
FINTECH RISK INTELLIGENCE

The Fintech Risk Stack

8 product risks that most frameworks
underestimate — and why it matters

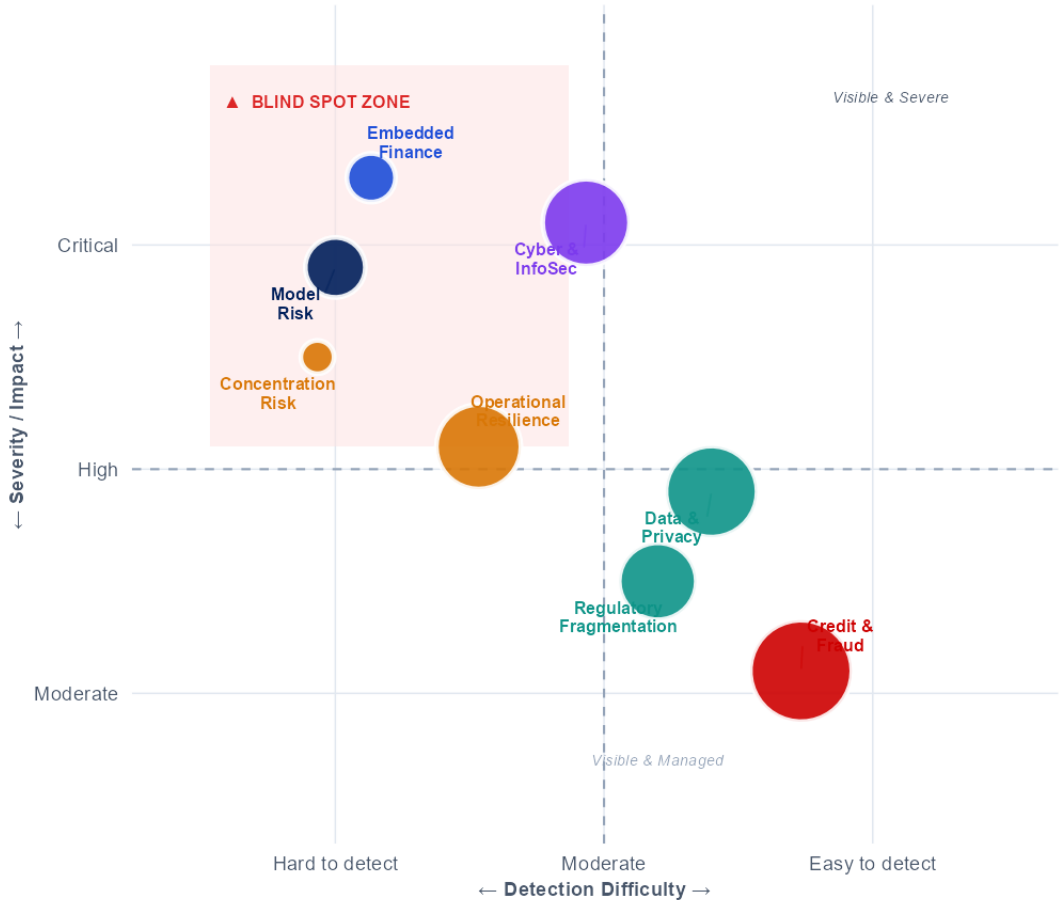
MODEL RISK · EMBEDDED FINANCE · REGULATORY FRAGMENTATION

