Innovation in Financial Technology and RegTech

A Landscape Review

May 2026

Prepared by the Digital Finance Cooperative Research Centre for the Australian Securities & Investments Commission

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About this report

This report was prepared for the Australian Securities & Investments Commission (ASIC) by the Digital Finance Cooperative Research Centre (DFCRC) in April 2026.

This report is intended to be read as part one of a two-part report series, with the other report covering a landscape review of innovation in financial markets and financial market infrastructure.

About the Digital Finance Cooperative Research Centre

As a participant in the Australian Government's Cooperative Research Centres Program, DFCRC's mission is to unlock the significant economic potential of digital finance innovation for Australia by bringing together industry, government and research.

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Disclaimer

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Executive summary

Innovation in financial services is reshaping how households and businesses access credit, insurance, payments, investment services and financial advice. It is also reshaping financial markets, market infrastructure, and financial assets. These changes are being driven by advances in data sharing, artificial intelligence (AI), cloud computing and digital platforms. At the same time, the boundaries between traditional financial institutions, technology companies and fintech firms are becoming increasingly blurred.

This report reviews developments across seven jurisdictions: the United States, Canada, the United Kingdom, the European Union, Switzerland, Singapore and Hong Kong, and across five areas of financial services: consumer and small-and-medium-enterprise (SME) credit, insurance, payments, investment and wealth services, and regulatory/supervisory technology (RegTech and SupTech). Innovation in financial markets, assets, and financial market infrastructure is covered in a second report in this two-part report series.

What is changing?

Across the five areas of financial services examined in this report, the two most significant areas of change are as follows.

1. AI and automation are becoming part of everyday financial operations

AI is increasingly used in credit underwriting, insurance claims processing, portfolio management and compliance monitoring. In many cases these systems are no longer experimental tools, but operational systems used at scale. While this improves efficiency and speed, it also raises questions about governance, transparency and fairness in automated decision-making.

2. Financial services are increasingly embedded into digital platforms

Credit can now be offered directly at online checkouts, insurance products can be bundled into digital purchase journeys, and investment tools are commonly integrated into banking or payment apps. For SMEs, lending is increasingly delivered through accounting software, payment processors, and e-commerce platforms. These developments improve convenience but also blur traditional boundaries between banks, fintech firms, and technology platforms.

Together, these developments are gradually changing the structure of financial products and services. Financial services are becoming more digital, more automated and more closely integrated with broader digital platforms.

How regulators are responding

Regulatory approaches differ in detail, but the more the longer-term shift is toward outcomes-focused oversight of how products are designed, distributed and experienced, especially in digital settings. The key international observation is that regulators are predominantly focusing on four issues:

1. Distribution in non-financial settings
2. Accountability for automated decisions
3. Third-party and platform dependence, and
4. The adequacy of existing conduct frameworks when products are delivered through digital journeys.

For example, the United Kingdom's Consumer Duty, the European Union's revised Consumer Credit Directive and Australia's Design and Distribution Obligations all point in that direction. Internationally, there is also growing attention to financial products sold in non-financial settings, including embedded credit, add-on insurance and investment prompts within digital journeys, because the central conduct issue is often whether consumers recognise that they are making a financial decision.

Operational resilience is another area of convergence internationally. The European Union's Digital Operational Resilience Act (DORA) and the United Kingdom's operational resilience framework respond to the same underlying concern: as financial institutions move to cloud infrastructure and rely on a small number of external technology providers, systemic concentration risks grow. Regulatory sandboxes, meanwhile, have matured from experimental programs into structured testing mechanisms, with Singapore and the United Kingdom leading.[1]

Looking ahead

Over the next five years, several developments appear more likely than others to endure, and these are the ones most relevant to ASIC's strategic planning.

(i) First, embedded SME lending through payment and accounting platforms is expected to grow substantially, making distribution and accountability across the service chain more important.

(ii) Second, AI-driven claims processing and underwriting are expected to become widespread in insurance, which makes governance, fairness and explainability more central supervisory issues.

(iii) Third, account-to-account (A2A) payments are expected to gain share in commercial transactions, though consumer adoption at checkout will likely be slower given entrenched card-reward habits.

(iv) Fourth, wealth management is expected to shift further toward personalised, goal-based planning using cross-institutional data, while regulatory technology is expected to expand from financial crime compliance into broader supervisory analytics.

Some things remain genuinely uncertain. No major buy-now-pay-later (BNPL) provider has yet been tested by a genuine credit cycle. The COVID-19 pandemic could have provided that test, but government income support and loan forbearance cushioned consumer defaults before real stress materialised. The regulatory response if a major provider fails under cyclical pressure could be significant. Whether generative AI moves from internal report-drafting into consequential compliance decisions depends on unresolved liability questions. And agentic or semi-autonomous systems in wealth management, payments and digital commerce face fundamental questions about fiduciary duty, consumer control, and liability that no jurisdiction has authoritatively resolved.

Implications for Australia

Australia is well positioned in several respects. Australia's BNPL licensing regime places it ahead of the United Kingdom and alongside the European Union. The New Payments Platform (NPP) and PayTo infrastructure are world-class. The cross-sectoral fraud liability model is more comprehensive than anything internationally. ASIC's Report 798 on AI governance and APRA's Prudential Standard CPS 230 show early supervisory attention to technology risk.

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[1]APRA, Prudential Standard CPS 230: Operational Risk Management (July 2025 effective date); EU, Regulation 2022/2554 (DORA, January 2025 effective date).

These strengths mean the basic foundations exist and the issue is whether they can now be used to support a more consistent supervisory approach across embedded distribution, model-driven decision-making, data-sharing and operational resilience.

There are also areas where further development could strengthen Australia's position. These include:

(i) Developing more specific guidance on how existing obligations apply to AI-driven decisions in credit, insurance and advice;
(ii) Strengthening oversight of financial products sold through non-financial digital journeys;
(iii) Expanding open finance scope beyond banking where that would support more holistic financial services; and
(iv) Continuing to build ASIC's SupTech capability in areas such as automated market surveillance, AI model validation and real-time data analytics.

These are areas where proactive attention could help ensure Australia remains well aligned with the trajectory of international regulatory and market developments identified in this review.

1. Introduction

1.1 Background and objective

Innovation across financial services is reshaping how households and businesses access banking, credit, payments, insurance, investments and compliance services. It is being propelled by open finance data, artificial intelligence (AI), automation, cloud computing and digital platforms. These developments affect not only product design and distribution, but also credit assessment, risk pricing, consumer decision-making, compliance processes and supervisory approaches.

This report was prepared by the Digital Finance Cooperative Research Centre (DFCRC) to provide the Australian Securities and Investments Commission (ASIC) with a structured overview of innovation in key areas of financial services across major international jurisdictions. Particular attention is given to how innovation trajectories differ across markets, the role of AI and data-driven technologies, and where these innovations are likely to evolve over the next five years.

1.2 Scope and definitions

The report examines innovation across five areas of financial services ('sectors'): consumer and SME credit; insurance; payments; investment funds and wealth management services; and technology-enabled regulatory and supervisory solutions (RegTech and SupTech). It covers seven jurisdictions: the United States, Canada, the United Kingdom, the European Union, Switzerland, Hong Kong and Singapore. The analysis focuses on the period 2024–26, with forward-looking assessments to 2031. Innovation in financial markets, assets, and financial market infrastructure is covered in a second DFCRC report in this two-part report series.

1.3 How to read this report

The report is organised by sector rather than by jurisdiction. Each sector chapter provides an overview of the innovation landscape, international jurisdiction analysis, Australia's positioning, and a sector-specific outlook and watchlist. Cross-jurisdictional synthesis, forward-looking analysis and issues for Australia and ASIC to consider are presented in Chapters 8 and 9.

1.4 Analytical framework

For each sector and jurisdiction, the report examines the nature and maturity of key innovations, adoption patterns by incumbents versus new entrants, differences across consumer, SME and institutional segments, regulatory frameworks and supervisory responses, and public-sector initiatives supporting or shaping innovation. The summary tables in Sections 4.2 to 8.2 apply a three-tier maturity scale based on market adoption, infrastructure maturity, regulatory clarity and observable supervisory activity.

- 'Advanced' means meaningful market adoption and established regulatory or supervisory arrangements;
- 'Developing' means structured deployment or active regulatory development with uneven adoption;
- 'Emerging' means limited market adoption or early-stage regulatory attention. The tables cover the seven comparator jurisdictions.

The narrative below each table highlights jurisdictions that are especially mature, distinctive or relevant to Australia, rather than discussing every jurisdiction in equal detail.

