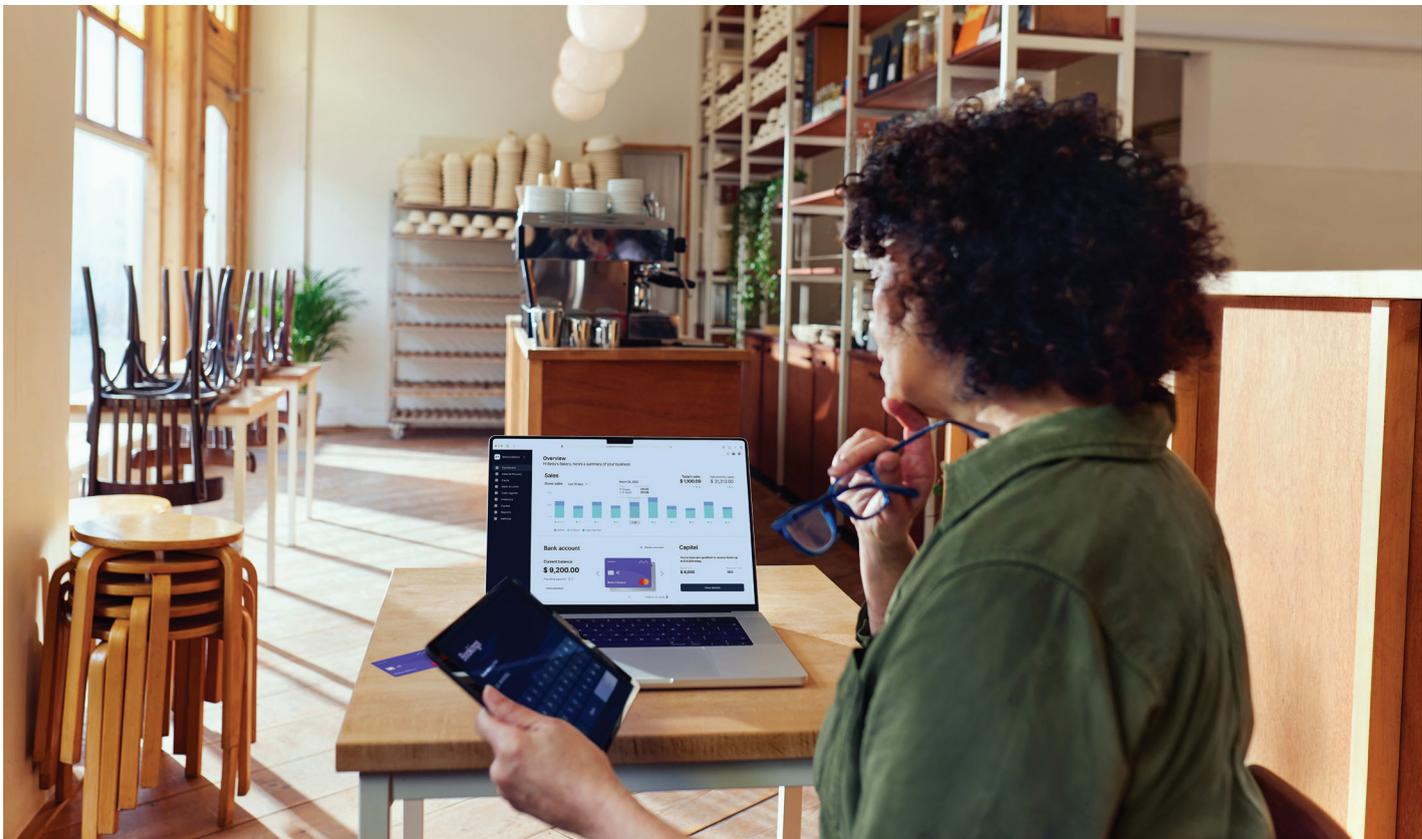


The Embedded Finance Report

# How SaaS platforms can unlock the Embedded Finance opportunity



adyen

BCG

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Adyen and Boston Consulting Group partnered to reassess the state of embedded finance for SaaS platforms in 2024. Our research includes quantitative and qualitative data from approximately 30 leading platforms and 2000 SMBs across North America, Europe, the UK, and Australia, covering eight industries, including food and beverage, retail, and hospitality.

#### The research

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30 platforms

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2,000 SMBs

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6 countries

#### Key findings

**\$185bn** total addressable market size for embedded finance in 2024

**3-4x** revenue growth for SaaS platforms that offer embedded finance

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**40%** of SMBs are interested in embedded financial services from their platform

**80%** of the market is untapped

# Introduction

## The future belongs to those who fully unlock the power of embedded finance

Since we published our first embedded finance report in 2022, the space has rapidly evolved. As we forecasted in 2022, a trend of success has emerged among software-as-a-service (SaaS) platforms that started embedding finance early on. First-movers now make more than 50% of their revenue from embedded payments rather than from software and are rapidly scaling other embedded financial products.

According to our latest research, embedded finance is now a critical growth lever for SaaS platforms, pivotal to meeting small and medium sized business (SMB) needs and differentiating in an increasingly competitive market. Platforms that do not seize the opportunity now, risk falling behind and losing market share.

## The embedded finance opportunity for SaaS platforms

### Market growth

The total addressable market for embedded finance has grown to \$185bn, up 25% in two years, driven by a favorable interest rate environment and an overall expansion of banking revenue pools.

### Untapped potential

Less than 20% of the market is currently addressed, leaving significant room for platforms to expand.

