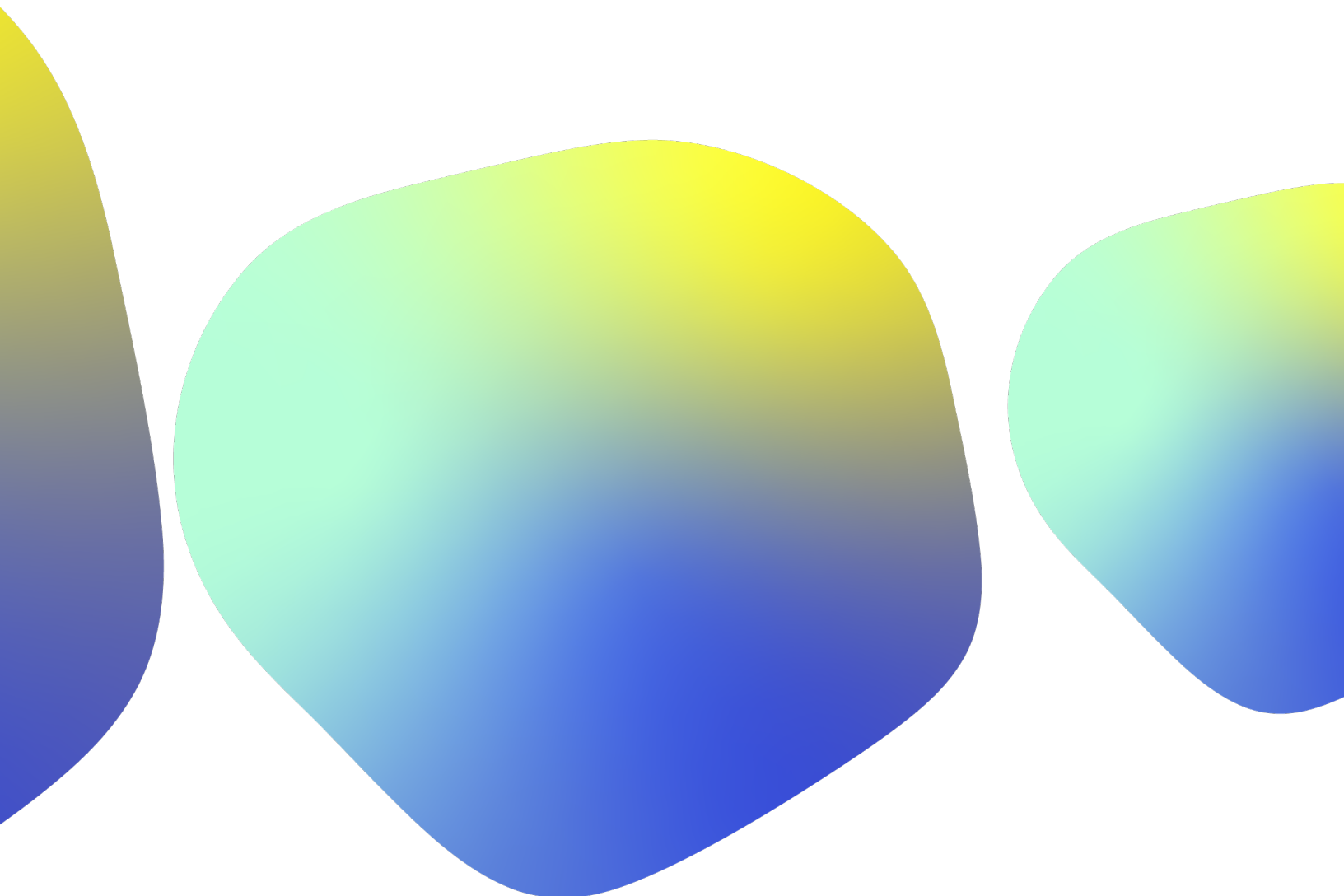


AI AND BANKING & PAYMENTS:
THE INTELLIGENCE LAYER



EXECUTIVE SUMMARY

In banking and payments, AI disproportionately reinforces execution, risk, and control layers, while accelerating commoditization of front-end and orchestration-only models. This is supported by structural protections specific to the sector: regulatory and licensing architecture, card scheme certification and banking charters, decades of proprietary transaction and case data, and deep embedding in mandatory compliance and operational workflows. Fraud, compliance, onboarding and office-of-the-CFO are example areas where AI adoption is scaling.

