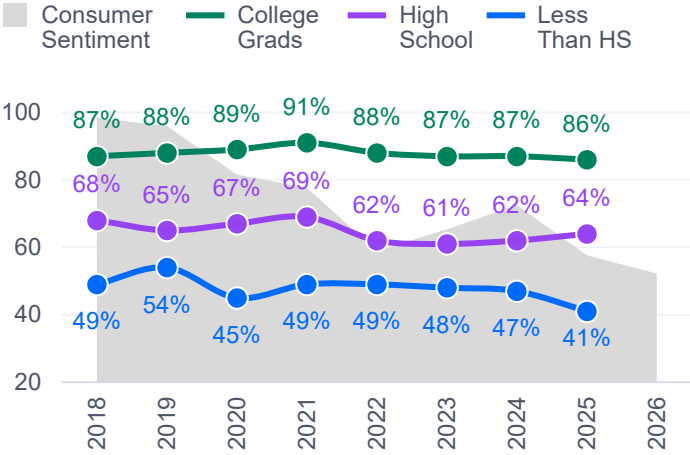
Consumer Credit on the Brink

Consumer sentiment has rarely been worse. The University of Michigan’s consumer sentiment index is averaging 52.2 in 2026, a historic low going back to the beginning of the survey 73 years ago. Households are feeling the strain of higher prices and high interest rates. The Survey of Household Decision Making found that college graduates and those without a high school diploma are both trending lower in the percentage of households who feel at least “okay” about their finances. **For the moment, however, debt burdens — while heavier than the generational low they touched in 2021 — are still within historic ranges.**

There are signs of genuine distress. Delinquency payments are rising, especially among credit cards and student loans, both of which now show elevated levels of severely delinquent accounts. Nearly 13% of credit card balances and 10% of student loan balances are over 90 days late. That’s significantly up from four years ago. Increasingly, people are turning to buy now, pay later (BNPL) to provide liquidity to purchase everything from groceries to e-bikes. Nearly half of consumers plan to use BNPL in the next six months, according to a September Survey from LendingTree. Chances are growing that they won’t pay on time. The share of households making late payments on BNPL loans jumped across every income level since last year.

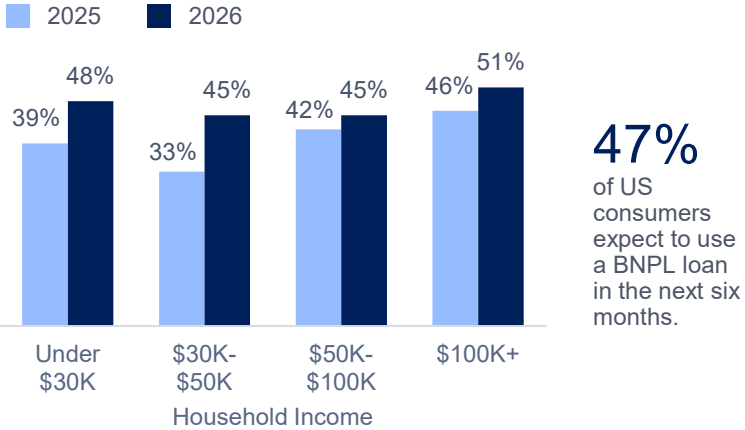
Household Finances Peaked in 2021

Survey: US Households Doing “Okay or Better” Financially



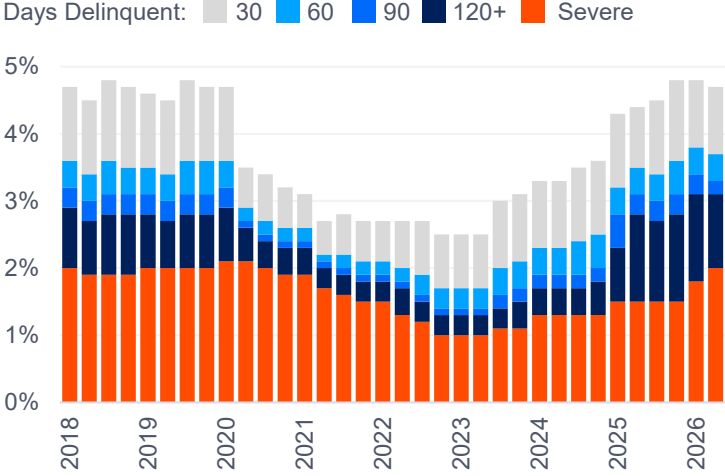
More Consumers Using BNPL and Paying Late

LendingTree Survey: Percent of BNPL Customers Who Made a Late Payment on a BNPL Loan by Year¹



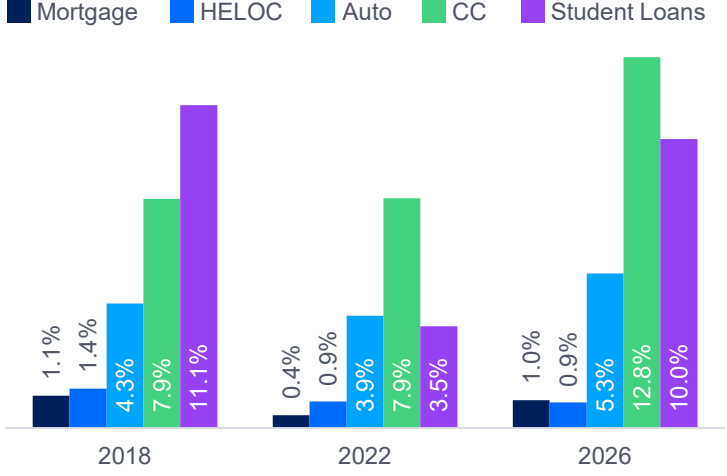
Delinquencies Return to Pre-Pandemic Levels

Total US Consumer Debt Balance by Delinquency Status



Credit Cards and Student Debt In the Hot Seat

Percent of Debt Balances 90+ Days Delinquent by Loan Type



Notes: 1) According to a survey of 2,000 adults released in September 2026 and conducted on behalf of LendingTree.
Sources: LendingTree, US Federal Reserve, University of Michigan Survey of Consumers, Federal Reserve Bank of New York and First Citizens Innovation Banking analysis.

Regulatory Environment

Fintechs Chart Their Own Path

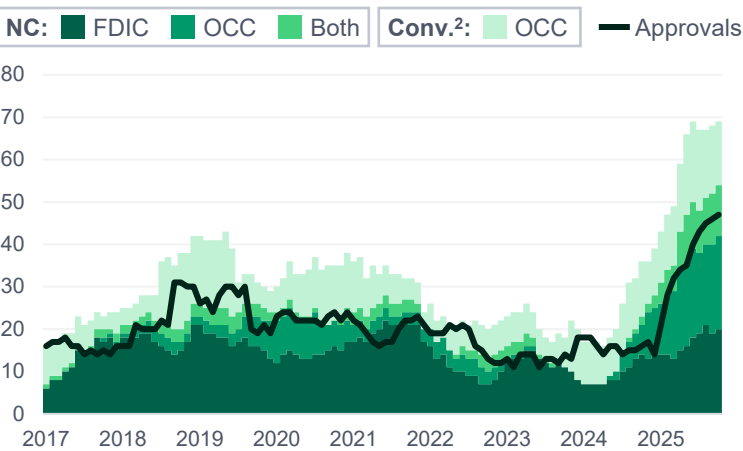
A new era of banking has been ushered in. After years of muted new charter growth, “America and the OCC are open for business” according to Jonathan V. Gould, Comptroller of the Currency. The data certainly supports the shift, with **FDIC and OCC year-to-date new charter and conversion applications up 28% and approvals up 71% over 2025’s full year totals**. The time to approval has also shortened by about two months. Notably, this resurgence is occurring even as the broader banking industry continues to consolidate.

Driving this change, the OCC and FDIC have made a concerted effort to spur banking activity. New review processes aim to provide conditional approvals within 120 days. Regulators have also provided clarity on the role of fintechs and crypto assets within banking through executive orders as well as evolving legislation like the GENIUS and CLARITY Acts.¹ Fintechs have responded by applying for charters at an increasing rate.

However, not all charters are the same. Fintechs have largely needed to choose between a full national banking charter and a trust charter. Both are subject to the OCC, but the former is also regulated by the FDIC and able to do traditional banking activities such as gather deposits and lend. The latter is more focused on custodian, fiduciary and issuance services. Fintechs have also pursued somewhat of a middle ground via industrial bank charters, lending and becoming FDIC-insured but are unable to accept cheaper demand deposits.

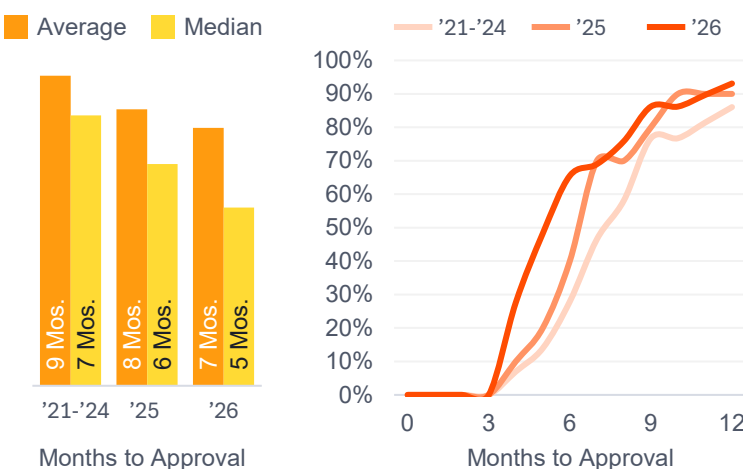
New Bank and Conversions Jump

Trailing Twelve Months (TTM) Number of New Bank (NC) and Conversion Charter Applications and Conditional Approvals by Year



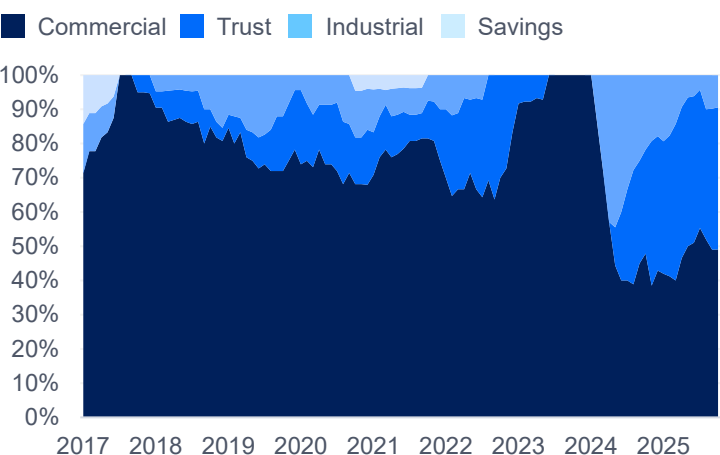
Time to Approval Continues to Shorten

Months to Conditional Approval for New Bank Charters and Share of New Bank Charter Conditional Approvals by Months and Approval Year³



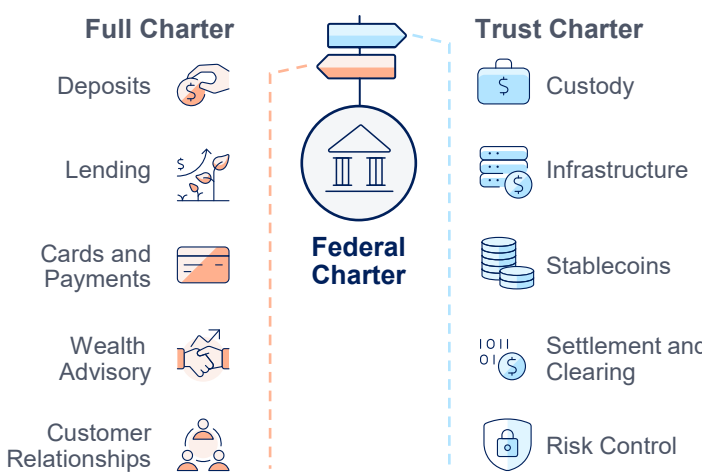
Industrial and Trust Banks Grow in Share

Share of New Bank Charter Applications to FDIC and OCC by Charter Type and by Year (TTM)³



