Thrive Or Die – Large Fintech

Large Fintech Edition — Why The Firms That Disrupted Banking Now Face The Same Gap They Exploited

A Charterhouse Consultants white paper by Bridget Convey, August 2025

Executive Summary

Large fintechs face a third inversion. Having built genuine AI capability and governance discipline to reach scale, they now confront the same gap incumbent banks face, because they are becoming incumbents themselves. Revolut, now authorised as a UK bank, has built PRAGMA, a proprietary foundation model trained on roughly 40 billion banking events across more than 25 million users, that its own leadership says now outperforms human reviewers at detecting financial crime. That is the Core and Shell pattern this whole series describes, achieved from the opposite direction, by a company that started as pure capability and has had to build institutional-grade governance to match its new regulatory status.

The Premise: The Gap Is The Danger, Not The AI

In October 2023, a group including Turing Award winners Yoshua Bengio and Geoffrey Hinton, alongside Stuart Russell, Daniel Kahneman and more than twenty other senior AI researchers, published a consensus paper in the journal Science on the risks of advanced AI. Their argument was precise. AI capability and autonomy are increasing rapidly. Companies are shifting toward systems that can act and pursue goals with reduced human oversight. Governance is not keeping pace with that shift. The danger they describe does not come from AI itself. It comes from the widening gap between what a system can now do on its own and how closely anyone is still watching it.

That paper is about safety and governance at a societal scale. It does not comment on corporate strategy, and I want to be precise about that rather than overstate its relevance. What it gives this paper is not a business endorsement, it gives us the mechanism. Capability grows. Autonomy grows. Oversight does not grow at the same rate. At large fintech scale, the gap risk changes shape again. It is no longer about building governance from nothing, it is about maintaining the speed and product culture that created the company while now operating under the same regulatory scrutiny as the incumbents it disrupted.

Why Fintech Inverts The Pattern, Rather Than Repeating It

The earlier papers in this series use Kodak and Blockbuster to show what happens when governance and culture are already entrenched and capability is left to lag behind them for years. Fintech is not that story, and I do not want to force it into that shape just for consistency. Kodak built the camera and then refused to let it threaten film. Fintechs, almost without exception, are AI-native from day one. The technology is not the thing being suppressed. It is the thing the company was built around. The gap does not open because capability was held back. It opens because governance has to be built from scratch, at speed, while the company is simultaneously trying to grow, raise capital and survive.

Same mechanism, opposite direction of travel. That distinction matters for this paper because it changes what closing the gap actually looks like. An incumbent closes the gap by finally letting new capability threaten an old, protected business model. A fintech closes the gap by building institutional discipline around a capability it already has, before growth, investors or a regulator forces the issue. This is the stage where the paper's argument comes full circle. A large fintech that governs well is, in Core and Shell terms, indistinguishable from BlackRock or Aladdin, a technology platform with a regulated licence wrapped around it. A large fintech that governs badly is a fast-growing company about to have its first Kodak-scale governance failure, just under a banking licence instead of a film business.

Klarna remains the clearest large-scale proof that this failure mode is real inside fintech specifically. Klarna gave its AI assistant real autonomy over customer decisions in 2024, cut headcount to match, and by 2025 was publicly reversing course after customer satisfaction on complex issues degraded. That was not a failure of capability. Klarna's AI worked. It was a failure to govern how far that capability was allowed to run before a human needed to be back in the loop, which is the exact shape of gap this paper is built around, just playing out at company speed rather than societal speed.

The Evidence: What A Genuinely Closed Gap Looks Like At Scale

Revolut is the clearest example in UK-founded fintech of a company that has closed the capability to governance gap deliberately, at genuine institutional scale, rather than accumulating debt the way smaller fintechs in this series have.

PRAGMA: A Proprietary Core, Built The Way BlackRock Built Aladdin

Revolut's PRAGMA is a purpose-built foundation model, developed with NVIDIA, trained on roughly 40 billion banking events from more than 25 million users across 111 countries, and now used to unify fraud detection, credit risk scoring and product recommendations that were previously handled by separate, disconnected models. Reported results include a 64.7 percent improvement in fraud detection and up to a 2.3 times improvement in credit risk accuracy. Revolut's own chief executive has stated publicly that the system now performs statistically better than human reviewers at flagging suspicious transactions. This is not an AI feature bolted onto a banking app. It is a proprietary decisioning core that the banking product sits on top of, the Core and Shell pattern this entire series describes, built from the technology outward rather than from the licence inward.