1.5 Methodology

This report is based on desk research drawing on regulatory publications, industry reports, academic literature and public-domain data from the seven jurisdictions.

Primary sources include official publications from ASIC, the Australian Prudential Regulation Authority (APRA), the Australian Transaction Reports and Analysis Centre (AUSTRAC), the United Kingdom Financial Conduct Authority (FCA), the Monetary Authority of Singapore (MAS), the Hong Kong Monetary Authority (HKMA), the United States Securities and Exchange Commission (SEC), the United States Consumer Financial Protection Bureau (CFPB), the European Commission and national supervisory authorities.

Industry data draws on reports from research firms (including Research and Markets, Precedence Research, Gallagher Re, McKinsey, Boston Consulting Group (BCG) and KPMG) and sector bodies (Insurtech Australia, the Financial Stability Board).

Five-year outlook assessments are based on expert judgement informed by observed trajectories across jurisdictions, current regulatory pipelines, and the pace of technology adoption. These assessments distinguish between developments that are likely to scale (supported by existing infrastructure, regulatory frameworks and market demand), those that remain uncertain (dependent on unresolved regulatory, technical or behavioural factors) and those that are unlikely in the near term (facing fundamental structural or legal constraints). All forward-looking assessments should be read as informed judgments, not predictions.

2. Taxonomy of innovations in financial technology, banking and RegTech

The innovations examined in this report can be organised into five sectors:

1. Consumer and SME credit (Chapter 3): Embedded lending, alternative data in credit scoring, automated decision systems, and buy-now-pay-later.
2. Insurance innovation (Chapter 4): AI-driven underwriting and claims triage, embedded distribution in non-financial purchase journeys, and parametric and usage-based products.
3. Payment system innovation (Chapter 5): Real-time payment infrastructure, digital wallets, account-to-account payment models, and cross-border retail payment products.
4. Investment, funds and wealth management (Chapter 6): Automated advice, copy and social trading, digital engagement practices, fractionalisation, and cross-institutional data in personalised planning.
5. RegTech and SupTech (Chapter 7): AI-supported compliance monitoring, structured regulatory reporting, and regulator-side supervisory analytics.

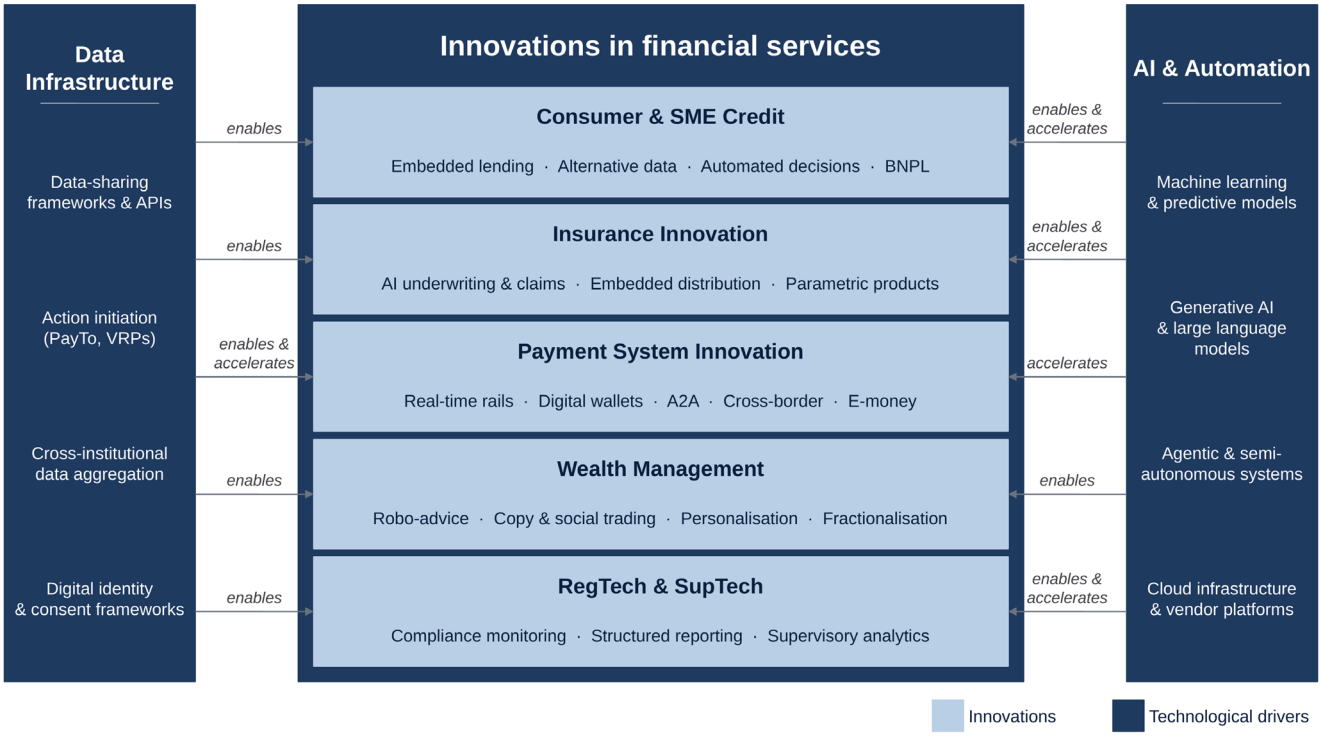
Across these five sectors, two main technological developments are driving most of the change.

Advances in data infrastructure support consumer-directed data sharing and action initiation, including PayTo in Australia, Variable Recurring Payments in the UK, the EU's proposed Financial Data Access Regulation and SGFinDex in Singapore. These developments affect who can intermediate financial decisions and how responsibility is allocated across the service chain.

Advances in AI and automation enable more data-driven and autonomous financial systems. Machine-learning models now support credit scoring, insurance underwriting, investment analysis, compliance monitoring and fraud detection, while semi-autonomous systems are emerging in areas such as credit-limit adjustment, claims triage and transaction monitoring.

These two drivers impact innovation across the five sectors in different ways. Data infrastructure underpins payment innovation and expands the data available for credit, insurance and wealth management. AI and automation are central to RegTech and SupTech and support automated decision-making across credit, insurance and investment services. These mappings are indicative rather than exhaustive, as shown in Figure 1.

Figure 1: Taxonomy of innovations in financial technology and financial services



Note: See the appendix for an accessible version of the information in this figure.

3. Consumer and SME credit

3.1 What innovations are emerging globally?

Consumer and SME credit innovation is shifting from faster digital origination towards expansion of where credit is embedded, how decisions are explained, and who is accountable when platforms, data providers and lenders each perform part of the credit function. For ASIC, the most significant issues are likely to be perimeter clarity for new products, conduct in digital journeys, explainability of adverse decisions, and responsibility across embedded lending chains.[2]

Three key trends in credit innovation are as follows.

1. Embedded credit distribution

Credit products are increasingly integrated directly into digital platforms such as e-commerce marketplaces (Amazon, Shopify), payment processors (Square, Stripe) and accounting software (Xero, QuickBooks). Rather than applying separately for a loan, a small business using Shopify can be offered working capital based on its transaction history within the platform. This is sometimes called 'embedded lending' because the credit product is woven into an existing commercial relationship rather than offered as a standalone financial service. In the jurisdictions where these products are offered, including the United States, Canada and the United Kingdom, the credit itself is regulated because a licensed lender typically sits behind the transaction. However, the platform's role in selecting which merchants see an offer, using transaction data for risk assessment, and shaping the borrower's experience is less clearly captured by existing lending frameworks.

2. Alternative data in credit assessment

Alternative data in credit assessment refers to the use of non-traditional information, such as transaction data, platform activity, digital footprint data and real-time payment information, to assess borrower risk. Lenders are increasingly using non-traditional data sources, including transaction data, platform activity, social media signals and real-time payment information, to assess creditworthiness. Academic research has shown that digital footprint data can be as predictive of default as traditional credit scores[3], and that fintech lenders using such data can extend credit to borrowers underserved by traditional models.[4] However, algorithmic credit scoring also raises concerns about discrimination, as Bartlett et al. (2022) document that fintech algorithms can produce disparate pricing outcomes across racial groups even when they improve overall prediction accuracy.[5]

3. Automated credit decision systems

Automated credit decision systems use algorithms or machine-learning models to support loan approval, credit-limit adjustment, pricing and repayment-risk monitoring. These systems allow lenders to process applications more quickly, incorporate larger and more diverse datasets, and update risk assessments as borrower circumstances change. They are increasingly used by digital lenders to streamline underwriting, improve operational efficiency and provide faster credit decisions to consumers and small businesses.