AI's effect on the sector is uneven and points to a more selective impact than the market's early reaction implied. Shopify's 13% post-Q1 2026 decline over implications of AI agents is viewed by analysts as an overreaction (J.P. Morgan Equity Research), given AI-driven traffic to its stores grew 8x year-over-year (Bernstein Equity Research). Block moved the other way with share price recovering from \$46.53 in May 2025 to \$74.85 by May 2026 on a structural shift to an AI-native operating model (FactSet, 5/2/25, 5/8/26).

Our view is that AI value in banking and payments accrues to platforms that combine regulatory standing, proprietary data, and embedded workflows. The sections below set out what makes the sector structurally distinct, the pace of agentic adoption today, where value is shifting across the value chain, and the risks to that view.

Agentic commerce is projected to reach \$2tn to \$5tn by 2030, representing 3% to 7% of global payment volumes

J.P. Morgan, 2026 Payments Outlook

I. STRUCTURAL POSITIONING

Six asymmetries distinguish banking and payments from the software categories most exposed to broad AI substitution.

- **Regulatory and licensing architecture.** Money transmission licenses, card scheme certification, PCI DSS, banking charters, and payments specific regimes such as PSD2/3, the ISO 20022 migration, open banking, the US GENIUS Act and the EU AI Act and DORA together create a compliance moat that any AI first entrant has to replicate before it can compete. Final GENIUS Act rules were due on July 18, 2026, and majority of EU AI Act obligations took effect on August 1, 2026, both of which directly gate the timing of stablecoin and agentic payment rollouts.
- **Transaction data depth that compounds with use.** Decades of payment flows, fraud and chargeback histories, merchant risk profiles, and card present versus card not present behavioral data sit inside incumbent processors, issuers and acquirers, and would be difficult for a new entrant to replicate at scale. Identity verification as an example is moving away from static checks to continuous, network level analysis, which is harder to replicate.
- **Operating cost base that dwarfs the technology budget sitting next to it.** Banks are using AI to reduce cost and operational burden across some of the largest expense bases in financial services. Global fraud losses run roughly \$440bn a year, up 58% annually (Interpol/ UN Vienna), with US generative-AI-enabled fraud projected to hit \$40bn by 2027, up from \$12.3bn in 2023 (Deloitte, 2024 Financial Services Industry Predictions).
- **A harness layer that becomes more valuable as domain and workflow intelligence integrates.** As the underlying intelligence commoditizes, value accrues instead to whoever owns the settlement rails, the scheme relationships, the licensing, and the merchant, issuer or consumer relationship itself. Platforms that combine proprietary data retrieval, workflow orchestration and deterministic logic are best defended against being disintermediated.
- **Network effects.** The more issuers, acquirers and merchants that sit on a given card scheme or real time rail, the more valuable that rail becomes to every other participant on it, a compounding dynamic with few equivalents elsewhere in financial services. Domestic consumer payment flows carry limited near-term disintermediation risk, given the trust, authentication, liability and settlement infrastructure networks provide. The disintermediation risk sits in micro transactions and cross border flows, where stablecoins can settle faster and more cheaply.
- **Portable agent identity and trust infrastructure.** Existing scheme relationships solve trust bilaterally, between a network and its issuers, acquirers, and merchants. Agent to agent commerce needs infrastructure that works across platforms with no prior relationship to each other, and that continuously assesses whether an agent is acting within its authorized scope. Early entrants like Vouched and Microsoft's Entra ID issue agents a revocable, permissioned identity. This solves who an agent is at onboarding. Whether that agent can be trusted over time remains unsolved. That reliability layer, a zero-trust architecture for agentic commerce, doesn't yet exist.

\$40B

US generative-AI-enabled fraud projected to hit \$40bn by 2027, up from \$12.3bn in 2023

II. AGENTIC AI RISK TIERS AND ADOPTION TO DATE

The level of AI adoption in banking and payments is tied to the scope of authority given to an agent. That authority falls into three tiers, defined by reversibility and financial consequence.

The tier framework below assumes a single agent taking a single action. In practice, a transaction increasingly involves a lead agent coordinating specialized sub-agents, one to browse, one to negotiate, one to pay, one to verify identity, each with its own scope of authority. At scale, this becomes a coordinated fleet of agents acting under one institution's authority.

Deployment today is heavily concentrated in Tier 1, with institutions using Tier 2 to build the operational and governance foundation Tier 3 will eventually require. For example, Discovery Bank's AI assistant resolves up to 55% of customer queries on first contact and Citizens Bank is piloting agents in its retail call centers (Discovery Bank). Xero goes further with "Just Ask Xero", an assistant that autonomously reconciles bank feeds and authorizes ledger modifications, a Tier 2 deployment laying down the audit trail Tier 3 will require. The developments from the last 12 months (not exhaustive) illustrate the pace of adoption across tiers (see next page).

