

FinTech Trends for 2026

With Case Studies

By

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FinTech Trends for 2026 — Research Report

Below is a **research-backed 2026 outlook** on the most important FinTech trends shaping payments, banking, crypto/digital assets, regulation, fraud, and infrastructure—focused on what matters for operators, product teams, and SMB-facing fintechs.

Executive summary

- **Real-time and instant payments** are moving from pilots to scale: the EU’s Instant Payments Regulation deadlines bit in 2025 and continue phasing in through 2027, while the US FedNow rail settled **8.4M payments worth \$853B in 2025**; BIS “Project Nexus” is preparing the first live cross-border IPS linkages with ASEAN partners and India toward go-lives from **2026**.
- **Tokenization of real-world assets (RWAs)** is no longer hype: BlackRock’s tokenized USD liquidity fund (BUIDL) crossed the multi-billion AUM mark and expanded across chains in 2025, helping push tokenized treasuries and cash equivalents on-chain; large managers and banks see tokenization as the “next generation for markets.”
- **Stablecoins are being domesticated by regulation**: MiCA’s stablecoin regime is in force in the EU, ESMA/EBA have stood up registers, and the UK is finalizing a dual FCA/BoE regime for fiat-referenced stablecoins with 2026 consultations and sandboxes prioritizing **stablecoin payments**.
- **AI is shifting from pilots to governed deployment**: the EU AI Act rolls out through **2025-2027** (GPAI obligations from Aug-2025; most high-risk rules from Aug-2026), directly impacting AI in credit, fraud, onboarding, and wealth. Fraudsters are also levelling up, so banks and fintechs are prioritizing **agentic AI with strong guardrails**.
- **Resilience/regtech step-change**: EU **DORA** became applicable **Jan-2025**; 2026 brings first Registers of Information and continued TLPT scoping, raising the bar for ICT risk, incident reporting, and critical third-party oversight across EU-facing fintechs.

- **Open banking → open payments** in the UK: variable recurring payments (VRP) exit “sweeping” and enter commercial pilots; first live payments under the **UKPI scheme** are expected in **Q1-2026** as usage of open-banking payments grows >50% y/y.
- **BaaS scrutiny remains intense**: US regulators emphasized banks’ full responsibility for fintech partners and requested information to potentially tighten oversight of deposit, payments and lending arrangements.
- **Consumer protection & fraud**: the UK’s APP fraud reimbursement regime went live in Oct-2024 with an **£85k cap**, shifting incentives to prevention and customer journey controls in 2025-26.

1) Real-time payments become table stakes (domestic and cross-border)

Europe. The EU Instant Payments Regulation (IPR) entered into force in 2024; euro-area PSPs had to **receive** instant payments by **Jan-2025** and **send + Verification of Payee (VoP)** by **Oct-2025**; obligations phase in for non-euro countries and EMIs/PIs through **2027**. Pricing parity (instant vs. non-instant) and daily sanctions screening are mandated, pushing upgrades in screening and VoP UX.

United States. FedNow ramped quickly in 2025: **8.41M settled payments** and **\$853.4B** in value; participation crossed **~1,600 institutions** by January 2026. Banks increasingly adopt **multi-rail** strategies using both FedNow and the RTP® network.

Cross-border. BIS **Project Nexus**—a scheme to interlink domestic instant payment systems—is moving from blueprint to implementation with MAS, BOT, BSP, BNM, RBI (and BI), with **live implementations targeted from 2026**; central banks established a Nexus Scheme Organisation in Singapore.

What to watch in 2026: SEPA SCT Inst rulebook refinements (ISO 20022 details, timestamp precision), EU PSP parity enforcement, and first Nexus corridors.

Case Study: Monzo's Use of Real-Time Payments & Fraud Controls in Practice

Company: Monzo Bank (UK neobank)

Why relevant: Monzo is one of the most advanced UK fintechs in deploying real-time payments, behavioural fraud detection, strong Customer Duty practices, and open-banking powered features.

What they did:

- Implemented **real-time transaction monitoring** using behavioural analytics to flag unusual payment patterns (e.g., coerced payments, unusual merchant behaviour).
- Rolled out enhanced **Confirmation of Payee (CoP)** early, reducing misdirected payments.
- Adopted **risk-based strong customer authentication**, balancing frictionless user experience and security.
- Integrated **open-banking data** to support smarter affordability and budgeting tools.
- Published highly transparent **APP fraud prevention reporting**, aligning with new PSR reimbursement requirements.

Outcomes:

- Public reporting shows Monzo is among the **lowest-complaint UK banks** for fraud handling relative to customer base.
- The bank's scam-intervention prompts are widely credited by industry observers with preventing significant customer losses.
- Monzo's real-time insights into transaction behaviour helped shape improved industry-wide APP fraud safeguards.

Why it fits the 2026 trends: Monzo exemplifies how fintechs can use **instant payments, data-driven fraud prevention, regulatory-aligned customer journeys, and open-banking capabilities** to build safer, lower-friction financial products—exactly the direction regulators and markets are pushing toward through 2026.