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[2]Precedence Research, Global Buy Now Pay Later Market Report (2025); Juniper Research, BNPL: Market Forecasts 2023–2028.
[3]Berg, T., Burg, V., Gombović, A. and Puri, M. (2020) 'On the Rise of FinTechs: Credit Scoring Using Digital Footprints', Review of Financial Studies, 33(7), pp. 2845–2897.
[4]Di Maggio, M. and Yao, V. (2021) 'Fintech Borrowers: Lax Screening or Cream-Skimming?', Review of Financial Studies, 34(10), pp. 4565–4618.
[5]Bartlett, R., Morse, A., Stanton, R. and Wallace, N. (2022) 'Consumer-Lending Discrimination in the FinTech Era', Journal of Financial Economics, 143(1), pp. 30–56.

Case study: Embedded SME lending via payment platforms

The US company Square Capital (now Block) illustrates how embedded lending works in practice. Using real-time transaction data from merchants who process payments through Square, the platform offers pre-approved working capital loans with repayment automatically deducted as a percentage of daily sales. The merchant never applies for a loan in the traditional sense; the offer appears within the platform dashboard based on algorithmic assessment of the merchant's revenue patterns. By mid-2025, Square had originated over US$18 billion in cumulative SME loans.[6] Similar models operate through Shopify Capital, Amazon Lending and PayPal Working Capital. For Australia, the implication is that SME credit is increasingly delivered by technology platforms rather than banks, and regulatory frameworks designed around bank-originated lending may not fully capture the risks and consumer protection issues that arise in these platform-based models.

3.2 Development across major jurisdictions

The regulatory response to credit innovation is becoming firmer, but the most important divergence across jurisdictions is not technological enthusiasm. It is the extent to which regulators are now focusing on three core issues: whether buy-now-pay-later sits inside the ordinary credit perimeter, whether digital journeys distort borrowing decisions, and whether increasingly complex credit models can still be explained, governed and challenged.[7]

Table 1. Comparative overview of consumer and SME credit innovation across major jurisdictions

Jurisdiction	Market scale	Regulatory framework	Maturity
United States	Largest global market	Fragmented; Consumer Financial Protection Bureau interpretive rule	Advanced
United Kingdom	25% adult usage[8]	Consumer Duty; Financial Conduct Authority consultation on licensing	Developing
European Union	Growing market	Consumer Credit Directive; Artificial Intelligence Act on credit scoring	Developing
Canada	Rapid growth	Oversight fragmented across provinces	Developing

[6] Whitepaper "Block's Modern Approach to Credit: Expanding Access While Managing Risk" (May 20, 2025)
[7] FCA, Consumer Duty (PS22/9, July 2022); EU Directive 2023/2225 on Consumer Credits (November 2023). Consumer Financial Protection Bureau (CFPB) (2022) Buy Now, Pay Later: Market trends and consumer impacts, September 2022
[8] UK Finance. (2025). Buy Now Pay Later Trends in the UK. UK Finance.

Jurisdiction	Market scale	Regulatory framework	Maturity
Singapore	Moderate market	Industry-led codes under Monetary Authority of Singapore oversight	Developing
Hong Kong	Limited adoption	Bank-centric; traditional credit regulation applies	Emerging
Switzerland	Limited adoption	Bank-centric; traditional credit regulation applies	Emerging

The United States and the United Kingdom are discussed in further detail because they provide particularly relevant comparators for Australia. The United States illustrates how platform-based embedded SME lending can scale through payment processors, accounting platforms and e-commerce platforms, which are channels that may become more important in Australia. The United Kingdom illustrates how open-banking data can support cashflow-based credit assessment, which is relevant to Australia given the development of the Consumer Data Right and its potential expansion into broader open finance. Other jurisdictions are captured in the summary table, while these two examples are used to illustrate the main pathways through which credit innovation is developing in practice.

The United States is the largest buy-now-pay-later market globally, but also the most instructive case for understanding how embedded lending is developing. Beyond consumer instalment products, the United States has seen rapid growth in platform-based SME lending. Shopify Capital, Amazon Lending and PayPal Working Capital operate similar models. What distinguishes these from traditional bank lending is that the credit decision is based on platform-observed behaviour, such as transaction volume, return rates, and seasonal patterns, rather than conventional credit bureau data. The Consumer Financial Protection Bureau has also made it clear that creditors using complex algorithms must still provide specific and accurate reasons for adverse actions, reinforcing that explainability in credit is a practical legal constraint rather than a discretionary governance preference.

The United Kingdom is another instructive case, particularly for SME lending supported by open banking data. UK lenders such as Funding Circle and iwoca have built mainstream cashflow-based underwriting models that use real-time bank transaction data (with customer consent) to assess affordability and monitor risk after origination.

3.3 Australia's positioning

Australia is one of the largest buy-now-pay-later markets globally relative to population, with around one-third of adults having used instalment payment services.[9]

Where Australia leads

From June 2025, buy-now-pay-later providers must hold an Australian Credit Licence under the low-cost credit contract (LCCC) regime, bringing the sector within the National Consumer Credit Protection

[9]Reserve Bank of Australia (RBA) (2023) 'Consumer Payment Behaviour in Australia', RBA Bulletin, June 2023

(NCCP) framework. This places Australia ahead of the United Kingdom (where buy-now-pay-later licensing is still under Financial Conduct Authority consultation) and alongside the European Union.

Opportunities for development

Embedded SME enterprise lending through digital platforms is more advanced in the United States and parts of Europe, where platforms such as Square, Shopify and Amazon have originated billions in working capital loans based on transaction data. In Australia, equivalent platform-lending activity remains at an early stage. Additionally, the integration of buy-now-pay-later repayment data into mainstream credit reporting remains incomplete, limiting visibility of total consumer credit exposure.

3.4 Five-year outlook

- The most likely core shift is that the regulatory distinction between buy-now-pay-later and mainstream consumer credit will continue to narrow, reducing the scope for fast-growing instalment products to sit outside ordinary credit obligations.
- Embedded lending is also likely to scale, especially in merchant, platform and software ecosystems that already hold the transaction data and distribution access needed to originate credit at low cost.
- Automated credit decision systems are expected to continue to spread, but the pace and form of deployment will be shaped by explainability, fairness and accountability constraints.[10]

3.5 Issues for Australia and ASIC to consider

- As digital credit products become more widely used, ensuring that lenders adequately assess repayment capacity will remain important. So too will monitoring where credit is being provided inside non-financial journeys.
- Increasing reliance on automated lending systems raises questions about transparency, bias and consumer protection. Developing clearer expectations on explainability and model governance is likely to matter more than focusing on whether firms use AI in name.
- As embedded lending expands, ASIC may consider monitoring whether existing licensing, disclosure and conduct requirements still allocate responsibility clearly across platforms, lenders and service providers.

[10]Bartlett, R. et al. (2022) Consumer-Lending Discrimination in the FinTech Era, Journal of Financial Economics, 143(1), pp. 30-56.

4. Insurance innovation

4.1 What innovations are emerging globally?

Insurance innovation is becoming strategically important not because insurance has suddenly become a technology sector, but because digital distribution, model-driven underwriting and automated claims handling change where conduct risks arise and when poor outcomes become visible. For ASIC, the main issues are likely to be distribution in non-financial settings, fairness and explainability in underwriting and claims, and accountability where insurers, platforms and vendors all shape the customer outcome.[11][12]

Three key trends in insurance innovation are as follows.

1. AI and advanced analytics in underwriting and claims

Insurers are using machine-learning models for risk assessment, fraud detection and claims triage. In claims processing, computer vision tools can assess vehicle damage from photographs, and natural-language processing can extract information from medical reports, reducing processing times from weeks to hours in some cases. As one concrete example, Lemonade's public filings report that, as of 31 December 2024, roughly 55% of its claims were automated from start to finish and 96% of first notices of loss were handled by its claims bot without human intervention, enabling instant or near-instant processing for simple cases. [13]At the same time, concerns about algorithmic fairness in insurance pricing, particularly the use of variables that may act as proxies for protected characteristics, have attracted regulatory scrutiny in the European Union and the United States.