CONCENTRATION RISK · DATA GOVERNANCE · CYBER EXPOSURE

OPERATIONAL RESILIENCE · CREDIT MODEL DRIFT

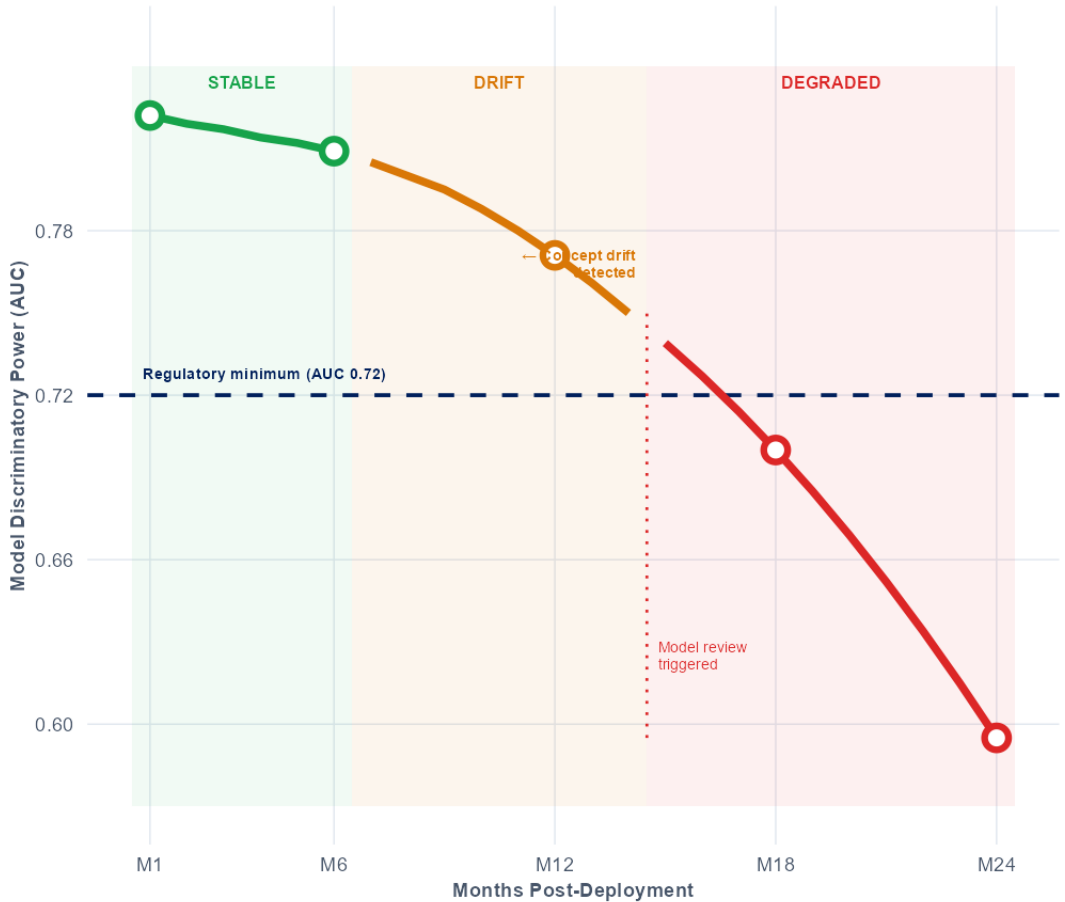
The Fintech Risk Landscape

Bubble size = frequency of occurrence · Red zone = high severity + hard to detect



Model Risk: The Silent Performance Decay

Credit scoring model AUC over 24 months · SR 11-7 / equivalent MRM standards apply