### Growing appetite for embedded finance

With first-hand experience of the benefits of embedded payments, SMBs are now showing greater appetite for other embedded financial services.

### Revenue upside

Platforms that adopt embedded finance can grow revenues up to 3-4x their current subscription income.

Total addressable market (TAM)

**\$185bn**

Current market size

**\$32bn**

Untapped potential

**\$153bn**

TAM of North America and Europe combined, for product scope including Payments, Capital, Accounts, and Issuing.

## What this report offers

### **Market analysis**

A detailed view on market size, adoption dynamics, and revenue potential for key regions.

### **Proven strategies**

Insights from leading platforms that have successfully embedded financial services.

### **Practical playbook**

Guidance on creating a competitive offering, bringing embedded financial products to market, and finding the right partner.

## Glossary of terms

### **Embedded finance**

Financial services integrated into a SaaS platform's brand and ecosystem. 'Embedded finance' refers collectively to the embedded financial products this report examines: Payments, Capital, Accounts, and Issuing.

### **Embedded payments**

Payment processing for online or in-person transactions that an SMB can access directly through a SaaS platform with no third-party referrals.

### **Capital**

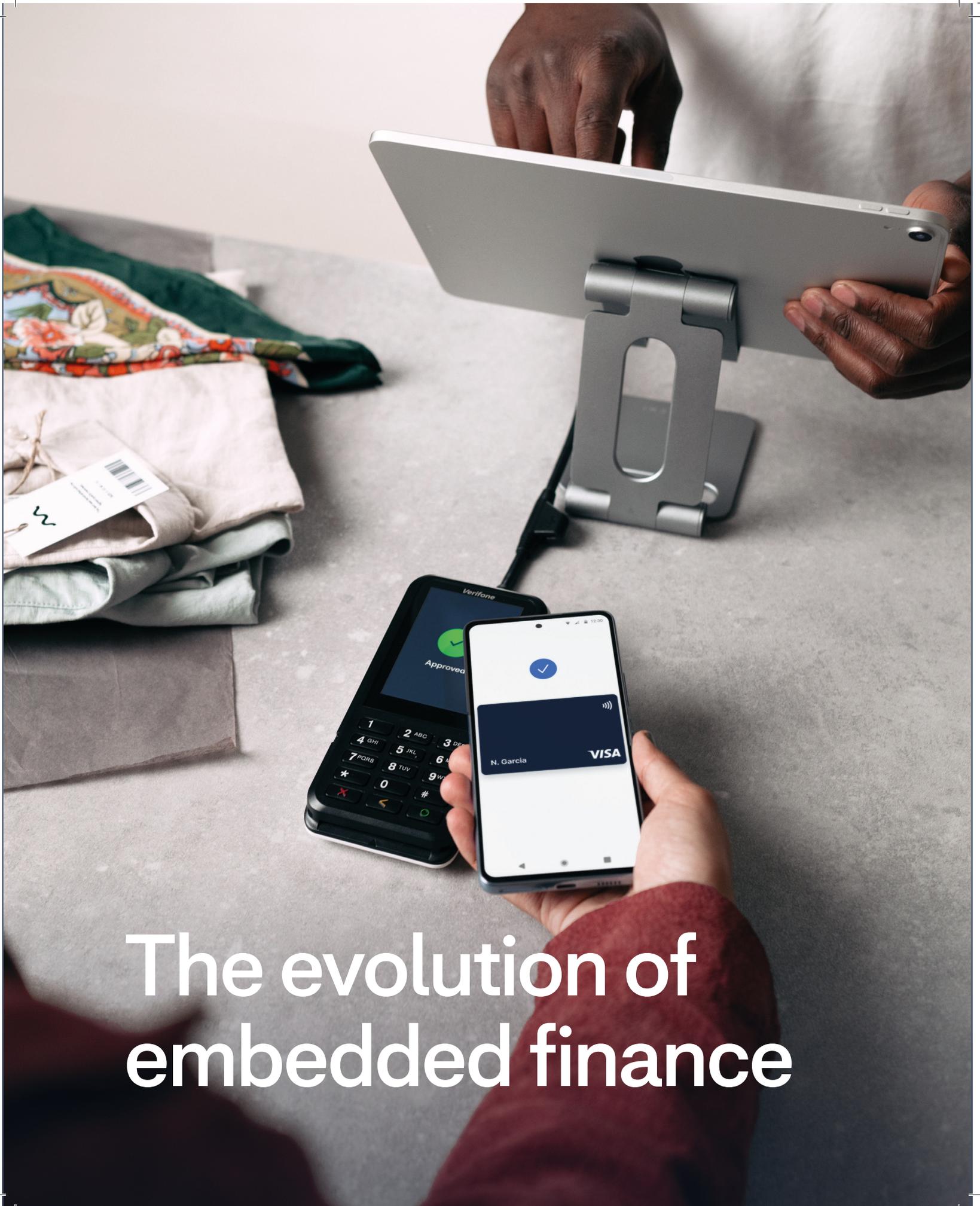
Short-term unsecured business loans that SMBs can directly access through a SaaS platform without being required to go through a separate lender.

### **Accounts**

Business bank accounts integrated into a SaaS platform that SMBs can use for pay-ins and pay-outs.

### **Issuing**

Physical or virtual credit or debit cards that SMBs can use to instantly receive and spend funds, offered and branded by a SaaS platform.



