



Unveiling Megatrends & Predictions in Financial Services for 2025 & Beyond

“The coming years present a rare convergence of risk and opportunity in financial services. AI is reshaping customer experiences and compliance. Legacy systems are being challenged by the demands of digital-first generations. And regulation, once seen as a barrier to innovation, is becoming a catalyst for smarter, tech-enabled transformation.

This report highlights five megatrends that will define value creation across the industry, from hyper-personalization and generational wealth transfer to regtech, trust in AI, and intelligent automation.”

Salim Laouiti, Ventures Associate, Fintech



Introduction

Plug and Play — Catalyst for Innovation

Plug and Play is a venture capital firm, global innovation platform, and startup accelerator headquartered in Sunnyvale, California. Founded in 2006 by Saeed Amidi, it has evolved into one of the world's leading startup ecosystems. By connecting startups with over 550 partners, including major corporations, venture capitalists, universities, and governments, alongside 300+ investors and industry leaders across 25 sectors, it helps tackle some of the most pressing challenges businesses face today.

Our mission is to drive innovation by building a platform that is open to anyone, anywhere. We do so by offering funding, mentorship, and networking opportunities to help startups scale their businesses. We operate industry-specific accelerator programs covering sectors such as fintech, insurtech, smart cities, mobility, and healthtech, where each program is designed to match startups with corporate partners that can offer strategic support, funding opportunities, and market access.

With a presence in over 60 locations worldwide, including key hubs in the United States, Europe, Asia, South America, the Middle East, and Africa, Plug and Play supports thousands of startups annually. Our global reach enables them to accelerate innovation no matter where they are located.

Beyond open innovation, we are also one of the most active investors globally, backing 200+ startups per year from pre-seed to Series A, with initial investments ranging from \$25k to \$3M. Our portfolio comprises more than 30 unicorns, including PayPal, Dropbox, LendingClub, and N26.

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Methodology

Phase 1 Identifying Research Topics Based on Internal Capabilities



We began by assessing key innovation themes based on our existing expertise at Plug and Play. This included analyzing major trends reflected in our investment thesis, insights from our 130+ corporate partners in Financial Services, and perspectives from Plug and Play colleagues on emerging industry shifts worldwide.

Phase 2 Exploring Market Signals & External Insights



Building on our internal foundation, we expanded our research by examining reports from leading research agencies and tracking their trend analysis. Additionally, we engaged with our corporate partners through our internal platform, [Playbook](#), to understand their innovation priorities for 2025. This provided us with a broad perspective on the current landscape and the megatrends shaping the fintech market.

Phase 3 Insights from VCs & CVCs



To add depth and an external perspective, we consulted with fellow Venture Capitalists specializing in investments in financial services. Their insights are featured in the report as direct quotes, offering an industry-wide view while maintaining the integrity of our internally developed analysis.

Outcome "Unveiling MegaTrends & Predictions in Financial Services for 2025 & Beyond"



This report, produced by the Plug and Play Fintech and Insurtech teams in collaboration with leading VCs, presents a comprehensive overview of the key trends shaping the financial services industry in 2025 and beyond.

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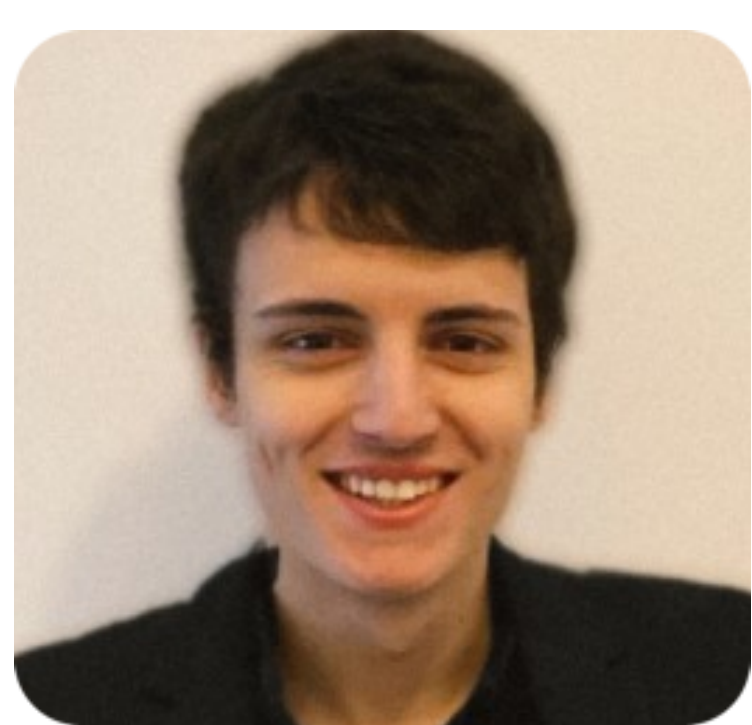
- George Damouny, Partner, Fintech
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Katya is a venture capital investor focusing on the insurtech and the broader fintech sector. On top of investment activities, Katya leads the scouting for Plug and Play's EMEA Insurtech Acceleration Program, shortlisting 150 startups annually for corporate partners such as Irish Life, Unipol, Versicherungskammer Bayern, and Vienna Insurance Group. She has organized and moderated multiple panel discussions, prepared in-depth trends overviews for the innovation management of leading European insurers, and built a strong expertise in various technological trends in the industry, from open insurance and synthetic data to new products and business models.



Salim Laouiti
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Salim is a venture capital professional with expertise in fintech and innovation strategy. As a Ventures Associate at Plug and Play, he evaluates over 750 startups annually and has invested in over 20 companies for the firm. He previously led startup scouting for BNP Paribas' innovation program at Station F, supporting 20+ business units in identifying and implementing cutting-edge solutions. Over the years, he has also worked closely with several corporate partners, including If Insurance, Foyer, Raiffeisen, and others across Europe. Beyond deal sourcing, due diligence, and negotiation, Salim contributes to the broader innovation ecosystem by speaking at industry events and publishing strategic insights on topics such as AI, customer experience, and wealth management. His work includes co-authoring Plug and Play's 2024 Fintech Megatrends and Payment Ecosystem reports and Impact of Gen AI on Key Industries in 2025.

Note:

This report is authored by the European Ventures team at Plug and Play, reflecting the team's unique insights and perspectives on the financial services landscape. The featured startups have been carefully selected based on their active engagement with Plug and Play partners and their demonstrated potential for significant growth.



Plug and Play's Investment Highlights in Financial Services

Over the past two decades, we have established Fintech and Insurtech as two of our leading verticals at Plug and Play, building a global presence with hubs in Silicon Valley, Hoboken, London, Paris, Munich, Singapore, Tokyo, São Paulo, and beyond. Our deep expertise enables us to identify and invest in the most groundbreaking technologies in Financial Services and drive innovation at the forefront of the industry.

Additionally, we provide world-class innovation services to over 130 financial institutions worldwide, including Aflac, Aon, BNP Paribas, CaixaBank, Franklin Templeton, MUFG, Prudential, State Farm, TD Bank, US Bank, and Visa.

FINTECH



Fintech

Quote

"The last few years have been super dry when it comes to fintech M&A and mega funding rounds. However, 2025 is poised to mark a turning point — especially with several high-profile IPOs on the horizon within the fintech sector. We anticipate that this year will unlock liquidity not seen in recent years, setting the stage for a surge in both fintech funding and M&A transactions."

Last year, I predicted the resurgence of crypto/blockchain, of course, AI applications, and an uptick in cybersecurity companies being founded. This year, I still expect many of these trends to accelerate, with the addition of new B2C fintech apps picking up again with a core focus on using AI to provide a better customer experience and crypto to enable a truly global economy."



George Damouny
Partner, Plug and Play

Startup Highlights



Bitstack - (FR, 2021) - Total funding: €8M

Bitstack is a mobile app designed to make saving and investing in Bitcoin simple and accessible, particularly for users in Europe. It allows users to round up their daily purchases to the nearest euro and automatically invest the spare change in Bitcoin.

bitstack-app.com

Cashmere

cashmereai.com

Cashmere - (US, 2020) - Total Funding: \$8.2M

Cashmere AI is a growth intelligence platform for wealth management. It helps firms identify prospects, enrich data, and engage clients more effectively. It integrates data from various sources, matches advisors to prospects, and automates engagement.

inflow

inflowpay.com

Inflow - (FR, 2024) - Total Funding: \$1.1M

Inflow empowers SMBs in emerging markets with a cost-effective, merchant-centric payment solution for cross-border e-commerce. Inflow integrates local payment methods through a single API, reducing transaction fees to 1-2% (versus 6%+) and eliminating intermediaries.

kalipso

kalipso.ai

Kalipso - (FR, 2024) - Total Funding: Undisclosed

Kalipso automatically identifies relevant laws and regulations applicable to a business, detects compliance gaps, auto-drafts missing policies, manages implementation, and provides real-time regulatory updates.

LendAPI

lendapi.com

LendAPI - (US, 2024) - Total Funding: \$3.2M

LendAPI is a no-code digital onboarding platform designed to streamline account opening and loan origination processes for banks and fintech companies. Their platform offers a secure, flexible solution for effortless digital onboarding, enabling businesses to launch embedded financing products instantly.

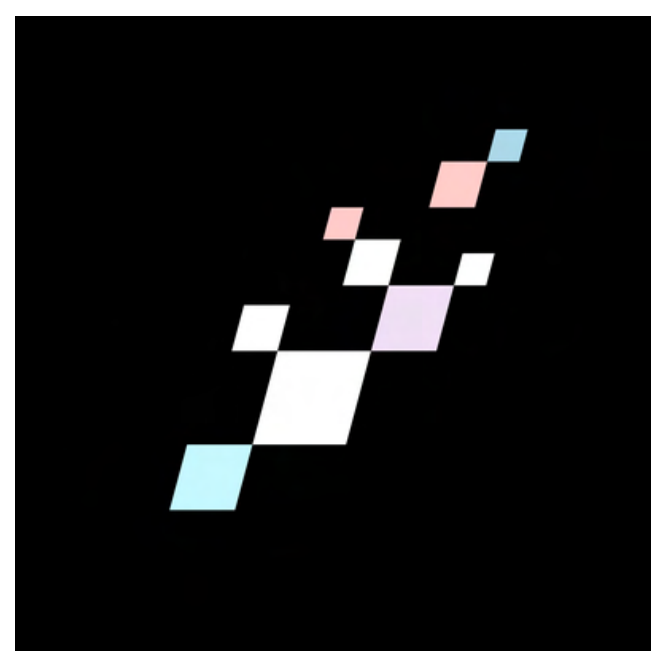
MANTL

mantl.com

Mantl - (US, 2016) - Total Funding: \$62.3M

Acquired by Alkami for \$400M

MANTL is a growth engine for banks and credit unions. It provides an omnichannel account origination platform that helps financial institutions drive consumer and commercial deposits and loans.

miru-labs.com**Miru Labs - (US/IE, 2024) - Total Funding: Undisclosed**

Miru Labs is an AI-assisted data investigation platform that enhances threat-hunting and investigative capabilities for security teams. It consolidates various data sources into a single, centralized platform and allows security analysts to conduct comprehensive investigations without the need for extensive engineering teams.

nayaone.com**NayaOne - (UK, 2019) - Total Funding: \$6.2M**

NayaOne is a platform designed to help enterprises accelerate growth and reduce costs by streamlining Proof of Concepts (POCs), third-party tech evaluations, and synthetic data access. It offers a unified platform for launching products, testing vendors, and going to market faster.