Two Main Paths to Bank Charters for Fintechs

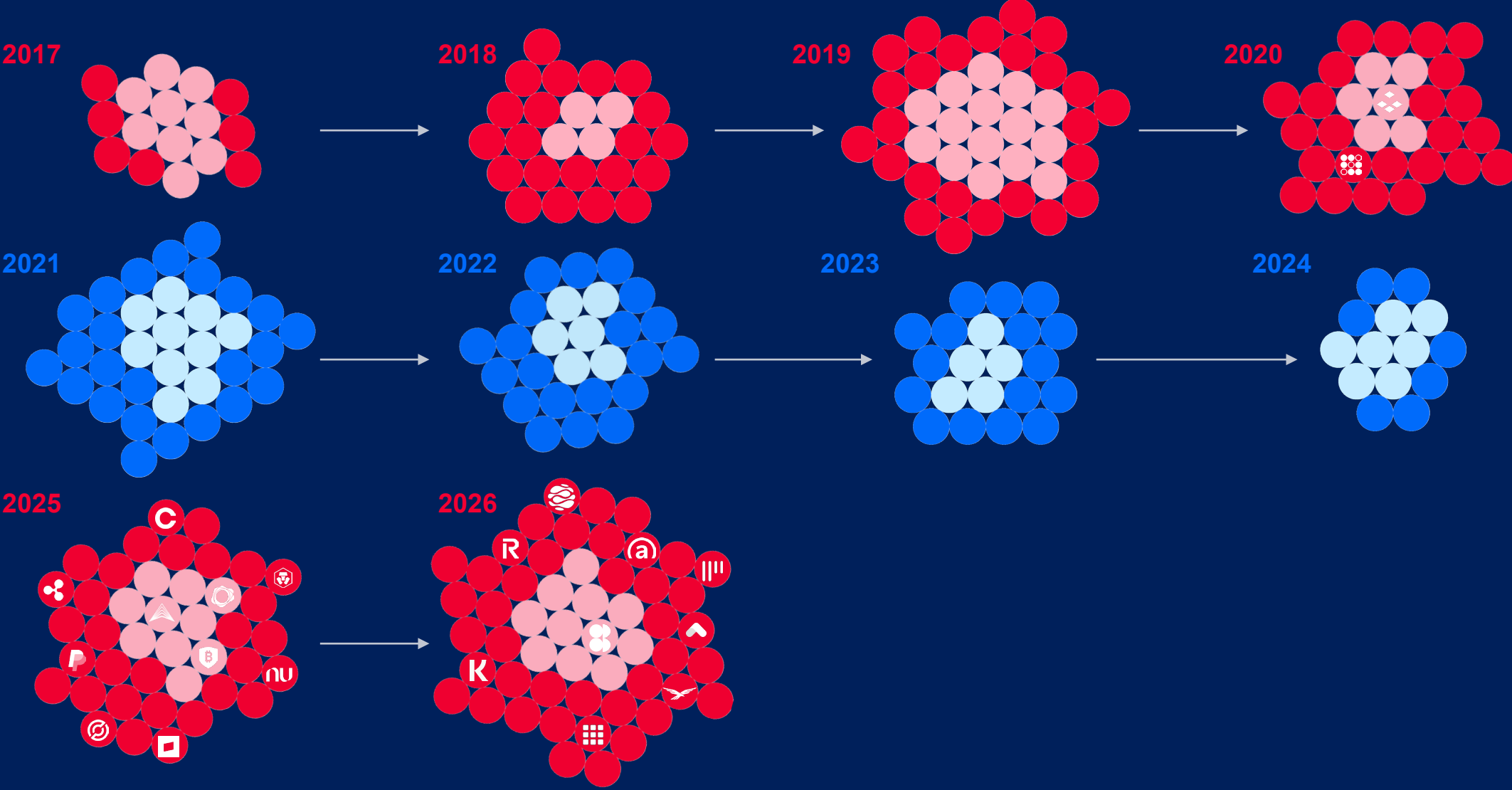
Notable Aspects of Trust and Full Bank Charters



Notes: 1) GENIUS Act is the Guiding and Establishing National Innovation for U.S. Stablecoins Act; CLARITY Act is the Digital Asset Market Clarity Act. 2) OCC conversions refer to the regulatory process where a financial institution, such as a state-chartered bank, trust company, credit union, or savings association, changes its operating charter to a federal charter. 3) Analysis does not include conversion charters from the OCC. Sources: Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), S&P Capital IQ and First Citizens Innovation Banking analysis.

New US Bank Charter and Conversion Applications Explode in 2025-2026¹

● New Bank Charter Application ● Conversion Bank Charter Application ● Republican Administration ● Democratic Administration

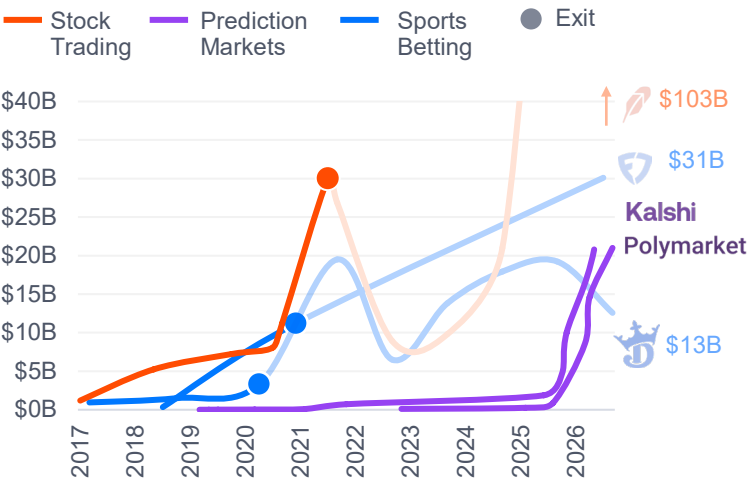


Prediction Markets Weigh the Odds

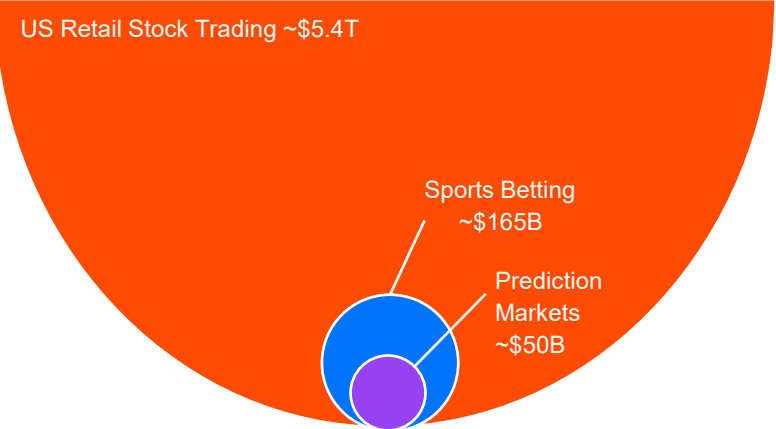
Betting on the future has never been easier. Prediction markets are rapidly converging with online gambling as both categories move further into the mainstream. Sports betting platforms now process roughly \$165B in annual trading volume, while prediction markets are approaching \$50B. **Adoption is spreading quickly: Roughly half of US men under 50 have a sports betting app, while nearly 15% participate in prediction market.**⁴ Investors have taken notice. Industry leaders Kalshi and Polymarket are now estimated to be worth a combined \$40B, up from less than \$3B just a year ago. This is one of the fastest value creation stories in tech.

The key question is whether prediction markets can grow without triggering a regulatory response. Today, the industry occupies a gray area between state-regulated gaming laws and federal oversight through the Commodities Futures Trading Commission (CFTC). A favorable regulatory posture from the current administration and key court rulings have encouraged a risk-on mindset among founders and investors, sparking a land grab for users, liquidity, and political influence. Yet rapid growth, coupled with increasingly visible concerns around insider information and market integrity, makes some form of legislative intervention increasingly likely in the long-run.

Top Prediction Markets Rocket in Value
Valuation of Notable Gaming and Prediction Market Companies¹



In the Futures Markets Universe, A Star Is Born
Annual Trading Volume: US Retail Stocks, Sports Betting and Prediction Markets²



How Is This Allowed? Prediction Markets Sit Between Gaming and Commodities

Timeline of Regulatory Framework Governing Sports Betting, Prediction Markets and Retail Stock Trading³

■ Prohibited
 ■ Ambiguous
 ■ Allowed: Gambling Rules
 ■ Allowed: Financial Market Rules

Market Activity	Pre '10	2010	2014	2018	2021	2024	2025
Criminal Activity Contracts		---- Dodd-Frank prohibits contracts on unlawful acts					
Fantasy Sports		---- UIGEA ⁴ passed (2006), exempting fantasy sports					
Sports Betting/Contracts	--- PASPA ⁵ bans betting			---- PASPA overturned			
Election Markets	--- Limited to Academic Research				-- Regulated Exchange		
Weather Outcomes					-- Regulated Exchange		
Economic Results					-- Regulated Exchange		
Commodity Futures							
Individual Stock Trades							
Crypto Spot Trades							

Where Can I Bet on the Future?

Fantasy	Prediction	Stock Trade
✓		
✓	✓	
	✓	
	✓	
	✓	
		✓
		✓
		✓

Notes: 1) Private valuations taken from available deal data. Public valuations plotted as annual point in time valuation in September. 2) Retail stock trading size from Vanda research based on order flow. 3) Excludes areas carved out from federal laws. 4) The Unlawful Internet Gambling Act of 2006 (UIGEA). 5) The Professional and Amateur Sports Protection Act of 1992 (PASPA).
Sources: Vanda Research, Sienna Research Institute, CFTC, PitchBook Data, Inc., and First Citizens Innovation Banking analysis.

Stablecoins Take it Up a Peg

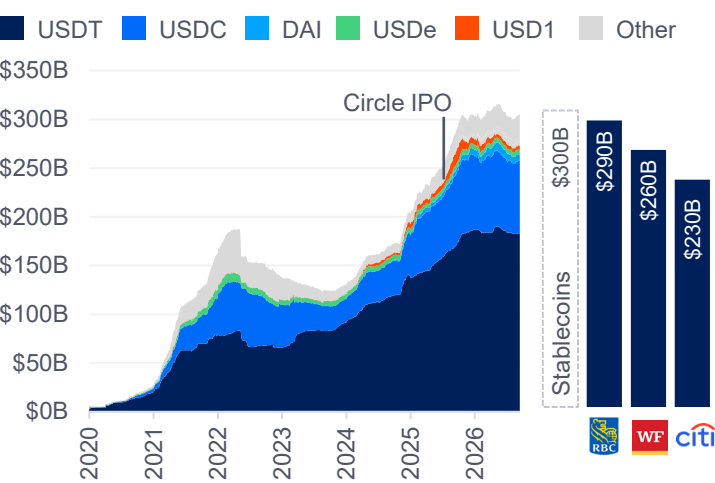
Stablecoins are becoming the infrastructure layer for institutional finance. With roughly \$300B in market capitalization, the stablecoin market is now comparable in size to a top-25 US bank. **While Circle and Tether account for 84% of stablecoins currently in circulation, the issuer base is expanding rapidly as banks, fintechs and large corporations look to launch their own digital dollars.**

Hundreds of entities have issued stablecoins, including institutions such as BlackRock, Société Générale and Fidelity. At the same time, fintech infrastructure providers are helping bring new issuers to market. Companies such as Revolut, Stripe and Paxos (which issues stablecoins on behalf of PayPal) are increasingly enabling banks to deploy branded stablecoin products. In one example, Coinbase and Citigroup partnered to allow businesses to send, hold and receive fiat payments through Citi’s virtual wallet.²

Venture investors are responding to this growing demand, yet investment is still relatively low. In 2026, VC firms are on track to invest nearly \$2B into stablecoin-focused companies, up 2x from 2025, as investors increasingly view stablecoins as core financial infrastructure rather than a niche crypto application. The opportunity extends beyond payments. Stablecoins are becoming the settlement rail for a broader ecosystem of tokenized assets.