The evolution of  
embedded finance

The SaaS landscape is transforming how SMBs receive banking services. Now occupying a central role in SMB workflows, platforms are no longer just tools but business lifelines. By streamlining core processes and tailoring financial services to their needs, platforms address a gap left by traditional banks struggling to serve this sector.

Key shifts over recent years include:

- **SaaS market maturation:** Across industries, SMBs embrace SaaS platforms to run their business, with up to 80% adoption. This intensifies competitive pressures, compelling platforms to differentiate based on service quality as much as on price.
- **Service expansion:** Platforms increasingly seek growth through product and service expansion and an uplift in average revenue per user (ARPU), over solely user acquisition.
- **Tougher regulatory landscape:** Many banking-as-a-service (BaaS) providers in the United States and Europe have recently been forced to pause onboarding or shut down due to compliance issues. This has disrupted the space, yet SMB demand for embedded finance remains strong.

Amid these shifts, SaaS platforms have an opportunity to capitalize on the untapped potential of embedded finance. Given their unique position in user workflows and existing high-trust user relationships — built through already providing software and payments solutions — SaaS platforms can effectively embed a comprehensive suite of financial services like business loans, accounts, and cards.

## Adjusting to a tougher regulatory landscape in the US

US regulators have intensified scrutiny of fintech-bank partnerships, with consent orders tripling from 2022 to 2023.

Regulator interventions impact all parties in the chain:

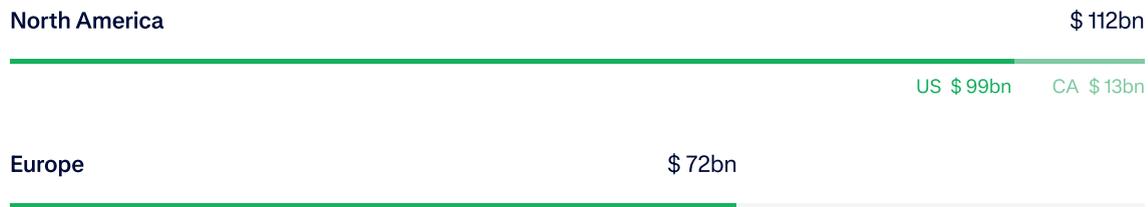
- Banks must address compliance issues
- Fintechs face operational pauses
- Platforms risk service interruptions and are forced to migrate to compliant partners
- SMBs experience disruptions in access to critical financial services

**Why this matters:** For SaaS platforms, partnering with financial providers with extensive compliance capabilities is crucial to avoid operational risks, ensure uninterrupted service, and protect their reputation with SMB users.

# A \$185bn addressable market up for grabs

Four embedded financial products drive significant revenue potential for SaaS platforms in the SMB space: Payments, Capital, Accounts, and Issuing. In 2022, their combined total addressable market (TAM) stood at \$150bn. Today it stands at \$185bn, a 25% increase. This uplift is due in part to today’s higher interest rate environment providing tailwinds for accounts, and in part to soaring payment volumes as SMBs process more card payments and continue to shift away from cash and checks. So far, only \$32bn out of \$185bn has been captured, leaving 80% of the market up for grabs.

Estimated embedded finance TAM by region, 2024 (\$bn)



With the highest adoption, payments is now the cornerstone for embedding broader financial products. Although payments still hold considerable untapped potential, an equally large opportunity lies in other financial product categories, where adoption is rapidly accelerating — albeit from a small base. Capital holds major growth potential given persistent unmet funding needs from SMBs. Accounts present a huge addressable market while also strategically unlocking new relationships with users (e.g., bill pay, expense management).

## TAM and market size per product



Momentum for embedded finance is building. SMBs are eager to further streamline operations, preferring platforms that allow them to manage business processes and banking centrally. As competition intensifies, pressure is rising for platforms to add differentiated value for their users and show backers how value will be continuously unlocked. Platforms can increase their average recurring revenue (ARR) by embedding more financial products, driving faster business growth.

This signals a critical moment for platforms to act: those that embed financial products now can capture more market share, increase revenues, and reinvest in the business, gaining a long-term advantage as SMB demand for these services grows.

The total embedded finance market is expected to double by 2030, growing at a 10-15% compound annual growth rate (CAGR) as adoption rates rise. The annual growth rate of capital, accounts, and issuing is expected to be even higher at 20%, outpacing the more mature payments. North America is taking the lead in embedded finance, but Europe is closing the gap.

### Estimated embedded finance market size growth from 2024 to 2030



# An opportunity to amplify platform revenue 3-4x

To date, only a handful of leading platforms are capturing the embedded finance opportunity. Trailblazers have seen significant revenue benefits: Lightspeed, Toast, and Shopify are all great examples of now generating over half of their revenues from embedded finance.