Why this matters for SMB-focused fintechs — do this next:

- Add **Confirmation of Payee (CoP)** and **pre-transaction scam warnings** to Faster Payments flows; A/B test copy and friction to cut APP losses without hurting conversion.

- Build **10-second real-time rules** combining device, behavioural, payee, and sanction risk; auto **step-up to SCA** on high-risk signals.
- Log **customer acknowledgements and warning telemetry** to support **APP reimbursement** evidence and Consumer Duty outcomes monitoring.

2) Tokenization & on-chain market infrastructure mature

Institutional RWA traction. BlackRock's USD Institutional Digital Liquidity Fund (BUIDL) grew into the multi-billion range and expanded to multiple chains by late 2025; leadership at BlackRock reiterates that "every asset can be tokenized," signaling mainstream asset-management commitment.

Market sizing. Industry trackers estimate tokenized RWAs passed **~\$25B** on-chain by early 2026 (led by T-bills, gold, and private credit), with multi-trillion 2030 scenarios in bank research. Regardless of ultimate size, growth is now **production-led**, not PoCs.

Impact for fintechs: Expect APIs for tokenized treasuries/cash to show up in treasury, yield, and collateral workflows; compliance (KYC/AML, Travel Rule for crypto rails) remains non-negotiable.

Case Study: Stripe's Expansion of Real-Time Payments for SMBs

Company: Stripe (Global payments infrastructure company)

Why relevant: Stripe is one of the most widely used payment processors for SMBs worldwide, and its real-time payouts and risk-management tools illustrate how instant payment infrastructure creates measurable commercial value.

What they did:

- Launched **Instant Payouts** using real-time payment rails in multiple markets, enabling merchants to receive funds within minutes instead of days.
- Expanded support for **FedNow** and **RTP®** to reduce settlement delays for US SMBs.
- Built integrated **risk scoring and fraud prevention** that runs before each payout to reduce disputes and chargebacks.
- Introduced **Treasury APIs** allowing platforms and marketplaces to offer embedded financial accounts with fast money-movement capabilities.

- Partnered with global banks to improve **cross-border settlement speed**, reducing FX friction for international merchants.

Outcomes:

- SMBs using Instant Payouts reported **higher cash-flow stability**, allowing them to pay suppliers, fulfil orders, and manage payroll more reliably.
- Platforms (e.g., gig economy, creator platforms) experienced **increased merchant satisfaction** due to faster access to earnings.
- Real-time payout adoption grew rapidly, becoming one of Stripe's fastest-scaling financial features.

Why it fits the 2026 trends: Stripe demonstrates how instant payment rails, embedded finance, and real-time fraud prevention are converging to create next-generation payment experiences—directly reflecting the global shift toward **instant, governed, interoperable financial infrastructure** in 2026.

Why this matters for SMB-focused fintechs — do this next:

- Offer **Instant Payouts** as a premium; tier pricing by corridor and risk to protect margins.
- Run **pre-payout risk scoring** to block likely chargebacks/disputes before settlement.
- Use **Treasury/issuing APIs** to create accounts/cards that improve cash-flow for SMBs.

3) Regulated stablecoins & digital cash

EU. MiCA's regime for e-money tokens (EMTs) and asset-referenced tokens (ARTs) is in force; ESMA's **interim MiCA register** (white papers, CASPs) is live and being updated ahead of full integration in 2026. Expect EU-compliant euro stablecoins to gain share through 2026.

UK. The **BoE** consulted in Nov-2025 on the regulatory regime for **systemic sterling stablecoins**, planning to finalize rules in 2026; proposals cover backing assets (including short-term gilts), redemption, holding limits, and potential central bank liquidity lines. Meanwhile, the **FCA** put **stablecoin payments** on its 2026 growth agenda and is opening sandbox pathways.

Why it matters: 2026-27 will see stablecoins shift from primarily crypto trading use-cases to **regulated retail and B2B payment rails** in Europe and the UK, subject to strict redemption and disclosure rules.

Case Study: Wise's Cross-Border Payments at Scale

Company: Wise (formerly TransferWise)

Why relevant: Wise is one of the best real-world examples of a fintech using infrastructure, regulation, and pricing transparency to transform cross-border payments—one of the key 2026 FinTech trends.

What they did:

- Built a **global network of local accounts** to route international payments domestically in each country, avoiding correspondent-bank fees and delays.
- Adopted **real exchange rates (mid-market rate)** with full fee breakdown, setting a new industry standard for price transparency.
- Invested heavily in **payment-speed optimisation**, reporting that over **55% of payments arrive instantly** (in seconds) and **over 90% arrive within an hour**.
- Integrated with regional schemes (e.g., SEPA Instant, FPS, UPI) to deliver real-time cross-border transfers.
- Pursued regulatory licensing globally, including becoming a **direct participant** in multiple payment systems to reduce friction.

Outcomes:

- Wise serves **over 16 million customers** and processes **£10+ billion monthly**.
- Their instant-delivery rate is among the highest in the world for cross-border payments.
- Through 2025, Wise achieved consistent profitability while scaling globally.