AGENTIC AI RISK TIER FRAMEWORK

WHAT THIS LOOKS LIKE IN BANKING & PAYMENTS	Balance and status checks, fraud alert triage, KYC document review, and account status inquiries: the agent can look, and can flag, but cannot change anything.	Updating a customer record or risk profile, drafting a dispute case, or amending a KYC file: the agent changes something inside the institution's own systems, reversibly and without moving money.	Executing a payment, issuing a refund, initiating a transfer, or approving a credit line change: the agent moves money or extends credit, and the action cannot easily be undone once taken.
ACTION TYPE	Read only	Internal state modification	External / irreversible
RISK TIER	Tier 1	Tier 2	Tier 3

DEVELOPMENTS FROM THE LAST 12 MONTHS

DATE	PLAYER	TYPE	TIER	WHAT HAPPENED
Jan 2026	Mastercard: agent suite	Product development	Tier 1	"Agent Suite" launched to help merchants deploy agentic AI across discovery and service workflows
Jan 2026	FIS + Visa and Mastercard	Product development & Partnership	Tier 3	Launched an agentic commerce offering with Visa and Mastercard for AI initiated, agent authorized transactions
Feb 2026	Lane + Worldpay	Partnership	Tier 3	Partnership enabling end to end secure agentic purchases through Worldpay's rails
Feb 2026	VGS + Forter	Partnership	Tier 1 / 2	Partnership to protect payment data and block fraud specifically in AI agent-initiated transactions
Jul 2026	Flex: Series B1	Raise	Tier 1 / 2	AI-native private banking platform for mid-market business owners, using AI agents to assess credit risk and monitor cash flow
Jun 2026	Experian: agent operating system	Product development	Tier 1 / 2	Launch of a unified framework combining fraud detection, identity security and credit scoring signals, designed for future agentic deployments
Jun 2026	Backbase / Kasisto	Acquisition	Tier 1	Acquisition of Kasisto brings AI-based conversational banking capabilities
Jun 2026	Visa + OpenAI	Partnership	Tier 1	Strategic partnership bringing Visa Intelligent Commerce into ChatGPT, letting the assistant surface and recommend products to shoppers
Jun 2026	K2 integrity / riskfront AI	Acquisition	Tier 1 / 2	Acquisition of an agentic AI developer automating financial crime compliance and risk operations for banks and fintechs
Jun 2026	Arcade.dev: Series A	Raise	Tier 2	Agentic trust and authentication infrastructure for AI agents in payments, already deployed at a top US bank and other large enterprises
Sep 2025	paid	Raise	Tier 2	Raised \$22M for an all-in-one revenue and billing back-office purpose-built for AI agents and agentic businesses, handling pricing, subscriptions and invoicing via a five-line-of-code integration

III. VALUE CHAIN: WHERE AI CREATES AND DESTROYS VALUE

Motive's existing sector taxonomy for banking and payments splits the value chain into six areas, and AI is reshaping each of them differently depending on whether the underlying platform can execute or only observes.

VALUE CHAIN AREA	AI IMPACT	WHY IT MATTERS	POSITION
Commerce enablement	Mixed	Covers checkout, acceptance, merchant acquiring, embedded payments and orchestration. AI improves routing, fraud gating and checkout conversion, but this is also where competition for agentic checkout infrastructure is most visible (Visa's Trusted Agent Protocol, VGS, Basis Theory, Lane), and differentiation compresses over time as AI standardizes front end functionality across the whole stack. Merchant readiness is bifurcating. Merchants on legacy, PSP locked stacks with on premise card vaults are structurally less prepared for agent led flows than API first merchants, given limited flexibility around tokenization and catalog exposure	Mixed
Financial operations & execution	Strong tailwind	Covers procurement and payables, billing and receivables, reconciliation and close, and treasury and liquidity management. This has high automation potential: AI driven reconciliation cycles are expected to fall from a range of five to seven days to one to two days, with payment origination expected to shift further over time in combination with stablecoin settlement.	Opportunity
Payment processing, switching & settlement	Moderate tailwind	Covers issuer processing, transaction switching and payment hubs, domestic clearing and settlement, and merchant or platform wallets. AI improves resilience, monitoring and throughput, but the core economics remain infrastructure driven	Opportunity
Networks & cross border	Limited impact	Covers card network and scheme governance, cross border payments and FX, and international settlement networks. AI supports compliance, FX optimization and monitoring, with limited displacement risk to the networks themselves.	Mixed
Risk, identity, fraud & financial crime	Strong tailwind	Covers KYC/KYB, authentication, fraud detection, transaction monitoring, AML and sanctions screening, and regulatory reporting. Continuous decisioning and automation materially expand both the scope and the value of this area.	Opportunity
Core, accounts & digital banking	Moderate tailwind	Covers core banking and modernization tooling, lending origination and servicing, account ledgers, and digital banking front ends. AI improves servicing and operational efficiency, but high balance sheet and regulatory constraints slow the pace of change	Mixed