2. Embedded insurance

Embedded insurance refers to insurance products offered within another digital purchase journey, such as travel insurance during flight or accommodation booking, device protection at electronics checkout, or ride-sharing insurance within mobility apps. These products are increasingly distributed through digital platforms rather than through standalone insurance channels. For example, Bolttech, a Singapore-based embedded insurance platform, connects over 250 distribution partners with more than 80 insurers globally, illustrating how platform-based distribution is scaling. This is not simply a distribution trend. It is also a conduct issue, because consumers may purchase insurance when they are focused on another transaction rather than the insurance decision itself. Internationally, this has already prompted regulatory responses, including the European Union's Insurance Distribution Directive, which addresses product governance and distribution standards.

3. Parametric and usage-based products

Parametric insurance refers to insurance that pays out when a predefined trigger is met, such as rainfall, temperature, flood level or wind speed exceeding a specified threshold. Because payment is linked to an observable event rather than a traditional loss assessment, these products can support faster claims settlement, particularly for weather-related and catastrophe risks. Usage-based insurance refers to insurance where pricing or coverage is adjusted according to observed behaviour or usage patterns. In motor insurance, for example, premiums may be linked to real-time driving data collected through telematics devices, such as distance travelled, braking patterns or time of day.

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[11]Eling, M. and Lehmann, M. (2018) 'The Impact of Digitalization on the Insurance Value Chain and the Insurability of Risks', Geneva Papers on Risk and Insurance, 43(3), pp. 359–396.
[12]Gallagher Re, Global InsurTech Report Q4 2024; Swiss Re Institute, sigma No. 5/2024.
[13]Lemonade, Inc., 2024 Annual Report / Form 10-K, fiscal year ended 31 December 2024.

Case study: Lemonade and AI-Driven claims processing

Lemonade, a United States-based 'InsurTech' founded in 2015, uses machine-learning models across the insurance lifecycle: chatbot-based onboarding in under 90 seconds, algorithmic underwriting without human intervention and automated claims handling in under three seconds. By 2025, Lemonade had over 2 million customers and reported that its AI systems handled approximately 55% of claims without human review (as of December 2024), with 96% of first notices of loss handled without human intervention. For Australia, Lemonade demonstrates both the efficiency potential and the governance requirements of AI-driven insurance.

4.2 Development across major jurisdictions

The regulatory response to insurance innovation is becoming more developed, but the most important contrast across jurisdictions is how directly they address two issues that are likely to endure: insurance sold when consumers are not focused on the insurance decision itself, and increasingly consequential underwriting and claims processes supported by automated systems and external data.

Table 2. Comparative overview of insurance innovation across major jurisdictions

Jurisdiction	Innovation focus	Governance approach	Maturity
United States	Digital distribution; automated underwriting; data-driven pricing	State-level regulation; fragmented oversight	Advanced
United Kingdom	Claims automation; embedded distribution	Financial Conduct Authority encouraging innovation	Advanced
European Union	Algorithmic underwriting; operational resilience	Artificial Intelligence Act; Digital Operational Resilience Act	Developing
Singapore	Parametric products; cross-industry collaboration	Regulatory sandboxes; industry pilots	Developing
Canada	Provincial fragmentation; digital distribution and telematics emerging	Fragmented provincial oversight; FSRA–Fintech Cadence partnership	Developing

Jurisdiction	Innovation focus	Governance approach	Maturity
Hong Kong	Gradual automation of existing processes	Traditional frameworks; incremental adaptation	Emerging
Switzerland	Gradual automation of existing processes	Traditional frameworks; incremental adaptation	Emerging

Although the United States and United Kingdom have more mature InsurTech markets, the EU and Singapore are highlighted below because they provide two contrasting governance models that are particularly relevant for Australia: formal technology-specific regulation in the EU and applied, principles-based implementation tools in Singapore.

The European Union (EU) is becoming the most significant jurisdiction for insurance technology governance, driven by two major regulatory frameworks that are reshaping how insurers adopt and deploy technology. The Artificial Intelligence Act[14], which entered into force in 2024, formally classifies insurance pricing and risk assessment as high-risk AI applications, meaning that insurers using algorithmic underwriting or claims assessment must meet documentation, testing, monitoring and human-oversight requirements. In parallel, the Digital Operational Resilience Act[15] establishes comprehensive requirements for information and communications technology risk management, incident reporting and third-party provider oversight across the financial sector, including insurers. Together, these frameworks create a more structured governance environment than currently exists in any other jurisdiction. For Australian insurers, the EU's approach is relevant because it demonstrates how existing conduct-based regulation can be supplemented with technology-specific governance requirements without creating an entirely new regulatory regime.

Singapore is another significant jurisdiction for insurance technology governance, but it takes a more practical, implementation-focused approach than the EU. Rather than hard-coding technology rules into legislation, the Monetary Authority of Singapore has developed applied governance frameworks such as the FEAT Principles (fairness, ethics, accountability and transparency) and supported testing toolkits that help firms assess model bias, explainability and governance controls before deployment. For insurers, this approach is useful because it provides a workable path to scale AI in underwriting and claims while keeping clear guardrails around accountability and consumer outcomes.

4.3 Australia's positioning

Australia's insurance sector reflects a partnership-based approach to innovation. Rather than producing a large number of venture-backed InsurTech startups, innovation often occurs through collaboration between incumbent insurers and technology providers. In Australia, the deferred sales model for add-on insurance provides a domestic example of conduct regulation responding to insurance sold alongside another primary transaction.

[14]European Commission, Regulation (EU) 2024/1689 (AI Act), July 2024.
[15]European Commission, Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA).

Where Australia leads

Australian insurers have made progress in digital claims management and operational automation, particularly in responding to natural disasters. Industry collaboration through organisations such as Insurtech Australia helps connect insurers, startups and technology firms.

Opportunities for development

Australia attracts relatively limited InsurTech investment compared with the United States and UK markets.[16] Technological adoption varies significantly across firms. Some insurers are moving quickly toward cloud-based systems and advanced analytics, while others still face challenges associated with legacy technology. The EU's Artificial Intelligence Act[17] and the Digital Operational Resilience Act[18] offer useful reference points as Australia continues to develop its own governance expectations for technology use in insurance.

4.4 Five-year outlook

- The most likely key shift is wider use of automated underwriting and claims triage, particularly in high-volume and relatively standardised use cases. The regulatory issue for ASIC is whether outcomes can be explained and challenged.
- Embedded and add-on insurance distribution is also likely to grow, keeping product design, disclosure timing and customer understanding central to supervision.
- Climate and catastrophe modelling will become more important as a key driver of insurance pricing and claims decisions.

4.5 Issues for Australia and ASIC to consider

- ASIC may consider continuing to treat insurance sold in non-financial settings as a core conduct issue rather than a peripheral sales matter. That includes watching whether the timing and framing of offers undermine meaningful customer attention.
- As automated underwriting and claims handling spread, more explicit expectations on explainability, fairness, documentation and escalation are likely to matter more than the specific tools firms adopt.[19]
- ASIC may consider also keeping close watch on how responsibility is allocated across insurers, distributors, platforms and vendors, because that is where key accountability questions are likely to arise.
- Given the increasing importance of climate and catastrophe risks, an issue ASIC may consider is how insurers govern the data, models and third-party systems used to translate those risks into pricing and claims decisions.

[16]Gallagher Re, Global InsurTech Report Q4 2024.
[17]European Commission, Regulation (EU) 2024/1689 (AI Act), Article 6 and Annex III.
[18]European Commission, Regulation (EU) 2022/2554 (DORA), effective January 2025.
[19]APRA, Prudential Standard CPS 230: Operational Risk Management (July 2025).

5. Payment system innovation

5.1 What innovations are emerging globally?

Payment system innovation has transformed how consumers and businesses initiate, authorise and settle transactions. The development of real-time infrastructure, digital wallets and account-to-account payment models has created faster, cheaper and more accessible payment services across all seven jurisdictions covered in this report. For Australia, its significance lies in the way payment initiation, wallets, e-money and cross-border retail payment products change who controls the customer interface, how fraud and liability are allocated, and which providers sit between the user and the regulated payment function.[20]

Three key trends in payment system innovation are as follows. Other innovations involving tokenisation of money (e.g., stablecoins, deposit tokens, and central bank digital currencies) are discussed in the second report in this two-part series.