Why it fits the 2026 trends: Wise showcases how real-time domestic rails, regulatory participation, network optimisation, and transparency directly improve global money movement. It is a leading example of how fintechs will compete on **speed, cost, compliance, and user experience**—all central to 2026's FinTech landscape.

Why this matters for SMB-focused fintechs — do this next:

- Route cross-border flows via **local accounts**; track **% instant** and publish corridor ETAs.
- Display **mid-market FX + transparent fees** at checkout; nudge to lower-cost routes.
- Instrument **corridor-level reliability SLAs** and monitor payout partner performance.

4) Open banking to open payments (UK focus)

Open banking users surpassed **16M** in the UK in 2025, with payments up **53% y/y**. VRP accounted for **~16%** of OB payments, and **commercial VRP (cVRP)** is planned to go live via UKPI in **Q1-2026** for utilities, financial services, and public sector payments, with broader coverage targets through 2026.

Strategic angle: cVRP gives merchants/subscription businesses a lower-cost, more controlled alternative to cards and Direct Debit, with dynamic limits and stronger consumer visibility—ideal for SMB billing, variable invoices, and flexible collections.

Case Study: Revolut’s Super-App Expansion—Crypto, Trading & Payments

Company: Revolut (UK-headquartered global fintech)

Why relevant: Revolut illustrates the **European super-app** playbook: multi-currency accounts and payments bundled with **investing (stocks/ETFs, commodities)**, **crypto trading (via Revolut X)**, **merchant payments (Revolut Pay & gateway)**, **loyalty (RevPoints)**, and **travel features (eSIM)**—showing how one app can aggregate daily-money use cases for consumers and SMBs.

What they did:

- Expanded from a travel-FX card into a **full money app**: accounts, cards, budgeting, savings, and cross-border transfers.
- Launched **Revolut X** for crypto with pro-grade features (mobile app, API access, advanced order types, staking) to separate casual from active traders while keeping everything inside the Revolut ecosystem.
- Grew **brokerage** inside the app (fractional shares/ETFs, recurring buys) to complement day-to-day payments.
- Rolled out **Revolut eSIM** and in-app travel perks, reinforcing daily engagement beyond finance.
- Built out **merchant acceptance** and checkout options (Revolut Pay / payment gateway) and scaled **Revolut Business** (multi-currency accounts, cards, payouts, savings) so platforms and SMBs can get paid and manage funds in one place.

Outcomes (directional):

- Super-app breadth increased **customer engagement** (daily/weekly active usage) and **cross-sell** across payments, investing, and crypto.
- Merchant and SMB features broadened the **two-sided ecosystem** (consumers ↔ businesses), supporting growth in payment volumes and subscription tiers.
- Product depth enabled **market expansion** while regulators evaluated local licensing paths.

Why it fits the 2026 trends: Revolut demonstrates how **open payments, embedded investing/crypto, and super-app bundling** can reduce acquisition costs, raise lifetime value, and create defensible network effects—all aligned with 2026 priorities around faster payments, governed digital-asset access, and richer consumer protection.

Why this matters for SMB-focused fintechs — do this next:

- Add **pay-by-bank** for subscriptions/invoices to lower card fees and reduce churn.
- Bundle **savings, FX wallets, and invoicing** to lift ARPU and retention for SMBs.
- Pilot a **lightweight loyalty layer** (points/cashback) to increase repeat usage.

5) AI in finance: deployment with guardrails

Regulatory cadence. The EU AI Act entered into force Aug-2024; prohibitions and AI literacy rules have applied since **Feb-2025**; GPAI model obligations, governance and penalties from **Aug-2025**; **most high-risk system obligations from Aug-2026** (with full enforcement by 2027), directly affecting AI used in creditworthiness, fraud, KYC, and HR.

Market reality. Banks report rapid gen-AI adoption—and rising **fraudster AI** capability—putting **explainability, monitoring, red-teaming, and model risk** on exec scorecards through 2026.

Action in 2026: Map AI systems to AI Act risk tiers; implement model documentation, human-in-the-loop controls, and risk reporting—especially if you operate in or market to the EU.

Case Study: Klarna's AI-Driven Customer Experience Transformation

Company: Klarna (Sweden-based global payments and shopping fintech)

Why relevant: Klarna is one of the most visible real-world examples of a fintech using **AI at scale** to transform customer service, fraud detection, and operational efficiency—directly aligned with the 2026 AI-governance and model-risk-management trends.

What they did:

- Replaced its traditional customer-service model with an **AI-powered assistant**, handling the majority of customer inquiries across refunds, delivery checks, disputes, and returns.
- Used AI to **automate back-office operations**, including dispute resolution steps and merchant communication workflows.
- Integrated AI into **risk and fraud detection**, enabling faster assessment of suspicious patterns while maintaining compliance with regulatory expectations for explainability.
- Expanded the assistant to support **multiple markets and languages**, ensuring consistent service across regions.

Outcomes (publicly reported directionally):

- Customer-service resolution times dropped significantly as AI handled the majority of contacts.
- Operational costs decreased due to automation and improved agent productivity.
- Customer satisfaction increased as response times accelerated across all geographies.

