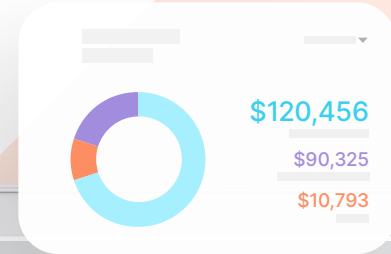
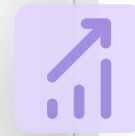


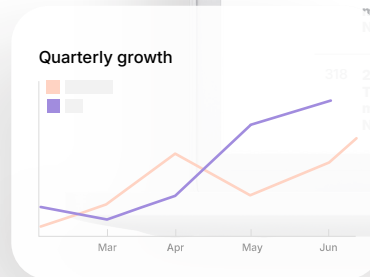
EMBEDDED FINANCE

Fueling growth journeys with Embedded Finance

Discover must-know insights into how embedded finance is reshaping the financial landscape and driving growth for software platforms.



Id	Info	Make	Model	Size	Colour	Customer	Amount	Status
321	21.01.2025 Test01 manager Name: Ted	Orbea	Xrossover GT	27.5"	Red	J.Song	\$2788	Shipped ✓
320	21.01.2025 Test01 manager Name: Ted	Orbea	Xrossover GT	29"	Blue	B.Hurst	\$2388	Shipped ✓
319	21.01.2025 Test01 manager Name: Ted	Wing	Streeteze	27.5"	Black	S.Handley	\$1399	Shipped ✓
318	21.01.2025 Test01 manager Name: Ted	Wing	Landy	27.5"	Yellow	A.Gold	\$1250	Shipped ✓



INTRODUCTION

Turning software platforms into a launchpad for growth

By 2032, the embedded finance market is projected to grow to:

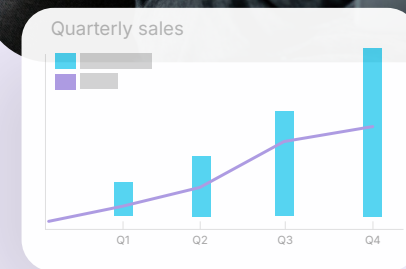
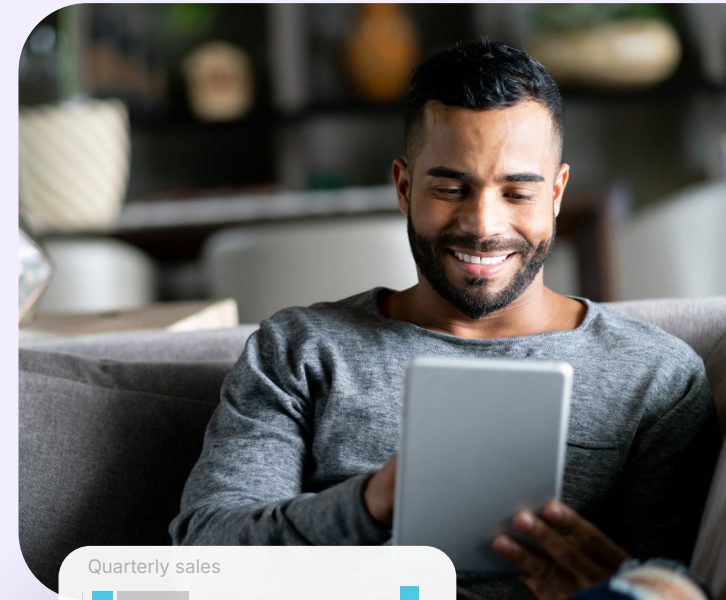
\$523.01_{BN}

Blink and you may miss the lightning-fast transformation happening in the financial world. The really exciting part? Embedded finance is at the forefront.

Incredible as it may seem, in 2023, the embedded finance market was valued at \$73.83 billion, but hold on to your hats, because it is projected to skyrocket to \$523.01 billion by 2032, growing at a compound annual rate of 24.3%¹. Now that's some mighty impressive growth.

This dynamic market is revolutionising how small-to-medium-sized businesses (SMBs)

access financial products, putting the power into the hands of software platforms to reimagine their business models and restructure their offerings. Embedded finance bridges the gap between customer needs and traditional finance limitations, creating opportunities for software platforms to offer integrated, user-friendly financial solutions, and ultimately fuel growth.



¹ Epert Market Research

What do SMBs need? **Support.** When do they want it? **Now.**

As the economic outlook improves, so too does business optimism. But don't pop the champagne cork just yet, US SMBs are still actively seeking more support to expand their businesses, invest in new technologies, and increase their marketing spend² but find that traditional finance, once the go-to for SMBs, now struggles to meet their needs.

Access to capital: SMBs are concerned about their ability to access capital³

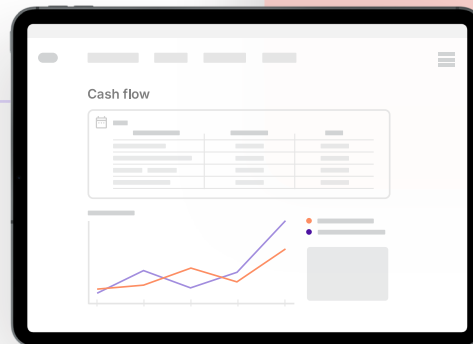
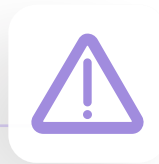
Insufficient cash buffers: Half of all small businesses hold a cash buffer of less than one month⁴

Slow bank processes: It takes an average of 6 weeks for a merchant to go through a standard bank process⁵

Predatory lending rates: Alternative lenders can charge up to 350% APR, with over 28% of SMBs having resorted to loans with predatory terms⁶

Credit score barriers: Banks and alternative lenders often consider personal credit scores, which can result in denials⁷

2 YouGov, 2024, 3 Goldman Sachs, 2023 | 4, 5, 6, 7 Credit Suisse, 2023 | 8 Unit, 2023 | 9 Airwallex, 2023



84%

Businesses open to exploring financial products through their software tools.