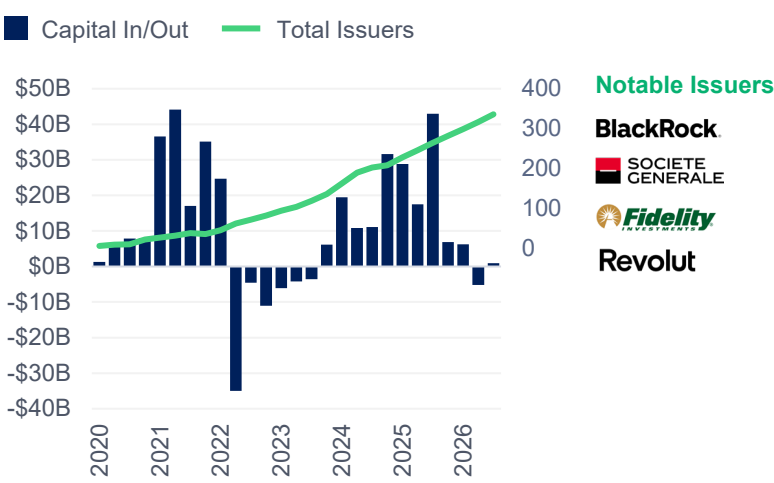
Stablecoin Market Cap Reaches LFI Levels

Stablecoin Market Cap¹



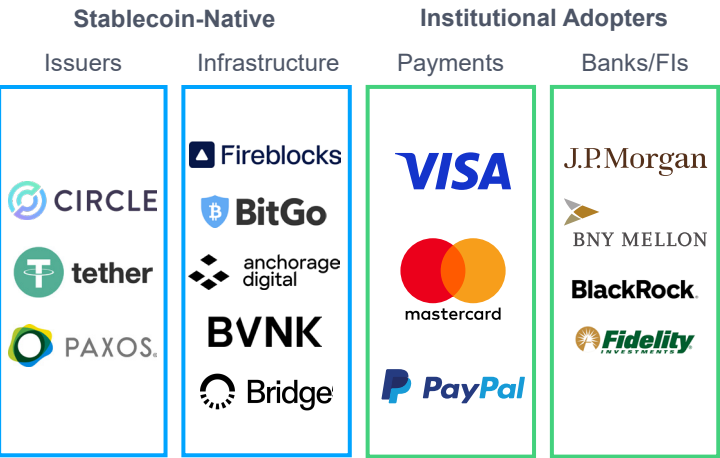
Steady Growth of Stablecoin Issuers

Stablecoin Quarterly Inflows and Outflows and Number of Issuers



Who’s Incorporating Stablecoins?

Notable Companies Incorporating Stablecoin in Services



VC Into Stablecoin Companies Doubles

VC Deals and Dollars for Stablecoin Companies³



Notes: 1) Data as of 09/15/2026. Large financial institutions (LFIs). 2) Deal announced in September. 3) Companies with stablecoin or a similar term in the company description.

Sources: DefiLama, PitchBook Data, Inc., company websites and First Citizens Innovation Banking analysis.

Capital and Investment



The Tourist Investors Have All Gone Home

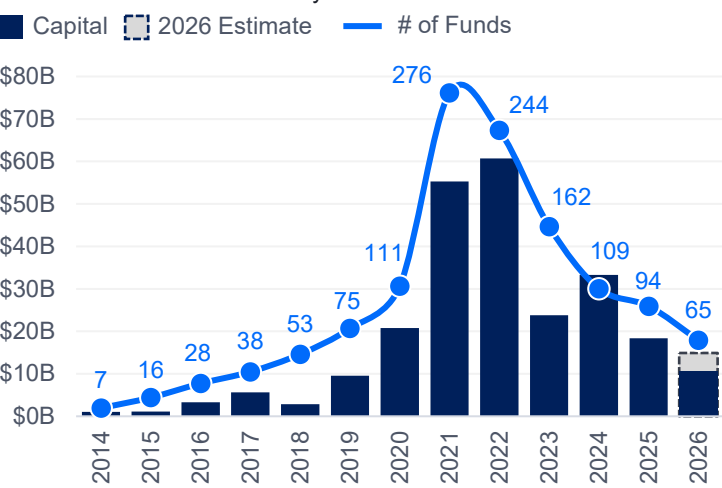
A few years ago, it seemed like every VC was a fintech investor. Now that the tides have turned, only the committed investors remain. In 2021, over 276 funds that closed listed fintech as a stated focus area.¹ Those funds represented over 20% of the US VC and growth capital raised that year. It turns out, those firms were just the tip of the iceberg. In all, about 7,700 firms invested in fintech companies in 2021. Nearly 20%, or about 1,500 investors, did three or more fintech deals during this peak.

Now, many of the tourist investors have gone home. As deal counts have dwindled in fintech, investor totals have dropped as well. Less than 5% of funds that closed in 2026 had a fintech focus. This group represented just 8% of capital fundraised. Yet a core group of committed investors has stuck with the sector.

While generalists may have strayed, firms that once raised money with a fintech focus have largely stayed. **Those firms that first closed a fintech-focused fund from 2008 to 2022 have faithfully deployed over 20% of their deals (on average) into fintech every year since 2018.** The laggards are the more recent cohort to raise a fintech fund. Even still, hundreds of repeat investors flocked to the space in 2026, with 15% of investors doing three or more deals.

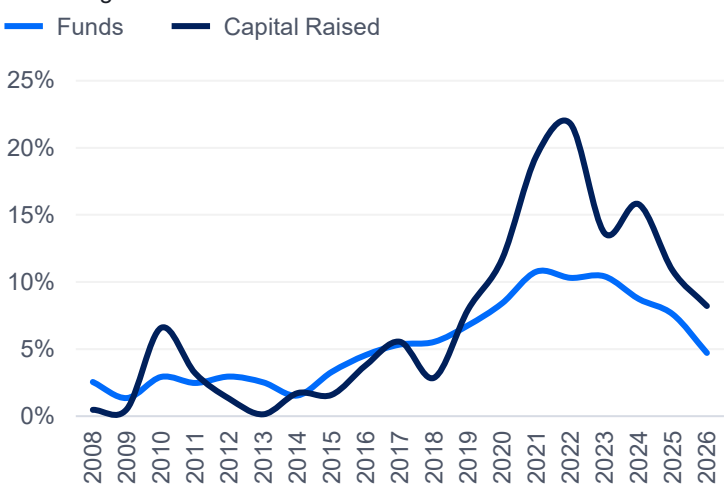
Fintech Fades as a Focus in Fundraising

US Fintech-Focused Funds by Close Date and Amount Closed¹



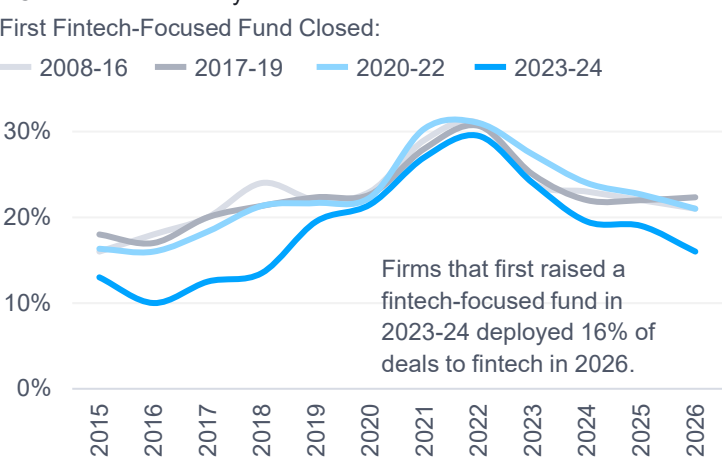
1 in 20 Funds Are Focusing on Fintech

Percentage of US VC and Growth Funds Focused on Fintech¹



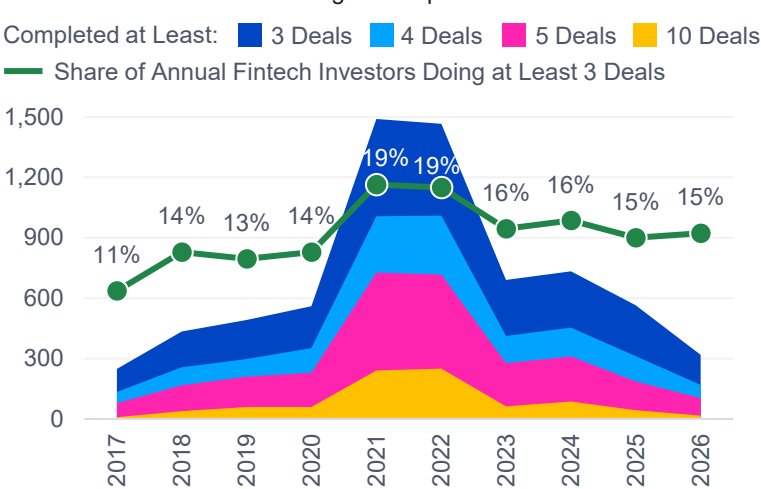
Once a Fintech Firm, Always a Fintech Firm?

Among VC Firms with a Fund Focused on Fintech, the Percent of VC Deals in Fintech by Year¹



Repeat Investors Have Slowed, Not Stopped

Total Number of Firms Investing in Multiple US Fintech Deals²



Notes: 1) Preqin definitions of sector focus areas. 2) Any firms regardless of stated focus area that invested in fintech deals.
Sources: Preqin, PitchBook Data, Inc. and First Citizens Innovation Banking analysis.

Mega Rounds Boost Fintech Investment

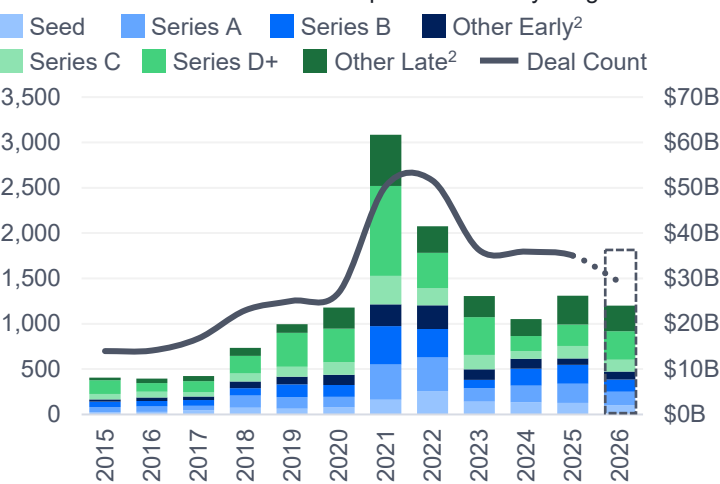
While fintech’s overall share of VC continues to fall (in line with almost every industry as AI gobbles up seemingly every dollar), US fintech VC is quietly on pace for its best year since 2022. Capital invested is on pace to jump 42% above last year’s total and mark its first back-to-back annual increase since 2021.

Leading the charge are later-stage deals, which have gathered 56% of the capital going to US VC fintech — its highest share since 2023. Within the late-stage, mega deals (defined here as deals \$100M+) made a strong return with 61 deals so far in 2026, the third-highest total ever on record. **Like the broader industry, capital continues to concentrate toward the top. The top 10 deals accounted for roughly a third of all capital raised year-to-date.** Notably, prediction market bellwethers, Polymarket and Kalshi raised billion-dollar-plus rounds, while Ramp is in talks to potentially raise \$1B+ just three months after it received a \$750M capital injection.¹

But who exactly is funding this next fintech wave in 2026? For mega deals, Andreessen Horowitz (a16z) participated the most. For overall deals, a16z was also the most active followed by Coinbase Ventures. On aggregate, many of the investors might be a new breed. Across the top 1,000 investors in US VC fintech from each year between 2015 and 2022, only one-third have invested in a US VC fintech deal since 2025. As the industry continues to find its footing, look for the traditional fintech investor to remain committed and a new influx of investors to seek ways to capitalize.

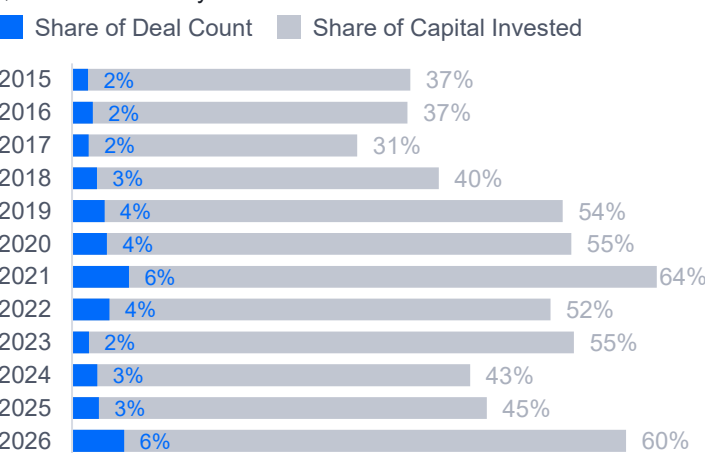
Investment on Pace for Best Year Since 2022

US Fintech VC Deal Count and Capital Invested by Stage



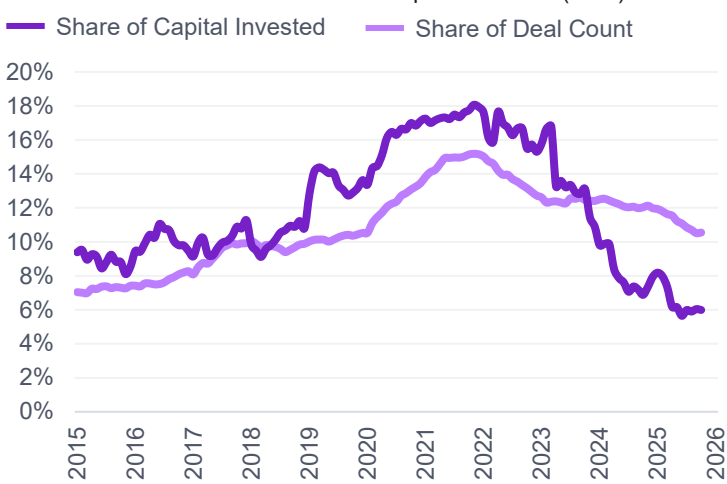
Mega Deals Highest Since 2021

Share of Deals and Capital Invested for US Fintech VC from \$100M+ Rounds by Year



