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2025 Merchant Insider Report

How SMBs are shifting software perspectives on embedded finance capabilities

Contents

Introduction

The time for embedded finance is now

Software is no longer just a backend tool — it's a growth engine that drives profitability, financial strategy, and customer engagement. At the heart of this shift is embedded finance. More than just a feature, embedded finance seamlessly integrates financial services — like payments, lending, and banking — directly into business software, turning platforms into all-in-one financial hubs.

In 2023

our research into better understanding software users revealed

90%

of businesses were interested in embedded finance.

Today

That same

90%

consider access to financial products and services as critical.

Your user base isn't just looking for software to manage operations. They want a one-stop-shop; A verticalized business management platform that keeps them competitive in the market, simplifies workflows, and helps power their financial future.

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The numbers tell a clear story:

More than

1 in 5

Businesses are actively looking for a software provider better suited to their industry.

2nd

Most important factor

When asked what makes a provider "better suited," is deeper integration with financial technology like banking, accounting, and payments (the first is access to data analytics).

Profitability and revenue growth

Are the top two drivers for increasing software spend proving software is now a strategic investment, not just an operational necessity.

As we'll explore in this report, embracing embedded finance is now a business necessity. Software platforms that seize the opportunity will lock in customer loyalty, drive new revenue, and redefine their market position. **Those that hesitate will watch their users migrate to their payments and finance -enabled competitors.**

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Methodology

We surveyed

552 small businesses

that utilize software platforms

Respondents were finance and technology decision-makers — people who shape software adoption and investment. **With companies ranging from $500K to $500M in annual revenue**, we gained a broad perspective into what businesses think about the role and reliance of management software and embedded finance's role within it.

This report unpacks the data and insights that software platforms need to seize this moment before it's too late:

Actionable insights

By analyzing real data from businesses, we identify what matters most to them, helping you tailor your embedded finance strategies effectively.

Market positioning guidance

With businesses actively seeking software providers that offer deeper financial integration, platforms that understand these needs can position themselves as industry leaders.

Revenue opportunities

Embedded finance isn't just a feature - it's a major growth driver. By understanding where businesses are willing to invest, software providers can unlock new revenue streams and increase retention.
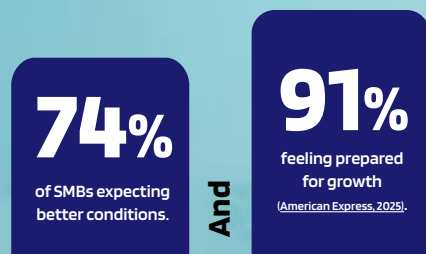
A roadmap for innovation

This research highlights the biggest challenges and opportunities in embedded finance, enabling software companies to develop solutions that align with evolving customer expectations.

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1. Bye-bye rough.
Hello smooth.

After a turbulent few years, business confidence is bouncing back in 2025.

The uncertainty of 2024 is giving way to a more stable outlook, with;

74%
of SMBs expecting better conditions.

And

91%
feeling prepared for growth
(American Express, 2025).

CEOs are feeling it too.

More than half expect economic improvements, largely due to lower inflation and easing borrowing costs (HR Dive, 2025). And they're backing up that optimism with action: nearly two-thirds plan to hire this year, while only 5% anticipate job cuts.

This shift in mindset is already reshaping investment priorities.

In 2023, our research revealed many businesses were cautious, focused on cost-cutting and operational efficiency over expansion. But now, that mindset has flipped. Businesses are actively reinvesting in software, not just to save money, but to unlock new revenue streams and scale faster.

Retail and healthcare companies are investing in ways to serve customers faster and better, while manufacturers and logistics firms are fine-tuning supply chains and exploring automation (Forrester, 2025).

Even smaller service-based businesses — some of the last to modernize — are taking steps forward, spurred on by the rise of user-friendly, cloud-based solutions.

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That's not to say every industry is charging ahead at full speed

Some sectors are still cautious, keeping an eye on consumer spending and market conditions.

But across the board, the shift is clear: businesses are moving from playing defense to playing offense. And as they do, they're looking for better technology to manage their growth, streamline operations, and improve financial control.

For many, that means rethinking the software they use to run their business. With more moving parts than ever — across payments, finance, and day-to-day operations — businesses need niche-focused technology that doesn't just keep up but actively helps them grow.

