



FINTECH INFRASTRUCTURE 2025

The Nervous System of the Digital Economy

Overview

From “Disruption” Era to Industrialization Era

\$44.7B

Global Fintech funding in H1'2025

The market’s capital has concentrated in infrastructure and B2B models. Investors have shifted from speculative bets to allocating capital toward the foundational utilities of the digital economy. The value has migrated from the application layer to the infrastructure layer: the rails, ledgers, and API-driven logic that facilitate the movement of value, data, and identity. Three tectonic forces are reshaping this landscape:

Middleware Crisis

The Banking-as-a-Service (BaaS) stack is being re-architected from opaque tri-party models to direct-to-bank and licensed platforms.

B2B Embedded Finance

Vertical SaaS platforms are the primary distribution channels for commercial lending, with the embedded lending market projected to reach \$7.7B in 2025 and 20.6% CAGR

Real-Time Economy

Real-time payment (RTP) rails like PIX and UPI are processing massive volumes (\$185B+ transactions/year for UPI)

Sources: Luby, KPMG, Coherent Market Insight





Market Size

The era of Zero Interest Rate Policy (ZIRP) is over; the current high-rate environment has separated resilient business models from those dependent on cheap float. Financial infrastructure continues to expand as banks hollow out their stacks and non-banks embed financial products:

Core Banking Software

Valued at **\$18B** in 2025, growing at **15% CAGR**. The cloud-native segment is outpacing the market with **17.3%** growth

Banking-as-a-Service (BaaS)

Despite regulatory headwinds, the market remains robust at **\$30B** (2024) and is projected to exceed **\$75B** by 2030, though the profit pool is shifting from middleware aggregators to licensed platform banks

Payment Orchestration

As merchants seek redundancy and cost optimization, this layer is growing rapidly at **25% CAGR**, reaching **\$1.8-\$3.2B** in 2025

Deep Dives by Infrastructure Layer

1. Core Banking & the Hollowing Out of Banks

17.3% CAGR (2025 – 2030)

Cloud core banking segment

Core banking is moving from legacy mainframes to cloud-native, API-first systems, with banks outsourcing much of their technology stack while retaining licenses and balance sheets. Launching a new financial product on a legacy core can take 18 to 24 months due to hard-coded product parameters and batch-processing limitations. In contrast, modern cores, such as Thought Machine, Mambu, and 10x Banking - allow for product launches in weeks.

Legacy core systems cannot support 24/7 real-time payment volumes or rapid innovation; new products take 18-24 months to launch on legacy infrastructure versus weeks on modern cloud-native cores.

We are witnessing the "Hollowing Out" of the bank. Banks retain the charter and balance sheet (the "regulated vault") but outsource the product logic and ledger to third-party infrastructure.

2. Banking-as-a-Service Reset

\$2.1B H1/2025

Regtech Funding Amount

The 2024 bankruptcy of Synapse exposed the fatal flaw of the "tri-party model" (Bank - Middleware - Fintech), where middleware ledgers failed to reconcile with bank omnibus accounts, freezing millions in end-user funds.

Banking-as-a-Service is shifting toward regulator-safe models. Fintechs now sign direct agreements with banks, using compliance orchestration platforms to manage data and oversight without touching funds or the ledger. In parallel, License-as-a-Service providers - fully chartered tech banks like Solaris, ClearBank, and Column - are gaining share by eliminating intermediary risk entirely.

This shift is reinforced by regulation-driven demand: RegTech funding has benefited as banks accelerated adoption of automated compliance tools to meet new FDIC and OCC requirements.