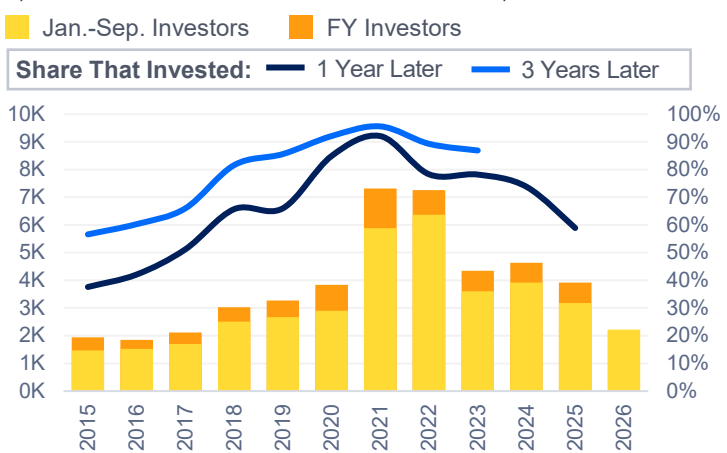
Fintech Taking Less of the Overall Venture Pie

Fintech Share of US VC Deals and Capital Invested (TTM)



Fintech Investor Pool Shrinking

Number of Investors in US Fintech VC Deals and the Share of Top 1,000 Investors That Invested 1Y and 3Y Later, and 2025-2026



Notes: 1) Based on [Bloomberg news article](#) from 09/08/2026. 2) Other early and late stage are venture rounds defined by PitchBook Data, Inc. that are venture rounds not associated with a specific series.

Sources: Bloomberg, PitchBook Data, Inc. and First Citizens Innovation Banking analysis.

The Hottest Subsector of 2026 is... Biz Apps?

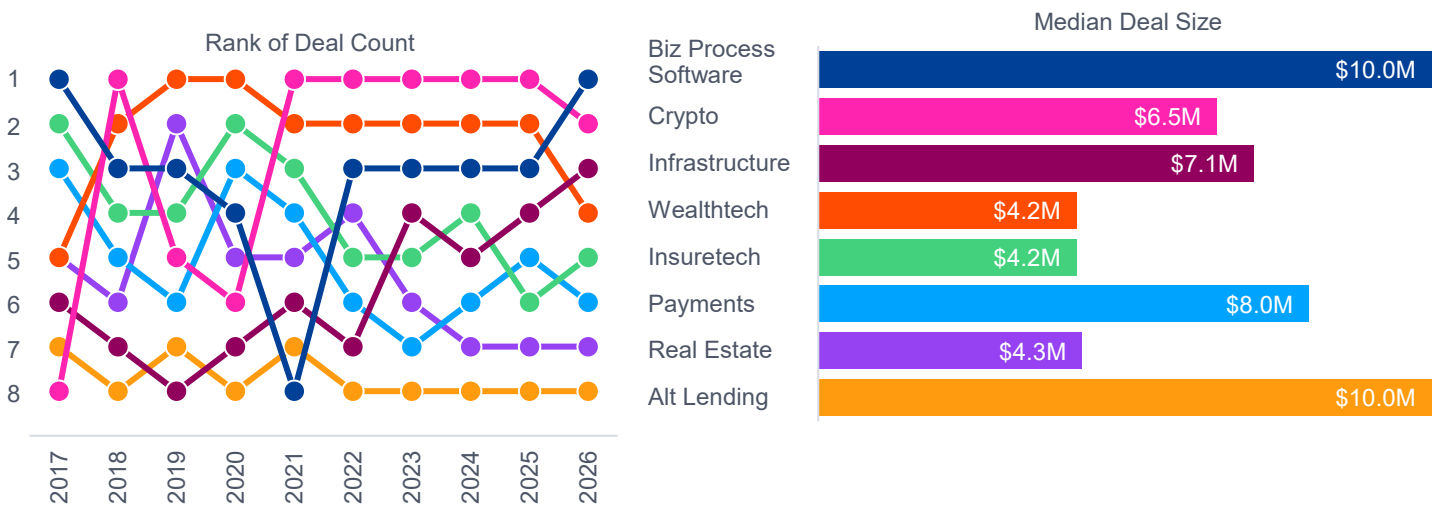
The apps are popping off. One sign of AI’s proliferation in fintech is the rise of business process software deals. **Business applications now account for the most deals within our fintech subsector taxonomy, leapfrogging both crypto — which had accounted for the most deals for the prior five years — and wealthtech.** Fintech apps are fertile ground for AI deployment.

New companies are using AI to reimagine how finance workflows should occur, while legacy companies are pivoting toward AI-enabled tools. How to tell if the AI is working? The proof is in the numbers. **“When we say AI, we don’t mean your product, we mean your growth rate,” said Amias Gerety, Partner and Head of the US practice at QED Investors. “Everyone is using AI to the best of their ability, but what really matters is are you growing like an AI company.”** That might be a know-it-when-you-see-it metric more than a hard-and-fast benchmark, but it certainly means growing faster than the sector median of 30% YoY and is likely closer to the top quartile, north of 80% YoY growth (see page 22).

One side quest to the AI storyline is the growth of prediction markets. The rapid rise of Kalshi and Polymarket over the last year has spurred immense investment into the space. As a result, VC investment in personal finance and wealthtech companies has jumped 338% in the last three years.

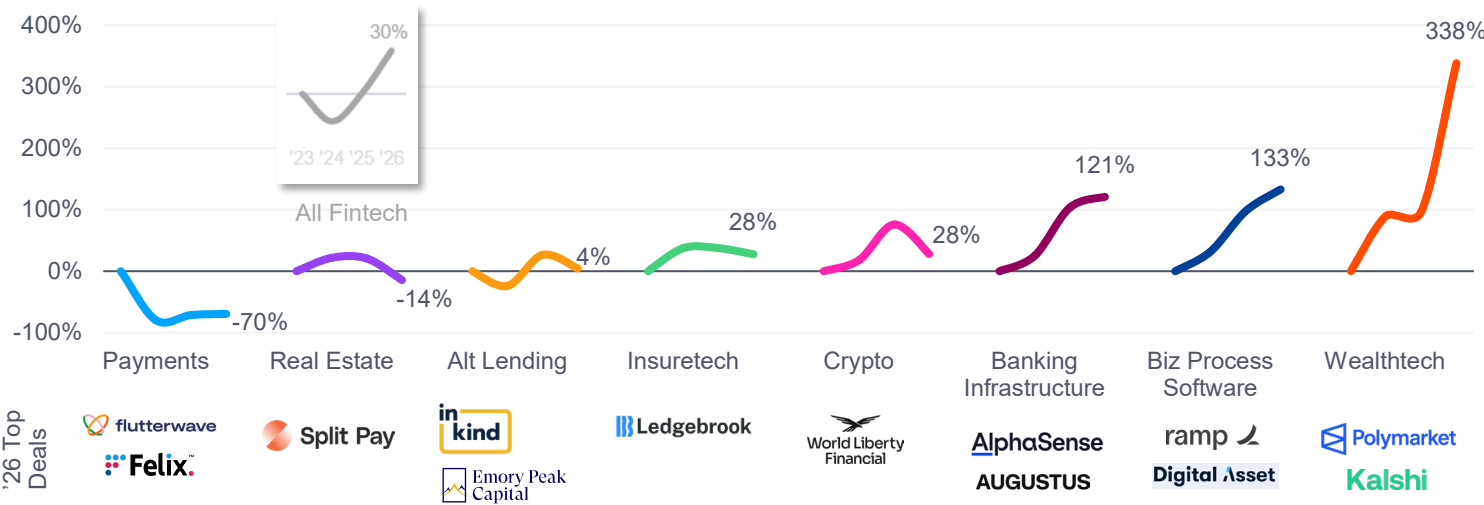
AI Financial Software and Crypto Deals Are Still Riding High

US VC-Backed Fintech Subsectors Ranked by Deal Count and Median Deal Size in 2026¹



Prediction Markets and AI Tools Are Dominating Bigger Rounds

Indexed Growth of US VC Investment by Fintech Subsector from 2023-2026¹ (2023 = 0)



Notes: 1) Subsectors defined by First Citizens Innovation Banking taxonomy.
Sources: PitchBook Data, Inc. and First Citizens Innovation Banking analysis.

Can Fintechs Make the Grade?

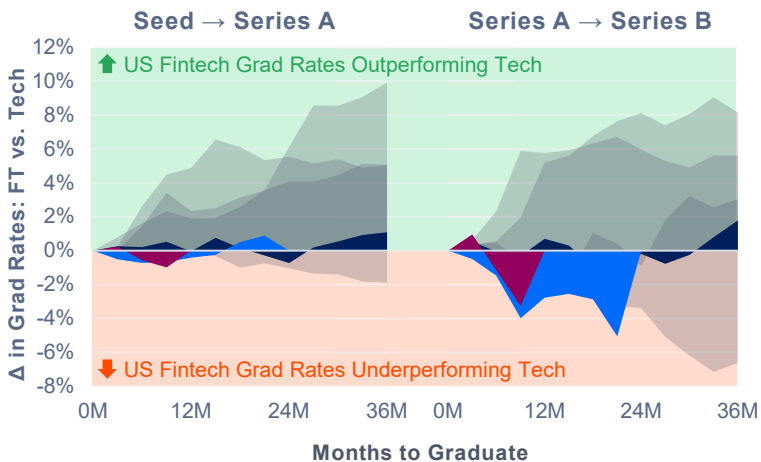
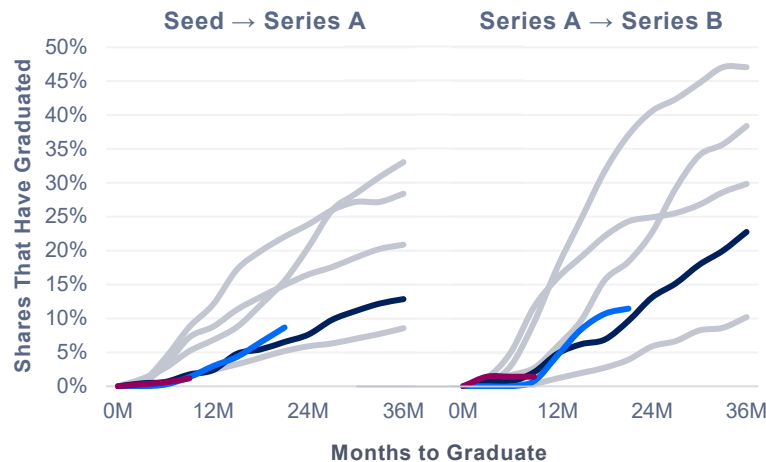
US fintech graduation rates have yet to meaningfully tick up since 2021. Among the latest cohort that has had 21 months since their last round, 8.7% have graduated from Seed to Series A, and 12% have graduated from Series A to Series B. Overall, fintechs are less than half as likely to graduate to the next named round in a given timespan than they were at the peak of the last VC boom. So what's keeping them going? Extension rounds. Fintechs have heavily utilized bridge funding over the last few years at rates that meet and often exceed other tech sectors. That's especially true for companies at Series B. At least 32% of Series B companies took an extension round in the last two years, up from 16% in 2020. This was also seven percentage points higher than other tech sectors.

In a sign of the changing post-ZIRP economics of fintech, grad rates differ substantially based on subsector. **Business process software — a sector laden with vertical AI applications — saw a spike in its share of graduated companies both at the Seed-A level and the A-B level.** During 2020-22, this sector accounted for the smallest share of graduating Series A companies (just 10%) and the largest in 2025-26 (26%). Meanwhile, real estate — a sector that boomed during COVID — has fallen from 11% of graduated Series A companies in 2020-22 to 6% in 2025-26.