The success of early movers demonstrates the embedded finance opportunity and brings us to an inflection point. However, with an adoption rate still below 20%, the opportunity is all to play for: **now is the time for SaaS platforms — competing to win in their industry — to invest in the revenue potential of embedded finance.**

## Leading platforms reap early rewards of embedded finance

### Lightspeed

60% of revenue is transaction-based (FY 2024)

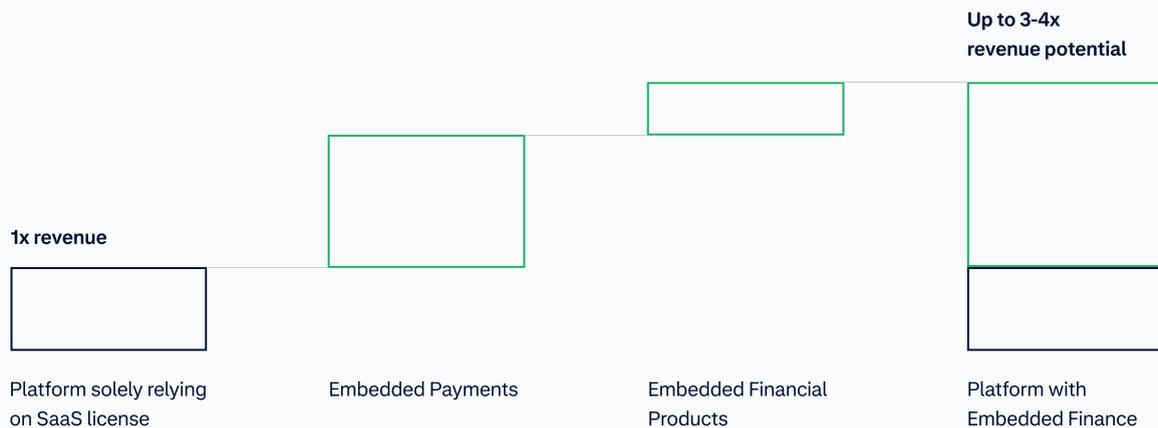
### Toast

83% of revenue comes from 'Financial technology solutions' (FY 2023)

### Shopify

74% of revenue comes from 'Merchant Solutions', primarily Shopify Payments (FY 2023)

## Revenue potential with embedded payments and embedded finance



### Revenue potential of embedded finance for SaaS platforms

SMBs generate substantial revenue from using financial services, which traditional banks predominantly capture today. But, as platforms embed financial products, they begin to win this business from rival banks.

Let's take the example of a typical small business with a physical storefront with an annual revenue of \$1m, of which 75% (\$750,000) is processed through payment acquiring services. Our unit economics analysis reveals:

- The average total annual banking revenue generated by the SMB is ~\$13k.
- Potential annual revenue for a SaaS platform would be ~\$5.5k (based on current product adoption rates of top platforms: up to 60% for payments and 20% for financial products).
- This figure is only set to grow as product adoption increases.

#### Unit economics for a representative SMB

	SMB volume	Banking revenues	Embedded finance adoption rate	Platform RPU
Payments acquiring	\$750k	\$6k	60%	\$4k
Account balance	\$167k	\$4k	20%	\$1k
Short-term loan	\$100k	\$2k	20%	\$0.4k
Card spend	\$45k	\$1k	20%	\$0.2k
<b>Total</b>		<b>\$13k</b>		<b>\$5.5k</b>

Embedded finance's revenue potential depends on a platform's starting point and integration strategy. Most platforms partner with banking providers or fintechs to unlock this opportunity, sharing revenue through partnership models ranging from white-labeled to referrals. The chosen model significantly impacts net revenue potential. The more partners involved, the more margin needs to be split.

"Toast's strategy is to provide vertically integrated products to support restaurants' end to end needs and help them thrive. By being integrated, we believe that we are uniquely positioned to solve for restaurants' technology and financial needs, including those faced by their employees and their owners. We started early on with payment acceptance, moved into payroll, access to capital, and over time have added other innovative solutions (e.g., pay cards, insurance). FinTech solutions play a large part in our monetization strategy, and we see a large opportunity in embedded finance."



Michel Rbeiz  
General Manager (FinTech), Toast





# How to unlock the embedded finance opportunity

Embedded finance is transforming the way platforms monetize and meet SMB banking needs. As the trusted partners to many of the largest global SaaS platforms, Adyen and BCG navigate this journey alongside industry juggernauts. From our vantage point, it's clear that platforms succeeding with embedded finance prioritize two things: tailoring products to their users' workflows and increasing user adoption by implementing strategic product go-to-market (GTM) campaigns.

This playbook offers an inside view on what it takes, in terms of product and GTM strategy, to fully capitalize on the embedded finance opportunity.



## Product playbook

SaaS platforms far outweigh traditional banks in their ability to customize solutions for the industries they serve. Platforms can create innovative financial services that deliver what their specific SMB users need, when they need it — differentiating them from traditional providers.

This section suggests key factors for platforms to consider when embedding each financial product.

## Embedding a superior payments product

Embedded payments has always been a strategic unlock for SaaS platforms, allowing them to create bespoke payment flows, facilitate commerce for their users, and diversify revenue streams by earning on transactions. For competitive SaaS platforms, payments is now the gateway to embedding other financial products. Payments is the most mature product, but there is still room for growth in terms of adoption and how it's being embedded.

Currently, approximately half of platforms use semi-integrated payment models, which cause operational inefficiencies and missed revenue. Shifting to a fully embedded payment experience, with features like automated reconciliation and centralized support, unlocks a new level of convenience for SMBs. 97% of SMBs experience higher overall satisfaction with fully integrated embedded payments.

Payment needs vary across industries, which creates an opportunity for platforms. Vertical platforms are ideally suited to offer payments tailored to their users' unique workflows. For example, platforms serving beauty and wellness SMBs often integrate appointment scheduling with payments and increasingly offer recurring membership payments. Platforms serving the food and beverage industry may include robust tipping options, mobile terminals to streamline tableside checkout, or Tap to Pay to help SMBs save on hardware costs.

Horizontal platforms serving multiple industries, such as accounting or invoicing platforms, offer more scalable solutions and see greater benefit in enhancing payable and receivable processes that cater to all sectors, like payroll or B2B collections.