1. Real-time payment infrastructure

Real-time payment infrastructure refers to payment systems that allow funds to move between accounts almost instantly, usually on a 24/7 basis. Many jurisdictions now operate instant payment platforms that allow funds to move between accounts within seconds. The UK's Faster Payments Service has operated since 2008; the United States launched FedNow in July 2023; and Singapore's PayNow has been operational since 2017. These systems are increasingly used not only for peer-to-peer transfers but also for business payments and online commerce.[21]

2. Digital wallets as the consumer interface

Digital wallets are applications or services that store payment credentials and allow users to initiate payments through mobile devices or other digital interfaces. Mobile wallets such as Apple Pay and Google Wallet allow users to store payment credentials and make contactless transactions. In several markets, wallets now account for a majority of online payment transactions. The competitive implications are significant: wallet providers control the consumer relationship and data layer, potentially disintermediating banks from direct customer interactions. The regulation of digital wallet infrastructure and access to near-field communication technology falls primarily within the RBA's payment system oversight mandate. ASIC's supervisory focus is on the financial products carried within wallets, including credit facilities, stored value and buy-now-pay-later functionality, where disclosure, design and distribution obligations apply.

3. A2A payment models

Account-to-account payment models allow funds to move directly from one bank account to another without relying on card-network rails such as Visa or Mastercard. Instead of a card issuer, card network and merchant acquirer sitting between the payer and the payee, the payment is initiated from the payer's bank account and settled into the recipient's bank account through bank-based payment infrastructure. These models can reduce transaction costs and support faster settlement, but their adoption depends on user experience, merchant acceptance, fraud controls and clear consumer-protection arrangements. In the UK, pay-by-bank initiatives are developing through open-banking-

[20]Federal Reserve, FedNow Service: Launch and Adoption Report (2024); Bank of England, Faster Payments Service Annual Statistics (2025).
[21]Reserve Bank of Australia, New Payments Platform Data (2025); Federal Reserve, FedNow Service Launch Report (2024)

enabled payment initiation, while Singapore's PayNow shows how real-time account-to-account infrastructure can support wider domestic and cross-border payment use.

These examples suggest that A2A payments are more likely to scale when real-time infrastructure, interoperability and clear regulatory support are aligned. In cross-border settings, the same infrastructure is increasingly being used alongside remittance services, e-money products and wallet-based stored-value models, which is why safeguarding, consumer recourse and foreign-exchange transparency are becoming more important regulatory issues.

4. Institutional infrastructure upgrades

Institutional infrastructure upgrades refer to technology changes made by financial institutions and payment service providers to improve settlement, reconciliation, cross-border payment processing and operational resilience. Financial institutions and market infrastructure operators are increasingly exploring distributed ledger technology (DLT) for internal settlement, cross-border clearing and reconciliation. Unlike retail-facing innovations, these deployments operate at the institutional level and are primarily relevant to ASIC through their implications for payment service governance, operational resilience and conduct risk.

Case study: Singapore's PayNow and account-to-account payments

Singapore's PayNow shows how A2A payments can scale when real-time infrastructure is integrated into everyday banking services. Launched in 2017, PayNow allows individuals and businesses to send and receive funds instantly using simple identifiers such as mobile numbers, national identity numbers or business registration numbers. It is available 24/7 and is widely integrated into bank and payment apps. For Australia, PayNow highlights the importance of simple user experience, broad institutional participation and clear fraud and consumer-protection arrangements as A2A payments become more widely used.

5.2 Development across major jurisdictions

The regulatory response to payment innovation differs across jurisdictions, but the issues most likely to endure are already clear: consumer protection in faster account-to-account payments, the treatment of wallet and e-money providers, fraud and reimbursement arrangements, and the extent to which cross-border retail payment products sit inside coherent regulatory frameworks.

Table 3. Comparative overview of payment system innovation across major jurisdictions

Jurisdiction	Real-time infrastructure	Account-to-account adoption	Maturity
United Kingdom	Faster Payments Service (since 2008)	Growing; pay-by-bank expanding	Advanced
Singapore	PayNow (widespread; cross-border linked)	High; linked to Thailand, India, Malaysia	Advanced

Jurisdiction	Real-time infrastructure	Account-to-account adoption	Maturity
United States	FedNow (2023) + private Real-Time Payments	Low; card networks dominant	Developing
European Union	European Payments Initiative + instant payments regulation	Moderate; reducing card reliance	Developing
Hong Kong	Faster Payment System	Moderate; linked to wallets	Developing
Switzerland	TWINT domestic wallet	Moderate within TWINT ecosystem	Developing
Canada	New Real-Time Rail alongside Interac	Low; system under development	Emerging

Singapore, the United Kingdom and Switzerland are discussed in further detail because they illustrate three payment innovation models relevant to Australia. Singapore shows how account-to-account payments can scale and support cross-border connectivity; the United Kingdom shows how real-time payment infrastructure can be linked with payment initiation; and Switzerland provides an example of bank-led digital wallet adoption. Together, these examples offer useful comparators as Australia continues to develop the NPP, PayTo and its approach to digital wallet regulation.

Singapore is a useful benchmark for payment innovation because it has driven account-to-account payments to real scale. PayNow enables instant transfers using simple proxies, such as a mobile number, national identity number or business registration number, rather than bank details, and is integrated with Singpass, Singapore's national digital identity system, for secure user authentication. Singapore has also pushed cross-border instant payments by linking PayNow with Thailand (PromptPay), India (UPI) and Malaysia (DuitNow), allowing near real-time transfers using only a mobile number. For Australia, the key lesson is that real-time rails can support both domestic adoption and cross-border connectivity, which remains an underused opportunity for the NPP.

The United Kingdom provides another strong comparator. The Faster Payments Service is a mature real-time rail used widely for everyday payments, and the UK's open banking program is now shifting from 'data access' toward payment initiation, including the development of Variable Recurring Payments (VRPs) for automated, consent-based transfers.

In Switzerland, TWINT, a domestic mobile payment system operated by a bank consortium including PostFinance and UBS, has achieved approximately 4 million registered users and is the dominant account-linked wallet in the Swiss market.[22]

[22]TWINT AG (2022) 'Switzerland is using TWINT: four million active users', TWINT Press Release.

5.3 Australia's positioning

Where Australia leads

Australia's New Payments Platform (NPP) provides nationwide real-time payments, with transaction volumes exceeding 1.82 billion in 2025.[23] PayTo allows consumers to authorise and manage recurring payment agreements directly through their bank, offering greater transparency than traditional direct debits. Recent amendments to the Payment Systems (Regulation) Act allow the Reserve Bank of Australia to regulate digital wallet providers where necessary.

Opportunities for development

Mobile payments are largely dominated by Apple and Google, whose control over NFC functionality on smartphones gives them significant gatekeeper power over the consumer payment experience. The migration of large-scale business payments from the legacy Bulk Electronic Clearing System (BECS) to real-time infrastructure remains incomplete.

5.4 Five-year outlook

- Real-time payments are likely to continue spreading. A key issue is how fraud control, loss allocation and user protections adapt as those rails are used for more everyday retail and commercial payments.
- Digital wallets are also likely to remain the primary consumer interface, which means visibility over customer choice, disclosure and conduct in the payment journey will stay strategically important for ASIC.
- Account-to-account payment models are likely to grow most where cost savings are material, but their long-run significance for ASIC depends on whether they scale with workable consumer protections rather than on the technical capacity of the rail alone.

5.5 Issues for Australia and ASIC to consider

- The expansion of real-time payments and account-to-account services increases the importance of fraud prevention, reimbursement and consumer recourse, especially where protections differ from card-based systems.
- ASIC may consider how e-money, stored-value and digital-asset-linked payment products interact with existing licensing, custody and consumer-protection frameworks.

[23]Reserve Bank of Australia, New Payments Platform Statistics (2025). Includes Osko and PayTo transactions.

6. Investment, funds and wealth management

6.1 What innovations are emerging globally?

Early digital wealth-management innovation often focused on robo-advice platforms that used online questionnaires and algorithms to recommend or manage investment portfolios. Current innovation is broader and increasingly embeds guidance, product access, behavioural prompts and execution tools within digital interfaces. For ASIC, the main issues are likely to be suitability, accountability for automated decisions, digital engagement practices such as copy trading or gamification, and the boundary between investor support tools and regulated advice.[24] Some of these issues are discussed further in the second report in this two-part series.

Three key trends in investment funds and wealth management are as follows.

1. Robo-advice and automated portfolio management

Robo-advice refers to digital tools that use algorithms to recommend, construct or manage investment portfolios based on information provided by investors, such as risk tolerance, investment horizon and financial goals. Early robo-advisors matched investors to simple portfolios based on risk-tolerance questionnaires. Newer platforms provide broader services including goal-based planning, automated rebalancing and tax-loss harvesting. Research suggests that robo-advice can reduce behavioural biases in investment decision-making, though concerns remain about suitability for complex financial situations.