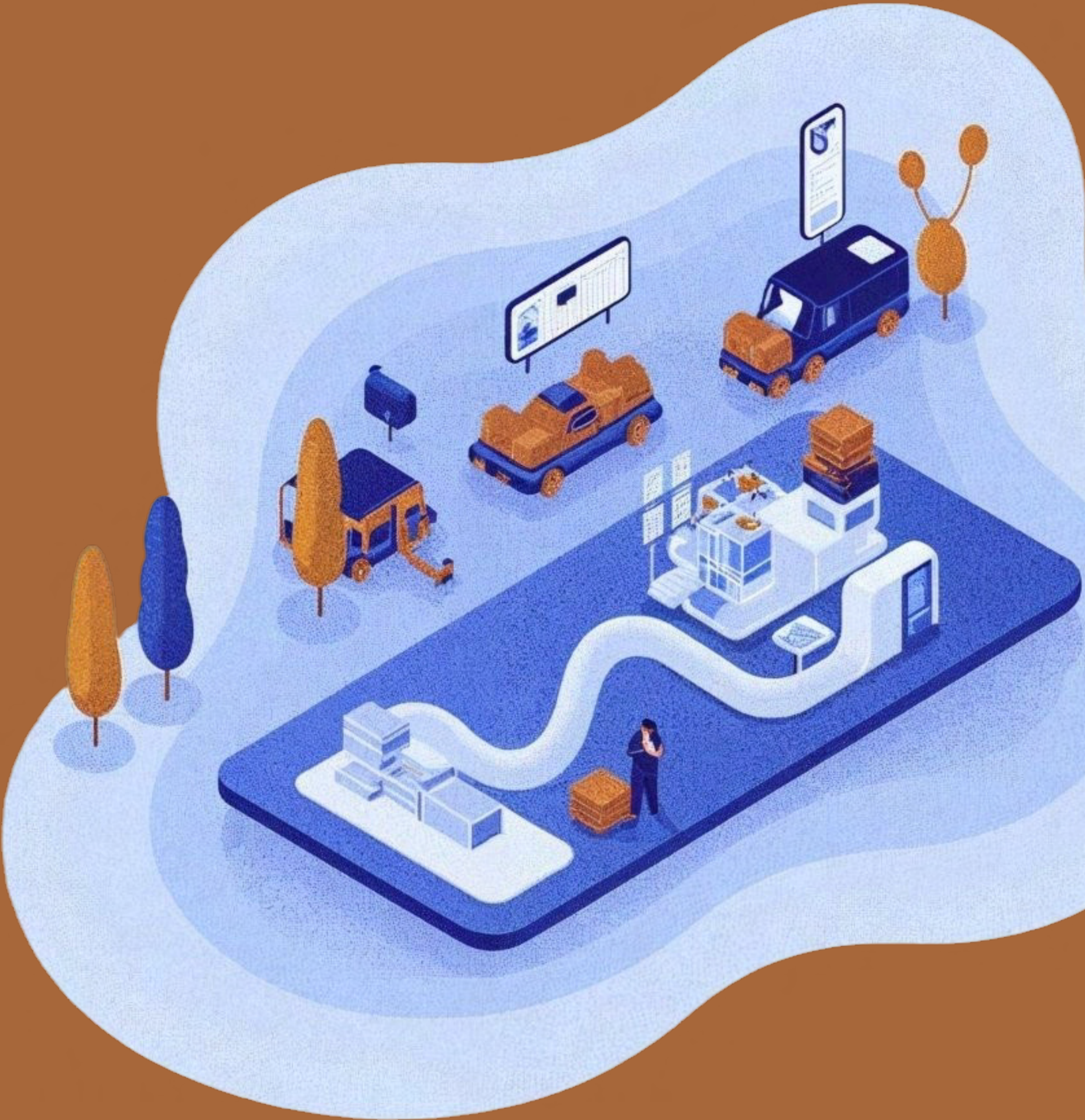
onfido.com**Onfido - (UK, 2012) - Total Funding: \$182.1M****Acquired by Entrust for \$650M**

Onfido is a technology company that specializes in digital identity verification and fraud prevention. Their Real Identity Platform helps businesses verify people's identities online using a combination of document verification, biometric checks, and artificial intelligence.

qomodo.me**Qomodo - (IT, 2023) - Total Funding: €48M (incl. non-dilutive)**

Qomodo is a digital payment system designed for real-world businesses. It allows customers to pay in installments without interest and offers efficient and immediate payment options. They provide smart POS systems and other solutions to simplify payments and increase businesses' earnings.

INSURTECH



Insurtech

Quote

"Allstate's 23,000 insurance reps send out about 50,000 communications a day to people that have claims, either trying to get more information or negotiating a settlement amount. Ironically, soulless AI models have been shown to be more empathetic than human representatives. Insurers struggle with low NPS scores due to a combination of inherent industry challenges and operational complexities. Thanks to AI, there is now a magical technology capable of providing more efficiency gains than ever before. We're seeing an unprecedented shift towards augmentation and replacement that will create the new wave of insurtech 3.0 companies."



Eugenio Gonzalez

Partner, Plug and Play

Startup Highlights



7Analytics - (USA, 2020) - Total Funding: \$6.9M

7Analytics offers a software solution for proactively mitigating flood risks and protecting infrastructure from flood damages. The platform integrates real-time weather, historical data, and terrain information to provide a comprehensive picture of risks.

7analytics.ai



Anonymous Health - (USA, 2022) - Total Funding: Undisclosed

Anonymous Health provides an end-to-end platform for addiction care and management. Their comprehensive, tech-driven solution integrates assessments, EMRs, 1:1 teletherapy, and app-based cognitive behavioral therapy (CBT).

anonymoushealth.com

**Architect Health - (USA, 2023) - Total Funding: \$1.1M**

Architect Health is a digital healthcare navigation platform to help members find, access & use telehealth apps & wearables through their health insurance.

getarchitecthealth.com

**Ash - (USA, 2019) - Total Funding: \$16.6M**

Ash Wellness is a remote diagnostics company that offers at-home diagnostic testing for customers and patients.

poweredbyash.com

**Celest Science - (France, 2023) - Total Funding: \$2.5M**

Celest Science leverages cutting-edge AI and climate science to provide dynamic, short- to medium-range climate risk assessments, anticipating hydrological extremes up to six months ahead in order to support decision-makers in the financial services industry.

celest.science

**Cogny - (France, 2023) - Total Funding: Undisclosed**

Cogny is an AI-powered Excel add-in that automates data extraction and entry by populating spreadsheets with audit-ready answers from your documents, ensuring fast and traceable results.

cogny.so

**Penguin AI - (USA, 2024) - Total Funding: Undisclosed**

Penguin AI offers a GenAI platform tailored for healthcare, enhancing administrative workflows and patient management. Key features include healthcare-ready language models, essential tools for deploying LLMs, and Copilot solutions for rapid adoption.

penguinai.co



SE3 Labs - (Germany, 2023) - Total Funding: Undisclosed
SE3 Labs is a 3D data visualization platform. It develops a 3D vision and AI platform with ready-to-use 3D CV APIs and tools that enable developers to build data processing pipelines and spatial computing products.

se3.ai



Smirk - (USA, 2024) - Total Funding: Undisclosed
Smirk integrates dental care into the wellness economy with targeted insurance. Their platform offers patients points for logging dental activities, premium discounts, and other gamified benefits.

smirkhealth.com



Spike API - (USA, 2022) - Total Funding: \$4.2M
Spike is a B2B Data tech & GenAI startup providing an aggregated API for all health and fitness data from wearables & IoT devices.

spikeapi.com



Investment Ecosystem Overview

2024 Status Quo

Global VC Investment — VC funding reached \$334.4B globally in 2024, showing an increase over 2023 levels but still significantly down compared to the peak years of 2021-2022, years of overvaluations for startups.

Deal Counts Decline — Deal activity has dropped significantly, especially in megadeals and late-stage investments. This trend is attributed to fewer large funding rounds, the increased caution around startup valuations, and the rising influence of AI driving higher median valuations across the board.

US Market Dominance — The US continues to dominate global VC investments, securing nearly 60% of all funding. This makes the US a critical market for European startups to consider for expansion, as it presents better exit opportunities via M&A and IPOs.

AI, AI, AI — AI continues to be a major disruptor, driving significant operational efficiency and cost reductions in various sectors, including financial services. In 2024, AI-related companies made up roughly one-third of global VC funding.

Fintech Investment Decline — Investment in fintech has seen a noticeable slowdown, especially in large rounds. Investors are now focusing more on sustainable, profitable business models rather than chasing hyper-growth.

Early-Stage Fintech Focus — In fintech, early-stage investments account for over 60% of deals, reflecting steady early-stage investment activity and a modest return of late-stage fundraising.

Blockchain & Crypto Rebound — Blockchain and Crypto have made a strong comeback in 2024. Bitcoin has surpassed \$100,000, and it is even considered a national reserve in multiple countries⁽¹⁾.

Record Dry Powder — Europe enters 2025 with \$31B in dry powder, the second-highest figure on record. This suggests a potential uptick in investment activity as these funds are deployed, with many VCs likely to seek high-potential startups in the coming year.

European Recovery — In Insurtech, Europe shows greater signs of VC investment revival, with a 30% year-on-year growth in 2024 (up to \$1.3B), as opposed to a slight decline in the investment volume overseas. Overall, France comes second to the USA in absolute funding volume numbers, positioning the country as a European leader in the space.

Early-Stage Insurtech Focus — Insurtech, just like Fintech, is continuing to dominate in early-stage investments, accounting for almost 70% of the deals, with a strong focus on the distribution part of the insurance value chain.

[1] Source: [Forbes](#)

Navigating 2025 & Beyond

Cautious European Spending — European VC is expected to continue being shaped by cautious spending and VC consolidation in 2025. Additionally, the region's focus on resilience in the face of economic challenges could redirect untapped personal savings into startups with robust business models.

IPO & M&A Revival — The US IPO market is expected to experience a revival, notably with private equity firms being pressured to return cash to investors and with markets having been positive in 2024. This will provide exit opportunities for European tech companies that have gained international traction, such as Klarna (BNPL), who filed for a public listing back in November.

Rising Competition Between Investors — As competition for high-potential startups increases, VCs face rising entry prices, which make it more expensive to secure attractive deals. This is particularly true in competitive sectors such as AI, where valuations continue to climb.

Geopolitical and Regulatory Barriers — Geopolitical uncertainty and evolving regulatory landscapes in Europe are likely to continue presenting challenges for VCs. The fragmentation of markets and regulatory hurdles are expected to limit the ease of expansion for startups, especially those looking to scale internationally.

Fundraising Challenges & Sentiment Improvement — Despite current fundraising challenges, confidence in the European VC industry is improving. Investors are optimistic about future growth, especially in AI and sustainability, and expect better conditions in the coming months.

European Tech Talent Pool Growth — Europe's tech workforce has grown sevenfold since 2015, reaching 3.5 million employees in 2024. This talent pool is crucial for the region's startup ecosystem, as it provides the human capital necessary to drive innovation and scale up emerging tech companies.