US Fintech Grad Rates Remain Muted and Slightly Behind Broader Tech

US Fintech Series A and B Graduation Rates by Cohort Year and Difference in Graduation Rates US Fintech vs. Tech ex. Fintech¹

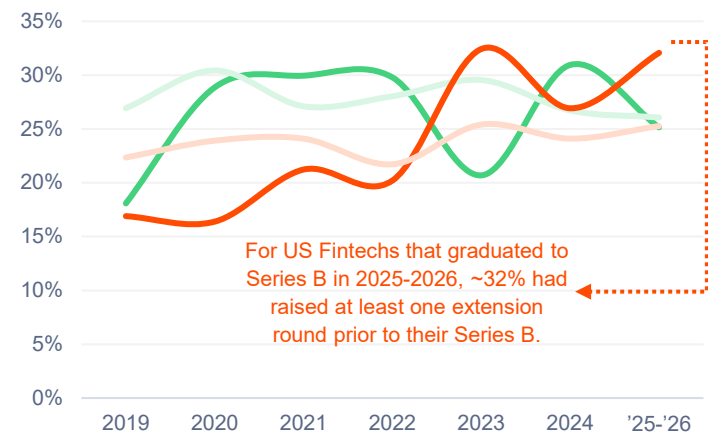
— 2025 — 2024 — 2023 — 2019-2022



Series B Extension Rates Extend Grad Timelines

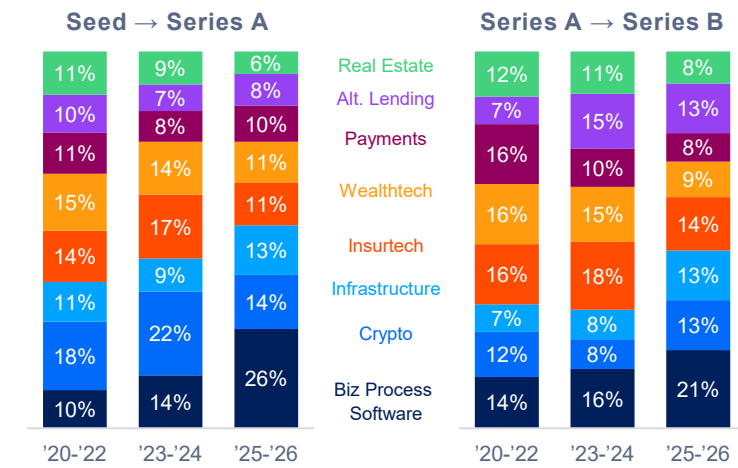
Extension Rates for US Fintech and Tech ex. Fintech for Series A and B¹

— Fintech — Tech ex. Fintech — Series A — Series B



For Grad Rates, Business Apps are Top of Class

Share of US Fintech Series A and B Graduation Cohorts by Subsector²



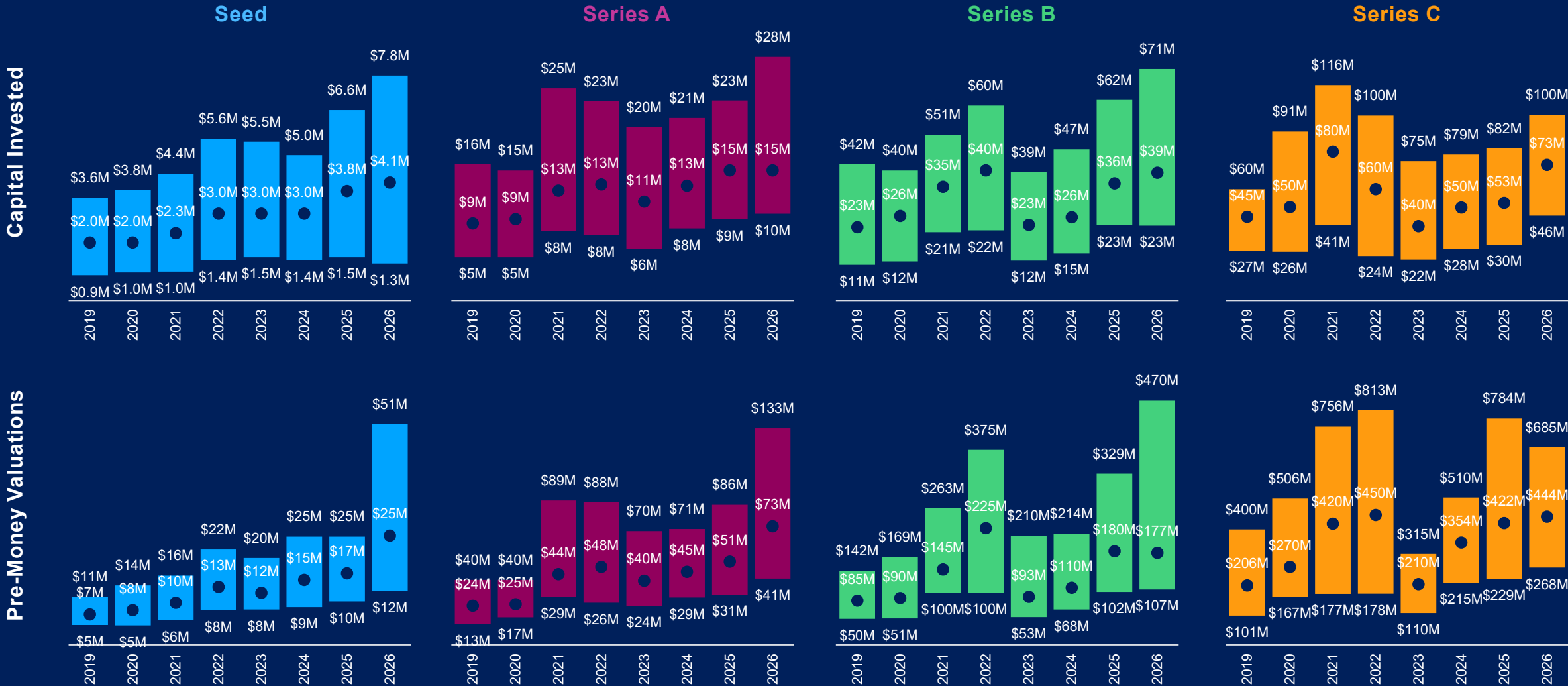
Notes: 1) Fintech defined using PitchBook Data, Inc. taxonomy. Tech ex. Fintech includes Consumer, Enterprise Software and Frontier Tech.

2) Subsector defined using First Citizens Innovation Banking taxonomy.

Sources: PitchBook Data, Inc., First Citizens Innovation Banking proprietary taxonomy and analysis.

US Fintech Capital Invested and Pre-Money Valuations by Series

■ Middle 50% of Companies ● Median



A Spoonful of AI Helps the Fintech Up-Round

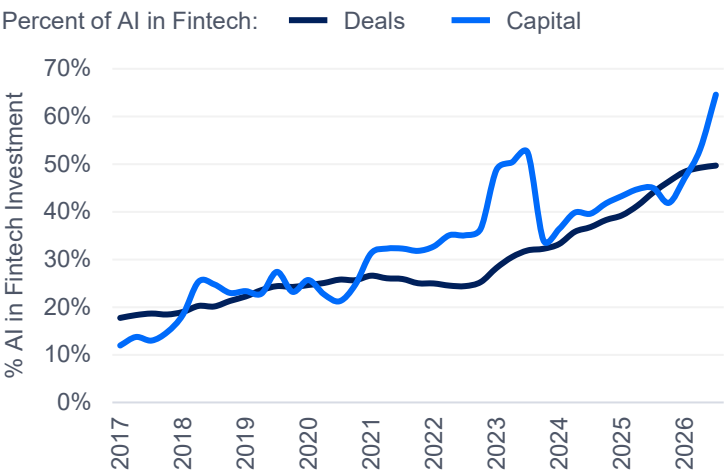
At least half the fintech companies that raised money in 2026 featured AI within their product or service, and these companies sucked up two-thirds of dollars invested in the space.

Today, it's assumed that just about every company aiming for VC funding is an AI company to some degree — if not infusing their products with LLMs then padding their margins with AI efficiencies. But how critical is AI to the core offerings of these companies? We looked for signals of deep technical relevance in how companies describe their own AI capabilities and how industry analysts classify them. **Our AI relevancy index found that about half of AI fintechs show a low likelihood that AI development is fundamental to their products.** That's not necessarily a bad thing. Less reliance on AI means less technology risk, but it could explain why these companies see less of a premium as investors reward the core technology.

It seems likely that fintech as a sector is still straddling the line between harnessing the technology and keeping human legs firmly in the saddle. Consumers still want it that way. A survey from Experian found that two-thirds of respondents were at least somewhat comfortable allowing an AI agent to do tasks like booking travel and purchasing online goods on their behalf, but only 12% favored full autonomy.

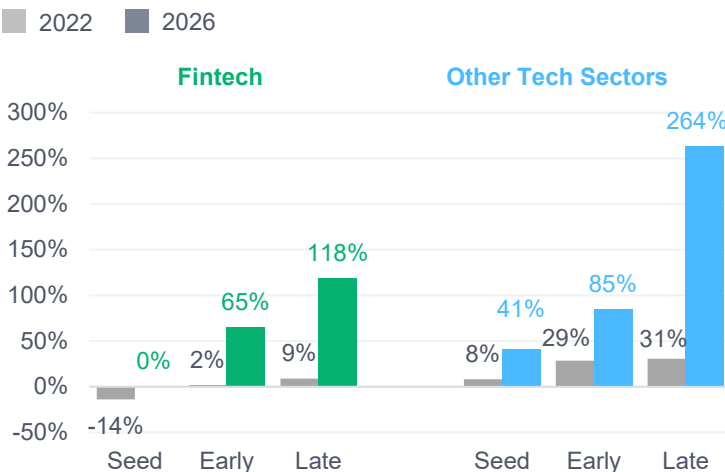
AI Is Now Baked Into Most Fintech Startups

AI Saturation in US VC-Backed Fintech Companies (3-Qtr Average)¹



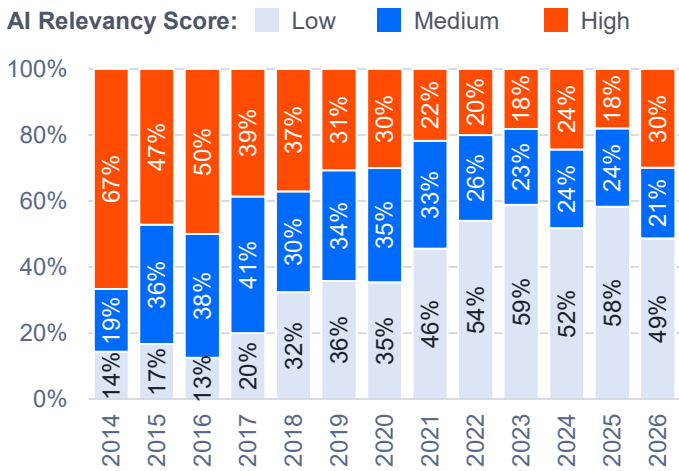
Fintech's AI Premium Is Below the Norm

Median Pre-Money Valuation Premium for AI Companies by Stage



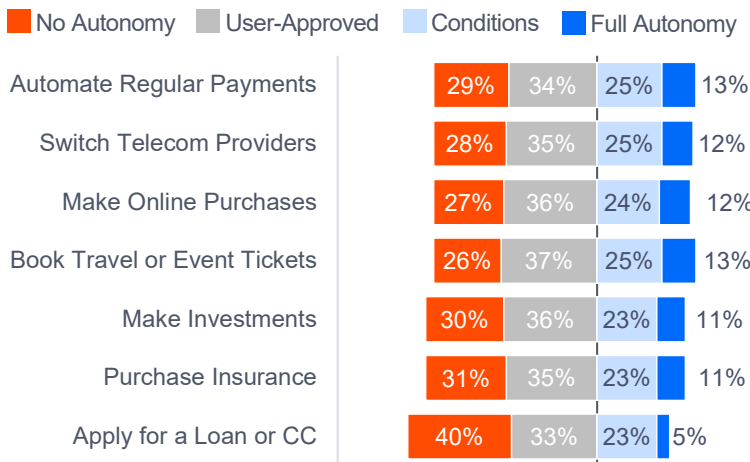
Or Is AI Just Icing on the Cake?

AI Relevancy Index: Likelihood of AI's Core Role in the Company²



Most are Open to AI Money Advice, Not Control

Experian Survey: "Autonomy You Would Give an AI Agent to..."



Notes: 1) AI companies include those tagged by PitchBook's Artificial Intelligence and Machine Learning sector vertical. 2) The index scores companies on factors that indicate the likelihood that AI is core to their proprietary products or offerings. Among other factors, the index looks for specificity. Mentions of "natural language processing" earns a higher score than "AI-enabled."

Sources: Experian's "The Rise of Agentic Commerce" Report, PitchBook Data, Inc. and First Citizens Innovation Banking analysis.