2. Alternative data in investment

Alternative data in investment refers to non-traditional information used to support investment analysis, portfolio construction and risk management. Examples include satellite imagery, web-scraped data, natural-language processing of earnings calls, news analytics, consumer transaction data and social media sentiment. Investment platforms are using a wider range of information, including satellite imagery, web-scraping data, natural-language processing of earnings calls and social media sentiment, to support portfolio construction and risk management.

3. Personalised investment services

Personalised investment services use customer data and digital interfaces to tailor financial guidance, product access and portfolio tools to individual circumstances. As financial data becomes more accessible through open finance frameworks, platforms can tailor advice using a more complete picture of household finances. Singapore's SGFinDex, which aggregates banking, insurance and government data, illustrates how cross-institutional data can support comprehensive financial planning. This matters because the quality of digital advice depends in part on how complete the view of the client is: a platform that can only see bank-account data is fundamentally more limited than one that can also see insurance, investment and retirement holdings.

[24] D'Acunto, F. and Rossi, A. (2023) 'Robo-Advising', in Handbook of Financial Decision Making, Edward Elgar Publishing.

Case study: Betterment and the evolution of robo-advisory services

Betterment, founded in 2010, is one of the largest independent robo-advisory platforms in the United States, with approximately US$65 billion in assets under management by early 2025. The platform includes goal-based financial planning, automated tax-loss harvesting and coordinated portfolio management. The platform charges 0.25% annually, significantly below the 1.0 to 1.5% typically charged by traditional financial advisers.[25] For Australia, Betterment demonstrates how automated advice can serve a broader population at lower cost, but also highlights the importance of regulatory clarity on accountability when investment decisions are executed by algorithms.

6.2 Development across major jurisdictions

The adoption of digital wealth technologies varies across jurisdictions, but the most important regulatory contrasts concern whether frameworks can cope with automated or semi-automated advice, how far digital engagement practices are supervised as investor-protection issues, and whether data infrastructure is broad enough to support genuinely personalised advice rather than narrow product nudges.

Table 4. Comparative overview of investment, funds and wealth management across major jurisdictions

Jurisdiction	Digital adoption	Cross-institutional data access	Maturity
United States	Major asset managers integrating automated tools at scale	Limited; open finance reforms pending	Advanced
United Kingdom	Widespread robo-advisory	Open banking data available; expansion planned	Advanced
European Union	Expanding alongside digital finance initiatives	Financial Data Access Regulation will extend scope	Developing
Canada	Steady growth in robo-advisory	Consumer-Driven Banking Act includes investment accounts	Developing
Singapore	Growing; government-supported	SGFinDex links banking, insurance, government data	Developing

[25]Betterment (2026) 'What Are Betterment's Fees?', Betterment.

Jurisdiction	Digital adoption	Cross-institutional data access	Maturity
Hong Kong	Gradual digitalisation, with activity in virtual banking, digital advisory and wealth platforms	Limited cross-institutional data access; open APIs mainly bank-led	Emerging
Switzerland	WealthTech adoption supported by private banking and digital investment platforms	Limited national open-finance framework; data sharing remains largely market-led	Emerging

The United States and Singapore are discussed in further detail because they illustrate two distinct pathways in digital wealth innovation that are relevant to Australia. The United States shows how automated wealth tools can be scaled through large asset managers and established investment platforms, while Singapore shows how integrated financial data infrastructure can support more comprehensive personalised financial planning.

The **United States** provides a useful benchmark for platform-led digital wealth innovation. Large asset managers and wealth platforms have increasingly integrated automated portfolio construction, rebalancing, tax optimisation and investor-facing digital tools into mainstream investment services. This is relevant to Australia because digital wealth innovation is likely to occur not only through standalone robo-advisers, but also through large incumbent platforms embedding automated tools into existing adviser, superannuation and investment ecosystems.

Singapore offers a different model, centred on integrated financial data infrastructure. SGFinDex, anchored to Singpass, allows individuals to view banking, insurance, investment and government financial data in a single aggregated dashboard. This supports more holistic financial planning and shows how digital wealth services can become more useful when they are based on a broader view of the client's financial position. For Australia, Singapore's experience highlights the importance of data breadth, trusted identity infrastructure and regulatory support in shaping the quality of personalised digital wealth services.

6.3 Australia's positioning

Where Australia leads

Large integrated investment platforms (such as those operated by major wealth managers and superannuation funds) provide a strong foundation for digital innovation. Many advisers rely on digital platforms for client reporting, portfolio rebalancing and investment analysis.

Opportunities for development

Cross-institutional financial data remains limited, constraining the development of fully personalised financial planning tools. In Singapore and Canada, open finance initiatives already allow aggregation of financial data across institutions, enabling more holistic advice. Australia's Consumer Data Right does not yet cover investment or superannuation data.

6.4 Five-year outlook

- Automation in portfolio management is expected to continue expanding. A key issue for ASIC is whether accountability and suitability obligations remain workable as systems become more adaptive.
- Personalised digital advice is also expected to become more widespread where open-finance frameworks broaden the data available to platforms, making data access strategically important because it shapes the quality of advice rather than because it is an innovation in itself.
- AI-supported investment analysis will likely become more common. A key regulatory question is how these tools interact with disclosure, suitability and investor understanding once they are embedded in execution environments.

6.5 Issues for Australia and ASIC to consider

- Automated portfolio management raises questions about accountability when investment decisions are made by algorithms rather than human advisers. Those questions become harder again where systems begin to prompt or sequence actions in more adaptive ways.
- Platform design features, including copy trading, social trading, gamification and fractionalised access models, could influence investor behaviour, potentially encouraging excessive trading or risk-taking even when they fall short of formal personal advice.[26]
- Some broader fragility questions are discussed in the second report in this two-part series, but here we note that it is worth considering how low-friction digital interfaces can change investor behaviour, in addition to any wider market-structure effects.[27]

[26]Goldstein, I., Jiang, W. and Karolyi, G.A. (2019) 'To FinTech and Beyond', Review of Financial Studies, 32(5), pp. 1647–1661.
[27]Financial Stability Board, Artificial Intelligence and Machine Learning in Financial Services (November 2024).

7. Technology-enabled regulatory and supervisory solutions

7.1 What innovations are emerging globally?

Technology-enabled regulatory and supervisory solutions are evolving rapidly, underpinned by advancements in data infrastructure and AI. A key distinction is between business-side RegTech, which automates compliance and controls, and regulator-side SupTech which supports monitoring, triage and supervisory judgement.[28]

Three key developments in RegTech and SupTech innovation are as follows. Other innovations, such as smart-contract-embedded compliance in markets or tokenised assets, are discussed in the second report in this two-part series.

1. AI-supported compliance monitoring

AI-supported compliance monitoring refers to the use of machine-learning models and advanced analytics to detect suspicious transactions, identify financial crime patterns and improve compliance screening. For example, in anti-money laundering monitoring, these tools can help distinguish higher-risk activity from routine transactions that trigger rule-based alerts. Public examples tend to be described at a high level, but they point in the same direction: models can improve precision and reduce the volume of low-quality alerts, freeing investigators to focus on higher-risk cases. For instance, Google Cloud's launch materials for its AML AI product cite HSBC as reporting that an AML AI deployment reduced alert volumes by more than 60% while surfacing substantially more suspicious activity for investigation. [29]These systems typically learn from historical case outcomes to distinguish genuine suspicious activity from routine transactions that trigger rule-based alerts.

2. Automation of regulatory reporting

Automation of regulatory reporting refers to the use of technology to collect, standardise, validate and submit regulatory data more efficiently. These tools can reduce manual reporting burdens, improve data quality and support more timely regulatory oversight. Regulators are also investing in the infrastructure needed to receive and analyse machine-readable submissions. For example, the Bank of England's Digital Regulatory Reporting initiative and the European Banking Authority's work on standardised reporting taxonomies show how reporting can become more structured and data-driven. The United States Securities and Exchange Commission's EDGAR and XBRL infrastructure also illustrates that basic foundations, such as common data schemas, machine-readable filing standards and reliable structured data, can be among the most valuable forms of regulatory technology innovation.

3. Generative AI in compliance

Generative AI in compliance refers to the use of large language models and related tools to support tasks such as document review, investigation workflows, policy analysis and drafting regulatory reports. Some firms are experimenting with these tools to summarise large volumes of compliance material, identify relevant information and assist staff in preparing internal or external reporting. Most deployments remain internal and cautious, reflecting unresolved questions about accuracy, explainability and regulatory acceptance of AI-generated outputs in formal compliance contexts.