Other exciting articles and reports we encourage you to have a look at:

[Atomico: State of European Tech 2024](#)

[CB Insights: State of Venture 2024](#)

[Dealroom: Venture Wrapped 2024](#)

[EIF: Venture Capital Survey 2024](#)

[Pitchbook: European Venture Report 2024](#)

[Silicon Valley Bank: The Future of Fintech 2024](#)

[Ventech Predictions for Startups and Venture Capital in 2025](#)

AI Watch

“In 2025, stablecoins are booming, embedded and decentralized finance keep progressing... sure. But let's dig into the AI frenzy that will keep rocking fintech in 2025. At the core, AI has enabled fintech firms to better link contextual data with financial data, unlocking deeper insights and more personalized services. This AI-powered contextual awareness is transforming every stage of the financial journey:

- 1. Distribution becomes smarter and cheaper, from sophisticated commercial insurance underwriting powered by agents to deeper B2C qualification for direct online distribution.*
- 2. Financial data treatment will soon be humanless, from automated bookkeeping to native reconciliation, and will refocus Finance teams on advanced analytics.*
- 3. Compliance and fraud departments are turned into tech teams, while they used to sit between legal and ops.*

Among all these opportunities, many of us dream of the next-gen AI-ERP. Yet, the road is long, and winners will have to first foster usage, probably by empowering collaboration around financial data.”



Margaux Gregoir
Principal, Alven

It is clear now that AI has become an irresistible force in the enterprise environment as it allows for significant improvement related to efficiency, content creation, and problem-solving, with, for example, 37% of financial services firms reporting improved operational efficiencies through AI in 2024^[2]. The scale of the AI impact on efficiency becomes very apparent

when looking at the recently published case of Novo Nordisk, which partnered with Anthropic's Claude 3.5 Sonnet for clinical report drafting. As a result, they went down from 50 employees and 15 weeks per task to only three employees and under 10 minutes for the same task^[3].

[2] Source: [Statista](#)

[3] Source: [Futunn](#)

Use Case: Klarna

Klarna

Klarna is an incredible use case when it comes to AI adoption, as it has become a key path to reach scalable growth, as suggested by the following timeline:



⁽⁴⁾ Source: [Klarna](#)
⁽⁵⁾ Source: [Klarna](#)

⁽⁶⁾ Source: [Open AI](#)
⁽⁷⁾ Source: [Klarna](#)

⁽⁸⁾ Source: [Entrepreneur](#)

Several key trends are currently driving the evolution of AI and its applications within financial services:

1. Multimodality

Multimodal AI refers to AI systems being capable of processing and integrating information from multiple types of input data, such as text, images, audio, and video. Unlike traditional AI models that focus on a single modality, multimodal AI combines different types of data to enable more sophisticated and versatile interactions, which aim to replicate the human brain's ability to seamlessly integrate information from multiple senses.⁽⁹⁾

Startup highlight: **Archetype**

Archetype^{®AI}

[Archetype AI](#) (US, 2023) is developing advanced AI systems capable of perceiving, understanding, and reasoning about the physical world. Their flagship product, Newton™, is a foundation model that integrates real-time sensor data, such as inputs from radars, cameras, accelerometers, and temperature sensors, with natural language processing. This integration allows users to ask open-ended questions about their physical environment and receive informed, actionable insights.

Insurers could use Archetype for risk assessment and underwriting. By analyzing data from connected devices such as vehicles and home sensors, Newton can assist insurers in assessing risks more accurately. For example, data from connected cars can help evaluate accident risks, and information from connected homes can aid in assessing fire hazards.

⁽⁹⁾ Source: [ibm.com](https://www.ibm.com)

Several key trends are currently driving the evolution of AI and its applications within financial services:

2. Agentic Automation

Agentic Automation goes beyond AI copilots by leveraging AI agents and LLMs to create flexible, responsive workflows capable of completing complex tasks without human intervention. Unlike traditional automation methods that rely on predefined rules, the idea here is to use generative AI to adapt to changing conditions and unexpected scenarios, making it quite valuable in business environments.

Startup highlight: Relevance AI



Relevance AI (AU, 2020) is a platform designed to help businesses build custom AI agents tailored to their specific needs. By leveraging advanced language models and a no-code or low-code interface, Relevance AI enables organizations to automate complex and repetitive reasoning tasks at scale, such as summarization, classification, decision-making, and customer interactions.

Several key trends are currently driving the evolution of AI and its applications within financial services:

3. AI x Sustainability

So far, AI model providers have tended to focus on larger models, resulting in high computational costs because of the growth of model parameters from millions to trillions. For example, as of Q3 2023, the estimated cost to train a model similar to GPT-4 was around \$20M, and it took about 55 days to complete the process⁽¹⁰⁾. We can add to that retraining costs to keep the information up to date; at the same time, the marginal performance improvements are going down.⁽¹¹⁾ These high computational costs harm the environment, which is something that regulators, large companies, and the general population are committed to. AI models are projected to use between 85 and 134 terawatt-hours (TWh) of electricity annually by 2027⁽¹²⁾. Countries like Portugal and the Netherlands consume the same.

Making AI sustainable has become primordial for organizations due to its growing environmental impact and the need to align AI development with global sustainability goals. AI can be both a driver of sustainability and a source of environmental challenges. On one hand, AI can help companies reduce their environmental footprint by optimizing energy use, predicting climate risks, and improving operational efficiency. Conversely, AI's environmental footprint, including high energy consumption and electronic waste, necessitates sustainable practices. So far, key strategies include optimizing model efficiency through techniques like pruning and quantization, prioritizing renewable energy sources for AI infrastructure, adopting data-efficient practices, and implementing clear sustainability reporting.⁽¹³⁾ Additionally, we recently saw the arrival of DeepSeek, which is a new AI model that was developed for just \$6M on old NVIDIA GPUs and has a similar performance to more expansive models.⁽¹⁴⁾

⁽¹⁰⁾ Source: [TeamGTP](#)
⁽¹¹⁾ Source: [Nature.com](#)

⁽¹²⁾ Source: [The Verge](#)
⁽¹³⁾ Source: [Datacamp.com](#)

⁽¹⁴⁾ Source: [BBC](#)

Startup highlight: **Pruna AI**



Pruna AI

Pruna AI (FR, 2023) specializes in optimizing machine learning (ML) models to enhance their efficiency across various dimensions. Their platform focuses on making AI models faster, more cost-effective, smaller in size, and more environmentally friendly by reducing energy consumption. It works by having users choose whether they want to make a more efficient model that they trained on their own or a pre-trained one from Hugging Face. They load the Pruna package into their environment. They then can optimize it with a click of a button — the tool takes the original model and automatically compresses it by either making the model faster or producing a better quality output that is smaller in terms of requirements of GPU memory.

What makes AI startups even more interesting is their accelerated growth trajectory compared to traditional SaaS companies. They are outpacing their SaaS counterparts when it comes to reaching key revenue milestones. On average, AI startups take just 11 months to reach \$1M in annualized revenue, a full four months faster than SaaS companies, which typically take closer to 15 months.^[15] Examples of startups that illustrate this trend include Cursor (\$100M ARR in 12 months) or Lovable (\$50M ARR in 6 months). More than ever, we are in a situation where businesses are hungry for solutions that can automate tasks, improve cost efficiency, and provide predictive insights. AI technologies deliver exactly these capabilities, solving real-world problems in real time, which drives their swift adoption and scalability.

[15] Source: notoriousplg.ai

MEGATRENDS IN FINANCIAL SERVICES





Megatrend #1

Building Resilience in an AI-Driven World

"In 2025, the fintech industry faces an escalating wave of AI-driven fraud, from synthetic identity scams and deepfake-enhanced account takeovers to hyper-personalized phishing attacks. Industry-wide fraud losses are projected to reach \$40B by 2027, pushing financial institutions to act fast.

A multi-layered defense is key — real-time AI fraud detection, stronger identity verification, and enhanced education on AI-enabled scams. Emerging technologies like federated learning offer promising solutions, allowing firms to detect fraud while preserving data privacy. Those who integrate these advancements will be best positioned to maintain trust in an increasingly AI-driven financial world."



Mathilde Lyet
Principal, Dreamcraft

1.1. Focus on Cybersecurity

Cybersecurity is becoming more important than ever for financial services companies as they grow their digital presence, with 91% of banks and insurers adopting cloud in 2023 (up from 37% in 2020) and 89% of executives viewing it as key to agility and innovation.⁽¹⁶⁾ In 2025, banks and insurance companies will continue to be prime targets for attacks, alongside industries such as manufacturing, professional services, and energy. Additionally, the rise of new technologies such as AI and blockchain, on top of cloud computing, has opened up new opportunities for fraudsters and criminals to exploit.

Some of the top cyber threats include:

- **Phishing** — Attackers use deceptive emails, websites, or messages to trick victims into revealing sensitive information.
- **Ransomware** — A type of malware that encrypts a victim's data, making it inaccessible until a ransom is paid.
- **Advanced Persistent Threats (APTs)** — Sophisticated, long-term cyberattacks where intruders gain unauthorized access to a network to steal sensitive data over an extended period.
- **DDoS Attacks** — An attack that overwhelms a targeted server or network with excessive internet traffic from multiple sources, disrupting normal operations and making services unavailable to users.
- **Insider Threats** — This occurs when employees misuse their authorized access to harm the organization, either intentionally or accidentally.

Plug and Play Insights:

Right now, the software landscape is dominated by legacy providers that emerged 10 to 15 years ago, such as [SentinelOne](#), [Siren](#), or [Linkurious](#). They have built their solutions on outdated architectures that are cumbersome to modify or scale. These legacy systems are difficult to use. They require training analysts who already experience heavy workloads at 60% and some level of burnout at work at 71%.⁽¹⁷⁾ Additionally, they often present significant challenges for modern teams that need the ongoing support of overwhelmed engineering departments to implement changes or manage integrations.

This gap has opened the door for a new wave of AI-first startups designed with highly configurable and flexible architectures. These new entrants prioritize ease of use and adaptability, allowing non-technical teams to manage processes more efficiently without relying heavily on engineering support, thereby addressing the pain points of traditional legacy software.

⁽¹⁶⁾ Source: [capgemini.com](#)

⁽¹⁷⁾ Source: [tines.com](#)

Startups to follow in the space:The logo for Acuvity, featuring the word "Acuvity" in a bold, black, sans-serif font. A green checkmark is integrated into the letter 'v'.**Acuvity - (US, 2023) - Total Funding: \$9M**

Acuvity provides a comprehensive AI security and governance platform to help enterprises adopt generative AI securely and confidently.

acuvity.ai

**Command Zero - (US, 2022) - Total Funding: \$21M**

Command Zero offers autonomous and AI-assisted cyber investigations, enabling security teams to conduct in-depth threat analysis, incident response, and proactive threat hunting with greater speed and efficiency.

cmdzero.io

The logo for Qevlar AI, featuring a stylized black 'X' icon followed by the text "Qevlar AI" in a bold, black, sans-serif font.**Qevlar - (FR, 2023) - Total Funding: \$14.9M**

Qevlar AI develops autonomous AI-driven software that enhances Security Operations Center (SOC) productivity by automating threat detection and investigation processes.

gevlar.com

1.2. Focus on Fraud Prevention

Last year, in the United States, consumers reported losing more than \$12.5B to fraud. This represents a 25% increase over 2023⁽¹⁸⁾. This could be attributed to the rise of technology, notably generative AI, which makes it easier than ever to commit sophisticated fraud. On top of that, we can add the fact that fraud is becoming more difficult to detect⁽¹⁹⁾. On top of that, we can add an increase in digital transactions. The shift towards online banking, e-commerce, and digital payments has created more opportunities for fraudsters.⁽²⁰⁾

Some of the top fraud threats include:⁽²¹⁾

- **Card Fraud** — Unauthorized transactions using stolen or fake payment card details to steal money or make purchases.
- **Remote Banking Fraud** — This occurs when fraudsters gain unauthorized access to a customer's account through online or mobile banking platforms to steal funds or commit other fraudulent activities.
- **Authorized Push Payment** — APP fraud happens when fraudsters deceive individuals into authorizing payments to criminals, often through manipulation or impersonation.
- **Scams** — Fraudulent schemes designed to deceive individuals into giving up money or personal information under false pretenses.