One consistent trend across industries is the need to unify online and in-person payment channels, creating seamless, connected experiences for platform users and their customers as shopper expectations continue to rise.

### Embedded payments adoption per industry



Industry adoption runs at two speeds: front-running industries such as hospitality and beauty and wellness lead with adoption rates between 50-55%; industries typically slower to integrate, due to continued reliance on invoices, checks, or wire transfers, like healthcare and professional services, fall behind with adoption rates at ~40%. However, the gap between groups is closing as less digitally savvy industries begin to jump on the trail blazed by innovators.

You can't compete if you don't have the basics right. For SaaS platforms, that means first embedding a superior payments product. Key considerations:

#### **Deliver a consumer-grade experience**

Seamlessly embed payments into software to manage everything from onboarding to reconciliation. SMB owners, as consumers themselves, now expect the same smooth, intuitive experience they enjoy with modern consumer technology to extend into their business workflows.

##### **Example**

Cafés are onboarded digitally and in real-time to a SaaS platform to start processing transactions as soon as possible, rather than enduring slow, high-friction processes or worse, having to go to a physical branch.

#### **Tailor payments to users**

Build a custom payments product for users, similar to how vertical SaaS platforms tailor features to specific industries. Consider which payment channels, methods and value-added features match user needs.

##### **Example**

A tour operator needs portable, durable terminals with extended or replaceable batteries and SIM connectivity, provided by their platform, to suit their payment needs as they deal with high transaction volumes on the go.

#### **Deeply integrate, with features unlocked by payments**

Bake payments into existing software to create deep synergies and help your users understand the full value of using embedded payments. Embedded payments unlocks financial insights like what best-selling products are, where most refunds come from, and offers cash flow forecasting through increased visibility into pay-in and pay-out trends.

##### **Example**

A curated luxury brand store uses its platform's built-in feature, 'auto-dispute chargebacks,' to protect its bottom line and avoid manually searching through receipts whenever it needs to initiate its chargeback defense.

## Embedding a superior capital product

Businesses need capital for growth and stability. For small businesses particularly, access to funding is especially tricky. Their need for loans extends beyond the initial phase of business building — they also need funds for repairs, expansions, inventory, and seasonal coverage for surges or quiet periods.

Yet, obtaining loans is hard. Traditional providers such as banks require extensive paperwork and lengthy processes, and approval isn't guaranteed. For example, only 20% of SMB loans are approved by US banks. Many other providers offer quick funding but at high costs. Some SMBs are forced to turn to informal sources – such as short-term loans from friends and family.

SaaS platforms have the opportunity to meet SMB financing needs by embedding capital directly in workflows. Platforms have a competitive edge with their ability to use existing payments and operations data to automate processes like underwriting and pricing. Most importantly, platforms have established trust with SMBs, which makes it easier to offer them secure and affordable financial solutions.

Our research reveals that SMB interest in embedded capital solutions extends beyond simple cash advances into demand for loans with greater duration optionality and flexible repayment terms.

### Embedded capital features highly valued by SMBs (% of respondents)

53%

Fast access to funds

50%

Flexibility i.e., of terms and repayment options

47%

Auto-repayments

As one of the most pressing SMB needs, capital is one of the largest opportunities for SaaS platforms to grow embedded finance revenue in the short term. Key considerations:

#### Pre-approved offers

Leverage payments and operational data to offer pre-approved loans based on past sales, skip traditional applications and rejections, and give SMBs quicker access to capital when it's needed most.

#### Example

After a strong sales period, a clothing retailer's platform automatically notifies them about their eligibility to receive pre-approved funding at a competitive rate, avoiding lengthy approval processes.

#### Optimize the full experience

Streamline the entire lending process, from application to approval, to eliminate the need for users to switch between systems or input data multiple times.

#### Example

A successful gym easily secures a loan through its platform to purchase new equipment without needing to interact with external providers or re-enter personal details.

#### Fit-for-purpose funding

Use predictive analysis of SMB trends and cash flow forecasting to offer capital with flexible repayment options.

#### Example

A SaaS platform offers a short-term loan to a deli in the weeks leading up to a typically strong sales period (based on historical sales data), ensuring they can stock up in time.

## A shout out for CashOut

CashOut offers SMBs instant, on-demand access to pending sales proceeds through a pay-per-use model available 24/7/365.

Traditional payouts often have delays and aren't available on weekends or holidays. CashOut ensures continuous liquidity for SMBs.

- About 80% of SMBs are interested in CashOut.
- Half of SMBs would pay 1% or more for the service on demand.

Competitive SaaS platforms should consider integrating cash out into their financial product suite if they want to give users the utmost cash flow flexibility.



## Embedding a superior accounts product

A business account is an SMB's financial control room and portal to receive additional services like bill payments and expense management. By offering accounts, SaaS platforms can strengthen user relationships, improve operational efficiency by enabling SMBs to manage all financials in one place, and generate revenue through new features.

Today, SMBs are largely satisfied with their accounts and perceive traditional banks as trustworthy, with only 30% considering switching. To differentiate, platforms must offer features that banks struggle to deliver — like faster access to funds, more sophisticated financial management tools, and streamlined account reconciliations for pay-ins and pay-outs.

Horizontal platforms are best positioned to offer accounts as their services align with account functions like accounting, payables, receivables, and cash management. However, we see a growing demand for accounts in specific B2B verticals, like legal services, where payments are typically managed through bank transfers rather than cards.