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[28]Arner, D.W., Barberis, J.N. and Buckley, R.P. (2017) 'FinTech, RegTech, and the Reconceptualization of Financial Regulation', Northwestern Journal of International Law and Business, 37(3), pp. 371–413.
[29]Google Cloud, Anti Money Laundering AI; Google Cloud Blog, How HSBC fights money launderers with artificial intelligence; HSBC, Harnessing the power of AI to fight financial crime.

Case study: Singapore's Fairness, Ethics, Accountability and Transparency Principles and Veritas toolkit

Singapore's Monetary Authority (MAS) developed the Fairness, Ethics, Accountability and Transparency Principles as practical guidance for financial institutions using AI. The accompanying Veritas toolkit provides open-source assessment tools that allow firms to evaluate their AI models against these principles. Unlike the European Union's prescriptive Artificial Intelligence Act, Singapore's approach is principles-based and iterative: firms are expected to assess and document their AI governance, but the specific implementation is flexible. The toolkit was developed by a MAS-led consortium of 31 industry players. For Australia, the Fairness, Ethics, Accountability and Transparency model illustrates how a principles-based regulator can provide actionable AI governance guidance without prescriptive legislation, a potentially useful reference for ASIC as it develops its own approach.

7.2 Development across major jurisdictions

The development of regulatory technology and SupTech differs across jurisdictions, but the main lesson is that the most useful advances are often not the most futuristic ones. Machine-readable reporting, better structured data, applied governance toolkits and regulator-side workflow analytics are proving more immediately valuable than aspirations of fully autonomous supervision.

Table 5. Comparative overview of technology-enabled regulatory and supervisory solutions across major jurisdictions

Jurisdiction	Primary innovation area	AI governance approach	Maturity
United States	Fraud detection; anti-money laundering at scale	Fragmented; no unified AI framework	Advanced (solutions); Emerging (governance)
United Kingdom	Cross-market testing via Digital Sandbox	Senior Managers and Certification Regime accountability	Advanced
Singapore	Practical assessment toolkits	Fairness, Ethics, Accountability and Transparency Principles; Veritas; Artificial Intelligence Verify	Advanced (governance)

Jurisdiction	Primary innovation area	AI governance approach	Maturity
European Union	Risk-based compliance frameworks	Artificial Intelligence Act; Digital Operational Resilience Act	Developing
Hong Kong	Regulatory sandboxes; supervisory technology	Innovation-supportive; sandbox testing	Emerging
Canada	Governance and risk management emphasis	Principles-based and sector-specific guidance; no unified AI framework	Emerging
Switzerland	Risk management, operational resilience and technology-neutral supervision	Flexible, technology-neutral approach; emphasis on governance and accountability	Emerging

The United Kingdom and Singapore are discussed in further detail because they offer two useful models for Australia: the United Kingdom illustrates regulator-side SupTech capability and cross-market testing, while Singapore illustrates practical AI governance tools that businesses can apply before deployment.

The United Kingdom's Financial Conduct Authority has taken a distinctive approach to regulatory technology through its innovation programs, particularly the Digital Sandbox launched in 2023. Unlike traditional regulatory sandboxes that allow individual businesses to test products under modified conditions, the Digital Sandbox is designed to test cross-market innovations involving multiple firms simultaneously, for example, testing how an AI-based compliance monitoring system interacts with a new payment initiation service. The Financial Conduct Authority has also invested in its own SupTech capabilities, including natural language processing tools for analysing businesses' regulatory filings, machine-learning models for identifying outlier conduct patterns and automated analysis of transaction reporting data. These investments mean the Financial Conduct Authority can engage with business' AI governance from a position of technical understanding rather than relying solely on self-reporting. For Australia, the United Kingdom's experience suggests that building internal SupTech capability supports more effective oversight of firms that are themselves increasingly using AI in compliance and decision-making.

Singapore provides a different but complementary model. The Monetary Authority of Singapore has developed practical AI governance frameworks, including the FEAT Principles, Veritas and AI Verify, to help businesses assess fairness, explainability, accountability and transparency before AI systems are deployed. For Australia, Singapore's approach is relevant because it shows how a principles-based regulator can give businesses practical tools for AI validation without relying only on prescriptive legislation.

7.3 Australia's positioning

Australia has taken a collaborative approach to regulatory technology and SupTech development. The Department of Industry, Science and Resources' Guidance for AI Adoption provides a national framework for responsible AI use across sectors, and financial services regulators have built on this with industry-specific guidance. ASIC's Report 798[30] provides guidance on AI governance in financial markets, focusing on governance arrangements firms should have in place when deploying AI-driven systems. APRA's Prudential Standard CPS 230[31] addresses operational risk management including third-party technology dependencies. Australia's regulatory technology activity is concentrated in AML/CTF compliance, transaction monitoring and regulatory reporting.

International experience from Singapore (FEAT/Veritas)[32] and the United Kingdom (FCA Sandbox) offers useful reference models. Singapore's approach provides firms with concrete assessment tools, while the United Kingdom's Sandbox allows live testing under modified regulatory conditions. There is an opportunity for Australia to develop similar structured environments for AI validation in financial services. Supervisory expectations around management of third-party AI providers and cloud infrastructure are also continuing to develop.

7.4 Five-year outlook

- AI-based tools are expected to continue scaling in financial crime detection, regulatory reporting and risk monitoring. It is therefore important to ensure these systems can be governed and supervised.
- Generative AI may play a growing role in compliance, but near-term strategic planning should assume continued human oversight and cautious use in high-consequence decisions rather than rapid automation of formal compliance judgments.

7.5 Issues for Australia and ASIC to consider

- As businesses rely more heavily on AI for compliance, it is important to ensure governance, accountability and validation remain clear, especially where vendors or external models are involved.
- Generative AI in compliance workflows is expected to expand, making monitoring accuracy, escalation thresholds and human review important considerations.
- Growing reliance on a small number of cloud and AI vendors introduces operational concentration risks that ASIC may consider monitoring in coordination with APRA.[33]
- Continued development of ASIC's own SupTech capabilities, especially in analytics and triage, will likely be important to ensure regulatory capacity keeps pace with increasingly AI-driven and data-intensive financial services and compliance systems.

[30]ASIC, Report 798: Beware the Gap – Governance Arrangements in the Face of AI Innovation (October 2024).
[31]APRA, Prudential Standard CPS 230: Operational Risk Management (July 2025).
[32]Monetary Authority of Singapore, FEAT Principles (2nd ed., 2022); Veritas Toolkit (2023).
[33]APRA, Prudential Standard CPS 230: Operational Risk Management.

8. Cross-sector synthesis and five-year outlook

8.1 Common themes across sectors and jurisdictions

Five structural themes emerge consistently across the areas of financial services innovation and jurisdictions examined in this report.

1. AI governance gaps persist everywhere

In every sector and jurisdiction, the deployment of AI-driven decision systems has outpaced governance frameworks. The EU's Artificial Intelligence Act[34], Singapore's Fairness, Ethics, Accountability and Transparency Principles[35] and the United Kingdom's Senior Managers and Certification Regime represent the most advanced responses, but no jurisdiction has fully resolved how existing regulatory obligations apply to automated decisions.

2. Embedded finance blurs regulatory boundaries

Across credit, insurance and payments, financial products are increasingly delivered through non-financial platforms. This creates accountability gaps, particularly in dispute resolution, that existing regulatory frameworks were not designed to address.

3. Platform concentration is intensifying

In digital wallets, Apple and Google control the consumer interface. In SME lending, Square, Shopify and PayPal dominate. In RegTech, a small number of vendors provide compliance infrastructure to large portions of the sector. This concentration creates systemic dependencies.[36]

4. Outcomes-focused regulation is converging

The UK's Consumer Duty[37], the European Union's revised Consumer Credit Directive, Australia's Design and Distribution Obligations and Singapore's technology-neutral governance all prioritise consumer outcomes over prescriptive product rules.