That's why verticalized business management software is moving to the center of the conversation in 2025.

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7

2. Why embedded finance is top of your customers' shopping lists

Business software is no longer just a tool for efficiency.

Previously, businesses used software to automate repetitive tasks — accounting, payroll, inventory tracking. Today, the right software can determine a company's ability to compete. Not only that but the role of software in customer experience is bigger than ever.

Customer expectations have sky-rocketed. Software is no longer just about making internal processes smoother — it's now a critical part of how businesses interact with their customers. Not only in terms of how they offer personalization but also their ability to meet customers where they want to transact.

What's more, the most successful businesses today aren't just using software — they are built around it.

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It's no wonder then that 95% of businesses say their management software is critical to success.

A number that has grown year after year — and will likely continue rising. This growing reliance is driven by three major trends:

Digital transformation:

What started as a push for efficiency has evolved into a full-scale reinvention of workflows, decision-making, and customer engagement. Companies are moving away from rigid, legacy systems and embracing flexible, cloud-based platforms that scale with them. Whether it's streamlining back-end operations or delivering seamless omnichannel experiences, digital transformation is no longer a competitive edge — it's the price of entry.

AI-driven automation:

Businesses are no longer just digitizing workflows; they're making them smarter. AI-powered management software automates decision-making, anticipates challenges, and personalizes experiences in ways that were impossible just a few years ago. From real-time financial forecasting to automated compliance and AI-driven customer interactions, companies that harness intelligent automation can shape the future of their industries at pace.

Expansion into new markets:

As businesses grow beyond their core markets, they need infrastructure that keeps up with their ambitions. The right software doesn't just support expansion; it enables it — adapting to new regulatory environments, managing global payments, and centralizing data across multiple locations. Businesses that invest in scalable platforms today aren't just preparing for growth; they're ensuring they can move into new markets without missing a beat.
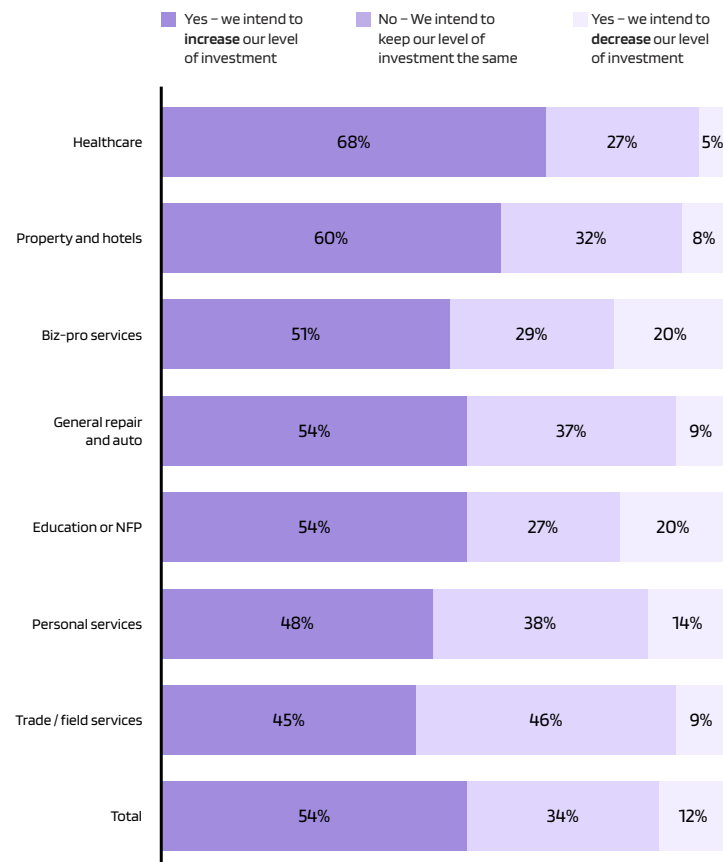
Indeed, software is the backbone of modern enterprises, shaping how they scale, invest, and compete. Our research revealed the top 5 reasons businesses view business management software as important:

Reason	%
Improves efficiency and productivity	29%
Greater overview of their business	24%
Centralized data and information management system	22%
Helps them provide better customer service	21%
It integrates with our payments capabilities	20%

As businesses push forward, they are increasing their software investments. More than half plan to grow their software budget.

With an average increase of **23%**

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Does the business intend to change its level of investment in management software? All businesses, by industry.