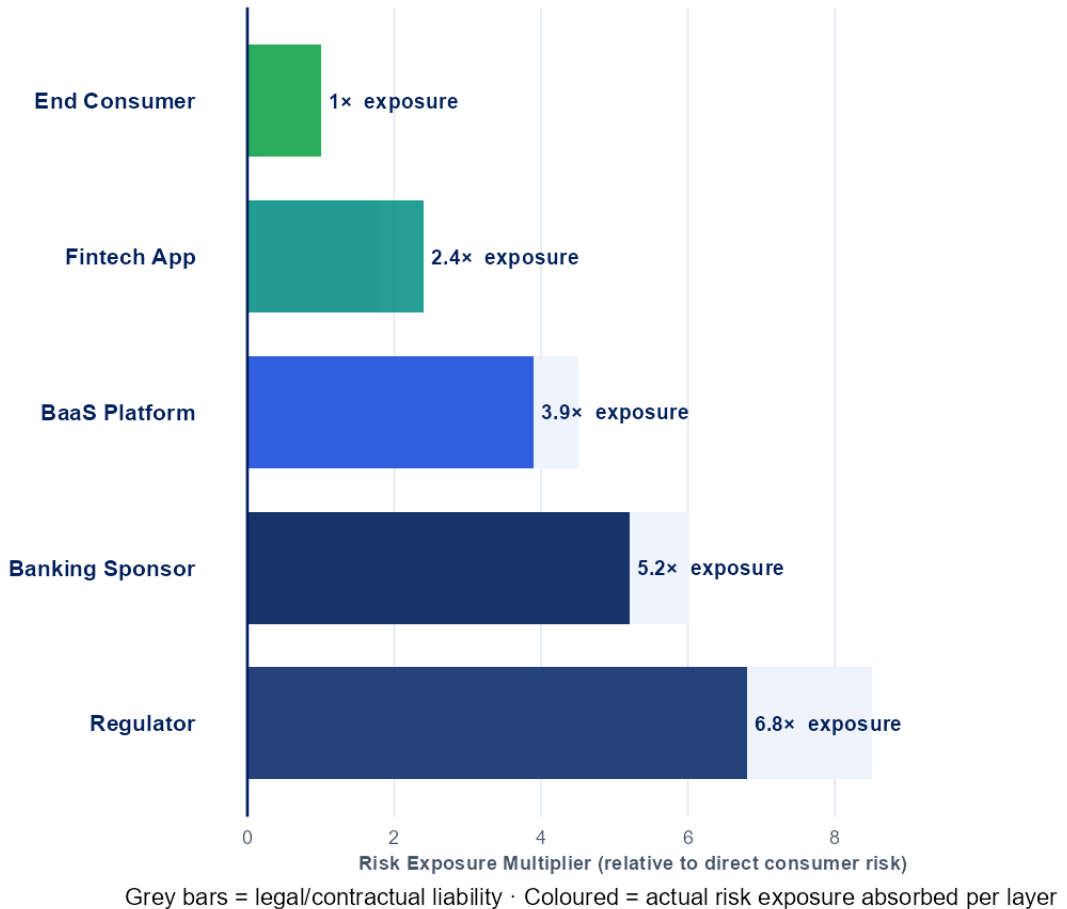
Regulatory Fragmentation Across Markets

Same product · 6 jurisdictions · entirely different risk profile

	SG	US	EU	UK	KSA	UAE
BNPL	Medium	High	Severe	Severe	High	Medium
Crypto	Medium	Severe	High	High	Severe	High
Neobank	High	High	Severe	Severe	High	High
Payments	High	High	Severe	Severe	High	High
Lending	Medium	Severe	Severe	High	High	Medium
InsurTech	Medium	High	Severe	High	Medium	Medium

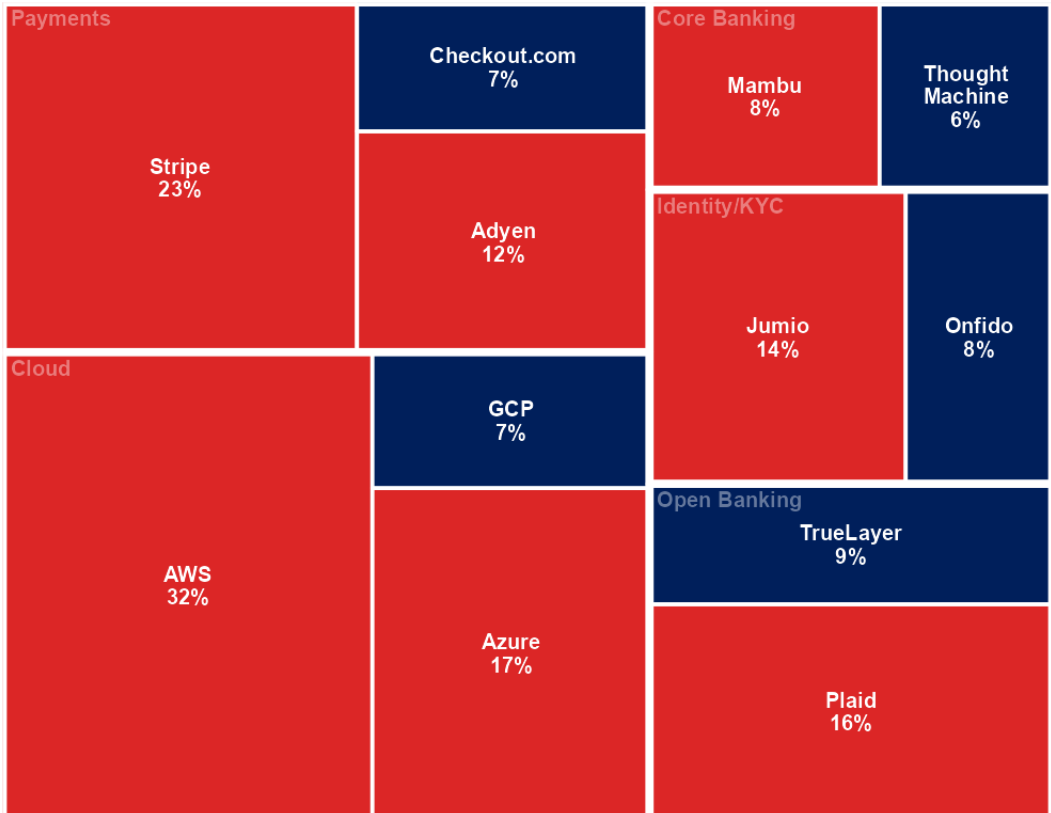
Embedded Finance: Risk Doesn't Disappear — It Migrates