IV. FORWARD VIEW

Four structural dynamics underpin our planned investment positioning over the next three to five years.

FORWARD VIEW

DYNAMIC	OUR VIEW
Pricing model shift	Revenue share migrates away from per transaction and interchange style flat fees and toward risk based and outcomes-based pricing, for example basis points saved on fraud loss or cost saved per authorization, as AI enables more direct measurement of the value delivered.
Processor and issuer stack consolidation	Fragmented fraud, KYC, reconciliation and dispute tool stacks consolidate into fewer AI native platforms, as core processors embed equivalent capability natively.
Agentic commerce adoption	Scheme level frameworks (Visa Intelligent Commerce, Mastercard Agent Pay) represent Gen I, agent assisted checkout on existing rails, scaling through 2026 and 2027. Gen II, protocol mediated commerce where agent teams negotiate directly, is a structural re-architecture rather than an optimization of Gen I, and remains an earlier stage.
Lower barrier to entry for new, capital light entrants	AI lowers the cost of delivering comparable operational efficiency gains, so newer, more narrowly focused entrants can increasingly compete on automation quality. This risk concentrates in commoditizing front end and orchestration only segments, and is more muted where execution authority, licensing, or proprietary data create a durable moat.

- Regulatory frameworks for AI driven credit and fraud decisioning remain in early development. GENIUS Act final rules were due in July 2026 and effective the earlier of 120 days after this or January 2027.
- Scheme and network governance can slow the adoption of agentic commerce relative to a software only driven rollouts, since changes at Visa, Mastercard and other card networks require multi-party network consensus.
- Tolerance for AI driven error in payments authorization and fraud decisioning is low, given the direct consumer financial harm and regulatory exposure any mistake creates.

V. MOTIVE'S INVESTMENT APPROACH

Motive Partners is a multi-stage, domain specific investor in financial technology and services across North America and Europe, with banking and payments as one of its core subsectors.

Three convictions underpin the firm's approach to AI within banking and payments.

First, automation is capturing value and efficiency. A McKinsey case study found that equipping relationship managers with AI agents more than doubled productivity on credit work and cut decision times by 30% (Seizing the agentic AI advantage 2025, McKinsey). Banks are deploying AI across credit, risk, operations and treasury, often through point solutions that create fragmentation and governance risk. The stronger position is held by orchestration and control layers that can deploy, monitor, and enforce AI across these functions with regulatory accountability.

30%

one McKinsey case study found that equipping relationship managers with AI agents more than doubled their productivity on credit work while cutting decision times by 30%

Second, agentic commerce is reshaping consumer payments, and the same shift is raising consumer protection scrutiny. AI is moving from assistive tools toward embedded automation that can execute decisions and workflows across commerce and financial operations within defined controls. Commerce platforms are responding by monetizing payments as a core revenue stream, embedding acceptance, billing and financial services directly into software. This favors embedded and vertically distributed payment models.

Third, real time and account to account rails are structurally advantaged, though adoption is uneven by region. Adoption of real time payment rails (RTP, FedNow, Faster Payments) is increasing availability and speed for domestic payments, and merchants and platforms are increasingly routing volume from card networks toward lower cost account-based methods. Value in this shift accrues to the infrastructure, orchestration and risk layers that support faster settlement, availability, compliance and fraud prevention.

Our growth and buyout portfolio, such as Splitit and Backbase, reflects these convictions. On the ventures side we are funding earlier stage companies working the same value chain, such as finperks and Cordant. The link across both is the moat each business has: proprietary transaction data, a workflow the bank or platform depends on, and operating within a regulatory perimeter.

HIGHLIGHT

Three convictions underpin Motive's approach. Automation captures value. Agentic commerce is reshaping consumer payments toward embedded and vertically distributed models. Real-time and account-to-account rails are structurally advantaged as volume routes away from card networks.

