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US Fintech Landscape for 2025

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With the change of presidential administrations in January, there has been a significant shift in the landscape for financial technology companies in the United States for 2025 and beyond. First, the new administration immediately declared the United States' leadership in digital financial technology, aimed at broadly expanding the role of digital currency in the American economy. Shortly after that, the Department of Justice announced a singular focus on "*the total elimination* of Cartels and Transnational Criminal Organizations," moving away from the prior administration's focus on the corporate misconduct and compliance and toward violent crime, terrorism, and drug trafficking. At the same time, the new administration has undertaken a complete upheaval of the federal regulatory framework, working to abolish the federal Consumer Financial Protection Bureau (CFPB), and weaken and consolidate federal prudential regulators such as the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC), and Office of Comptroller of the Currency (OCC).

Moving forward in 2025, we expect to see the following trends and risks:

- The prior administration's heavy skepticism about "novel" financial products and services, particularly cryptocurrency, has been turned upside down. Previously, banking regulators strongly limited banks and other financial services providers ability to engage with cryptocurrency. Now, those limits are being removed, which will lead to wider availability and adoption of cryptocurrency products and services for both investments and payments. Additionally, new legislation providing for broader availability of digital stablecoins, which are backed by a reserve value of fiat currency, seems likely.

- In the absence of strong federal regulation and oversight, the states are already preparing to take a more active role in supervision and enforcement of financial technology platforms aimed at protecting consumers and fighting financial crime. New York and California are existing leaders in this area, with other states like Washington, Texas, Florida, and Illinois active as well. This means that fintech companies will be facing multiple regulators across the United States, with less certainty about how regulatory requirements apply in each jurisdiction. Civil lawsuits by consumers alleging harm are also likely to be an increased risk.

- As new financial products and services expand with the government's reduction of regulatory barriers and burdens, the focus for law enforcement will be on fighting fraud and other financial crimes, and enforcing anti-money laundering and sanctions screening laws, as these remain bipartisan issues.

For 2025 and beyond, we anticipate a greater openness to fintech platforms in the United States, but less certainty in the federal and state regulatory environment.

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