“There’s a significant challenge with switching accounts, especially when it’s the primary account. Nobody wants to manage two banking apps. However, if we can make it feel less like a traditional banking app and more like an efficient way to manage receivables, we overcome this barrier. Trust is a crucial factor as well, given the existing banking relationships.



**Bryan Thompson**  
Chief Technology Officer, AffiniPay

### Embedded accounts features highly valued by SMBs (% of respondents)

51%

Fast access to funds

48%

Ease of use

38%

Fast to open

Key considerations for embedding a superior accounts product:

#### Unify financial management

Create a one-stop shop that offers users a holistic business overview where funds and operations can be centrally managed at unmatched standards of speed and control.

#### Example

A freelancer using an invoicing platform bills their customers and settles those funds into a business account without delays within the same platform environment.

#### Bundle accounts with cash management features

To differentiate, platforms must identify their unique value-add. This could include features like expense management, payroll or tax savings, and 'reserve jars' for upcoming obligations.

#### Example

A property manager responsible for multiple buildings sets up business accounts for each property they manage to differentiate between rent earned and bills paid across buildings.



## Embedding a superior issuing product

Today, SMBs have widespread access to business cards through traditional banks. To differentiate, SaaS platforms must use their deep integration into SMB workflows to issue physical and digital cards with value-adds that banks struggle to provide. These include seamless data reconciliation, with features like spend management for expenses or invoices. Some leading vertical platforms offer cards before introducing an embedded account, providing a solution for payout reconciliation without offering a full banking interface.

“Platforms are increasingly exploring broader purchase and expense management solutions integrated within the software, which makes the data reconciliation and visibility seamless. Charge cards could become the go-to solution.



**Cesar Medina**  
Senior Director of Product Management, Buildertrend

### Embedded issuing features highly valued by SMBs (% of respondents)

41%

Integration with business software

40%

High credit limit

37%

Ease of obtaining additional cards

Key considerations for embedding a superior issuing product:

#### Make it easy for users

Build a card program tailored to user needs. Consider factors like expense management, supplier payments, whether access to credit is required, or whether suppliers in the industry typically accept card payments.

#### Example

A construction company easily issues virtual cards to project managers within minutes, allowing them to purchase building materials without delays, directly charged to the company's account.

#### Creating fit-for-purpose card controls

Offer cards that allow dynamic spending controls based on payment limits, geolocation, and expense types. These controls provide an extra layer of security to ensure safe usage of corporate cards.

#### Example

A logistics company issues drivers physical cards with card controls that set daily spending caps and limit fuel purchases to specific gas stations, ensuring cards are used only for necessary fuel expenses.

#### Offer incentives

Create an incentive program tailored to the specific needs of users.

#### Example

A SaaS platform catering to healthcare providers offers discounts on medical supplies or patient management software for clinics using corporate cards issued through the platform.

# Go-to-market playbook

SaaS platforms can offer superior financial products thanks to their deep industry knowledge and foundational position in day-to-day SMB operations. However, embedding great products is only half the work. Platforms also need go-to-market strategies that drive product adoption and usage.

Here are three steps we recommend for successfully launching embedded finance.

## Step 1: Go full stack (sequentially)

50% of SMBs express an interest in using a full suite of embedded finance products in the near future. The quicker a SaaS platform can offer a full product stack, the sooner they can capitalize on this opportunity. By providing a broad product suite ranging from payments to capital, accounts, and cards, platforms meet SMB demand and reinforce revenue growth through a self-sustaining cycle of monetizing the same dollar multiple times.

### The full stack in action

- An SMB **accepts a payment** using a terminal provided by their SaaS platform and receives funds into their **embedded business account**.
- The platform earns a transaction fee and a monthly fee for account usage.
- The SMB uses the funds in their account to pay a supplier using a **platform-issued card**.
- The platform earns a one-time interchange fee on the supplier payment.
- The SMB decides to expand their business and takes a **pre-approved loan** from their platform.
- The platform earns a loan fee.
- The SMB receives the funds in their **business account** and accesses them with a **platform-issued card**.

The platform monetizes the same dollars multiple times through **full stack embedded finance**.

“To maximize the revenue potential of your platform, you need to offer a broad suite of interconnected finance products such as payments, capital, accounts, and card issuances. Our goal is to circulate and amplify the value of the same dollar in our ecosystem five times, turning each transaction into a catalyst for further growth.

**fresha**

**Pawel Iwanow**

Chief Payments Officer & Co-Founding Member, Fresha

Rolling out a full suite at once is nearly impossible. Platforms must strategically expand based on users' most pressing needs, building roadmaps they can realistically support with their resources.

Although product launch sequences may differ, both vertical and horizontal SaaS platforms typically begin with payments. Vertical platforms often see capital as a natural next step. Using insights from payment flows, they can offer loans with better risk assessment and seamlessly integrate them into users' operations. Horizontal platforms often see business accounts as the logical follow-up to payments due to their compatibility with administrative features like accounting.