BaaS and sponsor bank models amplify risk 6× by the time it reaches the regulator



Concentration Risk: 3 Vendors Run Your Fintech

The dependency map most boards have never seen



Dependency ■ Critical — single point of failure ■ Monitored — alternative exists

Area = % of critical infrastructure path · Critical = no viable short-term substitute

Operational Resilience: The SLA Illusion

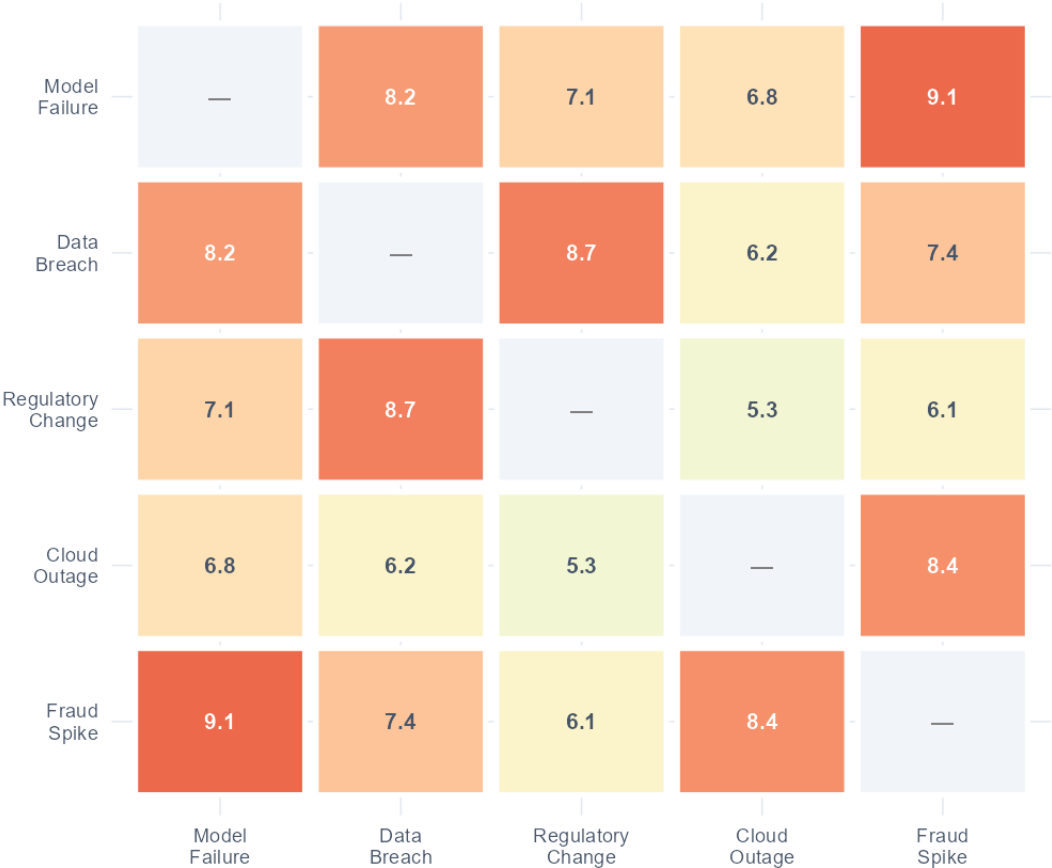
Regulators demand faster recovery than most vendor contracts actually guarantee



RTO = maximum acceptable downtime · Source: public regulatory guidance & SLA benchmarks

Compound Risk: Risks Multiply, They Don't Add

The most dangerous scenarios live at the intersections



Compound severity when both risks materialise simultaneously · Diagonal = single-risk baseline

3 Questions to Ask Your Risk Team — Today

1

When did you last validate your credit models?

SR 11-7 and equivalent standards require ongoing monitoring.
Most fintechs validate annually at best — models drift monthly.

2

Can you map your critical data flows end-to-end?

PDPL, GDPR, and PSD2 require it. Most fintechs discover
third-party data sharing only after a breach notification.

3

What's your embedded finance risk appetite — in writing?

BaaS and sponsor bank relationships transfer liability
in ways most product teams haven't stress-tested.

Most fintech risk frameworks are built for

individual risks — not compound failures.

Risk isn't a department.

It's a product feature.

- Model risk degrades silently — validate quarterly, not annually
 - Embedded finance multiplies risk exposure 6× across layers
 - Most vendor SLAs don't meet regulatory resilience thresholds
 - Risk compound effects are exponential, not additive
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Found this useful? Follow for more on audit, risk & fintech.

What risk does your team underestimate most? Comment below.