Why it fits the 2026 trends: Klarna shows how AI can be deployed responsibly and at scale while meeting rising regulatory expectations for transparency, performance monitoring, and risk controls. It exemplifies how fintechs can use **agentic AI, explainable decisioning, and automated workflows** to stay competitive under the EU AI Act and global AI-governance frameworks.

Why this matters for SMB-focused fintechs — do this next:

- Launch a **Gen-AI support assistant** with human-in-the-loop and clear escalation paths.
- Stand up **model monitoring, bias tests, and red-teaming**; keep an AI Act evidence pack.
- Use **explainable features** in fraud/credit to speed disputes and improve trust.

6) Cyber & operational resilience (DORA)

What's changed. The EU **Digital Operational Resilience Act (DORA)** has been applicable since **Jan-17, 2025**, harmonizing ICT risk, incident reporting (with strict timelines), resilience testing, and **critical third-party oversight**. In 2026, entities face first **Registers of Information** submissions and continued roll-out of TLPT requirements.

Why it matters: EU-facing fintechs—including payment/e-money institutions and CASPs under MiCA—must prove cyber resilience and manage concentration risk in cloud/third parties; non-compliance risks supervisory action.

Case Study: Starling Bank's Operational Resilience & Cloud-Native Efficiency

Company: Starling Bank (UK digital bank)

Why relevant: Starling is one of the strongest real-world examples of a fintech operating with **high levels of operational resilience, cloud-native architecture, and profitable digital banking at scale**—directly aligned with 2026 priorities around DORA, cloud oversight, and resilient payment operations.

What they did:

- Built a **fully cloud-native core banking platform**, eliminating legacy infrastructure and enabling rapid updates, automated scaling, and near-real-time monitoring.
- Implemented extensive **resilience layers** (multi-zone, multi-region redundancy; automated failover systems) to meet strict uptime and continuity requirements.
- Designed an **in-house payments engine** supporting FPS, Bacs, CHAPS, and SEPA, giving Starling control over performance, fraud rules, and settlement timing.
- Adopted a strong **third-party risk-management framework**, mapping dependencies and ensuring compliance with UK and EU operational-resilience expectations.
- Extended its cloud-native platform into **"Engine by Starling"**, a B2B SaaS offering that lets other banks run on Starling's core technology.

Outcomes (directional):

- Starling achieved sustained **profitability**, helped by automated operations and low infrastructure overhead.
- Maintained **industry-leading uptime**, supporting customer trust in digital-only banking services.
- Expanded internationally through B2B licensing of its platform, demonstrating commercial demand for cloud-native core banking.

Why it fits the 2026 trends: Starling shows how cloud-native architecture, strong operational-resilience design, and controlled in-house payment infrastructure help fintechs comply with **DORA-level resilience expectations**, reduce costs, and deliver a stable, scalable platform for growth.

Why this matters for SMB-focused fintechs — do this next:

- Map **critical business services** and set **impact tolerances**; run severe-but-plausible scenarios.
- Maintain a **Third-Party Register** and concentration-risk heatmap; plan tested failovers.
- Automate **incident detection & 24-hour notifications**; prepare TLPT scope/readiness.

7) Fraud & consumer protection reset (UK & global)

APP fraud reimbursement (UK). From **Oct-7, 2024**, reimbursement became mandatory for Faster Payments/CHAPS APP scams with a cap of **£85,000** per claim (reduced from an earlier proposal of £415k), with split liability and focus on both sending and receiving PSPs. 2025-26 priorities: VoP, scam warnings, confirmation of payee expansion, and **outcomes monitoring** under Consumer Duty.

Travel Rule & KYC tightening (global). FATF updated **Recommendation 16** in 2025 to standardize payer/payee info for cross-border and virtual asset transfers (> USD/EUR 1,000) and clarify responsibility along the chain—supporting fraud reduction and AML effectiveness.

Case Study: Adyen's Unified Commerce & Direct Scheme Connectivity

Company: Adyen (Netherlands-based global payments processor)

Why relevant: Adyen is a leading real-world example of a fintech delivering **unified payments infrastructure**, **direct card-scheme connectivity**, and **omnichannel commerce**, aligning closely with 2026 trends in real-time payments, regulatory compliance, and operational resilience.

What they did:

- Built a **single global platform** for online, in-store, and platform payments, eliminating the usual patchwork of third-party processors.
- Connected **directly to major card schemes** (Visa, Mastercard, local schemes), reducing intermediaries, improving authorisation rates, and lowering costs.
- Launched **real-time payment integrations** (e.g., PIX, iDEAL, UPI, and SEPA Instant) to support instant checkout and payout experiences.
- Provided **embedded financial services** for platforms (marketplace onboarding, issuing, merchant accounts), enabling clients to become fintechs.
- Implemented rigorous **risk, KYC, and compliance tooling**, supporting global merchants under evolving regulations.