Evolution of BaaS Models

Feature	Legacy BaaS (2018-2023)	Modern BaaS (2025+)
Structure	Tri-Party (Bank-Middleware-Fintech)	Direct (Bank-Fintech) or Licensed Platform
Ledger Ownership	Middleware (often opaque to bank)	Bank (System of Record)
Compliance Resp.	Offloaded to Fintech/Middleware	Bank retains ultimate oversight
Risk Profile	High (Reconciliation failures)	Lower (Direct visibility)
Dominant Players	Synapse (Defunct), Solid	Solaris, ClearBank, Column, Treasury Prime (Pivot)

Deep Dives by Infrastructure Layer

3. Payments Orchestration & Real-Time Rails

25% CAGR (2026 – 2035)

Payments Orchestration

Payment processing has become a commodity. Competitive advantage has moved up the stack to orchestration, deciding where and how transactions flow, and real-time settlement, which determines speed, cost, and reliability.

Orchestration platforms such as Spreedly and Gr4vy enable dynamic routing across processors to optimize fees and acceptance. At the same time, real-time payment rails are scaling unevenly: UPI dominates globally with 185.8B transactions in 2024-25, while PIX processed 63.8B. In contrast, FedNow and SEPA Instant remain early.

Stripe is building a broad aggregator platform, betting on stablecoin rails via its Bridge acquisition to lower cross-border costs, while Adyen runs a single end-to-end stack to maximize authorization rates and unify online and in-store payments.

4. Programmable Card Issuing

\$1.8B H1/2025

Programmable Card Issuing

The card issuing market is shifting from static plastic cards to API-driven, Just-in-Time (JIT) funding, enabling real-time control over spend. The market is valued at \$1.8B in 2025 and is expected to reach \$4.2B by 2030, driven by demand for programmable payments.

This demand is already visible in performance data: Marqeta reported 33% TPV growth in Q3 2025, fueled by use cases such as expense management (Ramp, Brex) and gig-economy payouts (Uber, DoorDash).

Mechanically, modern issuing platforms work via real-time webhooks: when a transaction is attempted, the processor asks the fintech whether to approve it, allowing instant checks against custom rules, such as location, role, or budget, before authorization.

5. Embedded Lending & Vertical SaaS Finance

\$7.7B 2025

Embedded Lending

Vertical SaaS platforms such as Toast, Shopify, and Mindbody are evolving into the de facto community banks for SMBs. Their advantage comes from direct, real-time access to sales and operational data, enabling superior underwriting compared to traditional banks that rely on backward-looking financial statements.

This data edge is driving rapid market growth: embedded lending is valued at \$7.7B in 2025 and projected to reach \$28B by 2032. Most platforms adopt a Lending-as-a-Service model, working with providers like Peach and Canopy to manage origination and servicing, while sourcing capital from credit funds to keep lending risk off their balance sheets.

Capital Flows & Valuations

"Flight to Quality" in Venture Capital

Capital markets have corrected and stabilized.

In Q2 2025, median net cash burn for US VC-backed fintech's fell 12% YoY, marking eight consecutive quarters of tightening.

Investors now require unit-economic viability and operating leverage before deploying capital.

The Series A bar has risen median revenue required increased 4x, from \$1M (2021) to \$4M (2025).

Asia - US Arbitrage Opportunity

Region	Primary Valuation Drivers	Investment View	Avg. Multiple (EV/ Revenue)
North America	Strong AI innovation and deep, liquid capital markets	Premium-priced market	4.8x
Europe	Regulatory complexity and a more conservative VC environment	Attractive value opportunity	3.9x
UK	Supportive regulatory sandbox and a mature fintech ecosystem	Regional market leader	4.3x
APAC (High-Growth)	Rapid infrastructure build-out and mobile-first adoption	High-upside growth opportunity	6.0x+
APAC (Mature)	Developed markets with slower growth profiles	Stable, lower-risk returns	3.0x
Latin America	Widespread instant payments and young, digitally native populations	Emerging growth opportunity	5.5x

Fintech infrastructure and AI-native platforms are most advanced in the U.S., but premium valuations limit forward return potential.

Mobile-first behavior, rapid infrastructure adoption, and under-penetrated financial systems enable faster growth and operating leverage.

Deploying proven U.S. models into high-growth Asian markets creates the potential for execution and geographic expansion over the investment cycle.

Thank you!

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