The New Risk: Becoming What You Disrupted

Revolut has more than 70 million customers, reported £3.1 billion in 2024 revenue and £790 million in net profit, and secured full UK banking authorisation in 2026, formally joining the category of institution it built its early business by being faster and less encumbered than. That authorisation is the moment the gap risk changes shape for a large fintech. The same regulatory scrutiny now covered in this series' insurance, banking and asset management papers now applies here. A large fintech's advantage was always governed speed. The die path at this scale is not ungoverned capability, it is over-governing in response to new regulatory status and losing the speed advantage that justified the company's existence in the first place.

Large Fintech In Three Horizons: The Gap Closes Or It Does Not

If the gap between capability and governance is the real variable, then each horizon below has two outcomes, not one. These are deliberately stated as firm positions, not hedged possibilities, because a board or founding team conversation needs something to agree or disagree with.

Two Years: 2026 To 2028

What happens everywhere: newly authorised large fintechs integrate full banking-grade governance and reporting requirements on top of a product culture built for speed.

- Thrive path. Firms build governance as a genuine extension of their existing proprietary AI core, in the PRAGMA pattern, so oversight and product speed are the same infrastructure rather than a bolt-on compliance layer that slows the product down.
- Die path. Firms respond to new regulatory status by layering traditional, incumbent-style governance processes on top of their existing systems, slowing product velocity without actually closing the underlying capability to oversight gap, the worst of both models.

Five Years: 2028 To 2031

What happens everywhere: the largest fintechs begin competing directly with BlackRock-style infrastructure plays, licensing their proprietary decisioning technology to smaller institutions.

- Thrive path. Firms with a genuinely proprietary, governed core, following the PRAGMA pattern, begin licensing fraud, credit and decisioning infrastructure to smaller banks and fintechs who cannot build it themselves, opening the same second revenue line BlackRock built with Aladdin.
- Die path. Firms that scaled on borrowed or vendor AI infrastructure without building a genuinely proprietary core remain dependent on suppliers, unable to differentiate on trust or unit economics against firms that did build one.

Ten Years: 2031 To 2036

What happens everywhere: the distinction between large fintech and incumbent bank effectively disappears for the firms that closed the gap in both directions, governance and capability.

- Thrive path. The winning large fintechs are, by this point, simply the most technologically capable financial institutions in their markets, and the banking licence is one component of a much larger data and decisioning business, exactly the end state this entire paper series has been describing from every direction.
- Die path. Large fintechs that either failed to govern their capability or over-governed it into losing speed are acquired by, or absorbed into, the firms that closed the gap correctly, joining Kodak and Blockbuster as the version of this story that happened to start with the technology already built.

What I Am Recommending To Large Fintech Boards

- Build governance as an extension of your existing proprietary AI infrastructure, not a separate compliance layer imported from traditional banking, since the two produce very different outcomes for product speed.
- Treat your proprietary AI core, if you have genuinely built one, as a potential licensable asset for smaller institutions, following the Aladdin precedent, rather than only as an internal efficiency tool.
- Revisit board risk appetite explicitly now that banking authorisation applies the same regulatory scrutiny described in this series' incumbent-facing papers, since the die path at this scale is now as likely to be over-governance as under-governance.

Conclusion

Large fintechs are the version of this paper's argument that started at the opposite end from Kodak and Blockbuster, and Revolut shows what it looks like to arrive at the same destination correctly, a proprietary, governed AI core with a regulated product built on top of it. The risk at this scale is no longer that governance is missing. It is that newly acquired regulatory status tempts a fast-growing company into governance that looks like an incumbent bank's rather than governance that extends its own technological advantage. The firms that get this right do not become Kodak. They become what BlackRock already is in asset management, the platform everyone else eventually has to license.

Sources: Insights4VC, ADVISORI, Cryptonomist, Forbes, NVIDIA case studies, PYMNTS, Nebius customer stories. All figures current as of mid-2026, verified at time of writing. This is a first draft prepared for internal discussion.