Outcomes (directional):

- Merchants using Adyen reported **higher authorisation rates** and lower payment-failure rates due to direct scheme connectivity.
- Adyen maintained **high profitability and operational resilience**, supporting massive global payment volumes.
- Unified commerce enabled large brands to consolidate systems, reduce fraud, and streamline customer experiences across channels.

Why it fits the 2026 trends: Adyen demonstrates how unified infrastructure, instant-payment adoption, merchant-focused compliance, and embedded finance combine to create scalable, resilient financial rails—mirroring the industry's move toward **simplified, interoperable, real-time commerce ecosystems** for 2026.

Why this matters for SMB-focused fintechs — do this next:

- **Consolidate processors** where feasible; target **+100–200 bps** auth-rate uplift.

- Enable **direct scheme connectivity** in top markets and add **real-time bank pay**.
- Centralise **KYC/KYB + risk tooling** to cut false declines and operating cost.

8) Banking-as-a-Service (BaaS): fewer, stronger programs

US prudential regulators reiterated banks' full responsibility for fintech partners and issued an RFI to inform potential further guidance/rulemaking; enforcement actions underscore third-party risk expectations. For 2026, expect **slower onboarding, tighter contracts, data access clauses, and enhanced marketing/FDIC-insurance representations**.

Case Study: Solaris — Regulated BaaS Infrastructure Under Heightened Oversight

Company: Solaris (Germany-based Banking-as-a-Service provider)

Why relevant: Solaris is one of Europe's most prominent BaaS platforms, offering embedded banking products (accounts, cards, lending, KYC) to fintechs and brands. As BaaS enters a period of **tighter regulatory scrutiny**, Solaris illustrates how regulated infrastructure providers are adapting to stricter supervisory expectations.

What they did:

- Operates under a **full German banking licence**, enabling partners to offer card issuing, accounts, and credit products under Solaris' regulatory umbrella.
- Implemented enhanced **partner-risk controls** after increased supervisory attention, including deeper due diligence, stronger transaction-monitoring standards, and more rigorous onboarding of fintech partners.
- Scaled up **compliance and risk teams**, aligning to evolving expectations from BaFin and the ECB on outsourcing, AML/KYC, and operational resilience.
- Strengthened **segregation of duties** between Solaris and its partner fintechs, ensuring clear roles in safeguarding, complaints handling, and customer communication.
- Invested in **core system upgrades**, including improved fraud-monitoring tooling, card-scheme compliance, and incident-management processes.

Outcomes (directional):

- Maintains partnerships with major fintechs and consumer brands despite BaaS market pressures.
- Improved operational-risk controls helped restore confidence among regulators and partners.
- Continued expansion into embedded-finance use cases (cards, credit, loyalty-linked payments) while meeting stricter governance standards.

Why it fits the 2026 trends: Solaris demonstrates how BaaS providers must adapt to **heightened regulatory expectations**, stronger partner-management obligations, and enhanced operational-resilience requirements. It aligns directly with the global shift toward more **disciplined, resilient, and transparent fintech–bank partnerships** in 2026.

Why this matters for SMB-focused fintechs — do this next:

- Define a **RACI** with your sponsor bank (marketing claims, complaints, disputes, SARs).
- Lock **data-access & records SLAs**; schedule quarterly **compliance audits**.
- Pre-agree **program off-ramps** (freeze→wind-down) to satisfy supervisory expectations.

9) Digital identity: EUDI Wallets by end-2026 (EU)

Under **eIDAS 2.0 (Reg. 2024/1183)**, Member States must provide at least one **EU Digital Identity Wallet** and ensure public-sector acceptance by **Dec-31, 2026**; pilots are scaling across travel, payments, education, and e-government services. Fintechs should prepare for **wallet-based KYC** and verifiable credentials in onboarding and signing.

Case Study: Digidentity — Digital Identity Verification at National Scale

Company: Digidentity (Netherlands-based digital identity provider)

Why relevant: Digidentity is one of the most established real-world examples of a **government-grade digital identity provider** operating across the EU and UK. Its work directly

reflects the shift toward **EUDI Wallets**, high-assurance verification, and secure cross-border identity frameworks referenced in the content above.

What they did:

- Became an official identity provider for **UK GOV.UK Verify** and multiple high-assurance EU public-sector services.
- Supported millions of users through **remote identity verification**, including passport checks, biometric verification, and cryptographic document validation.
- Implemented **eIDAS-compliant trust services**, issuing qualified electronic signatures (QES) that meet EU legal requirements.
- Rolled out **cross-border authentication** for taxation, healthcare, and government-to-citizen use cases.
- Built infrastructure aligned with upcoming **EUDI Wallet** standards, enabling wallet-based identity credentials and verifiable attributes.

Outcomes (directional):

- Scaled to support both citizen and enterprise identities across Europe.
- Achieved high verification accuracy while reducing onboarding friction.
- Provided compliant, high-assurance identity services for both public-sector and private-sector applications.

Why it fits the 2026 trends: Digidentity demonstrates how digital-identity providers must adapt to **eIDAS 2.0**, wallet-based identity, stronger anti-fraud controls, and cross-border interoperability. It shows what effective, regulated, high-trust identity verification looks like under the frameworks that will shape 2026 onward.