Financial institutions are aware of this and are allocating more budgets than they did in the past. Global IT spending by retail banks on antifraud systems is expected to reach \$4.5B by the end of 2024, which is driven by automation in areas like transaction monitoring and vendor verification.⁽²²⁾

[18] Source: [ftc.gov](https://www.ftc.gov)

[19] Source: [foalesgroup.com](https://www.foalesgroup.com)

[20] Source: stripe.com

[21] Source: [fintechfutures.com](https://www.fintechfutures.com)

[22] Source: [ondia.tech](https://www.ondia.tech)

Startups to follow in the space:**AI or Not - (US, 2023) - Total Funding: \$5.7M**

AI or Not provides cutting-edge AI detection tools to identify manipulated content in images, audio, and video. Its platform integrates seamlessly with business workflows via APIs, ensuring compliance and enhancing trust across industries like insurance, academia, and media.

aiornot.com

**Tunic Pay - (UK, 2023) - Total Funding: Undisclosed**

TunicPay is a payment intelligence platform designed to combat fraud by providing visibility into both sides of a transaction. It offers typology-specific fields to validate payment context and counterparty information. Its features include flexible step-ups for transaction validation across various channels, data exchange modules for sharing fraud-fighting intelligence, and a privacy-preserving infrastructure built on zero-trust principles.

tunicpay.com

**Resistant AI - (CZ, 2019) - Total Funding: \$30.4M**

Resistant AI uses AI-powered document fraud detection to catch fraud. They offer document forensics to prevent and detect document forgery and transaction forensics to augment existing transaction monitoring systems. Their software can be used for authorized push payment fraud, know your customer (KYC), and anti-money laundering (AML).

resistant.ai

1.3. Focus on AI Trust

“In 2025, the fusion of AI agents with programmable stablecoins and blockchain rails will redefine corporate treasury. Orchestration layers such as the Model Context Protocol (MCP) will enable agents to map end-to-end workflows, monitor cash positions in real time, evaluate and select execution routes across multiple rails, and autonomously settle cross-border transactions within pre-defined compliance guardrails. As AI models become more transparent and regulators roll out frameworks like the EU AI Act, confidence in autonomous payment processes will surge, driving adoption among corporates and banks. Meanwhile, disruptive fintechs will leverage these smart rails to launch vertical-specific embedded finance solutions that deliver 24/7, low-cost, and highly transparent treasury services — making 2025 a milestone for programmable money in finance.”



Juliette Ast
Associate, Serena

AI has been used for many years by security professionals. However, implementing Generative AI is still new. It is essential to make AI systems transparent and explainable. Users and stakeholders need to understand how an algorithm works to trust its decisions. Furthermore, it must be fair, reliable, and harmless. It should also be tamper-proof and secure, with transparent reasoning that can be questioned and understood.

Startups to follow in the space:inspeq.ai**Inspeq AI - (IE, 2023) - Total Funding: \$1.2M**

Inspeq AI specializes in Responsible AI Operations (RAI Ops), offering a platform that enables enterprises to develop, monitor, and govern AI systems with a focus on safety, compliance, and performance. Their solutions help reduce AI hallucinations by up to 80%, improve large language model (LLM) performance by 90%, and cut development costs by 70%, all while ensuring adherence to regulations like the EU AI Act.

Cala AIcala.ai**Cala AI - (ES, 2025) - Total Funding: Undisclosed**

Cala AI is building a solution for 'Verified Search.' They aim to provide a real-time, scalable knowledge graph that is audited by 'fact-checking agents' to deliver trustworthy and computationally efficient information access for LLMs. The company's vision is to externalize knowledge storage outside of the model itself and provide a secure, verifiable knowledge base that models can access as needed.

neuraltrust.ai**NeuralTrust - (ES, 2024) - Total Funding: \$2.3M**

NeuralTrust delivers the analytics and security essential for large companies to integrate generative AI into their products and processes. With the use of their platform, they ensure that AI systems comply with expected behaviors, politics, and regulatory requirements, helping companies leverage the promise of this new technology while minimizing risks and potential harm.

1.4. New Risks

"AI is 'eating the world,' and insurance innovation is no exception (with ~50% of all deals announced so far this year across Europe from AI-first Insurtech startups). We expect a more granular approach in the near future: startups will target specific sections of the value chain or business lines to unlock a clear ROI that corporations could measure.

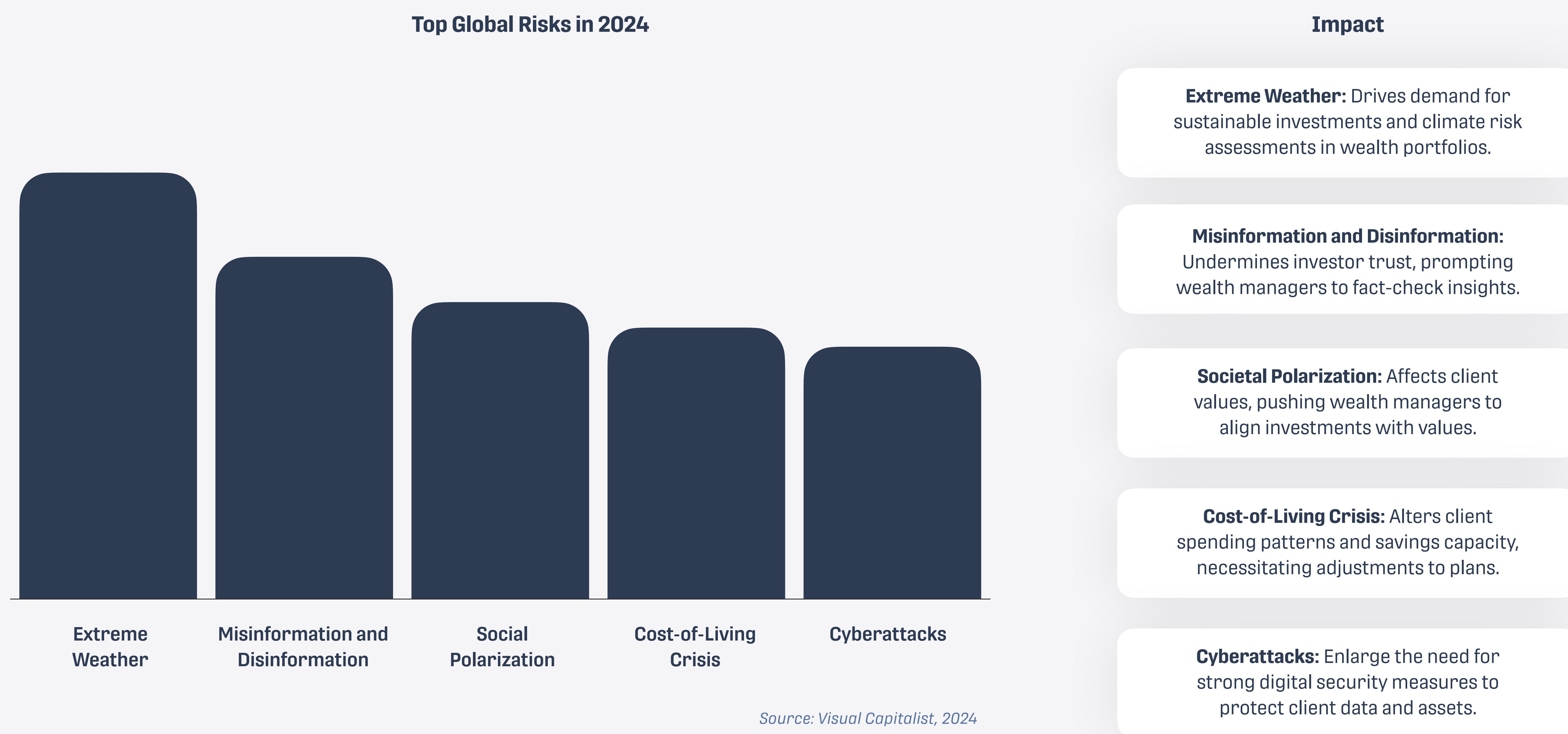
In that background, improving operational efficiency is an obvious path for tech startups, but we expect more to come around risk assessment / pricing / underwriting. This also connects with what we believe is the next wave of insurance innovation: emerging risks. We expect more startups to leverage data and algorithms in order to better understand risks incumbents are increasingly facing (e.g., climate change, cyber, electric vehicles, digital assets, etc)."



Florian Grailot
Founding Partner, astoryaVC

In its annual Global Risks Report, the World Economic Forum recognizes the threats of misinformation and disinformation, extreme weather events, and cyber risks as among the top five most substantial risks that will be shaping the world in the next few years⁽²³⁾. In

practical terms, this means that insurers will have to adapt not only from the product development standpoint but also to protect their financial health and ensure long-term resilience.

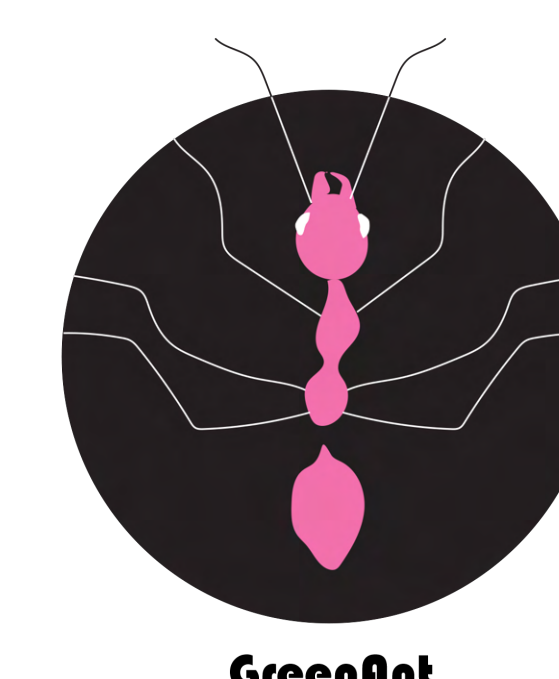


[23] Source: [weforum.org](https://www.weforum.org)

Climate Risk

Despite the fact that the severity and frequency of extreme weather events keep intensifying, in startup terms, the climate risk trend is already somewhat maturing, with a few well-established players attracting significant investment rounds. In 2025, we will continue to witness exponential growth of technological solutions that aim to mitigate climate risks, mostly the growth of verticalized startups, i.e., those with deep expertise in predicting a certain type of extreme weather events like floods, as well as industry-specific solutions, such as data and analytics for agriculture. Recent technological breakthroughs in weather prediction could lead to a significant reduction in losses from catastrophic events.^[24]

Startup highlight: GreenAnt



[GreenAnt](#) (NL, 2022) is a startup utilizing satellite data and AI for environmental surveillance and risk evaluation. GreenAnt's tool Desidera analyzes radar satellite data (used by most other companies in the field), which, unlike optical data, allows for analysis of land regardless of cloud coverage, tree canopies, pollution, and other visual obstructions.

