



#WSRoundups

THE STATE OF EMBEDDED FINANCE

A summary of market trends and industry initiatives from Q2 2024



April-June 2024

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Embedded payment options at checkout



Key takeaways: Contactless and digital wallet payments are gaining traction at physical stores, with embedded payment solutions offering innovative features like biometric authentication and checkout customisation to enhance the customer experience.

Lifestyle

PRADA **adyen**

- Prada Group partnered with Adyen to innovate its in-store payment experience by accepting all contactless payments, including contactless credit and debit cards, Apple Pay, and other digital wallets, with no additional hardware or payment terminal needed.
- The partnership will enable Prada to ensure a smooth checkout experience by leveraging Tap to Pay on iPhone in its US and Milan stores, with additional markets going live soon.

Lifestyle

SEPHORA **J.P.Morgan**

- J.P. Morgan Payments extended the Tap to Pay on iPhone feature to Canada, with their first client Sephora enabling contactless payments using iPhones at Sephora's 130+ stores across the country.
- With Tap to Pay on iPhone, Sephora's Beauty Advisors can accept contactless credit and debit cards, Apple Pay, and other digital wallets anywhere in the store simply by using their iPhone and Sephora's proprietary mobile point of sale app, without any additional hardware.

Sports

 **J.P.Morgan**

- South Florida Motorsports (SFM), the F1 Crypto.com Miami Grand Prix 2024 organisers, expanded its partnership with J.P. Morgan Payments to enhance its in-store and online retail operations.
- The collaboration enabled SFM to extend the use of biometric payments in the merchandise shops at the Miami 2024 race and included the launch of an e-commerce retail store powered by J.P. Morgan Payments.

Hospitality

VAPIANO **adyen**

- Adyen partnered with the Italian restaurant group Vapiano to enable customers to customise checkout options when paying via digital wallets.
- This partnership will enable Vapiano to expand its digital capabilities by offering a flexible service and a greater range of payment options, thereby supporting its international growth and enhancing its fraud prevention abilities.



Adoption of embedded payment in travel and tourism



Key takeaways: Travel and hospitality are partnering with payment providers to introduce tailored payment solutions that enhance operational efficiency, streamline payment processes, and improve customer experiences.

Travel



- Modulr announced the launch of a travel payments solution, specifically designed to address the unique needs of online travel agents (OTAs) and travel industry intermediaries.
- The offering provides a suite of solutions in a range of currencies, including virtual cards, account-to-account transfers and customisable notifications, supported by detailed reporting and accessible through a single API integration and an online portal tailored for travel agents.

Hospitality



- Stripe became Accor's primary global payments partner, streamlining payment processing across Accor's vast portfolio of hospitality properties worldwide.
- This will enable Accor to consolidate payments and implement a single, centralised payment system to simplify the online booking process across all its hospitality properties.

Air travel



- Nium and Air France-KLM partnered to implement the Nium Airline Payments Solution (NAP) to facilitate closed-loop electronic payments between the airlines and travel agents.
- NAP eliminates intermediaries from the payment flow and provides an alternative to travel agent card transactions, using a private network of Universal Air Travel Plan (UATP) authorisation rails and bank transfers to offer lower costs, simplified reconciliation, and faster settlement.

Hospitality



- Elavon introduced a new API called the Elavon Cloud Payments Interface to enable hotels and hospitality businesses to manage digital and in-person payments.
- This API aims to enhance guest experiences by enabling seamless payments anywhere, anytime, while ensuring scalability, PCI compliance, and integration with third-party providers.



BNPL expansion targeted at niche sectors beyond traditional retail



Key takeaways: Payment networks and specialist BNPL providers are expanding their reach beyond traditional retail by partnering with various industries to offer flexible payment options for a range of consumer purchases, from travel and e-commerce to high-ticket items.

Hospitality



- Sabre Hospitality partnered with Uplift to allow properties across all market tiers to adopt a payment model that caters to every price point.
- The collaboration will integrate Uplift's pay-monthly option into Sabre's SynXis platform, offering increased payment flexibility to hotels and their guests.

Electronics



- Apple selected Santander's BNPL platform Zinia in Germany to provide instalment plans for online and in-person consumer purchases.
- Zinia will offer customers purchasing Apple products the option to defer payments by splitting the total amount into instalments (3, 6, 12, 18, 24 and 36 months) or by deferring the payment 30 days after the shipment.

E-commerce



- Visa partnered with Amazon Canada to provide eligible RBC and Scotiabank credit cardholders with the option to select Installments enabled by Visa as their method of payment for qualifying purchases.
- Visa Installments Plan enables eligible consumers to convert their purchases into smaller, fixed payments made over a defined period.

Mobility



- Klarna announced a global partnership with Uber to provide flexible payment options for the ride-hailing giant's Uber and Uber Eats apps.
- For Uber users in Sweden and Germany, Klarna will enable users to bundle purchases into a single, interest-free payment that gets removed from their monthly salary.

Others firms with notable contributions in BNPL:





Embedded lending for SMBs expands across business activities

Use cases



Key takeaways: Embedded lending solutions are gaining traction for SMBs, with partnerships and integrations simplifying access to instant, flexible, and accessible funding options that align with the future revenue and operational needs of businesses.

Revenue-based financing



- Shop Circle partnered with Liberis to launch Shop Circle Capital to provide merchants with seamless and instant funding solutions.
- The financing option that aligns with the future revenue of businesses has initially launched in the US and UK with intentions to extend into other regions by the end of the year.