Why this matters for SMB-focused fintechs — do this next:

- Add **EUDI Wallet** and **QES** options to onboarding/signing for high-value actions.
- Route users by **assurance tier** (low/medium/high) to balance risk vs. friction.
- Store **verifiable credentials** to speed repeat KYC across products and countries.

10) CBDCs & public money rails

The ECB closed the two-year digital euro preparation phase in **Oct-2025** and moved to the next capacity-building stage; issuance would follow only after legislation (potentially decided in 2026), with pilots earlier and **earliest issuance around 2029** if approved.

Implication: Near-term, EU policy focus remains on instant SEPA, open banking, and MiCA-compliant stablecoins; CBDC planning continues in parallel.

Case Study: China's e-CNY (Digital Yuan) Pilot — The Most Advanced Retail CBDC Deployment

Company / Institution: People's Bank of China (PBoC)

Why relevant: China's **e-CNY (digital yuan)** is the world's most advanced large-scale retail CBDC, providing a real-life example of how a digital sovereign currency can operate in practice. It offers key insights for the EU, UK, and global policymakers evaluating **CBDC design, wallet models, privacy, and commercial-bank roles**.

What they did:

- Rolled out e-CNY pilot programs across multiple major cities and regions, covering **tens of millions of users**.
- Enabled **dual-offline payments**, allowing transactions even when both payer and payee lack connectivity.
- Distributed CBDC wallets through commercial banks and major fintechs (e.g., Alipay & WeChat Pay), showing how **public-private models** can coexist.
- Supported use cases including retail purchases, public transport, government transfers, payroll, and cross-border trials.
- Introduced **programmability-ready features**, such as conditional payments and time-limited stimulus distributions.

Outcomes (directional):

- e-CNY reached **hundreds of billions of yuan in cumulative transaction value**.
- Demonstrated viability of **token-based retail CBDC**, including offline payments.

- Provided regulators with real-world operational data on privacy, adoption patterns, and ecosystem integration.

Why it fits the 2026 trends: As the EU continues its own digital-euro preparations, China's e-CNY shows what mature CBDC deployment looks like—highlighting the trade-offs between innovation, privacy, interoperability, and financial-stability safeguards. It's a concrete global reference point as CBDC policy intensifies through 2026.

Why this matters for SMB-focused fintechs — do this next:

- Prototype **offline-capable wallet UX** (limits, privacy tiers, post-facto sync) in a sandbox.
- Plan **merchant acceptance** via existing terminals + SDKs to minimize rollout cost.
- Keep an **interoperability map** (token vs. account models; ISO 20022 mapping) ready.

Case Study: Visa — CBDC Interoperability & Offline Payments Pilots

Company: Visa (global payments network)

Why relevant: As central banks evaluate retail and wholesale CBDCs, Visa has partnered with multiple authorities to prototype **interoperability** between CBDCs and existing payment networks, and to test **offline CBDC payments**—two design areas that are central to real-world deployment.

What they did:

- Developed the **Universal Payment Channel (UPC)** concept to enable cross-network settlement between CBDCs and regulated stablecoins, focusing on atomic transactions and interoperability across jurisdictions.
- Ran **CBDC sandbox and pilot engagements** with central banks and commercial banks to test wallet issuance, transaction privacy tiers, and merchant acceptance flows within existing card-acceptance infrastructures.
- Prototyped **offline CBDC experiences** using secure hardware and proximity communication, enabling person-to-person and consumer-to-merchant transfers without continuous connectivity.
- Explored **programmability-ready features** (e.g., escrow/conditional release, time-boxed funds, purpose-bound disbursements) within controlled pilots to support government payouts and targeted subsidies.

Outcomes (directional):

- Demonstrated the technical feasibility of **cross-scheme CBDC interoperability** and **offline transaction** flows in lab and pilot settings.
- Produced implementation toolkits and reference architectures for central banks and issuers, accelerating partner evaluations.
- Showed how CBDCs could leverage **existing merchant acceptance** and dispute/chargeback frameworks where appropriate, reducing adoption friction.

Why it fits the 2026 trends:

Visa's work addresses two of the toughest CBDC questions—**interoperability** and **resilience/offline capability**—offering a pragmatic path to connect CBDCs with today's retail payments while preserving policy controls. It's directly relevant as the EU, UK and others progress CBDC assessments and pilot designs through 2026.

Why this matters for SMB-focused fintechs — do this next:

- Join a **CBDC sandbox** (where available) to test acceptance via existing checkout flows.
- Prototype **cross-rail settlement** (CBDC ↔ cards/open-banking) for government payouts.
- Define **offline limits/velocity caps** and reconciliation flows for outage scenarios.

11) Cross-border payments: progress, but KPIs still lag

The **G20/FSB roadmap** reports milestones but **limited end-user KPI improvement** globally as of 2025; priorities have shifted to practical interlinking, harmonized legal/supervisory frameworks, and standardized data (ISO 20022). 2026 will see more pilots and rail linkages, but cost and transparency targets remain challenging for 2027.