Mis- and disinformation

Interestingly enough, while climate change has been undoubtedly recognized as an imminent threat to humanity for a decade now, the risk of misinformation is a relatively new development, largely dictated by the rise and mass-scale adoption of AI. For example, it is estimated that fake news costs the global economy a staggering \$98B annually, mainly from the damage to brand reputation and sensitivity of the stock markets.

In this regard, the financial services industry is faced with increased fraud danger and apparent operational risks. Any other new risk could also be a rather futuristic new product, either as a standalone application or bundled under cyber insurance.

Startup highlight: Refute



[Refute's](#) (UK, 2024) SaaS platform detects disinformation through AI-powered analytics, identifying fake news, social media bots, and coordinated campaigns. Its response tools enable quick counter-narratives, debunking, and automated workflows for managing disinformation crises effectively.

[24] Source: cbinsights.com



Megatrend #2

From Advice to Experience: The New Wealth Paradigm

"I'm really excited about what's happening in wealth tech — both on the B2C and B2B side. Consumers are looking for a more 'private bank-like' experience — financial planning, access to alts, and a seamless digital journey — while advisors and wealth managers know they need to upgrade their tech stack to stay relevant. 2025 feels like the year where these shifts start to materialize at scale."

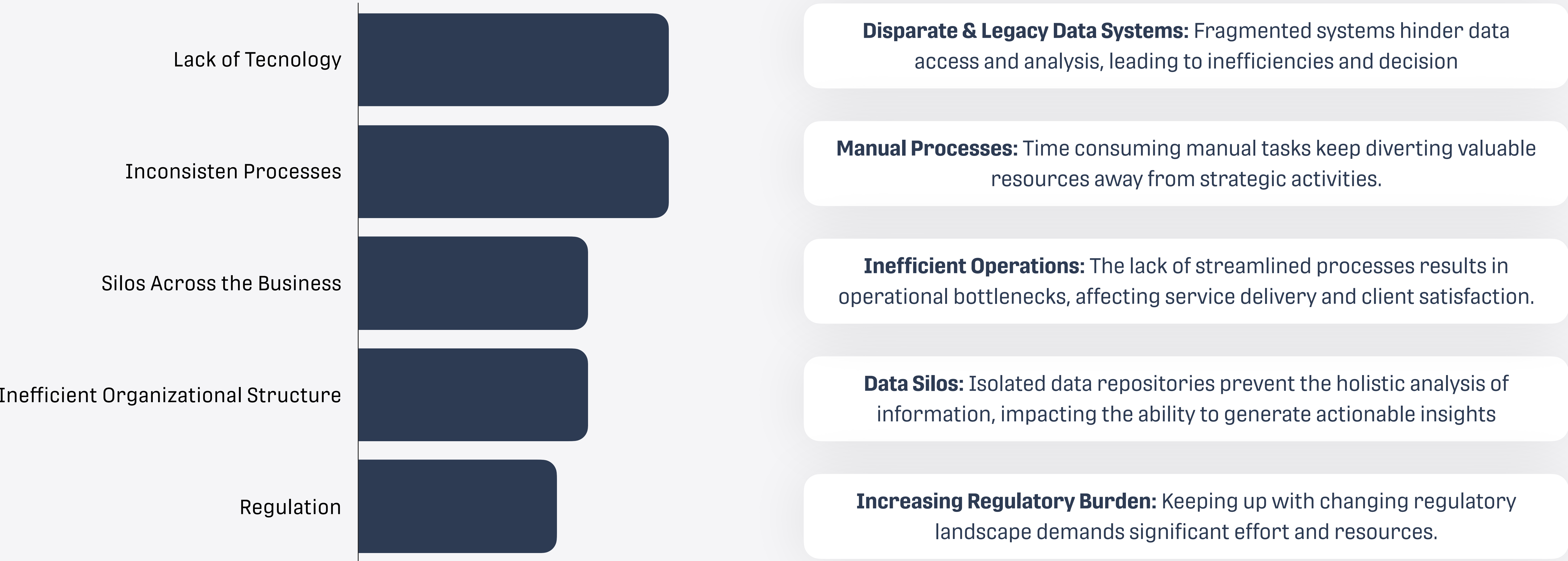


Marine Augé
Vice President, Fidelity Strategic Ventures

The wealth management industry is currently grappling with fundamental operational challenges that significantly impact its ability to serve clients effectively. A SEI study highlights how professionals in the field are suffering because of technological inadequacies, inconsistent processes, unreliable data management systems, poor communication channels, and inefficient organizational structures. These issues, combined with increasingly complex regulatory requirements, are creating substantial productivity bottlenecks that directly affect service quality.⁽²⁵⁾

⁽²⁵⁾ Source: seic.com

Relationship managers spend only 43% of their time on value-add tasks, with an average self-reported productivity score of 6/10.



The impact of these challenges is reflected in the industry's declining performance, with global assets under management (AUM) experiencing a notable 10% drop from \$127.5 trillion in 2021 to \$115.1 trillion in 2022.^[26] This decline coincides with a broader trend of decreasing margins across Asset & Wealth Management firms, putting additional pressure on their business models. Three key factors drive these decreasing margins:

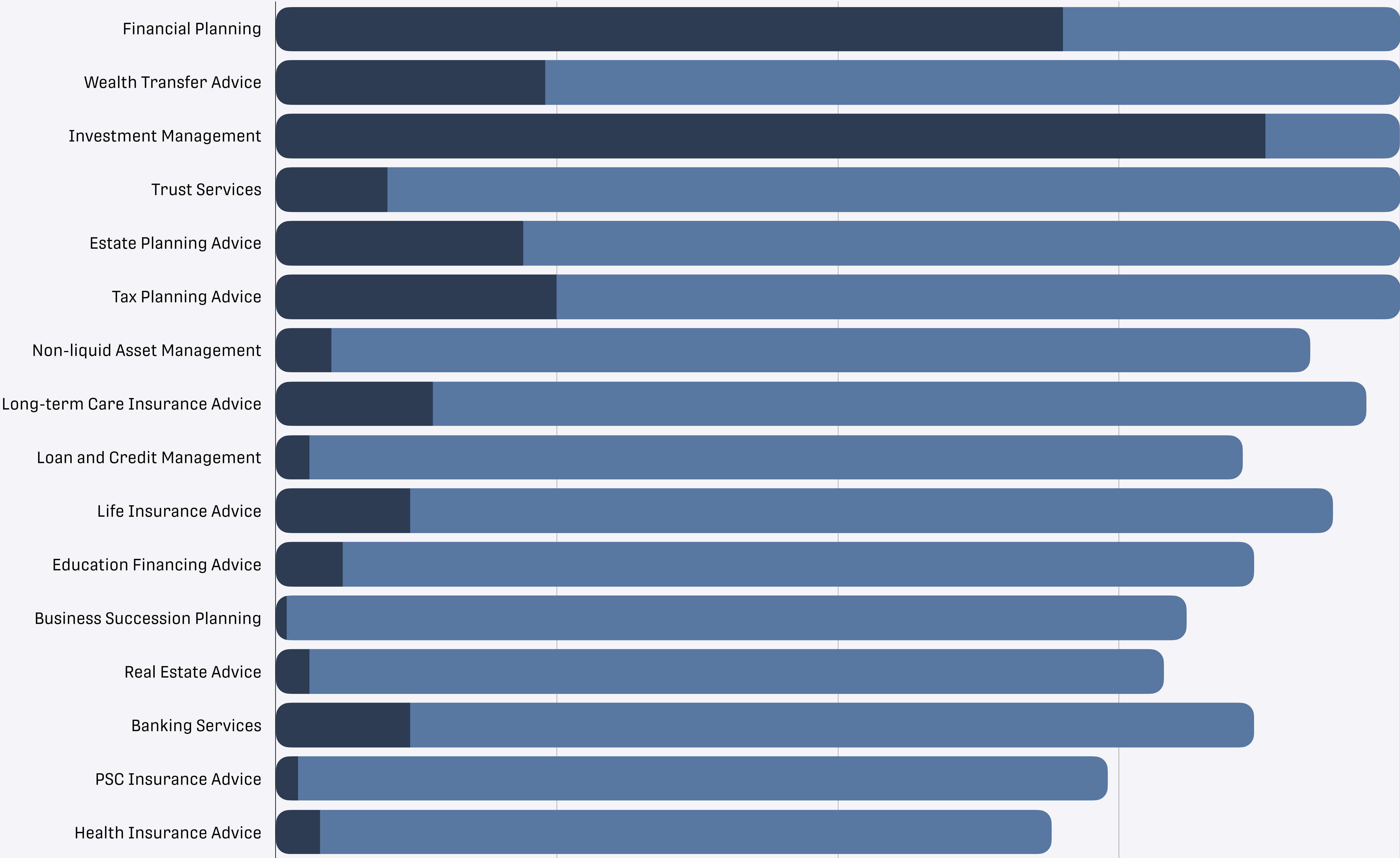
- Increasing adoption of passive investments
- Heightened competition from digital players
- Market consolidation by large incumbents with significant scale advantages

These pressures have resulted in a 3% annual decline in return on assets (ROA) across both asset and wealth management sectors from 2018 through 2021.^[27]

The industry is also facing challenges in adapting to evolving client needs and expectations. Modern investors demand more sophisticated, personalized services and digital experiences, while firms struggle to deliver due to legacy systems and processes. For example, for financial planning, we see that it is a service received in 70% of cases, compared to 96% of clients who request it.^[28]

[26] Source: [pwc.com](https://www.pwc.com)
[27] Source: [bcg.com](https://www.bcg.com)
[28] Source: [advisorpedia.com](https://www.advisorpedia.com)

The Gap — Services Received vs Services Expected



Source: Advisorpedia

The wealth management industry is currently undergoing a significant transformation driven by shifting demographics, evolving client expectations, and new investment trends. As traditional approaches adapt to meet these changes, opportunities emerge to cater to diverse client segments and investment preferences. Four key areas define this evolution: generational wealth transfer, emerging client segments, value-based investing, and alternative assets.

Key factors to consider for FIs operating in the sector:*The Great Wealth Transfer*

The ongoing transfer of wealth between generations represents one of the most monumental shifts in the financial industry. Over the next 20 years, approximately \$84 trillion in assets is expected to move primarily from Baby Boomers to Millennials and Gen Z.^[29]

Baby Boomers have benefited from decades of strong economic growth and high investment returns. As a result, they hold the majority of global wealth. In contrast, Millennials, who entered the workforce during periods of economic instability and crisis, face relatively lower asset accumulation. Despite its youth, Gen Z has the potential to surpass all generations in wealth creation. This generation has shown adaptability to technological advancements and evolving economic conditions. However, their success will depend heavily on their ability to navigate challenges such as volatile markets, rising living costs, and financial education gaps.^[30]

Growing Segments

- **Mass Affluent** — The mass affluent segment, consisting of individuals with \$100k–\$1M in liquid assets, represents a significant but underserved market. This group accounts for 40% of global wealth, yet only 27% of wealth management firms actively serve their needs. With 70% of this segment already investing and 35% planning to increase their activity, the demand for innovative financial solutions is apparent. Additionally, 31% expressed interest in exploring new financial products, while over 50% diversified their wealth management strategies across multiple institutions. Firms that can develop cost-effective and scalable services for the mass affluent will unlock substantial growth potential.^[31]
- **Gen Z** — Gen Z is reshaping the future of investing, with members entering the market at an average age of 19, which is significantly younger than previous generations. For example, Millennials started investing at 25 and Gen X at 32. Gen Z values things like digital engagement and prefers platforms that offer convenience and user-friendly interfaces, as demonstrated by the rise of neo-banks and neo-investment platforms like Revolut or Trade Republic in Europe. However, their limited financial literacy and constrained capital present challenges. For instance, 13% of Gen Z are literate financially, whereas that number is at 49% of Boomers.^[32] Wealth management firms have an opportunity to address these gaps through financial education programs and customized solutions that empower Gen Z to make informed investment decisions.
- **Women** — Women are emerging as a powerful economic force. This is driven by increasing incomes and financial independence. In the US, in 2000, women's earnings represented 76.9% of men's earnings. That number increased to 83% in 2022. Over the past three decades, women have demonstrated higher average returns on investment compared to men. This underscores the need for wealth managers to adopt a more personalized approach, particularly in communication and product structuring. As women save and invest more, gender diversity in wealth management strategies becomes crucial for firms seeking to remain competitive.