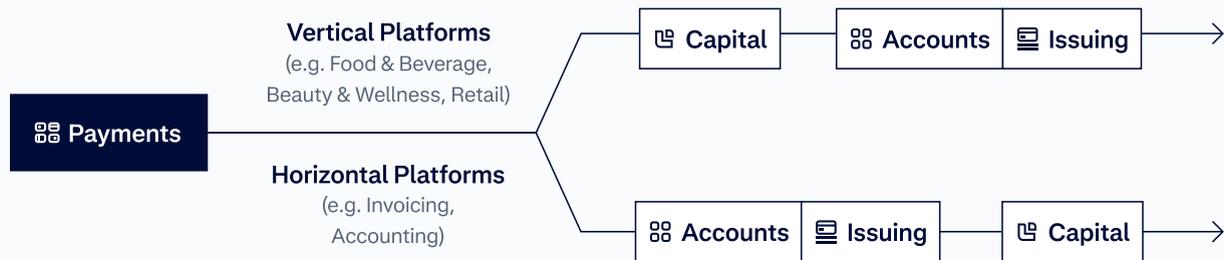


“Payments was the starting point of AffiniPay’s journey to solve customer pain points with adoption well over 90%. Swiftly, we have added a broad range of other products, from software to better manage practice workflows to embedded finance products to further fuel our growth.



**Bryan Thompson**  
Chief Technology Officer, AffiniPay

### Embedded financial products: Where to start?



## Step 2: Create awareness (natively)

Up to 60% of SMB users are unaware of the financial services available to them via their SaaS platforms. Where product awareness is low, adoption bottlenecks are high. To solve this, platforms must take a multi-pronged marketing and sales approach.

“Everything starts with awareness: the financial products need to be visible and fully integrated into our platform. Secondly, we need to ensure the customer understands the fees and trusts our platform as a banking provider.



**Chris Rich**  
Director of Financial Services, ROLLER

On brand level, SaaS platforms must reposition as credible financial service providers. On product level, defining Ideal Customer Profiles (ICPs) helps platforms understand a product's target users, how it solves their pain points, and how to position the product to them accordingly.

It's essential to showcase embedded finance availability and benefits to existing and prospective target users. To do this, platforms can leverage data-driven segmentation to deliver personalized offers to eligible SMBs, use high-visibility placements within the platform ecosystem (such as dashboard prompts or in-workflow notifications), and use pop-ups on their website.

Marketing drives awareness and sales drives adoption. Tailoring commercial strategy to products is key. As capital products are effectively 'bought' by SMBs, platforms must design self-sign-up flows that allow fast onboarding. Accounts and cards, as more complex offerings, must be effectively 'sold' to SMBs. Ideally, within the platform ecosystem as part of tiered bundles.

“Epos Now has seen a solid uptake in account adoption by cross-subsidizing with discounts on other embedded finance products. While reconciliation and reporting are valuable features of accounts, it is the commercial aspect that truly drives usage for SMBs.



**Richard Nolan**  
Chief Operating Officer & Chief People Officer, Epos Now

### Step 3: Foster usage (relentlessly)

The full potential of embedded finance comes from maximizing usage. To achieve this, platforms should use all the resources at their disposal:

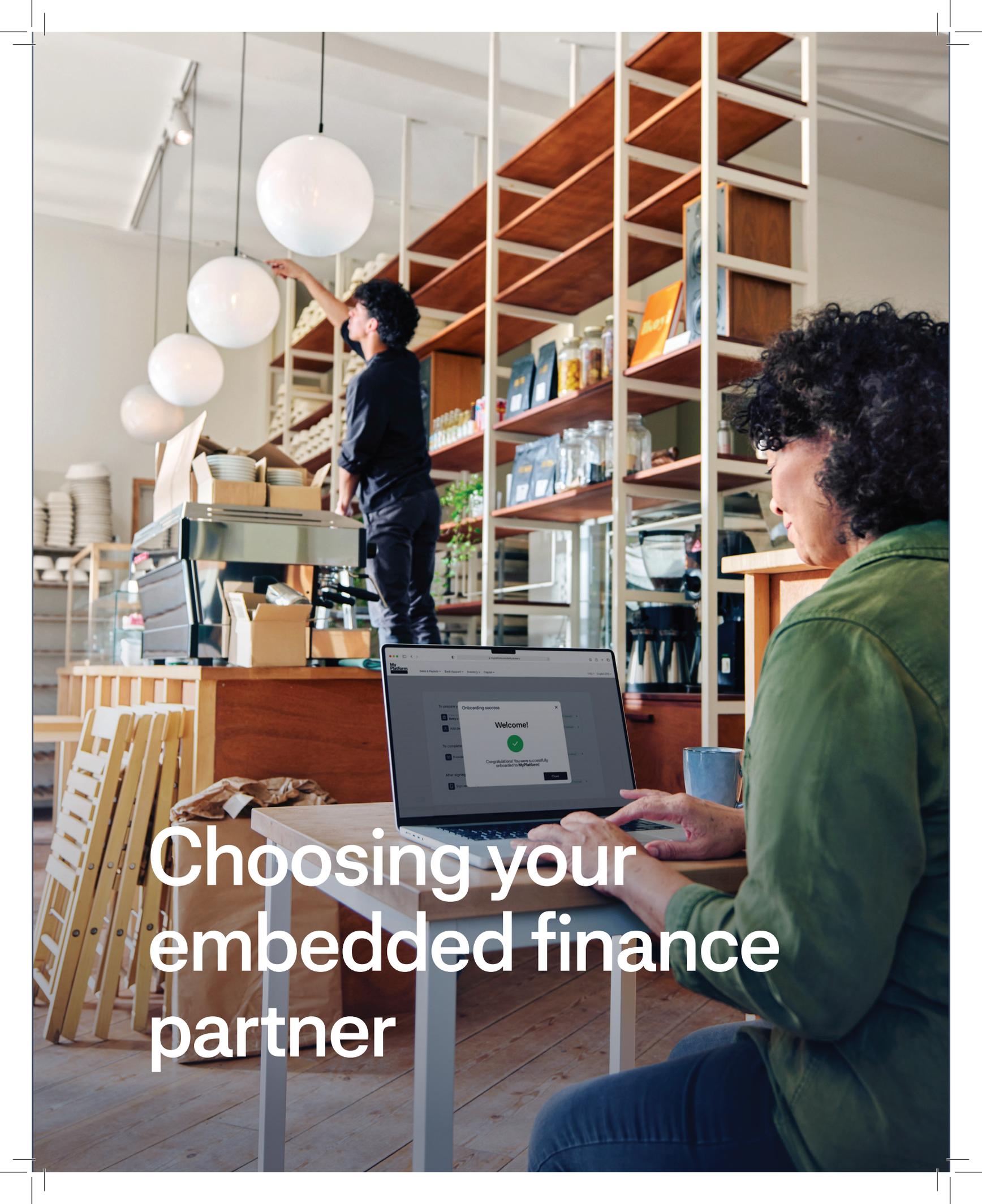
- Additional features (e.g., account reconciliation) built into products
- Incentives and rewards for SMBs using multiple products
- Discounts or preferential rates for increased transaction activity