Legend:
- Yes – we intend to **increase** our level of investment
- No – We intend to keep our level of investment the same
- Yes – we intend to **decrease** our level of investment

Industry	Increase	Keep same	Decrease
Healthcare	68%	27%	5%
Property and hotels	60%	32%	8%
Biz-pro services	51%	29%	20%
General repair and auto	54%	37%	9%
Education or NFP	54%	27%	20%
Personal services	48%	38%	14%
Trade / field services	45%	46%	9%
Total	54%	34%	12%

Where will this additional budget go? The answer is clear:

Businesses are prioritizing platforms that offer payments and financial capabilities.

Many users have already seen the benefits of payments integrated into the native experience, whether in a personal or professionally capacity, and now expect the same level of efficiency, intelligence, and convenience in their business management platforms.

Beyond simple transactions, businesses want embedded payments and finance solutions that help them make better decisions, simplify daily operations, and create smoother transactions for their customers, and their customers' customers. Businesses see the potential for payments to work seamlessly with other data, providing insights that drive smarter financial and strategic choices. At the same time, they recognize that embedded payments and finance can streamline their teams' workloads and remove friction from customer interactions.

However, some businesses still hesitate — not because they don't see the value, but because they want more flexibility, deeper financial insights, and automation capabilities to maximize the impact. They're not just looking for a payments tool; they want a financial ecosystem that they can expand into, not just behind the scenes but as a strategic lever of business growth.

What this means for software platforms:

Your customers are not just investing in software — they're looking for platforms that embed payments and financial solutions into the experience.

The biggest share of this increased spending will go to platforms that provide payments and financial capabilities natively and drive insight, productivity, and customer satisfaction.

Now is the time to position your platform as foundational to your users' businesses today, tomorrow, and in the future — read on to the next chapter to learn what businesses expect from their platform providers in 2025.

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3. The great expectations of **embedded finance**

Businesses expect embedded payments to work seamlessly with their people and processes.

Push factors:
The biggest frustrations with embedded finance today.

In 2023, our research found that businesses saw integration challenges, staff training, and complex solutions as major adoption challenges.

Fast forward to 2024, and these issues haven't disappeared — they've intensified. Businesses continue to face challenges like steep learning curves for employees, misalignment between financial tools and real-world workflows, and integration difficulties that disrupt existing systems instead of enhancing them.

To drive adoption, embedded payments and any other financial products or services must be intuitive, flexible, and built to support — not complicate — operations for users. Businesses need solutions that streamline both online and offline transactions, integrate effortlessly into daily workflows, and provide responsive, knowledgeable support when needed. If financial technology creates more problems than it solves, businesses simply won't use it.

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The key to success

is making embedded finance not just an add-on but an organic experience and valuable extension of how your users already operate within your platform.

Smooth onboarding:

Equip employees with the right training and support for faster adoption.

Tailored solutions:

Ensure embedded finance aligns with real-world user needs.

Seamless integration:

Minimize friction by embedding financial services into existing systems effortlessly.

Pull factors:
What businesses are looking for.

Businesses evaluating platform providers with embedded finance capabilities prioritize one thing above all else: a system that works effortlessly within their existing operations. The data shows that the biggest factor influencing adoption is ease of use — if a platform is too complex or requires extensive training, businesses will abandon it. They also need seamless management of both online and offline transactions, ensuring financial operations run smoothly across all channels without disruptions. Additionally, responsive, knowledgeable customer support is a key differentiator.

Companies want access to software payments experts who can resolve issues quickly and understand their specific needs. When these three factors — usability, transaction fluidity, and strong support — are in place, businesses are far more likely to adopt and remain loyal to their platform provider.

Ease of use

Complex, difficult-to-adopt systems get abandoned.

Responsive

Knowledgeable customer support.

Seamless

Management of online and offline transactions.

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Turning customer like into customer love.

One of the biggest challenges for software providers isn't just attracting new users — it's keeping them. And that challenge is only growing.

In 2023,

39%

of businesses said they were unlikely to switch providers because they were happy with their payments.

48%

Is where that number has jumped to today.

55% to 65%

is how much switching appetite climbed last year.

The solution?
Get payments right, and businesses will stay.

When users are satisfied with their payment experience, they have little reason to leave.

A trend that has only strengthened over time. In 2023, 39% of businesses said they were unlikely to switch providers because they were happy with their payments. Today, that number has jumped to 48%.