[29] Source: cerulli.com

[30] Source: allianz.com

[31] Source: rfi.global

[32] Source: schwab.com

Key factors to consider for FIs operating in the sector:*The Rise of Value Investing*

Investors are increasingly aligning their portfolios with personal values, particularly around sustainability and legacy goals. According to EY⁽³³⁾, 78% of wealth clients have life goals tied to sustainability, while 62% focus on leaving a legacy. Similarly, a PwC⁽³⁴⁾ report suggests that 53% of asset and wealth management firms are enhancing transparency in ESG (Environmental, Social, and Governance) matters.

Younger investors, in particular, are driving this trend. Research from New York Life Investments found that 34% of individuals aged 25–39 prioritize investments addressing global warming, while 23% of those aged 40–54 focus on sustainability-related solutions. As demand for ESG-aligned products grows, wealth management firms must develop offerings that balance ethical considerations with competitive financial returns.

The Rise of Alternative Assets

The growing appeal of alternative assets is transforming investment strategies worldwide. In 2024, 91% of advisors reported increasing allocations to alternative investments, citing performance (71%), availability (53%), and low correlation with traditional markets (50%) as key drivers.

Among alternative assets, cryptocurrencies have gained significant traction, with approximately 6.8% of the global population owning some form of cryptocurrency in 2024, representing about 560 million people worldwide.⁽³⁵⁾ Retail investors are also exploring private equity. They are drawn by:

- **Portfolio Diversification** — Private equity offers diversification benefits, as its performance is less correlated with public markets, potentially reducing overall portfolio volatility.
- **Higher Return Potential** — Private equity funds have outperformed the S&P 500 over the past 25 years, delivering an average annual return of 13.1% compared to the S&P 500's 8.6%.⁽³⁶⁾
- **Regulatory Changes** — Evolving regulations, particularly in Europe (ELTIF 2.0), are lowering barriers for retail investors to access private equity and other alternative assets.
- **Tech Innovation** — The rise of digital platforms like [Moonfare](#), [Sidekick](#), or [Goodvest](#) is making it easier for retail investors to access, understand, and invest in private equity.

Projections indicate that high-net-worth individual allocations to private equity will more than double by 2025, reaching \$1.2 trillion.⁽³⁷⁾ Furthermore, prominent firms like Blackstone and KKR are capitalizing on this trend by launching retail-focused private market funds. Wealth managers must adapt to this shift by integrating alternative assets into client portfolios and educating investors on their potential risks and rewards.

[33] Source: [ey.com](#)

[34] Source: [pwc.ch](#)

[35] Source: [triple-a.io](#)

[36] Source: [nasdaq.com](#)

[37] Source: [icapital.com](#)

End-of-Life Support



New Gen Private Wealth



AI-powered Support for Financial Advisors



OS for Financial Advisors



Traditional Wealth Platforms



Fractional Share Infrastructure



Wealth Platforms With Investment Offerings



Sales Efficiency & Customer Acquisition



Crypto Products



"The adoption of stablecoins across a range of financial use cases — such as payments, treasury management, and more — may be somewhat underappreciated. We are seeing important improvements across the different layers (applications, issuers, and infrastructure) that are making stablecoins easier to adopt. I'm optimistic that the proportion of companies leveraging stablecoins will grow significantly in the near future."



Jose Maria Hernanz Fernandez-Aguado
Partner, JME Ventures



Megatrend #3

The Need to Strengthen Compliance Frameworks

In the past couple of years, the regulatory landscape in financial services has drastically evolved. Between 2016 and 2024, 562 new pages and 511 new articles were added for Europe, with countless more at local and national levels.^[38] We have seen several frameworks come to life, such as MiFID II, DORA, PSD3, AMLD6, and various SEC rules that aim to enhance transparency, security, operational resilience, and anti-money laundering efforts, but they also bring challenges related to innovation, operational complexity, and costs. These have caused the cost of compliance to increase across geographies. The total cost of financial crime compliance in the U.S. and Canada reached \$61B in 2024, with 99% of financial institutions reporting increased financial crime compliance costs.^[39] In EMEA, the total cost of financial crime compliance hit \$85B, with 98% of financial institutions experiencing increased financial crime compliance costs in 2023.^[40]

[38] Source: ecipe.org

[39] Source: lexisnexis.com

[40] Source: lexisnexis.com

As the volume and complexity of regulations started to grow, regtech startups emerged about a decade ago to help financial institutions navigate the rise of regulation more effectively as the volume and complexity of regulations started to grow. These companies initially offered solutions that enable real-time transaction monitoring, automated KYC/AML processes, audit trail creation, and reporting tools that considerably reduced manual efforts. Some notable examples included ComplyAdvantage (UK, 2014), Alloy (US, 2015), and Hummingbird (US, 2016). The sector has experienced rapid innovation since 2022, mainly through the integration of AI and machine learning for predictive risk management, automation, and cloud-based scalable solutions with API connectivity.

Today, generative AI enables rapid analysis and interpretation of vast regulatory documents, generates tailored compliance reports, and simulates regulatory scenarios to help organizations anticipate and address risks proactively. Generative AI can also streamline KYC and AML processes, support real-time monitoring, and increase operational scalability. The technology is turning functions from reactive and manual to proactive and intelligent. Importantly, AI also augments compliance officers by helping them focus on higher-value tasks like judgment calls and investigations, enabling a more strategic and efficient compliance approach.

Furthermore, operating across borders presents a more significant compliance hurdle for financial institutions. Regulatory expectations often differ between jurisdictions, not just at the international level but even between states or provinces. For global firms, identifying which regulations apply in a given geography to a specific product or business unit can be a complex task. This issue is exacerbated by emerging trends like data localization laws, which may conflict with cross-border operations or cloud strategies. The lack of harmonized frameworks means institutions must invest in localized compliance teams, regulatory intelligence tools, and advisory services to ensure that nothing slips through the cracks at the risk of severe penalties and reputational damage. And this could get quite expensive.

Startups to follow in the space:



12new.ai

12New AI - (US, 2023) - Total Funding: \$550k

12New AI offers autonomous AI agents that help companies automate contract work, flag policy violations, reduce risks, streamline governance, risk management, and compliance (GRC), and transform data into actionable insights. They focus on industries like finance, construction, security, and insurance. They also develop AI-powered tools for policy verification and visual advertising compliance.



godiligent.ai

Diligent - (DE, 2023) - Total Funding: \$500k

Diligent offers AI-powered tools for fraud and AML teams, helping fintechs and banks automate and improve due diligence on business clients. Their platform uses GenAI to investigate a business's online presence, identify connections to high-risk entities, monitor ongoing changes in business activities, and verify business information and documents, thus streamlining risk and compliance operations.



kalipso.ai

Kalipso AI - (ES/FR, 2024) - Total Funding: Undisclosed

Kalipso is an AI-driven compliance automation platform designed to simplify and reduce the cost of regulatory compliance for enterprises in regulated industries, starting with financial services. They do that by offering a unified SaaS solution that automatically identifies relevant laws and regulations, detects compliance gaps, auto-drafts missing policies, manages implementation, and provides real-time regulatory updates.



Megatrend #4

Hyper-Personalized Customer Experiences

"2025 will continue to be a strong year for embedded fintech products, where I believe increasingly tailor-made financial products will make their way into narrower verticals. In an era where companies continue to benefit from growing proprietary data pools and API infrastructures are widely adopted, fintech companies will be able to leverage these tailwinds to offer highly customized financial products to non-financial services firms in defined verticals. This will open new opportunities for fintech founders with unique vertical-specific expertise to serve markets that have previously been untapped, making 2025 an exciting year to be investing in fintech!"



Thomas Diehl
Senior Associate, Notion Capital

The financial services industry is shifting from simple personalization toward hyper-personalization, thanks to the use of data, AI, and context to create truly one-to-one customer experiences. The idea here is to move beyond static segments (e.g., “millennial savers” or “high-net-worth individuals”) to treating each customer as a unique case. Hyper-personalization systems continuously collect and analyze customer data (transaction history, spending patterns, demographics, social data, etc.) and apply AI/ML models to predict needs and preferences. For example, a bank might use a real-time stream of account activity to forecast when a customer will need a loan or analyze geolocation to offer a discount at a nearby merchant.

In banking and insurance, where products are often commoditized, hyper-personalization offers a primordial edge. Customers have also come to expect this level of individualized product and message delivery. For example, 70% of consumers say they expect personalized advice from their bank⁽⁴¹⁾, and 42% of banking customers find product offers more valuable when they are personalized to meet their individual needs.⁽⁴²⁾ Meeting these growing expectations has become a strategic imperative: Banks that neglect personalization risk customer churn. At the same time, hyper-personalization also drives revenue growth. By accurately targeting products (like loans, mortgages, or insurance) to those who need them, banks can increase cross-selling and up-selling. BCG research even finds that effective personalization can boost annual revenue by around 10%⁽⁴³⁾. An example of that is Bank of America’s AI assistant Erica, which processes millions of interactions per week, boosting digital sales by more than 20%.⁽⁴⁴⁾

Selected Use Cases

- **AI-Driven Advice & Budgeting** — Digital assistants and robo-advisors are personalizing financial guidance. For instance, mobile banks like Monzo incorporate gamified budgeting tools that analyze spending habits and set savings goals for users.⁽⁴⁵⁾
- **Contextual Product Offers** — Hyper-personalization enables banks to make product offers at exactly the right time. Banks can proactively surface relevant products by detecting life events or contextual signals. For example, if AI detects that a customer has recently booked a flight, the app might automatically suggest a travel insurance plan.
- **Conversational AI** — Customer-facing AI chatbots and voice bots deliver personalized service at scale. Banks use chatbots for lead generation and support: TSB, for instance, saw a 300% increase in lead generation from an AI-powered in-app messaging system.⁽⁴⁶⁾

⁽⁴¹⁾ Source: [latinia.com](https://www.latinia.com)

⁽⁴²⁾ Source: [blend.com](https://www.blend.com)

⁽⁴³⁾ Source: [bcg.com](https://www.bcg.com)

⁽⁴⁴⁾ Source: [pymnts.com](https://www.pymnts.com)

⁽⁴⁵⁾ Source: [twimbit.com](https://www.twimbit.com)

⁽⁴⁶⁾ Source: [diginomica.com](https://www.diginomica.com)