Case Study: Western Union — Digitising Cross-Border Remittances at Global Scale

Company: Western Union (global remittance and payments provider)

Why relevant: Western Union operates one of the largest cross-border money-movement networks in the world. Its digital transformation illustrates how legacy remittance providers are

modernising to meet 2026 expectations around **speed, transparency, compliance, and cost**, directly aligning with the challenges outlined in the section above.

What they did:

- Shifted from a predominantly agent-based model to a **fully digital remittance platform** across key corridors, enabling account-to-account and wallet-to-wallet transfers.
- Integrated **real-time payment rails** where available (e.g., Faster Payments, UPI, Pix), reducing settlement times from days to minutes.
- Enhanced **pricing transparency** with clear fee and FX breakdowns, addressing global pressure from regulators and the G20 roadmap.
- Upgraded compliance systems with **AI-powered transaction-monitoring**, sanctions screening, and identity verification tools to reduce fraud and AML risk.
- Partnered with banks, mobile-wallet providers, and fintechs to expand reach and improve last-mile delivery across emerging markets.

Outcomes (directional):

- Digital revenues surpassed traditional agent-based growth in multiple markets as users shifted to faster, cheaper digital remittances.
- Reduced average transfer times significantly through instant-rail integrations.
- Improved customer satisfaction and reduced compliance friction with enhanced KYC/AML workflows.

Why it fits the 2026 trends: Western Union's transformation highlights how cross-border providers must adapt to pressure from regulators, fintech competitors, and global standard-setting bodies. Its work demonstrates the real-world journey toward **faster, more transparent, compliant, and interoperable cross-border payments**, mirroring 2026 priorities for the global remittances ecosystem.

Why this matters for SMB-focused fintechs — do this next:

- Integrate **instant rails** (FPS, UPI, Pix) for priority corridors; surface route-level ETAs.
- Provide **receipt-level FX & fee breakdowns** and cheaper-route nudges in-flow.
- Deploy **AI AML/fraud** with corridor-specific thresholds to cut false positives.

12) Funding & consolidation environment

Analyst and law-firm outlooks indicate **selective investor conviction** returning in 2026: exits reopened, but capital rewards durable economics; **payments remains a VC favorite**, and Europe (incl. UK) saw a **7% y/y increase** in 2025 fintech investment with the UK attracting **\$3.6B**. Expect consolidation in sub-scale players and a tilt to profitability.

Case Study: Checkout.com — Scaling Profitability Amid Global Payments Consolidation

Company: Checkout.com (global payments processor headquartered in London)

Why relevant: Checkout.com is a real-world example of a high-growth fintech navigating the global **funding reset, consolidation pressures, and shift toward sustainable unit economics** that define the 2026 environment.

What they did:

- Shifted strategic focus from rapid expansion to **profitability and disciplined growth**, aligning with investor expectations across late-stage fintechs.
- Streamlined operations and optimised cost structures across engineering, compliance, and support functions.
- Expanded enterprise merchant base (e-commerce, marketplaces, digital platforms), improving **revenue stability and processing volumes**.
- Enhanced **risk, chargeback, and fraud-prevention tooling**, strengthening operational resilience—key for talent-leaner teams in consolidation cycles.
- Increased product depth across **payouts, multi-currency settlement, and modular payments infrastructure**, helping merchants reduce their own costs and reliance on multiple providers.

Outcomes (directional):

- Achieved positive EBITDA after years of reinvestment-heavy scaling.
- Improved operational margins through productivity gains and product-mix improvements.

- Maintained strong merchant retention and continued pipeline growth despite macro pressure.

Why it fits the 2026 trends: Checkout.com illustrates how payments leaders are adjusting to a world where **capital is more selective, profitability matters, and operational efficiency is a competitive advantage**. It shows how fintechs can navigate the 2026 consolidation cycle while strengthening market position.

Why this matters for SMB-focused fintechs — do this next:

- Track **gross margin per feature**; prioritise higher-margin payouts, FX, fraud tools.
- Build **cost-to-serve dashboards** by merchant cohort; automate manual ops.
- Use **modular pricing** and commitment-based discounts to improve LTV/CAC.

Regional snapshots

United Kingdom (what to prioritize in 2026)

- **cVRP go-live** (Q1-2026) → evaluate as a collection method for utilities, subscriptions, gov payments; design merchant pricing and consent UX.
- **Stablecoin regime** → track BoE/FCA final rules; consider GBP-stablecoin acceptance for B2B settlements under sandbox safeguards.
- **APP fraud reimbursement** → ensure journeys evidence customer understanding, apply enhanced VoP and scam-warning telemetry; align with Consumer Duty outcomes monitoring.
- **E-money safeguarding** → FCA **PS25/12** brings supplementary regime (monthly reports, reconciliations, audits) into force **May-7, 2026**—plan system/process upgrades now.

European Union

- **Instant payments** enforcement (receive/send/VoP, pricing parity) and **DORA** steady-state; **MiCA** compliance activities continue with registers; **AI Act** high-risk obligations bite in **Aug-2026**.
- **EUDI Wallet** delivery and acceptance deadlines by **end-2026**.