Beyond functionality, customer support continues to play a crucial role. Thirty-six percent (36%) of businesses cite good customer service and technical expertise as a key reason they remain with their provider. When businesses know they can rely on slick, knowledgeable assistance, they are far less likely to consider alternatives. Another major factor that remains a deterrent to switch is the effort required to move to another provider. Thirty-three percent (33%) of businesses say they have already invested significant time and resources into building and implementing their current solution and don't want to go through that process again. Disruption is also a major concern — 26% say switching would cause issues for their customers. The more embedded a platform becomes in a company's daily operations, the harder it is to replace.

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Finally, trust in market leadership matters.

Twenty-five percent (25%) of businesses say they have evaluated competitors but believe their current provider is the best fit for their industry.

When software companies position themselves as the strongest, most tailored solution for a specific business sector, they create a powerful barrier to switching.

Top 5 Reasons businesses don't switch software solutions.

48%
Are happy with their payments solution / capabilities and do not want to change them

36%
Receive a good level of customer support / technical experience

Healthcare 17%

33%
Spent a lot of time building / implementing the solution and do not want to do so again

26%
Say it would cause disruption to their customers to change solution

Personal services 41%

25%
Compared other solutions for their industry and feel this is the market leading option

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What this means for software platforms

Trust is everything

Businesses won't adopt financial feature functionality from a platform they don't believe they can truly count on. Platforms need to build brands that reflect this.

Embedding payments and finance products and services isn't enough

It must be intuitive, easy to train on, and immediately useful. When you get this right, you'll have the best chance of retaining users on your platform.

A little help goes a long way

Platforms that help businesses on-board and train staff on financial technology will see higher product adoption and user engagement.

4. Looking beyond payments

What businesses want next.

If your platform already embeds payments, you're ahead of the curve. But payments alone won't be enough for long. Businesses are looking for more — smarter automation, better agility, and constant innovation — and they expect their software providers to keep pace.

The reality? The world is moving faster than ever, and businesses can't afford to wait 6-12 months for software updates. They need technology that evolves with them.

Nearly

1/2 of businesses

Feel that their software provider should be continuously improving their core offerings and delivering innovative financial features.

Here's what's driving that urgency:

AI and automation

As we touched on earlier in the report, AI is no longer a futuristic concept; it's a core part of how businesses operate today. Ninety-eight percent (98%) of small businesses now use AI tools, and 40% have adopted generative AI, doubling from last year. If software isn't evolving in real-time to keep up, businesses will move to platforms that do. **(AP News, 2024)**

Market volatility

Inflation, supply chain disruptions, and rapidly shifting consumer trends mean businesses need flexible, responsive software that helps them adjust pricing, optimize operations, and manage risks on the fly. Companies that rely on slow, outdated tools won't last. **(Logility, 2024)**

Relentless competition

Even if a business isn't evolving, its competitors are. That's why 72% of executives say software innovation is critical to staying competitive. If a platform doesn't continuously improve, businesses will find one that does. **(Forbes, 2021)**

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The data shows

Businesses across industries are not satisfied with software that stays static for long periods.

They expect regular updates and improvements to the embedded payment and finance capabilities of their platforms. Even within specific industries, there is a clear demand for frequent innovation.

Personal services and property and hotel industries have the highest expectation

with 53% and 50% of businesses, respectively, wanting constant delivery and improvement of new embedded finance capabilities.

General auto repair and healthcare sectors are also significant

with 42% and 45% of businesses, respectively, sharing this need for frequent innovation.

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Card payment solutions

Businesses cited a few clear reasons that would encourage uptake:

A striking
90%
Of businesses

surveyed expressed interest in adopting a card payment solution from their software provider

With
1 in 3
Of businesses

showing extremely high levels of interest

It must work seamlessly with their existing systems

No business wants to spend time manually reconciling transactions across different platforms. When credit card payments are embedded within their main business management software, everything stays in one place — less human error, real-time visibility into cash flow, and smoother financial reporting. Whether a company is processing invoices, accepting in-person payments, or handling online transactions, a fully integrated solution ensures everything works together without extra steps.

They want cashback on their spending

Every dollar counts, and cashback rewards can turn everyday expenses into real savings. For businesses in high-transaction industries—like hospitality, trade services, and auto repair—this isn't just a nice perk; it's a way to reinvest back into their business. Whether it's earning cash back on supply purchases or offsetting fees, companies want a credit card solution that gives them something in return.

