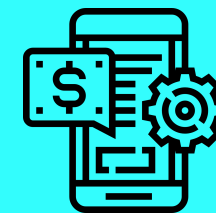




#WSRoundups

# THE STATE OF EMBEDDED FINANCE

A summary of market trends and industry initiatives from Q1 2023



Jan-Mar 2023

# Executive summary

## Embedded Payments

- The embedded payment landscape witnessed collaborations between payment infrastructure providers and banking-as-a-service players.
- The partnerships focused on use-cases such as corporate account opening, issuance of virtual IBANs, automated payment solutions, sustainable payments and payment traceability.



## Embedded Cards

- Financial institutions and e-commerce aggregators joined forces with card issuing and processing platforms to leverage cards-as-a-service offering.
- The launch of the card issuing platforms also took precedence within the fintech infrastructure space with a complete end-to-end solution offering.



## Embedded Credit

- Retailers, airlines, and e-commerce platforms teamed up with BNPL providers to offer their customers alternative payment methods.
- Furthermore, BNPL providers partnered with fintechs to co-create new solutions focused on remittances, POS BNPL, and e-commerce integration.



## Embedded Insurance

- Travel, rental, and automobile industry players implemented embedded insurance solutions by partnering with insurtech firms.
- Insurtech providers introduced comprehensive insurance solutions, emphasising on shipping, product protection, and card insurance.



**Regulatory trends:** Regulatory bodies across the globe introduced stringent measures to supervise BNPL operations and ensure sustainable business practices. Authorities also granted banking licences for the benefit of consumers, thereby enhancing their convenience and ease.



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# Rising adoption of embedded payments in various shape and forms

Use cases



**Key takeaways:** The embedded payments sector experienced diverse applications such as the creation of corporate accounts and virtual IBANs, incorporation of cards into expense management systems, and sustainable payment solutions that encourage support for social causes.

## Virtual IBANs

**Citizen**

**OpenPayd**

- Citizen, a London-based payment provider, teamed up with OpenPayd to provide the end users of Citizen's clients with a simplified payments experience.
- OpenPayd's infrastructure will allow Citizen to issue corporate account and virtual International Bank Account Numbers (vIBANs) to its clients that provide real-time transaction notifications, simpler payouts, better cash flow management and reconciliation.

## Automated payment

**Pay.**

**cross river**

- UK-based Pay.com joined hands with Cross River to provide embedded finance services and expand its automated payment platform into the US.
- The partnership enables Pay.com's clients to accept multiple payment methods, such as credit and debit cards, or alternative payment methods, like digital wallets and ACH transfers via Cross River's API infrastructure.

## Sustainable payment

**retreeb.io**

**intergiro**

- Retreeb, a payment solution provider, partnered with Intergiro, a BaaS platform, to launch its sustainable payment solution.
- Retreeb's sustainable payment solution allocates 33% of revenue towards corporate social responsibility initiatives in order to encourage consumers to support social causes.

## Spend management

**Expensya**

**SWAN**

- Expensya, an automated expense and spend management provider, partnered with Swan, a BaaS platform, to integrate new payment functionality into its software-based solution-as-a-service.
- With this partnership, Expansya will integrate payment cards into its product, helping it provide optimal traceability for all professional expenses.



# New BNPL solutions through collaborations

Use cases



**Key Takeaways:** Collaborations between fintech, e-commerce platforms, and technology firms led to the rise of new BNPL solutions. These partnerships provided customers with cross-border money transfers through short-term lending, POS BNPL, access to flexible payment options on global shopping sites, and interest-free payment plans for select retail partners and merchants.

## B2B BNPL



- Lendica made its embedded finance integrations available for Shopify and Salesforce.
- With these new integrations, customers can now access PayLater and FundNow products, allowing them to postpone payments to their vendors or accelerate the collection of funds from wholesale accounts.

## Remittance BNPL



- Western Union and Beforepay teamed up to offer cross-border money transfers by accessing short-term lending.
- With this partnership, consumers can 'Send Now, Pay Later' by borrowing up to AUD 2000 through Beforepay's wage-advance product on Western Union's digital channels.

## E-commerce BNPL



- BillEase, a fintech firm based in the Philippines, partnered with Alipay+ to enable local customers to use BNPL and card-free instalment payment options for shopping on global sites.
- The partnership allows users access to the former's solutions through the BillEase app.

## Point of Sale BNPL



- Ingenico and Splitit partnered to provide BNPL at the physical checkout using Ingenico's Payments-Platform-as-a-Service and Splitit's Installments-as-a-Service.
- The partnership aims to deliver a global, one-touch, no-interest BNPL service embedded into the merchant's existing POS terminal.

## Point of Sale BNPL



- valU, a MENA based fintech joined hands with Sympl to provide short-term BNPL plans for customers.
- The partnership will allow valU customers to pay for purchases using Sympl's interest-free, three-month payment plans across select valU and Sympl retail partners and merchants.

Other notable partnerships aimed towards BNPL innovation include:





# Embedded finance driven by strategic collaborations

Alliances



**Key takeaways:** Ecosystem players forged partnerships with financial institutions to offer new financial services to their users, ranging from investment opportunities to extended warranties and purchase protection, BNPL services, and international payment solutions.

## Embedded investments

- Public.com, an investing platform, collaborated with Jiko to offer its users the opportunity to invest in US treasury bills through the platform.
- With this partnership, Public.com's treasury accounts, powered by Jiko, will enable programmatic investment in T-Bills backed by the US government and securely held at custody bank BNY Mellon.



## Embedded insurance

- Irish Insurtech, Companjon teamed up with Bunq to offer digital insurance.
- With this partnership, Companjon will provide its insurance product, 'Extended Warranty and Purchase Protection,' to the users of Bunq. The product covers the financial loss incurred for certain goods purchased by the bank's Easy Green users.



## Embedded BNPL

- AAIB, Arab African International Bank, partnered with Sympl to provide AAIB debit cardholders BNPL at 0% interest on shorter-term plans without any pre-registration.
- Sympl's partnership with AAIB enables over 500 brands to offer their customers with AAIB debit cards the option to split their payments without any interest charges.



## Embedded payments

- Oman Air partnered with HSBC Oman for an international payment solution, by leveraging a centralised treasury hub in Oman that will power HSBC's Global Disbursement.
- The new service enables Oman Air to process foreign currency payments through a single bank account, using HSBC's global network and transparent FX rates. The system will provide simultaneous multiple currency payments as well as an improved track and trace function for every transaction.



This report has been authored by **WhiteSight**.

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