Working capital loans



- Satago partnered with mmob to enable lenders and corporates to embed Satago's Invoice Finance and Cash Flow solutions using mmob's integration capabilities.
- Through this partnership, lenders and corporates can integrate Satago's 3-in-1 Working Capital solution for small and medium enterprises (SMEs) into their digital platforms through a single code.

Working capital loans



- Pipe, which provides SMBs with access to fast, frictionless, dilution-free financing, partnered with Peach Finance to power its working capital solutions.
- The partnership is an extension of an existing collaboration with Peach's platform providing the system of record for balance and payment management for Pipe's financing solutions.

Micro-lending



- Ant International unveiled bettr, a global digital lending service that provides micro-lending to SMEs in strategic markets through embedded finance partnerships.
- Marking the launch, bettr partnered with Thailand-based integrated lifestyle real estate group Asset World Corporation to provide digital lending to AWC's micro and small businesses ecosystem.



Virtual cards become the new norm



Key takeaways: Virtual card solutions are gaining traction across various sectors as financial institutions, payment networks, and technology providers are collaborating to offer seamless virtual card experiences that streamline expense management, facilitate secure digital payments, and optimise cash flow for organisations.

Virtual card issuance



- Travel and expense software Emburse partnered with American Express to offer end-to-end virtual card issuance, card reconciliation, and expense management in Emburse Spend, an all-in-one expense management solution, to American Express customers.
- Customers can now connect their American Express Card programs to Emburse Spend. Card Members can enrol their eligible commercial American Express Card to issue American Express virtual Cards on demand within the platform.

Virtual credit card



- HDFC Bank launched PIXEL, its first virtual credit card with Visa network and will provide users with features like card controls, rewards, EMI dashboard, notifications, statements, repayments, disputes, hotlisting, recent transactions, etc.
- Available in two variants, Play and Go, the offering allows users to pay by swiping or tapping, digitally manage the cards via the bank's PayZapp mobile app and build their own cards with personalised offers.

Virtual card app



- Mastercard announced a new mobile virtual card app that enables virtual commercial cards to be seamlessly added to digital wallets.
- HSBC Australia and Westpac will be the first financial institutions to offer organizations and corporate customers mobile wallet functionality through the Mastercard app.

B2B virtual cards



- By choosing Visa as its international scheme partner, Worldline will provide online travel agents (OTAs) with access to a dedicated B2B virtual card programme and enable them to pay their suppliers more quickly and securely.
- The partnership connects Worldline's merchant services acceptance capabilities with Visa's card-issuing platform, supporting OTAs in the management and optimisation of cash flows while reducing operational frictions.



BaaS platforms powering new propositions



Key takeaways: BaaS solutions are expanding to address diverse needs within the embedded finance ecosystem, with specialised solutions designed to enhance financial functionality for businesses and fintechs by integrating capital, card, and lending services directly into their existing systems.

Capital-as-a-service



- Pipe launched an embedded capital-as-a-service solution for vertical ISVs and payment companies, with initial partners including payment providers Priority and Infiniccept, and client experience platform Boulevard.
- The new offering allows SMBs to access Pipe’s capital offers inside of the software and payment systems they’re already using and gives partners a new way to monetise payments while better serving their end merchants.

Card-as-a-service



- Global issuer-processor Paymentology partnered with digital banking technology solutions provider Audax to provide an end-to-end card-as-a-service Solution (CaaS) for financial institutions (FIs) in Southeast Asia and the Middle East.
- By leveraging Audax’s all-encompassing banking-as-a-service (BaaS) solutions alongside Paymentology’s card processing capabilities, this partnership enables FIs to launch and manage their own branded card program.

Payment-as-a-service



- Treasury Prime partnered with Narmi to enable its banking customers to send and receive money instantly through FedNow Service and integrate the FedNow experience into its products.
- Through this partnership, financial institutions in Treasury Prime’s network can now offer their fintech clients a full suite of the FedNow Service offerings, including Receive, Sending to linked and external accounts, and request for payment (RFP).

Lending-as-a-service

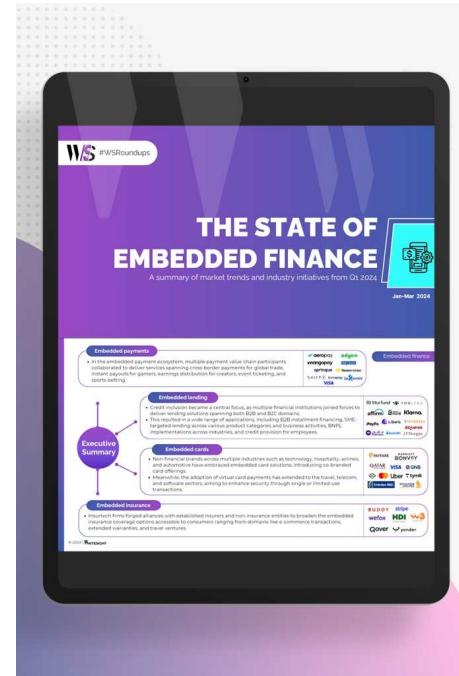


- Brankas partnered with Global Finteq to launch a lending-as-a-service (LaaS) platform in the Philippines.
- The new platform leverages Brankas’ multi-bank APIs and Global Finteq’s loan management capabilities to facilitate account balance sharing, credit assessments, bulk loan disbursements, and automated loan repayments.



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