Lower fees and better interest rates matter

Nobody likes paying unnecessary fees, and businesses are no different. Many are drawn to lower transaction costs and competitive interest rates that come with an embedded credit card solution from their software provider. Cutting out third-party processors means fewer markups, better margins, and more control over cash flow.

Access to credit and working capital is a game-changer

Cash flow issues can hold businesses back, and waiting on a bank for financing isn't always an option. When credit is built directly into their management software, businesses can tap into funds quickly to cover expenses, invest in new projects, or handle seasonal slowdowns. Having this flexibility ensures they're never stuck without access to working capital when they need it most.

Perks and rewards keep them engaged

Beyond cashback, companies are looking for customized perks that align with their spending habits. Whether it's discounts on software, supplier incentives, or travel rewards, businesses want benefits that help them save money. A strong rewards system doesn't just encourage adoption — it keeps businesses using the platform and strengthens their loyalty over time.

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Businesses aren't waiting for the next big thing

They want to be told about it:

Nine out of ten businesses (90%) are looking for their software providers to proactively contact them about new solutions. Personal services and general repair/auto businesses in particular want to be contacted once a month, although once every 3 months is likely a better sweet spot.

Why this matters

Embedded finance can turn software platforms into full-scale business hubs, not just operational tools for their user base. The platforms with the most ambitious, forward-looking embedded finance roadmaps will be the ones that keep customers engaged. The market is already moving fast — **businesses that don't act quickly will lose ground to more innovative competitors.**

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5. The future of vertical platforms:
The race is on

The next three years will determine which software platforms lead the embedded finance revolution — and which struggle to keep up.

Businesses are ready to invest, but they need solutions that integrate seamlessly into their operations, enhance financial flexibility, and improve efficiency.

The cost of inaction:
Falling behind is not an option

Those that hesitate will struggle to catch up. **Embedded payments and financial capabilities are no longer a "nice-to-have" feature** — it's becoming an expectation across industries. Businesses are looking for more than just transactional tools; they want embedded financial services that **help them grow, manage cash flow, and operate more efficiently in a single platform**. Software companies that fail to integrate these capabilities risk becoming obsolete, as businesses will naturally gravitate toward platforms that offer a more connected, finance-driven ecosystem.

Speed matters:
The first movers will win

Software platforms that **move quickly will gain long-term advantages.** Businesses are actively searching for solutions that solve real financial pain points — whether that's seamless payments, built-in lending, or automated financial workflows. The providers that act now, iterate fast, and deliver embedded finance solutions that meet demand **will establish themselves as market leaders**. By contrast, those that hesitate risk losing customers to more agile competitors who are already embedding features into their platforms.

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Businesses are willing to pay for the right solutions.

Businesses aren't just looking for solutions — they're ready to pay for them. The demand for financial features built into a platform's experience isn't just about convenience; it's about unlocking efficiencies, better user experiences, and new revenue streams.

Companies are actively investing in software that offers built-in payments and financial services, recognizing that these solutions save them time, reduce costs, and create better financial control.

This presents a massive revenue opportunity for software providers. Those that integrate financial experiences effectively won't just attract more customers—they'll increase customer retention, drive recurring revenue, and create stickier, more valuable relationships.

The opportunity for software platforms.

To succeed in today's competitive market, software platforms need to:

Offer intuitive, easy-to-adopt platforms with built-in payments and financial capabilities that businesses can integrate seamlessly.

Establish trust and security as the foundation of their core platform offerings.

Expand beyond payments — offer lending, cards, and financial automation.

Commit to ongoing innovation to meet evolving customer expectations.

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Conclusion

The time to lead is now

Embedded finance has shifted from opportunity to expectation. Loyalty is no longer guaranteed. Companies are actively switching to platforms that deliver seamless, intuitive financial tools. The software providers that solve these challenges will lead; those that don't will lose customers to those that can.

1 in 5

Would leave their current platform for one with better payments and financial capabilities.

90%

Of businesses say access to financial products and services is critical to their operations.

More than

90%

Are increasing their software investment.

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Embedded payments and financial capabilities aren't the future — they're the present.

Is your platform ready?

Speak to our embedded payments team at **platforms.worldpay.com**