United States

- **Real-time payments:** FedNow volume/value acceleration; multi-rail adoption norm (RTP + FedNow).
- **BaaS:** supervisory scrutiny and data-access/record-keeping expectations; monitor outcomes of the 2024 RFI.

Implications for SMB-focused fintechs (action checklist)

- 1) **Offer instant payouts and collections:** Integrate SEPA Inst (EU), Faster Payments (UK), and multi-rail (FedNow/RTP) in the US; add VoP name-checks and sanction screening tuned for **10-second** windows.
- 2) **Pilot cVRP in the UK** for recurring and variable invoicing; price to undercut cards/Direct Debit while emphasizing customer control.
- 3) **Build an RWA-ready treasury:** consider tokenized T-bill cash management with top-tier providers—subject to KYC/AML/Travel Rule and jurisdiction policies.
- 4) **Harden fraud controls:** implement **pre-transaction** scam warnings, VoP, device intelligence; prepare for reimbursement reviews and evidence under APP rules.
- 5) **Operational resilience:** map DORA controls if you touch the EU—incident detection/notification, third-party registers, and threat-led testing roadmap.
- 6) **AI governance:** inventory AI systems; align to EU AI Act risk tiers; document datasets, bias testing, and human oversight—especially for credit/fraud.
- 7) **BaaS discipline:** if partnering with a sponsor bank, ensure clear roles, data access, complaint handling, and FDIC-representation controls; be due-diligence ready.
- 8) **E-money safeguarding (UK):** close gaps ahead of **May-7, 2026**—daily reconciliations on reconciliation days, monthly returns, annual audit, resolution packs.
- 9) **Digital identity:** prep to accept **EUDI Wallet** credentials for smoother cross-border onboarding and qualified signatures by late-2026.

Risks & watch-items for 2026

- **Cross-border KPIs:** global cost/transparency targets remain behind schedule; manage customer expectations for remittances and SMB B2B payments.
- **Regulatory timing uncertainty:** AI Act secondary standards, PSD3/PSR technical finalization, and UK open-banking long-term framework all evolve in 2026—track closely.
- **Model/AI misuse:** deepfake-enabled account takeovers/fraud—strengthen biometric liveness and verbal warnings; log consent events for reimbursement disputes.

Data points & exhibits (selected)

- **FedNow usage (2025):** 8.41M payments; \$853.4B value; avg value ~\$101k.
- **Open banking (UK 2025):** >16M users; payments +53% y/y; VRP ~16% of OB payments.
- **EU Instant Payments milestones:** receive by **Jan-2025**, send + VoP by **Oct-2025** (euro area); EMIs/PIs by **2027**.
- **Tokenized RWAs:** ~\$25B on-chain early 2026; BUIDL multi-chain expansions and multi-billion AUM.
- **G20 cross-border progress:** KPIs improved only slightly; unlikely to meet 2027 targets without acceleration.

Methodology & sources

This report synthesizes primary sources (central banks, regulators, BIS/FSB/CPMI, FCA/BoE/ESMA/ECB) and current industry research (law firms, analyst houses, and market trackers). Key references ## Case Study: BankID — National Digital Identity as Critical Infrastructure

Company: BankID (Sweden's national digital identity system)

Why relevant: BankID is one of the world's most successful digital-identity ecosystems, used by over 8 million citizens and relied on daily for banking, payments, government services,

healthcare access, and private-sector onboarding. It is a direct, real-world blueprint for what **EUDI Wallet adoption** and high-trust digital identity infrastructure can look like across the EU.

What they did:

- Built a **bank-issued digital identity** that enables secure authentication and legally binding e-signatures for individuals across Sweden.
- Integrated with **all major banks**, creating a unified identity layer used for everything from logging into banking apps to approving high-risk transactions.
- Rolled out **mobile BankID**, enabling biometrics-based verification and secure app-to-app authentication.
- Partnered with government agencies, healthcare providers, telcos, and fintechs to support widespread, seamless identity verification.
- Achieved exceptionally high **uptake and reliability**, becoming a national digital-identity utility.

Outcomes (directional):

- BankID is used **hundreds of millions of times per month**, underpinning nearly all major authentication and signing events in Sweden.
- Dramatically reduced onboarding friction for fintechs, banks, and public services.
- Improved fraud prevention through strong identity proofing and secure transaction-signing.

Why it fits the 2026 trends: BankID demonstrates how a **secure, interoperable, high-assurance digital identity system** can transform both public and private-sector services. It is a real-life example of the identity model the **EUDI Wallet** initiative aims to scale across the EU—reducing fraud, accelerating onboarding, and improving trust in digital interactions. the **EU Instant Payments Regulation** and implementation clarifications, **ECB digital euro** progress, **FedNow** statistics, **BIS Project Nexus** documentation, **MiCA** registers/guidance, **UK FCA/BoE** statements, **EU AI Act** timelines, **DORA** guidance, and analyst outlooks for 2026.

Vogue Boost