Enabling Technologies

Creating hyper-personal experiences relies on several key technologies:

- **Real-Time Data Analytics** — Banks must continuously ingest and analyze data from all touchpoints. This typically requires a Customer Data Platform or streaming analytics. By collecting real-time transaction, web, app, and CRM data, FIs can spot triggers as they happen. For example, Ma French Bank used a real-time recommendation engine (Personetics Engagement) to analyze first-party data and automatically suggest the right product at the right time, resulting in a 68% increase in customer engagement in year 1.^[47]
- **AI and Machine Learning** — Advanced models are the brains of hyper-personalization. These models learn patterns in customer behavior and predict needs (e.g., churn risk, product propensity). For instance, Wells Fargo launched LifeSync in 2023, which lets users set financial goals and uses ML to track progress in real time.^[48]
- **Omnichannel Integration** — True personalization demands a unified customer profile across channels. Data from mobile apps, websites, branches, contact centers, and even third-party sources (open banking, social) must be integrated. This means linking CRM systems, mobile banking platforms, and email marketing tools. Companies like Yampa build orchestration platforms that plug into Salesforce or Zendesk so that an AI agent has a full 360° view of the customer.^[49]
- **Dynamic Content & Offers** — Modern platforms can assemble personalized content and offers on the fly. With a plethora of customer insights, banks can populate apps and emails with dynamic messages. OCBC Bank, for example, made a generative AI chatbot (built with OpenAI) available to employees to help draft personalized marketing content.^[50]
- **Feedback Loops and Testing** — Systems must constantly measure response rates (clicks, conversions, satisfaction) and feed that data back into the models. Continuous A/B testing and machine learning retraining help refine recommendations and avoid model drift. Over time, this loop makes the personalization smarter (for example, adjusting loan offers based on past acceptance rates).

[47] Source: personetics.com

[48] Source: wf.com/lifefsync/

[49] Source: eu-startups.com

[50] Source: forrester.com

Focus on Gen AI

With the proliferation of consumer-facing genAI applications and their growing adoption in the industry, there has been an increasing discrepancy between what customers want and what the industry implements. Interestingly, while the industry underestimates it, customers' key wish is to have products that are precisely tailored to their needs and have personalized pricing.^[51] Essentially, this tells us that personalization is not just a nice-to-have feature in product development but a necessary competitive advantage to stay relevant to customers.

Second in importance to customers comes improved customer service. Here, we talk about customization in customer support, which could pave the way for the growth of loyalty and satisfaction of the customer base. For example, historically, the problem of retaining customers has been in the spotlight for insurers. According to recent statistics, while 68% of insurance CEOs focus on customer-centric technologies to attract and retain customers, only 27% of the policyholders report feeling loyal to their insurers.^[52]

At the same time, in 2024, startups that develop genAI applications for customer support saw the biggest spike in year-on-year funding, i.e., 150%, which signifies a good momentum for the industry to find the right startups to partner with.^[53] In other words, the promise of hyperpersonalisation is not new, but sufficient technological advancement is a recent development. Another equally important aspect of this is the ability of insurers to access customer data, which could help personalize experiences. We believe that this limitation would be overcome relative to the EU, the Data Act, and the FIDA, which set out data sharing standards internally and with third parties.

The insurance industry often faces challenges in fostering deeper emotional connections, trust, and loyalty due to the typically infrequent interactions with customers. Hence, the importance of uncomplicated and empathic interactions throughout the customer journey cannot be underestimated. That's where genAI-powered hyperpersonalization comes in. For example, the leading American insurer Allstate partnered with OpenAI's ChatGPT to automate customer communication in claims^[54]. As a result of the genAI-powered automation, communication was reported to have become more empathic, synonymous with a higher quality customer experience and, in the long term, higher customer satisfaction.

By measuring the direct economic impact of hyper-personalized customer experiences, insurers can save 40-60% by implementing corresponding genAI applications.^[55] This is achieved by switching from reactive to proactive behaviors, freeing up time and administrative resources for more value-added activities.

[51] Source: [ibm.com](https://www.ibm.com)
[52] Source: [kpmg.com](https://www.kpmg.com)

[53] Source: [cbinsights.com](https://www.cbinsights.com)
[54] Source: [wsj.com](https://www.wsj.com)

[55] Source: [bcg.com](https://www.bcg.com)

Challenges

Despite its promise, hyper-personalization poses challenges for financial firms:

- **Data Privacy & Compliance** — Financial institutions handle highly sensitive personal data. Regulations like GDPR (EU), CCPA (US), and industry-specific rules constrain how data can be used. Banks must ensure transparency and customer consent for data use, especially when applying AI.
- **Data Quality & Integration** — Legacy systems and siloed data are a significant hurdle. Many banks have incomplete or inconsistent records across channels. Without a unified data platform, creating accurate real-time profiles is impossible. Surveys show that while 71% of banks run some personalized campaigns, fewer than half have implemented strong data management, proactive advice engines, or ML recommendation systems.
- **Technology Infrastructure and Scalability** — Delivering personalization in real time at scale is technically demanding. It requires a fast analytics layer, low-latency APIs, and often cloud-native architectures. Banks must invest in AI/ML platforms and DevOps pipelines. Many institutions struggle with outdated core systems that cannot easily integrate AI.
- **Organizational Change** — Beyond tech, hyper-personalization demands a culture shift. Teams need new skills in data science and design thinking. Firms must embrace agile, data-driven decision-making. At Plug and Play, we encourage FIs to test on a small scale and learn with startups, as it is the only way to see if something works.
- **Ethical Considerations** — Firms need guardrails to ensure that personalization remains helpful, fair, and compliant. Explaining AI-driven decisions (the “why” behind a recommendation) may also become a requirement under emerging AI regulations.

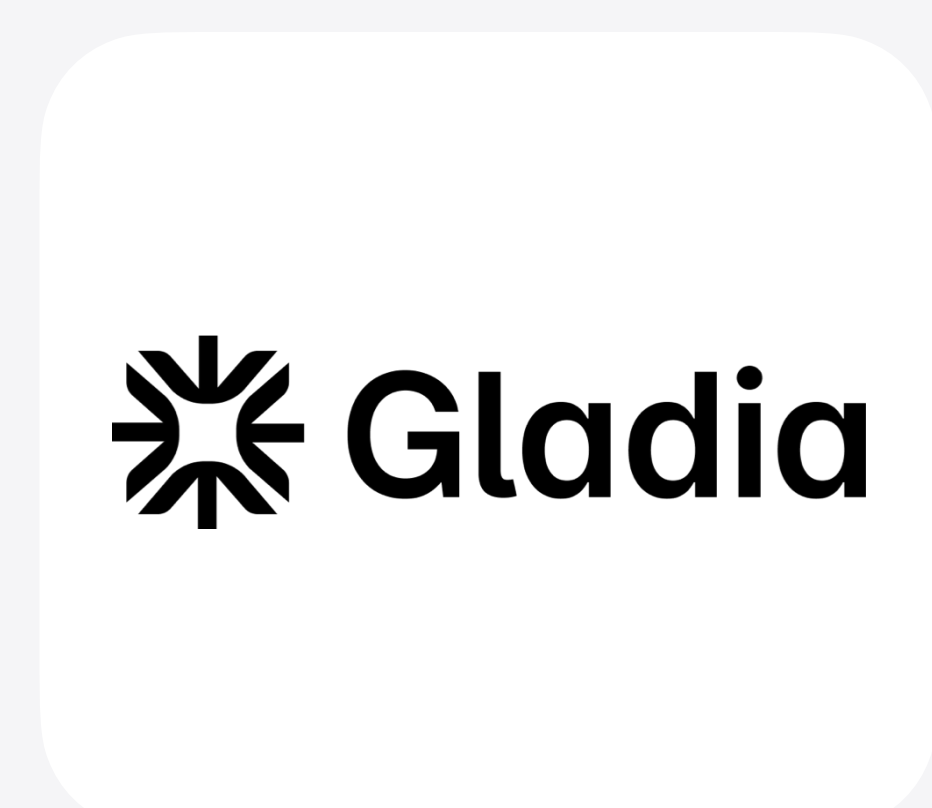
Startups to follow in the space:

913.ai**913.ai - (DE, 2023) - Total Funding: €400k**

913.ai has developed an AI-powered digital worker platform that automates manual processes for insurance companies, from claims generation to handling claim rejections and customer support. 913.ai's technology helps insurers reduce workload, improve efficiency, and streamline operations.

actionable.live**Actionable - (FR, 2024) - Total Funding: €2M**

Actionable is an AI-driven platform that helps businesses predict and improve customer satisfaction. By seamlessly integrating with over 130 data sources - including CRM, ticketing, analytics, and satisfaction tools - Actionable provides a comprehensive, real-time view of every customer interaction. Their AI analyzes these interactions to uncover the specific drivers behind customer satisfaction, enabling companies to identify risks, spot opportunities, and take targeted actions for each client.

gladia.io**Gladia - (FR, 2022) - Total Funding: €18.3M**

Gladia is an AI-powered audio intelligence platform offering real-time, multilingual speech-to-text transcription with advanced features like speaker diarization and sentiment analysis, enabling businesses to extract actionable insights from audio data.

kular.ai**Kular - (UK, 2025) - Total Funding: N/A**

Kular.ai leverages AI to automate and optimize the lead generation process for businesses. Their ML, NLP, and data analytics stack identify ideal customer profiles, crafts personalized outreach (including in-voice), analyzes responses, refines targeting, and ultimately improves conversion rates.

getmurphy.ai**Murphy - (ES, 2024) - Total Funding: N/A**

Murphy AI is a next-generation debt collection platform powered by artificial intelligence, designed to optimize recovery rates while maintaining respectful and personalized communication. Murphy's advanced automation streamlines the process of collecting overdue invoices for businesses over multiple communication channels, such as SMS, phone calls, emails, ...

Startups to follow in the space:



predicti.com

Predicti - (DK, 2022) - Total Funding: \$1.5M
Predicti leverages advanced machine learning and data analytics to help financial institutions, and insurers anticipate customer needs and deliver personalized services. Their platform integrates data from over ten public registries, enabling businesses to gain comprehensive insights into customer life events such as home purchases or car acquisitions. This information allows companies to proactively offer tailored products and services at pivotal moments in a customer's life.



yampa.ai

Yampa - (FR, 2024) - Total Funding: €3M
Yampa.ai specializes in autonomous AI agents for customer service, using its Y.core platform to orchestrate these agents. The platform integrates with existing workflows and backend systems, automating customer care from inquiry to resolution across various customer touchpoints, including chat, messaging, voice, email, and ticketing. It also offers multilingual support in over 90 languages.

“Voice AI is making customer experiences in financial services feel more personal and human-like, like your bank actually knows you. At the same time, smarter AI is catching fraud before it hits. These are two trends we’re tracking very closely at Illuminate because they’re reshaping how trust and personalization come together in fintech.”



Hugo Hazon
Associate, Illuminate Financial



Megatrend #5

Optimizing the Financial Services Back Office

"In 2025, AI is set to transform back-office operations by automating time-consuming tasks like bookkeeping and accounting, delivering significant benefits for underserved SMEs. AI-powered platforms can automatically categorize transactions, reconcile accounts, generate financial reports, and ensure compliance with tax regulations. Those are tasks that traditionally require manual effort or costly professional services. This automation will not only reduce errors and operational costs but will also provide SMEs with real-time financial insights, empowering better decision-making. As a result, AI helps bridge the service gap for SMEs that often lack access to affordable, high-quality financial management solutions."