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CASE STUDIES

CS1

SPLITIT

BACKGROUND

Splitit is an omnichannel, white-labeled, fully-embedded installments-as-a-service technology solution that uses shoppers' existing credit card lines to offer installment payments at the point of sale ("POS"). Splitit serves as a middleware technology that leverages existing card rails to empower merchants, card issuers, card networks, and processors who have been disintermediated by BNPL.

HOW AI IS BEING EMBEDDED

Splitit is embedding AI across the transaction workflow. They are drawing on the data it collects as merchant of record: how shoppers use their installment plans, what merchants sell, and how refunds and chargebacks play out. Today that data feeds two live use cases at the core of the business, deciding which transactions to approve and catching fraud, both aimed at keeping losses down. Alongside these, a sales chatbot handles merchant-facing servicing, and a fully AI-enabled development stack supports their engineers, supporting the product roadmap. Two newer efforts look to grow sales: AI agents that help win and serve merchants, and a push into agentic commerce, where AI shopping assistants buy on a shopper's behalf. Lastly, Splitit is an early launch partner for Google's Gemini agentic shopping protocol, which builds its installment option directly into the AI assistant, so when a shopper's agent is deciding how to pay, Splitit is there as a choice at the moment of purchase.

CS2

BACKBASE

BACKGROUND

Backbase is an engagement banking platform used by banks and credit unions globally to modernize onboarding, servicing, lending and digital engagement. Its core proposition is that a bank's competitiveness increasingly rests on how it engages the end customer. That engagement has historically been fragmented across disconnected channels and legacy systems.

HOW AI IS BEING EMBEDDED

Backbase built BankingOS around four layers, each handling a distinct part of the workflow. A data layer pulls more than 50 backend systems into a single customer view, one source of truth for staff and AI agents alike. A governance layer requires every agent action to be issued against predefined policies and entitlements, with a full audit trail behind it. An intelligence layer orchestrates agentic workflows in real time, for example resolving a dispute end to end. Backbase acquired Kasisto to extend this layer with conversational AI, powering virtual assistants and digital banking coaches for customers and CSR and teller support for employees. Backbase pairs this with Factory, the execution engine that supports implementation of these solutions.

CS3

FINPERKS

BACKGROUND

Finperks is building a global, API-based infrastructure layer for the fragmented prepaid ecosystem (gift cards, cashback, loyalty programs, employee benefits and crypto off-ramps), designed to give banks, fintechs, HR platforms and retailers a single API, contract and settlement layer across more than 700 prepaid brands in 30+ countries. Founded in 2025 by the team that built and sold Viafintech to Paysafe, finperks differentiates on local as well as global brand access, letting clients reach country-specific prepaid supply through one integration instead of negotiating separately with individual suppliers.

HOW AI IS BEING EMBEDDED

Finperks is actively building a PSP layer for agent commerce, creating B2B infrastructure for companies building B2C agents and giving them a controlled and secure spending rail. Prepaid rails offer the advantage of built-in guardrails and a simplified checkout experience for agents with only the entry of a prepaid code, with potential upside through cashback enrichment.

CS4

CORDANT

BACKGROUND

Cordant is a coordination and orchestration layer for multi-rail financial operations, sitting above custody, payment hubs, compliance tooling, and enterprise systems of record.

HOW AI IS BEING EMBEDDED

Cordant's core thesis is that AI cannot be deployed responsibly in regulated financial workflows until activity is observable, explainable, and governed, and the product exists to make that possible. It is designed to normalize signals from payment rails, ledgers, and compliance systems into a shared event model, then extends that visibility into "listen permits," giving teams a real-time, audit-grade view of how a transaction moved and which controls applied. From there, Cordant is designed to introduce narrowly scoped, policy-gated execution, letting operations teams automate exception handling without creating "unilateral execution" regulatory risk. As AI and agentic workflows push into payments and back-office operations, this governed layer becomes the prerequisite, positioning Cordant as the control plane multi-rail AI runs on top of.

ABOUT MOTIVE PARTNERS

Motive Partners is a private investment firm exclusively focused on financial technology and technology-enabled business services companies, investing from early-stage ventures to growth equity and buyout in North America and Europe. The firm invests across five subsectors: banking & payments, capital markets, data & analytics, insurance, and wealth and asset management. Motive Partners applies its proven investor, operator, innovator (IOI) model across its

portfolio, combining deep financial technology expertise and proven operational rigor to accelerate growth and value creation. With offices in New York, London, and Berlin, the firm provides differentiated insight, connectivity, and capabilities to create long-term value in financial technology companies.

More information on Motive Partners can be found at www.motivepartners.com.

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