5. Data infrastructure determines innovation capacity

The jurisdictions with the most advanced open finance frameworks are also leading in digital financial services. Australia's Consumer Data Right provides a strong legislative foundation, but its commercial maturity will determine whether Australian innovation keeps pace.[38]

[34]European Commission, Regulation (EU) 2024/1689 (AI Act), July 2024.
[35]Monetary Authority of Singapore, FEAT Principles (2nd ed., 2022).
[36]Financial Stability Board, AI and Machine Learning in Financial Services (November 2024).
[37]FCA, Consumer Duty (PS22/9, July 2022).
[38]Australian Government (2024) Consumer Data Right Strategic Review, July 2024,

8.2 Comparative maturity assessment

Table 6. Comparative maturity assessment across sectors and jurisdictions

Sector	United States	United Kingdom	European Union	Singapore	Hong Kong	Canada	Switzerland	Australia
Consumer / SME credit	Advanced	Advanced	Developing	Developing	Emerging	Emerging	Emerging	Advanced (BNPL)
Insurance innovation	Advanced	Advanced	Developing	Developing	Emerging	Emerging	Emerging	Emerging
Payments	Developing	Advanced	Developing	Advanced	Developing	Emerging	Emerging	Advanced (NPP)
Wealth management	Advanced	Advanced	Developing	Advanced	Emerging	Developing	Emerging	Emerging
RegTech / SupTech	Advanced	Advanced	Developing	Advanced	Emerging	Emerging	Emerging	Developing

The table above provides a comparative maturity assessment across the six sectors and seven jurisdictions covered in this report, together with Australia. Maturity is assessed on a three-point scale: advanced (established regulatory frameworks and meaningful market adoption), developing (regulatory frameworks in progress or early-stage market activity) and emerging (limited regulatory attention or market activity to date). The assessment reflects the position as of early 2026 and is based on the regulatory and market evidence discussed in Chapters 3 through 7. Australia's position varies considerably across sectors. It is relatively advanced in consumer credit (driven by buy-now-pay-later reform) and payments (through the New Payments Platform) but still emerging in areas such as insurance innovation and wealth management.

8.3 What is likely to scale (2026–2031)?

Several developments are expected to reach mainstream adoption within five years, based on supportive infrastructure, regulatory momentum and observable market trajectories.

- Open banking frameworks are expected to expand toward broader “open finance” frameworks that give consumers greater control over sharing a wider range of financial data across providers. The EU’s Financial Data Access Regulation[39] and Canada’s Consumer-Driven Banking Act[40] have already legislated this expansion.
- The regulatory distinction between buy-now-pay-later and traditional consumer credit is expected to largely disappear.[41]

[39]European Commission, Proposal for Financial Data Access Regulation (FiDA), COM(2023) 360 final.
[40]Government of Canada, Consumer-Driven Banking Act (S.C. 2024, c. 17, s. 198), June 2024.
[41]Treasury Laws Amendment (Responsible Buy Now Pay Later) Act 2024; EU Directive 2023/2225.

- Major payment processors, accounting platforms and e-commerce marketplaces are expected to offer working capital products, following the model already proven by Square Capital (US$18 billion cumulative), Shopify Capital and Amazon Lending in the United States.
- Automated assessment and algorithmic pricing are likely to move from competitive advantage to industry baseline, as early movers such as Lemonade have shown that AI can handle the majority of straightforward claims without human intervention, creating cost and speed benchmarks that traditional insurers will need to match.
- Business payments are expected to shift toward instant settlement, though consumer adoption at checkout will likely be gradual.[42]
- Compliance technology is expected to move from AML/CTF into broader supervisory reporting and risk analytics.[43]

8.4 What remains uncertain?

Several developments face unresolved structural, regulatory or behavioural barriers.

- Agentic or semi-autonomous systems that begin to prompt or initiate actions in investment, payments or digital commerce raise unresolved questions about fiduciary duty, consumer control, liability and trust.
- Entrenched card-reward programs create significant behavioural inertia.
- Whether generative AI moves to consequential decision-making depends on unresolved explainability and liability questions.
- No significant BNPL provider has failed during a credit cycle. The regulatory response if one does could be significant.

[42]Mastercard and ACI Worldwide, Real-Time Payments Global Report (2025).
[43]Arner, D.W. et al. (2017) FinTech, RegTech, and Financial Regulation, Northwestern J. Int'l Law and Business, 37(3).

9. Issues for Australia and ASIC to consider

The developments identified in this report suggest that the most important drivers of change for ASIC over the next decade are likely to be data infrastructure, embedded distribution, model-governance challenges and the need for stronger supervisory capability. Australia has strong foundations in several of these areas, particularly payments infrastructure and consumer credit regulation, but maintaining strategic readiness will require targeted rather than sweeping policy responses.

Expanding open finance infrastructure

Data availability is becoming the foundation of financial innovation. Australia's Consumer Data Right provides a strong legislative framework, and there is scope to accelerate its commercial development. Expanding Consumer Data Right to investment, insurance and superannuation data would align Australia with the direction of international practice, particularly the European Union's Financial Data Access Regulation[44] and Canada's Consumer-Driven Banking Act[45].

Strengthening governance of AI in financial services

AI systems are increasingly used in credit decisions, insurance underwriting and compliance monitoring. There is an opportunity to develop more specific regulatory guidance on how existing obligations, including responsible lending, design and distribution obligations and best-interests duties, apply to AI-driven decisions. Clearer guidance in this area would reduce uncertainty for businesses and support more consistent supervisory outcomes. Developing such expectations, potentially drawing on Singapore's Fairness, Ethics, Accountability and Transparency model[46], could support both innovation and consumer protection.

Adapting regulation to platform-based finance

Financial services are increasingly delivered through platforms rather than directly by licensed institutions. This creates accountability gaps when responsibility is split across the platform, the product provider and other service partners. There may be value in clarifying responsibility across the service chain, strengthening expectations around disclosure in embedded finance, and working with other regulators where platform power and competition issues overlap.

Monitoring concentration on provision of technology services

Financial innovation in Australia is increasingly dependent on a small number of critical infrastructure providers, including cloud services, digital wallet operators and compliance technology vendors. Disruptions at a small number of providers could affect a large part of the financial system simultaneously. Third-party reliance and vendor concentration could be monitored in coordination with the Australian Prudential Regulation Authority on Prudential Standard CPS 230 compliance.[47]

Developing SupTech capability

Continued investment in ASIC's analytical and surveillance capabilities would support effective oversight as financial services become more complex and automated. International comparators such

[44]European Commission, Proposal for Financial Data Access Regulation (FiDA), COM(2023) 360 final.
[45]Government of Canada, Consumer-Driven Banking Act (S.C. 2024, c. 17, s. 198), June 2024.
[46]Monetary Authority of Singapore, FEAT Principles (2nd ed., 2022); Veritas Toolkit (2023).
[47]APRA, Prudential Standard CPS 230: Operational Risk Management (July 2025).

as MAS's Fairness, Ethics, Accountability and Transparency/Veritas programme[48] and the FCA's Digital Sandbox illustrate how regulators can build structured technology-testing environments. Investing in SupTech capability would strengthen ASIC's ability to identify emerging risks.

Maintaining Australia's position

Australia has several advantages: a sophisticated financial system, strong payments infrastructure and well-regarded regulatory institutions. Building on these strengths will require continued progress in open finance, responsible AI governance and modern SupTech. With the right policy settings, Australia can remain well-positioned in financial innovation while maintaining high standards of consumer protection and financial stability.

[48]Monetary Authority of Singapore, FEAT/Veritas programme; FCA, Digital Sandbox (2023-25).

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11. Appendix

This appendix provides an accessible version of the information in Figure 1.

The figure shows how data infrastructure, and AI and automation, enable and/or accelerate various financial services innovations.

Innovations in financial services

The figure lists the following innovations, which are split into five categories:

1. **Consumer and SME credit**
   - Embedded lending
   - Alternative data
   - Automated decisions
   - BNPL.
2. **Insurance innovation**
   - AI underwriting and claims
   - Embedded distribution
   - Parametric products.
3. **Payment system innovation**
   - Real-time rails
   - Digital wallets
   - A2A
   - Cross-border payments
   - E-money.
4. **Wealth management**
   - Robo-advice
   - Copy and social trading
   - Personalisation
   - Fractionalisation.
5. **RegTech and SupTech**
   - Compliance monitoring
   - Structured reporting
   - Supervisory analytics.

Data infrastructure

The figure lists the following data capabilities, which underpin the innovations:

- Data-sharing frameworks and APIs
- Action initiation (e.g. PayTo, VRPs)
- Cross-institutional data aggregation
- Digital identity and consent frameworks.

These data capabilities:

- enable consumer and SME credit innovations
- enable insurance innovations
- enable and accelerate payment system innovations
- enable wealth management innovations
- enable RegTech and SupTech innovations.

AI and automation

The figure lists the following technologies, which support the innovations:

- Machine learning and predictive models
- Generative AI and large language models
- Agentic and semi-autonomous systems
- Cloud infrastructure and vendor platforms.

These technologies:

- enable and accelerate consumer and SME credit
- enable and accelerate insurance innovations
- accelerate payment system innovations
- enable wealth management innovations
- enable and accelerate RegTech and SupTech innovations.