Bob Rode
Principal, 6 Degrees Capital

The back office in financial services refers to the part of a company made up of administrative and support personnel who do not interact directly with clients or customers. Instead, they manage essential operational, administrative, and technical functions that enable the front office (client-facing and revenue-generating roles) and the middle office (risk management and compliance) to operate efficiently.⁽⁵⁶⁾ Although back-office teams do not directly generate revenue, their operations are indispensable; they ensure transactions are executed correctly, accurate records are maintained, and regulatory standards are upheld. Without this foundation, customer-facing teams could not function effectively. Efficient back-office management delivers cost savings through process optimization, drives consistency and accuracy in reporting, and provides audit-ready documentation that helps mitigate compliance risks.⁽⁵⁷⁾

In financial institutions, the back office is responsible for the processing and settlement of all transactions originating from front-office trading or sales activities. This includes confirming trade details, matching records, processing payments, maintaining ledgers, and reconciling data across multiple systems. It also involves regulatory reporting, where data from various departments is consolidated to meet strict compliance requirements, along with audit support and document retention.

Beyond transaction processing, back-office teams handle human resources, payroll, vendor payments, and IT infrastructure, ensuring that critical systems run smoothly and securely. These often “invisible” functions are crucial as they allow front-line staff to focus fully on client engagement and revenue generation.

⁽⁵⁶⁾ Source: [fe.training](#)

⁽⁵⁷⁾ Source: [netsuite.com](#)

Back offices of financial institutions often struggle with productivity due to a combination of structural and operational inefficiencies:

- **Reliance on disparate and legacy data systems** — These outdated and fragmented platforms complicate data access and analysis, making it difficult for teams to obtain a unified view of operations and delaying informed decision-making. Key statistic: 75% of banks struggle to implement new digital solutions due to legacy infrastructure.^[58]
- **Manual processes** — Many routine tasks are still handled manually, consuming time and diverting skilled employees from more strategic and value-adding activities. This not only slows down operations but also increases the risk of human error. Key statistic: Financial institutions lose 20–30% of their revenue to inefficiencies every year, much of which is attributed to manual processes.^[69]
- **Data silos** — When information is stored in isolated repositories across departments or systems, it becomes nearly impossible to perform holistic analysis. This limits the institution's ability to generate actionable insights and respond effectively to market changes or client needs. Key statistic: 57% of banking executives still lack a unified customer view, revealing ongoing data silo issues.^[60]
- **Lack of streamlined processes** — Without optimized workflows, back-office operations often face bottlenecks that hinder service delivery and reduce overall client satisfaction. These inefficiencies create delays and inflate operational costs, ultimately affecting the institution's competitiveness. Key statistic: Nearly 80% of bank employees report that antiquated systems complicate their work, and their top complaint is the lack of modern, integrated tools that would streamline workflows and reduce non-customer-facing tasks.^[61]
- **An increasing regulatory burden** — Financial institutions must dedicate substantial resources to stay compliant with evolving regulations, which often diverts attention from innovation and process improvement. This growing complexity further compounds productivity challenges across the back office. Key statistic: Operating costs spent on compliance have increased by over 60% for retail and corporate banks compared to pre-financial crisis levels.^[62]

[58] Source: pymnts.com
[59] Source: temenos.com

[60] Source: asianbankingandfinance.net
[61] Source: thefinancialbrand.com

[62] Source: deloitte.com

Startups to follow in the space: Multimodal.multimodal.dev**Multimodal - (US, 2022) - Total Funding: Undisclosed**

Multimodal develops and manages secure, integrated, and tailored Gen AI automation for financial service workflows. Their enterprise-grade AI Agents are trained using company data to ensure precision, functioning as a digital workforce that processes documents, queries databases, powers chatbots, makes decisions and generates reports. They automate end-to-end workflows, improving over time through self-learning. They are deployed on a company's infrastructure, either on a virtual private cloud (VPC) or on-premises, ensuring data privacy, compliance, and enhanced business security.

rogo.ai**Rogo - (US, 2021) - Total Funding: \$29M**

Rogo provides an enterprise-ready AI platform for investment banks and private equity investors. It helps firms make smarter and data-driven decisions faster by using LLMs fine-tuned for finance that can search and analyze millions of documents, including internal content. Rogo helps automate workflows, conduct research, and produce materials in minutes instead of days.

saturnos.com**Saturn - (UK, 2023) - Total Funding: \$500k**

Saturn provides advanced software solutions tailored for financial advice firms, focusing on enhancing client experience, increasing productivity, and ensuring regulatory compliance. Their platform leverages AI and deep data integrations to capture and unify unstructured data from meetings, documents, and various back-office systems, transforming it into actionable insights that help build client trust. Saturnos offers workflow automation tools that streamline manual administrative tasks such as generating suitability letters and conducting annual reviews allowing teams to concentrate on delivering value to clients.

Technologies Driving Back Office Automation

- **From Robotic Process Automation to HyperAutomation** — RPA has been a staple of back-office automation for over a decade. It excels at rule-based, repetitive tasks like data entry, form filling, and screen scraping. However, by itself, it struggles with unstructured data and complex decision logic, making it necessary but insufficient for today’s end-to-end automation needs. Hyperautomation elevates RPA by integrating AI/ML, intelligent document processing (IDP), process mining, and workflow orchestration into a single, cohesive platform. This approach enables true end-to-end automation, from identifying automation candidates via process mining to deploying AI models that handle unstructured data and exceptions.^[63]



Startup highlight:
Interloom



Interloom (DE, 2024) is building the first navigation system for work, a platform that orchestrates tasks and decisions by seamlessly integrating people and AI agents through natural-language interfaces. Instead of rigid forms and preconfigured workflows, Interloom captures and refines organizations’ learned patterns, decisions, escalations, and problem-solving to continuously adapt processes in real time using vector embeddings, process traces, and an adaptive knowledge graph.

[63] Source: research.aimultiple.com

Technologies Driving Back Office Automation

- **Agentic Approach** — 2025 is the year of agents. This paradigm leverages autonomous AI agents that can perceive, reason, and act without constant human supervision on multi-step workflows. Unlike traditional Generative AI, which generates responses to prompts, agentic AI systems set goals, plan tasks, and adapt in real time, providing true process autonomy. Use cases include dynamic risk monitoring, self-optimizing trading workflows, and real-time fraud response, where AI agents coordinate multiple subsystems and humans intervene only when necessary.⁽⁶⁴⁾

Startup highlight: MarvelX



MarvelX (NL, 2024) is developing an AI-powered operational system and agentic platform to automate and optimize operations for banks, insurers, and fintechs. Leveraging generative AI it streamlines workflows, enhances decision-making, and eliminates inefficiencies in processes such as claims, fraud detection, and compliance. Purpose-built for financial services, MarvelX features a self-learning AI engine that continuously improves through real-world interactions, eliminating the need for manual retraining. The solution adapts dynamically to financial workflows, ensuring greater accuracy, efficiency, and scalability. Its modular AI assistants integrate seamlessly with legacy systems, enhancing processes without costly infrastructure changes.

⁽⁶⁴⁾ Source: [weforum.org](https://www.weforum.org)

Technologies Driving Back Office Automation

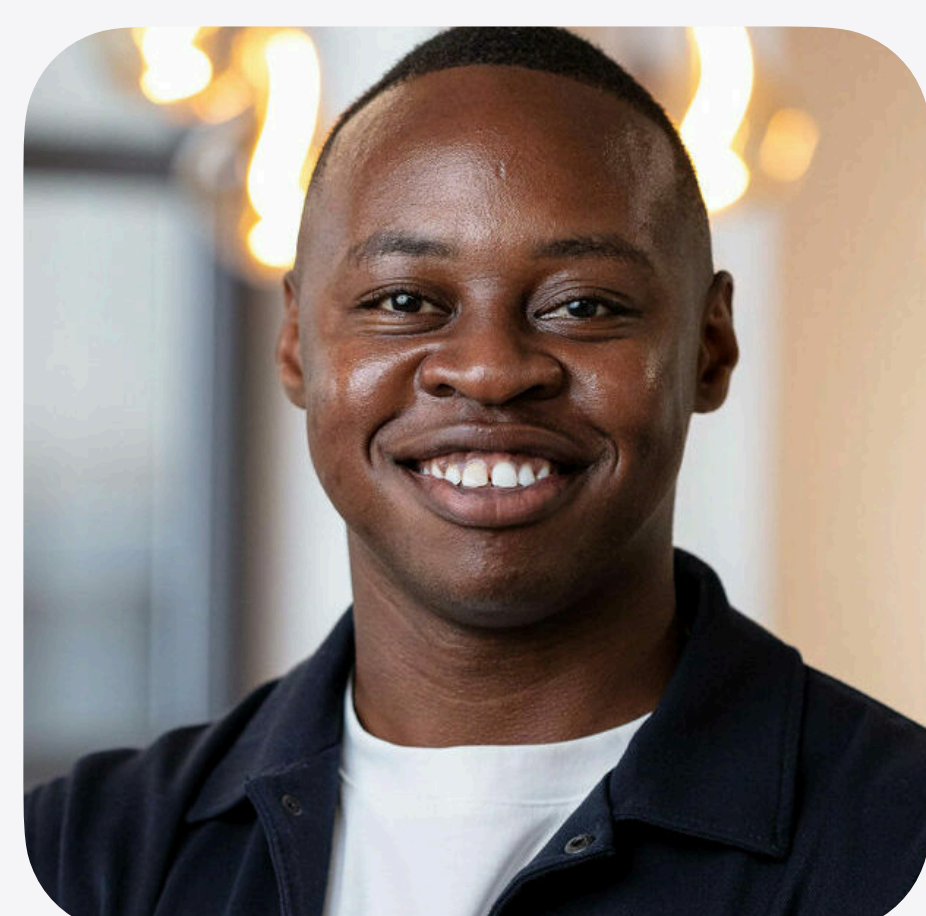
- **Workflow Optimization** — With all the time dedicated to non-value-added tasks, it becomes increasingly important for financial institutions to have their employees be more efficient. Empowering employees to explore and integrate AI tools into their daily workflows is a strategic move that enhances efficiency and innovation. By providing access to AI-driven solutions, such as generative AI assistants and automated data analysis platforms, employees can automate routine tasks, reduce errors, and focus on higher-value activities. This not only boosts individual productivity but also creates a culture of continuous improvement and adaptability. For instance, banks that have effectively adopted and scaled generative AI have seen employee productivity increase by up to 30%.⁽⁶⁵⁾

Startup highlight: Delos



Delos (FR, 2023) offers a next-generation AI workspace that integrates advanced generative AI applications into daily professional workflows. The core product is a modular platform comprised of seven specialized productivity tools — Assistant, Explore, Docs, Trad, Recap, Scribe, and Actu — designed to support professionals across diverse verticals.

"With all the excitement surrounding AI, I believe capital markets will emerge as the most impactful AI use case in fintech in 2025, making it the hottest fintech AI category. The vast amounts of unstructured data, spanning from earnings reports, market news, analyst sentiment, and alternative data, create a prime opportunity for LLMs to unlock deeper insights. By detecting early market signals, AI-driven models can enhance predictive analytics, refine trading strategies, and improve risk management, ultimately leading to more efficient price discovery and a data-driven capital markets ecosystem."



Brandon Mhangami
Associate, Augmentum

⁽⁶⁵⁾ Source: techgig.com

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