With cash flow tighter than jeans in the 1980s and banks failing to offer support, there's a real need for a swift and reliable financial ally to sweep in and help SMBs navigate these challenges. It's no wonder that 84% of businesses are open to exploring financial products through their software tools⁸, with 76%⁹ willing to pay a premium for these integrated services.

This shift highlights a strong preference to swap the traditional financial management methods for convenience and efficiency.

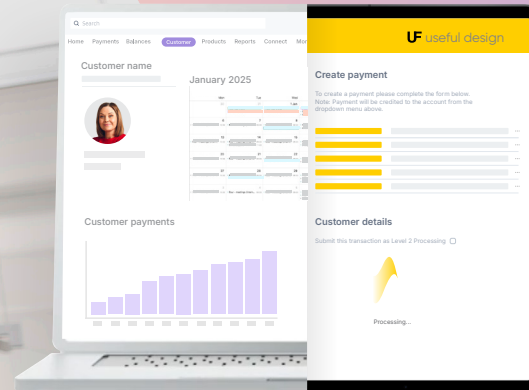
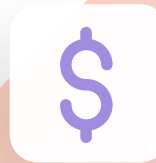
Tuning into the future of embedded finance

Just like a band playing in perfect sync, today's businesses expect their financial products to be seamlessly integrated – a trend that shows no signs of slowing. The great news is that vertical software platforms are front of stage when it comes to capitalising on this opportunity.

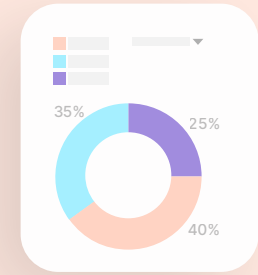
How?

By becoming more valuable, user-friendly, and indispensable to their customers.

Let's take a look at what's next for embedded finance.



Top three future trends



1 More complementary embedded solutions

Embedded Payments are the first step for software platforms wanting to integrate financial services. Payments can then act as a launchpad for a variety of complementary solutions such as lending, issuing and more. Each of these bring a host of benefits such as **increased transaction volumes** for software platforms and **stronger growth** for their customers.

For instance, SMBs with access to capital can see their **Gross Merchandise Value increase by 36%**¹⁰ and that creates a virtuous circle of benefits all round.

¹⁰ Exploring Shopify Capital's Effect on Business Growth

2 Real-time integration

Business today is fueled by data, and the future will be even more so. Solutions will use insights from user data to craft automated financial services that provide personalised financial assistance in real-time.

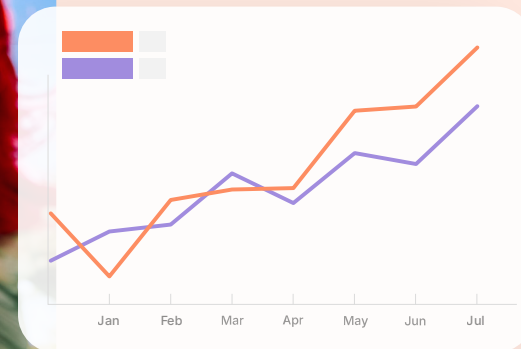
The future's fast – don't miss out.



3 Your messaging

We're not done with the data just yet. Software platforms will be digging even deeper into their customer data to offer highly personalised financial products, such as customised loan rates.

This data-driven approach ensures that services are relevant, timely and meet very specific customer needs that enhance the overall user experience.



Four key takeaways

1 Create a unified experience



Embedded finance offers software platforms a seamless way to integrate financial tools into their ecosystems. This, in turn, offers customers ready access to financial services without having to travel the long, slow, and often costly road of traditional finance. Creating this unified experience is great for both the customers and the software platform's business.

2 Boost revenue



Software platforms that offer embedded financial products can unlock new revenue streams. By providing services like pre-qualified loans based on transaction data, these platforms can see a significant increase in revenue. This growth is driven by competitive rates that benefit both the platform and its users.



1 Increase customer retention



Embedded finance makes platforms indispensable to daily operations, leading to higher user retention rates. For example, 89% of merchants are likely to take a second or third offer from their software platform after successfully receiving their first. This integration encourages loyalty and repeat business, as users are more likely to try new products offered by the platform.

4 Create competitive advantage



Offering embedded financial services sets a platform apart from its competitors. Platforms that provide comprehensive and integrated financial solutions are seen as more valuable and essential, enhancing their market position and attracting more customers. This differentiation is crucial in a rapidly evolving financial landscape.

Ready to level-up your platform?

Any software platforms looking to get ahead and stay ahead should integrate embedded finance solutions. Our team is ready to talk you through how our tools can enhance platform value, drive growth, and improve customer loyalty.

Start transforming your platform with embedded finance today.

Visit: platforms.worldpay.com

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