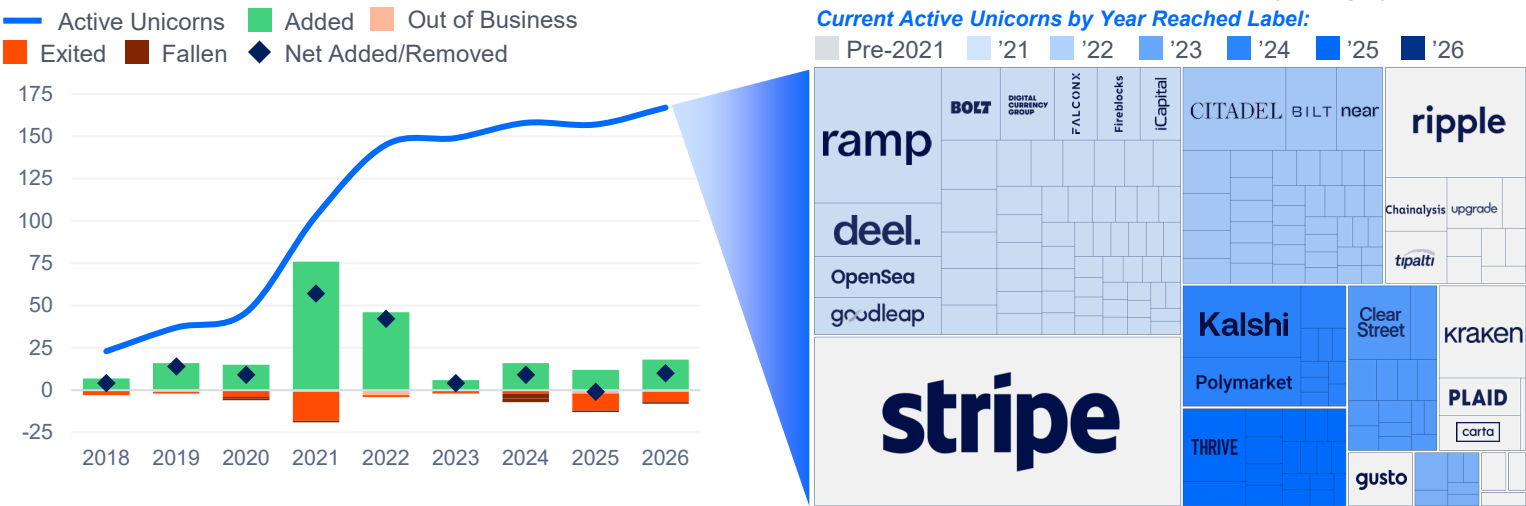
Fintech Unicorns: Bigger, Faster... Older?

Just nine months into the year, US fintech has already minted the most unicorns since 2022 — thanks in large part to mega rounds. Sixteen mega rounds helped to mint new US fintech unicorns, also the most since 2022. Among the new cohort, the distribution was similar among categories. **The 2026 class reached Unicorn status the second fastest in history at about 5.5 years since founding, on a median basis.** This class achieved that mark in the third fewest rounds.

While the new generations get younger, the overall herd of US fintech unicorns continues to age. The median age of the US fintech unicorn herd is 10 years, up from six years in 2021. This is what demographers call an hourglass distribution. There's the old guard (founded pre-2022) filled with ZIRP-era firms. These make up 48% of the current herd. They tend to have better unit economics, but growth rates aren't eye-popping. However, many have built sizable businesses and are unlikely to face closure anytime soon. By contrast, the new generation is generally burning higher but shining brighter with blistering growth rates. For the older generation, there is likely to be a continuous trickle of exits. Most outcomes are unlikely to be the outliers investors hoped for — in fact, 73% of the unicorns from cohorts pre-2022 are valued at less than \$5B. For the newer generations, many of these companies are still early in their growth trajectory. Only time will tell if this cohort will age like fine wine, or sour milk.

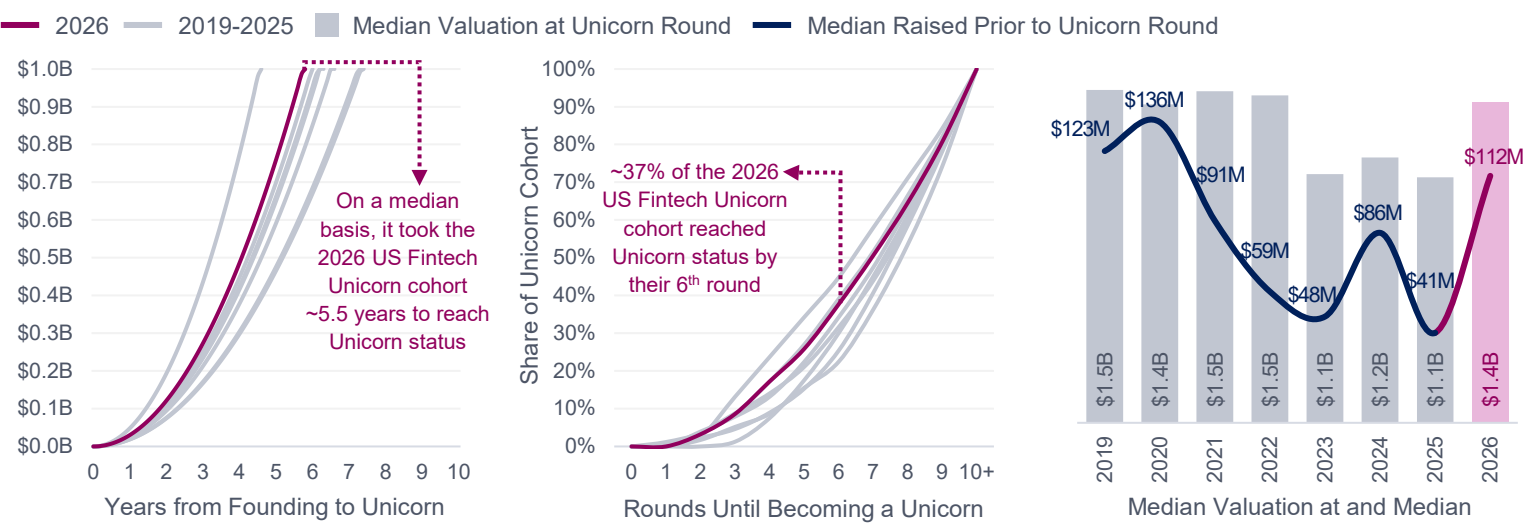
Most Unicorns Added Since 2022

Number of Current Active US Fintech Unicorns at Year End and Number of US Fintech Unicorns Added and Removed by Category and Year¹



2026 US Fintech Unicorn Cohort Achieving Label Quicker While Also Raising More

Median Time To Unicorn From Founding Year by Unicorn Cohort, Number of Rounds Until Becoming a Unicorn by Share of Cohort, and Median Valuation At and Amount Raised Prior to Unicorn Round¹



Notes: 1) Fintech defined by PitchBook Data, Inc. taxonomy.
Sources: PitchBook Data, Inc. and First Citizens Innovation Banking analysis.

Company Performance

It's About Quality ~~Not~~ and Quantity

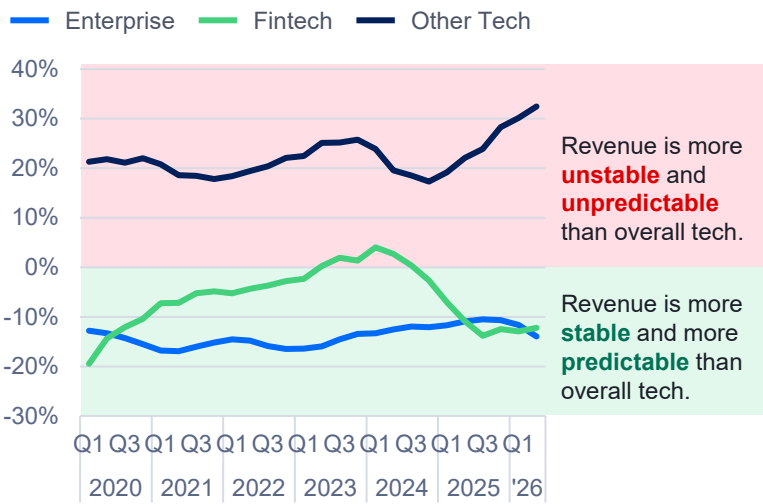
Remember the good old days when a fintech could raise a Series A with \$1.2M in annual revenue? As ZIRP came to a close, those low revenue benchmarks disappeared for the majority of fintech. **Today, the median fintech raising a Series A has \$2.8M in revenue, and the bottom quartile has more revenue than the median company had in 2021.**

But mirroring the broader venture-backed ecosystem, not only have the benchmarks to raise capital gotten higher, but also the pace of growth has slowed, making it harder for fintech companies to reach those higher benchmarks. In fact, the median growth rate has been cut in half since ZIRP.

While growth rates are often the most exciting element for VC, the quality of revenue also matters. SaaS companies have long been considered the benchmark for predictable, steady revenue models. But fintech isn't far behind. On average, fintech companies are significantly more predictable than the overall tech ecosystem. And in recent quarters, they have matched the revenue consistency of enterprise software companies, while experiencing more volatility than enterprise software between 2021 and 2024 due to shifting rate environments and changing business models focused more on profitability.

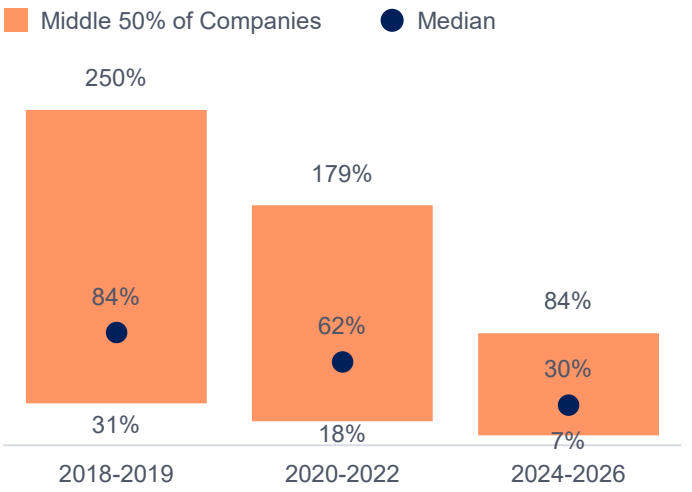
Fintech Similar to SaaS in Revenue Predictability

Revenue Quality/Variability Compared to Overall Tech¹



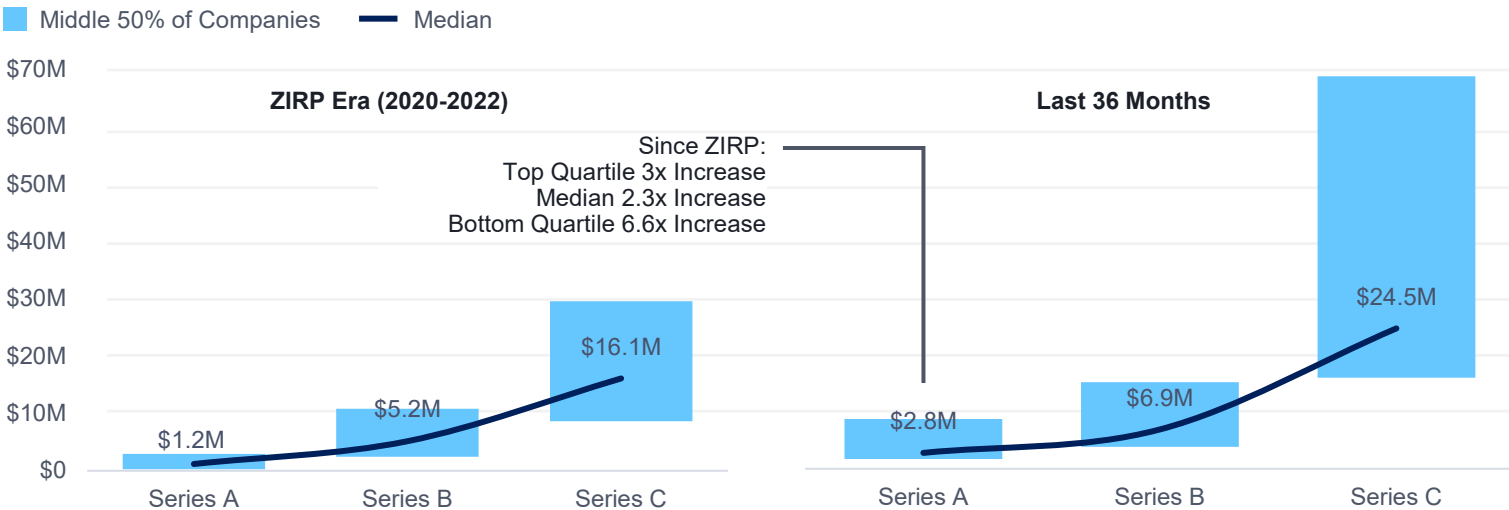
Fintech Growth Rates Are at Historic Lows

YoY Revenue Growth Rate for US VC-Backed Fintech Companies



Most Fintech Hit Hockey-Stick Growth Between Series B and Series C

Median Revenue at Time of Round of US VC-Backed Fintech Companies



Notes: 1) Revenue quality assesses as the median coefficient of variability for the last eight quarters and compares that to the median coefficient of variability for all tech companies. Excludes companies that do not have revenue for any quarter within the moving eight-quarter time period.