The more services SMBs use, the more value they experience. Platforms can bundle related products like payments with accounts to onboard users for multiple products at once. Consequently, they reduce time spent on Know-Your-Customer (KYC) and Anti-Money Laundering (AML) checks. This boosts the value of a SaaS platform's offering and solidifies their position as a one-stop shop. Platforms can increase usage for existing users by adding features like account services and card issuance with upgrades.

“Our current accounts are bundled with our payment solution. When you accept payments, you automatically open an account on which all sales proceeds are deposited. That step is straightforward; the opportunity lies in incentivizing our merchants to maintain funds in their accounts.



**Pawel Iwanow**  
Chief Payments Officer & Co-Founding Member, Fresha



# Choosing your embedded finance partner

There's a lot at stake in getting embedded finance right. Platforms are not banks, and banking is not easy. Choosing a partner wisely today is critical for future success.

We suggest keeping four questions in mind when assessing potential partners:

**Do they support a full suite of embedded financial products?**

Embedding financial products supports long-term growth. Partnering with one provider for multiple products is majorly beneficial, notably providing a single source of support and unmatched synergy as products function interoperably.

**Do they have experience and deep integration capabilities?**

Embedded finance success depends on strategy and integration depth. Platforms should choose a partner with embedded finance experience and development resources to achieve direct integration.

**Do they have world-class compliance expertise in-house?**

Fintech faces strict global compliance regulations, especially after the collapse of Silicon Valley Bank. With rising regulatory scrutiny, good isn't enough; platforms need partners who are compliance experts.

**Do they have global reach and local expertise?**

As embedded finance demand grows globally, geographic platform expansion is critical. Partners with global, proprietary acquiring and banking footprints that can navigate local nuance are preferred.

The SMB banking revolution is underway, and the demand for embedded financial products beyond payments is rapidly increasing. Platforms need to act now to unlock this transformative growth opportunity. The future belongs to those who fully embrace the potential of embedded finance.

Ready to take the next step?

Get in touch >

# Scope & Methodology

The insights reflected in this report were gained through a global SMB survey with over 2000 respondents. We asked SMBs about their platform preferences, payments, and embedded finance needs. In addition, we investigated both SMBs' current adoption and future interest in these solutions and performed a deep dive into key features for the three products explored in detail.

In addition, we conducted more than 30 interviews with leading platforms worldwide to understand their embedded finance product roadmaps and timelines, the needs they observe from their SMB users, and what they look for in prospective financial services partners. An embedded finance market estimate complements those qualitative insights and forecasts to 2030. This estimate is based on a dataset leveraging proprietary BCG SMB banking data and platform and SMB insights from global research. SMBs in our report are defined as companies with up to \$25 million annual revenue.

## Appendix

# Addressable market sizing methodology

Our addressable market sizing methodology consists of a 5-step approach to estimate the embedded finance commercial potential:

1. The starting point is the SMB banking revenue pools for the respective countries and/or continents based on a BCG proprietary tool that provides 'share of wallet' market intelligence (i.e., based on more than 1.2m company wallet records between 2016 and 2023 and bank client data).
2. A filter is applied for three products that platforms can most easily embed in their workflow in the short term: capital, accounts, and card issuing.
3. A second filter is applied to remove industries that are less likely to leverage platforms and marketplaces at the core of their business operations (e.g., forestry, fishing, hunting, mining).

We add a capital unlock in order to include the potential of serving the unmet capital needs of SMBs in the traditional financing landscape. This results in the total addressable market (TAM) for embedded finance solutions in North America and Europe.

## Methodology from TAM to current market size

To obtain the immediate short-term potential, two additional steps are taken into consideration:

4. Apply an industry-specific platform penetration rate for SMBs.
5. Apply an industry-specific penetration rate for each of the embedded finance products, for SMBs.

### Embedded finance sizing methodology



## BCG

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

## adyen

Adyen (ADYEN:AMS) is the financial technology platform of choice for leading companies. By providing end-to-end payments capabilities, data-driven insights, and financial products in a single global solution, Adyen helps businesses achieve their ambitions faster. With offices around the world, Adyen works with the likes of Meta, Uber, H&M, eBay, and Microsoft.