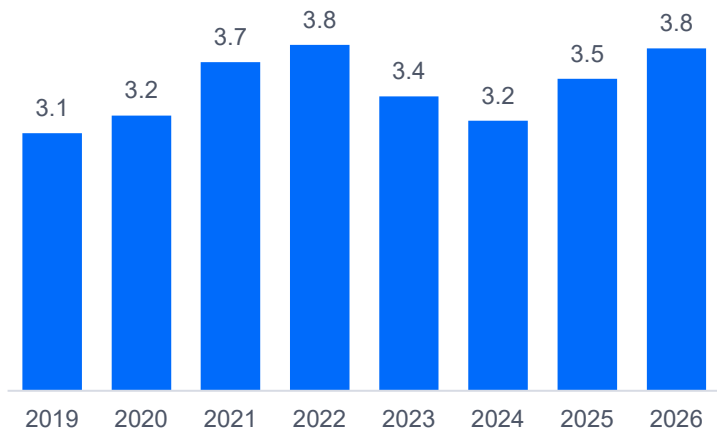
Sources: First Citizens Innovation Banking proprietary data and analysis.

Efficiency, Efficiency, Efficiency

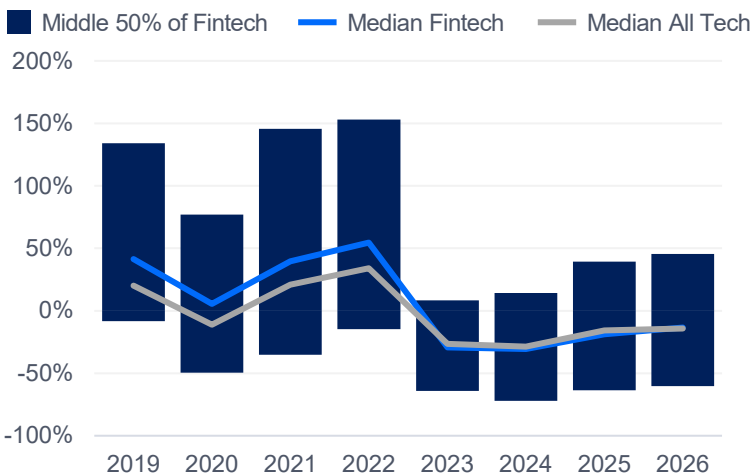
Lean, mean, operating machines. Fintech companies have remained laser-focused on efficiency since 2023. As a result, the dollars of value created per dollar invested is now on par with its prior peak in 2022, but the prior peak was driven more by aggressively high valuations. Today's companies aren't seeing that boost. Instead, they have focused on managing their burn. **Since 2023, the median fintech company has annually reduced its burn level, bringing it in line with the broader tech sector.** It's also true that with high levels of company closures, survivorship bias highlights companies that are operating efficiently, as those that are not efficient are more likely to run out of cash runway.

Even as venture investment has fallen 45% since 2021 for fintech companies, and cash has fallen 60%, months of runway have begun to increase. Companies are operating far more efficiently than we have historically seen, and most are starting to get closer to profitability. There are so many exceptions to the mean, especially companies that are growing very quickly, attracting venture dollars, and redoubling their focus on growth, while simultaneously neglecting efficiency. These companies are generally doing quite well.

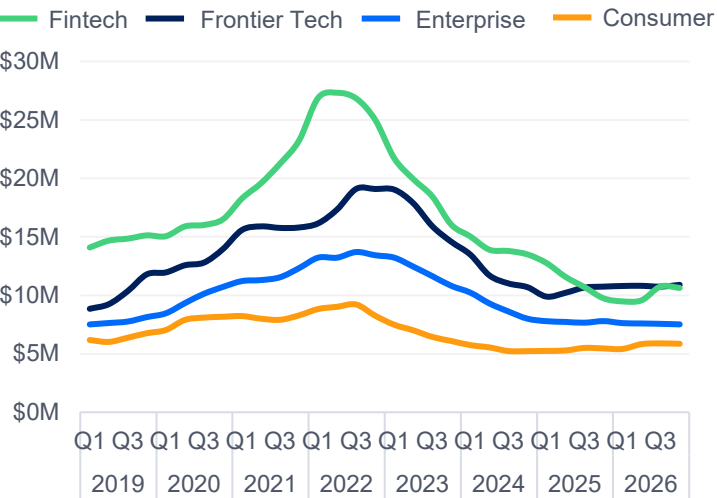
Value Creation Per Dollar Invested on the Rise
Dollars of Value Created Per Dollar of Equity Invested¹



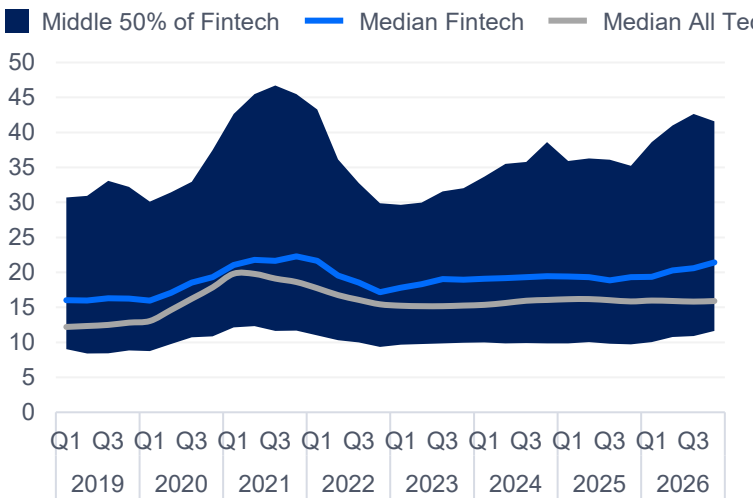
Companies Focused on Managing Burn
Change in Burn YoY for Companies with Over \$5M in Revenue¹



Fintech Roller Coaster Beats Other Sectors
Median Cash and Cash Equivalents for Companies with Under \$100M in Revenue¹



Fintech Companies Beat Overall Tech
Months of Cash Runway for US VC-Backed Fintech Companies With at Least \$5M in Revenue¹



Notes: 1) Fintech defined using First Citizens Innovation Banking taxonomy.
Sources: PitchBook Data, Inc. and First Citizens Innovation Banking proprietary data and analysis.

Exits



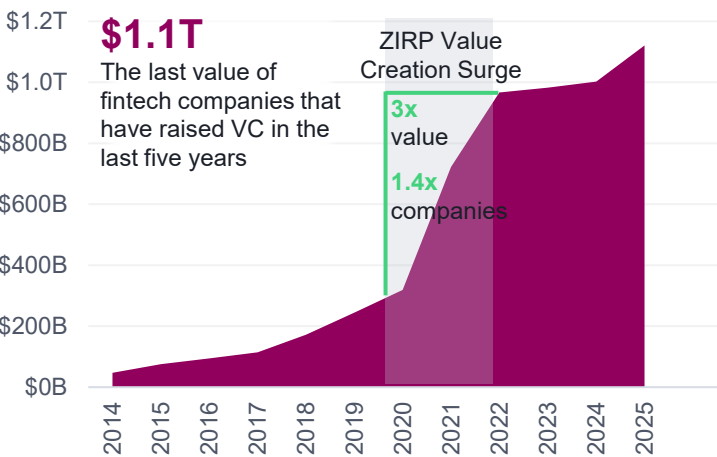
Liquidity Stuck Behind Exit Market Logjam

On paper, private US VC-backed fintech companies that have raised in the last five years have a total value of over \$1.1T. Much of this value was created during ZIRP, when fintech growth rates surged and revenue multiples expanded. Since 2021, very little value has been released from VC-backed companies in the public markets. **The companies that raised record levels of VC funding in 2021 have, in many cases, now been operating for 10 or more years and face mounting pressure from early employees and investors to have liquidity.** While secondary markets provide enough liquidity for major companies like Stripe (valued at \$159B), not all are so lucky.

When we look at all US VC-backed fintech companies founded between 2015 and 2020, 16% have found an exit, while only 1% have successfully reached an IPO. The vast majority of these companies, 65%, are still VC-backed. But some of these VC-backed companies are likely zombies — just under half of the still-VC-backed cohort have raised since 2024, while the other half are stretching their cash runway. For companies that haven't raised, some have managed to get close to or achieve profitability. All these companies are generally safe from a cash runway perspective, but they face slower growth rates, making them much less exciting for venture investors.

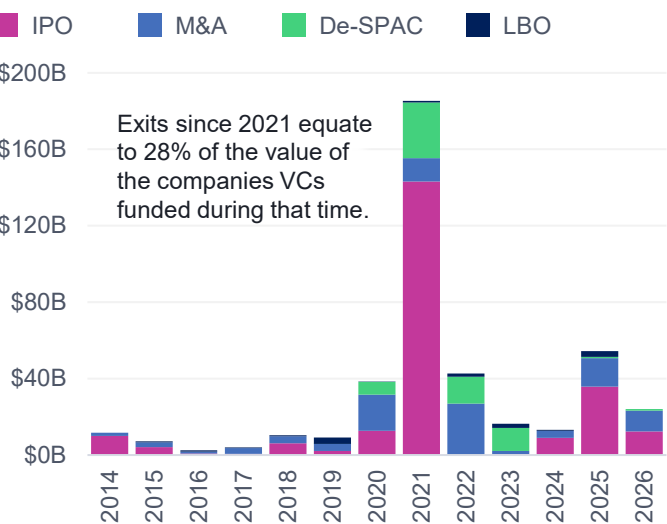
Fintech Companies Are Very Valuable ...

Value of US VC-Backed Fintech Companies That Have Received Investment in the Prior 5-Year Period¹



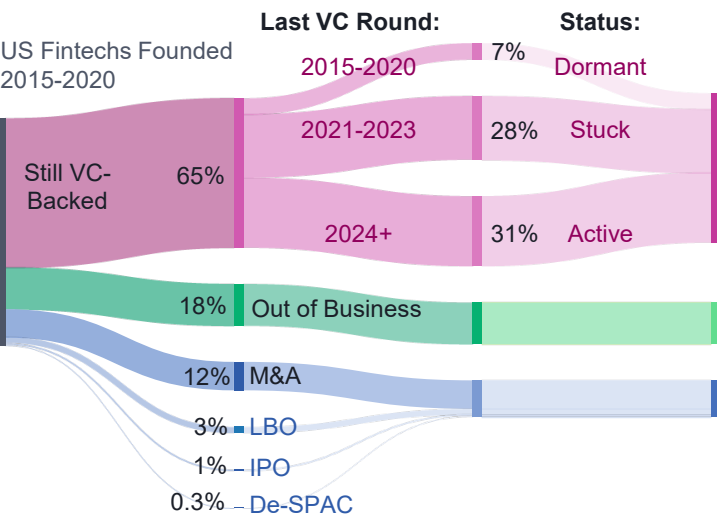
... But Exit Volumes Remain Low

Aggregate Valuation at Time of Exit for US VC-Backed Fintech Exits¹

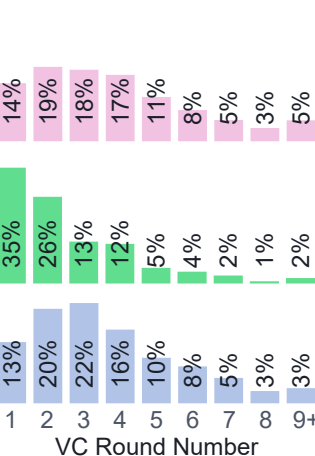


One 100 Fintechs Made It to an IPO

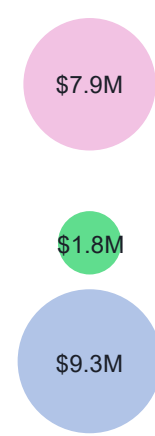
Outcomes for US VC-Backed Fintechs Founded 2015 to 2020¹



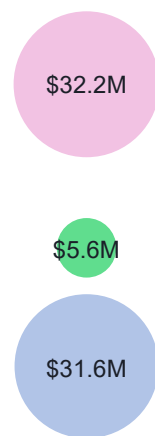
Distribution of the Number of VC Rounds Raised



Median Capital Raised



Top Quartile Capital Raised



Notes: 1) Fintech defined using PitchBook Data, Inc. taxonomy.
Sources: PitchBook Data, Inc. and First Citizens Innovation Banking analysis.

You Don't Have to Exit, But You Can't Stay Here

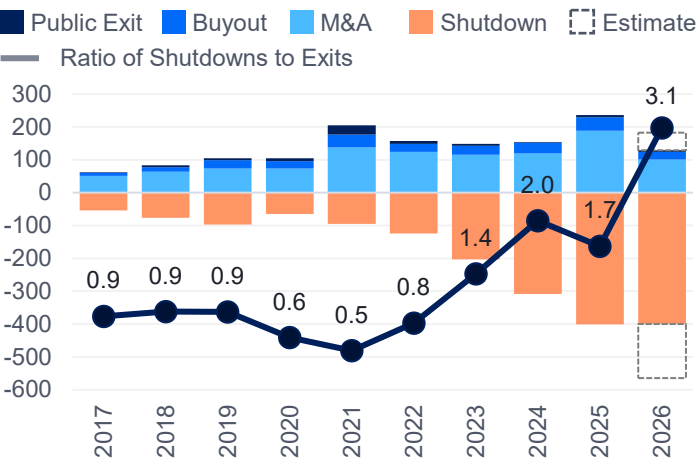
US VC-backed fintech exits are on pace to have their second-best year since 2021, with at least 101 M&A deals and 23 buyouts through September. Fintech founders are finding an open channel out of the choppy sea of financings. Yet, buying demand isn't strong enough to stem the flow of shutdowns. After years holding failures at bay with extension rounds and belt-tightening, a cascade of bankruptcies and closures is now washing through the sector. Shutdowns now outpace exits three to one.

M&A continues to be a buyer's market. **Only 7% of fintech acquisitions this year had a known positive outcome where the sale price was greater than the total capital raised, while 9% were sold for less than what was raised.** The remaining 84% of deals remain undisclosed but likely skew unfavorably for founders.

Among the buyers of fintechs, other VC-backed companies remain a strong source of deal flow. Unlike private equity (PE) firms, which favor older companies laden with capital, VC-backed buyers prefer earlier-stage companies that are capital-light. VC-backed M&A targets are half the age of PE targets, and they've raised less than a third of the capital. While AI is making waves among asset managers looking to roll up legacy industries, the strategy doesn't appear to be affecting fintech M&A to any great degree. The bigger trend? Strategic buyers looking to add products or buy customers. With IPO valuations stuck in the mud, we expect the acquisitions to remain elevated.

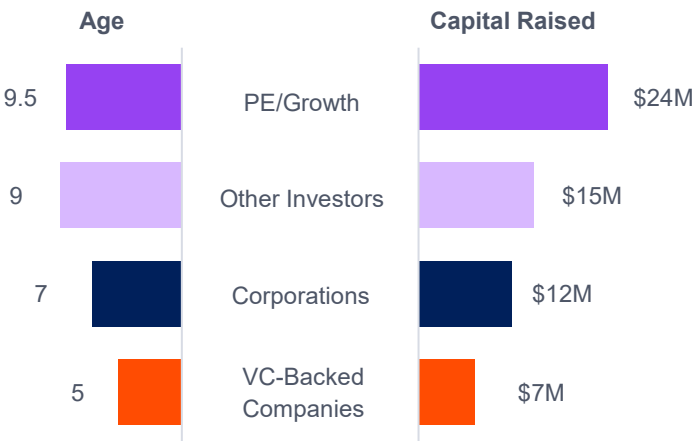
Acquisitions Are Strong, Yet Closures Mount

US VC-Backed Fintech Exits (M&A and IPOs) to Shutdowns



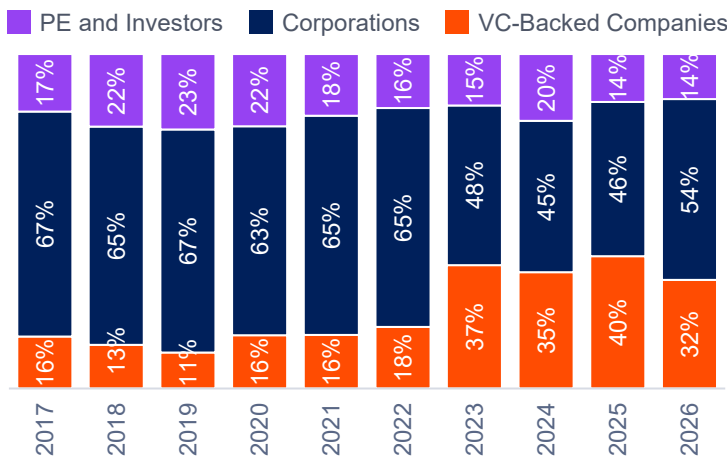
PE Buyers Have a Type: Older, Capital-Heavy

Median Total Capital Raised and Age of US VC-Backed Acquired Company by Buyer Type 2023-2026



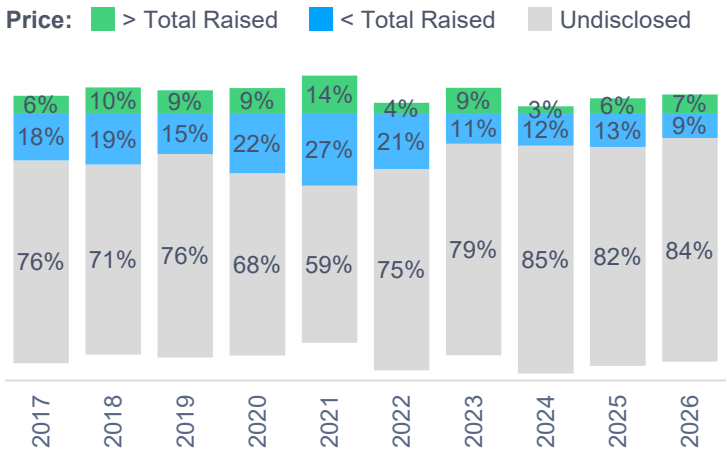
VC-Backed Companies Buy One-Third of M&A

Buyers of US VC-Backed Fintech M&A and Buyouts by Type¹



For Founders, Favorable Outcomes Are Scarce

Outcome of US VC-Backed Fintech M&A Deals²



Notes: 1) Includes deals with known buyer type. 2) Undisclosed deals include those with either "total capital raised" or M&A deal size not known to us or logged in PitchBook Data, Inc.
Sources: PitchBook Data, Inc. and First Citizens Innovation Banking analysis.

Bottom Line Over Top of The Line

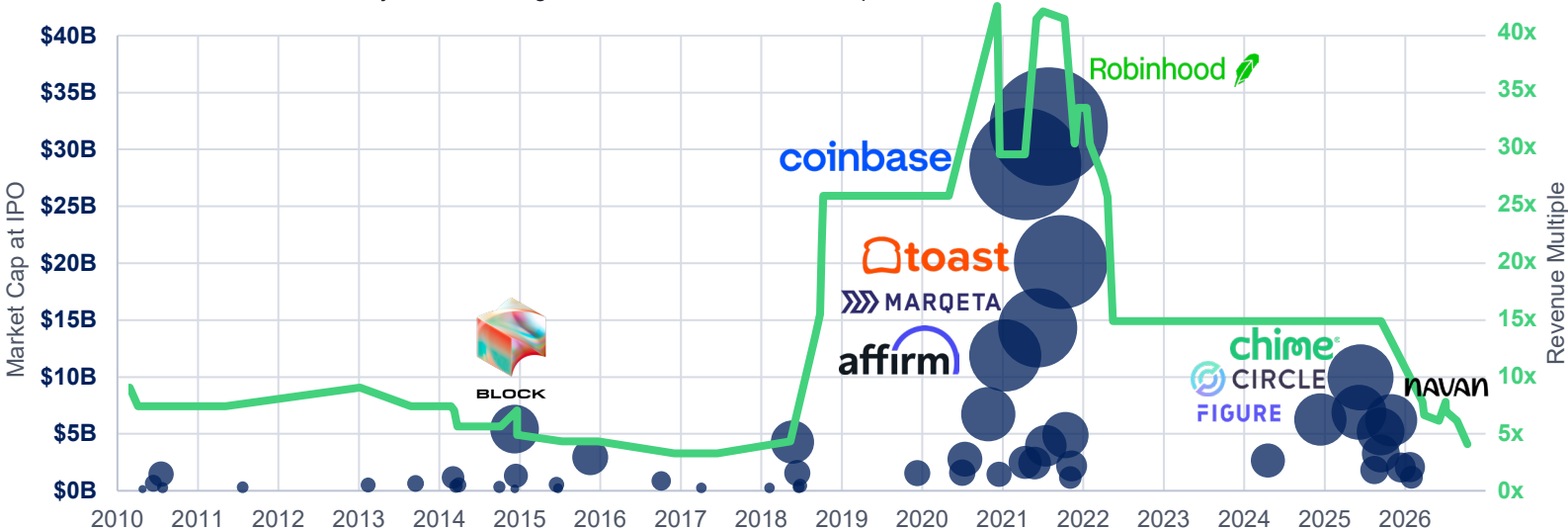
A smattering of fintech IPOs tested the water in 2025 and early 2026. The ensuing bloodbath attracted enough sharks to keep future fintech IPOs from exiting. Of the nine US VC-backed fintech IPOs on major US exchanges since 2025, just two outperformed the S&P 500 in their first 180 days of trading. Miami International Holdings, the US options exchange, and Figure Technology Solutions, the blockchain-powered lending company, beat the S&P 500 by 19% and 21%, respectively, in their first 180 days of trading.

At the peak of the 2021 IPO boom, fintech companies were priced at 40x revenue multiples¹, while today's companies are being priced at single-digit multiples. But the companies are fundamentally different. In 2021, the median fintech IPO was growing at 90% YoY. Today, the median fintech IPO is growing at 32% YoY.

Today's companies are focused squarely on profitability — the median IPO was actually profitable, as compared to 2021, when the median fintech IPO went out with a comical EBITDA margin of -1,200%. Companies are no longer buying growth with cheap capital and boosting their multiples while doing it. Now, fintechs are valued much more similarly to traditional financial services, with single-digit multiples.

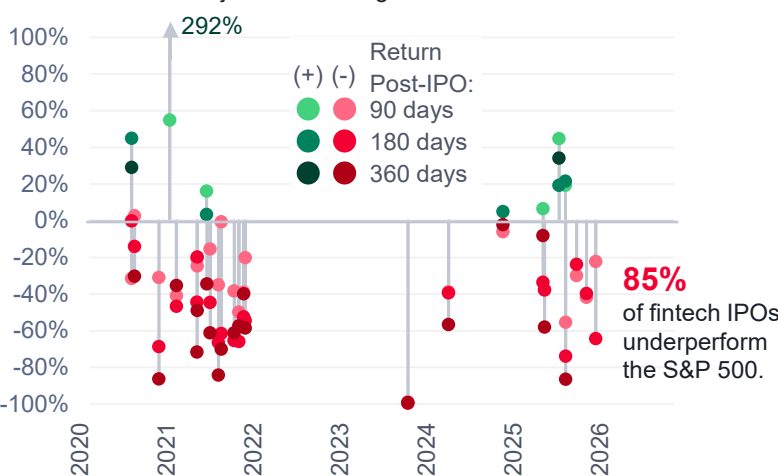
Fintechs Cracked the IPO Window and Didn't Like the Frosty Breeze

US VC-backed Fintech IPOs on Major US Exchanges and Median Revenue Multiple for the Last Five IPOs



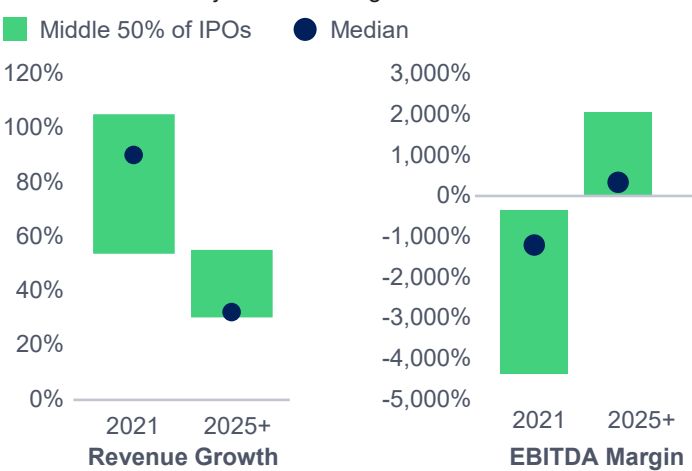
Few Outperform the S&P 500

Market Cap Performance vs. the S&P 500 for US VC-Backed Fintech IPOs on Major US Exchanges Since 2019



Recent IPOs Traded Growth for Profitability

Revenue Growth and EBITDA Margin for US VC-Backed Fintech IPOs on Major US Exchanges



Notes: 1) Last 12-month revenue multiple.
Source: PitchBook Data, Inc. S&P Capital IQ, EDGAR and First Citizens Innovation Banking analysis.

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Frank Holding, Jr.
Chairman and CEO
First Citizens Bank

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