Whitepaper

B2B Embedded Finance:
Unlocking New Business Models and Financial Growth

May 2025

A **WhiteSight** report

Commissioned by

toqio

B2B Embedded Finance:

Unlocking New Business Models and Financial Growth

© WhiteSight x Toqio | 2025

The Strategic Imperative of Embedded Finance for Corporates

Corporates are in a prime position to drive the adoption of B2B embedded finance, leveraging their extensive ecosystems and SME networks. As financial institutions and alternative lenders enable embedded finance models, corporates can integrate financial solutions into their value chains to enhance liquidity, improve operational efficiency, and unlock new revenue streams. With shifting market dynamics and emerging technologies, the window of opportunity is now.

Unlocking Growth and Efficiency Through Embedded Finance:

01

Liquidity & Cash Flow Constraints → Optimize Working Capital & Cash Flow
81% of CFOs[1] cite cash flow improvement as a top priority, yet corporates struggle with misaligned receivables and payables cycles. Embedded finance solutions like integrated payments, supply chain financing, and dynamic discounting improve cash conversion, reduce days sales outstanding (DSO), and optimize treasury income.

02

Fragmented Supply Chains & Payment Inefficiencies → Improve Financial Integration & Stability
CFOs cite supply chain disruptions as a growth threat 2.5x more frequently in 2024[2]. Embedded finance solutions like trade credit, BNPL for B2B, and automated invoicing create a cohesive financial layer among supply chains, reducing friction and stabilizing distributor relationships.

03

Limited Monetization of Financial Services → Unlock New Revenue Streams
Embedded lending revenues for SMEs in Europe accounted for 4-6% of lending revenue in 2023 and could grow to 20-25% by 2030[3]. Corporates integrating financial products such as credit, insurance, and treasury services can tap into this expanding revenue pool.

04

Revenue Growth & Market Expansion Challenges → Strengthen SME Purchasing Power & Sales
65% of CFOs[4] are under pressure to accelerate ROI from tech investments, and 67% of executives plan to reinvest cost savings into growth. Embedded finance solutions like working capital financing and BNPL enhance SME purchasing power, increasing corporate sales and market penetration.

05

Lack of Real Time Data for Decision Making → Leverage AI & Real-Time Financial Insights
72% of companies[5] now use Gen AI in at least one function, but data access remains a challenge. Embedded finance provides corporates with real-time transaction and credit insights, enabling better risk management, demand forecasting, and personalized financial offerings.

(1. American Express CFO Survey | 2. McKinsey | 3. McKinsey | 4. IBM, BCG | 5. McKinsey)

How B2B Embedded Finance Helps Corporates Overcome Key Challenges

As corporates navigate an increasingly complex business environment, challenges such as liquidity constraints, fragmented supply chains, and the pressure to drive new revenue streams demand innovative solutions. Traditional approaches to financial management often fall short in addressing the unique needs of SME distribution networks, leading to inefficiencies and missed opportunities.

B2B embedded finance offers a transformative approach by integrating financial services into corporate ecosystems. More than just a financial tool, embedded finance serves as a strategic enabler, improving resilience, strengthening partnerships, and driving sustainable growth across industries. The table below outlines how B2B embedded finance directly addresses key corporate challenges.

	Corporate Challenges	How B2B Embedded Finance Can Help	Key Outcomes
01	**Liquidity Management Constraints**	• Embedded lending solutions provide SMEs with access to working capital without affecting corporate balance sheets. • Dynamic payment terms (e.g., BNPL for B2B) optimize cash flow.	Improved cash flow predictability Reduced working capital burden
02	**Business Efficiency Struggles**	• Automated invoicing and reconciliation reduce manual inefficiencies. • Integrated payment solutions (corporate-issued digital wallet, prepaid gift cards) improve cash conversion cycles.	Higher cost efficiency Faster cash cycle
03	**Supply Chain Fragmentation**	• Trade finance and supply chain financing tools ensure seamless payments and reduce disruptions. • Embedded insurance de-risks supplier relationships.	Stronger supplier relationships Lower financial risks in supply chain
04	**Unlocking New Revenue Growth**	• White-label financial products (e.g., co-branded credit lines, merchant cash advance) create new monetization avenues. • Transaction-based and interest-based revenue models diversify earnings.	Additional revenue streams Higher customer stickiness
05	**Real-time Data Access**	• AI-powered risk assessment tools leverage real-time data of SMEs in the distribution value chain. • Integrated financial dashboards offer real-time cash flow, inventory, and sales visibility.	Data-driven decision-making Optimized AI-driven credit underwriting models

B2B Embedded Finance at an Inflection Point

Why Corporates Are Uniquely Positioned to Implement and Capitalize on the B2B Embedded Finance Opportunity

Corporations sit at the nexus of vast SME ecosystems, giving them a unique advantage in embedding financial solutions directly into their value chains. With established distribution networks, deep supplier relationships, and operational scale, they can drive financial access for SMEs while unlocking new revenue streams for themselves. As technology advances and market dynamics shift, corporates have a critical window of opportunity to lead this transformation, turning B2B embedded finance into a strategic growth lever.

Why the time for action is now

Desirability: Why Corporates Should Act on B2B Embedded Finance Now

Market Trends (Evidence)	**Strategic Imperatives for Corporates**
USD 5.7 trillion global SME finance gap, projected to expand to **USD 8 trillion** with formal enterprises. *(International Finance Corporation)*	**Tapping the SME Credit Gap** - The widening credit gap creates a major opportunity for corporates to provide alternative financing solutions and capture new revenue streams.
83% of SMEs want embedded financial services tied to the platforms they use. *(Pymnts)*	**Enhancing SME Retention & Engagement** - With strong demand for embedded finance, corporates can increase stickiness and lifetime value by integrating financial products.
83% of consumer lenders offer embedded credit, but only **45% of SME lenders do**. *(Visa and Pymnts)*	**Bridging the SME Lending Deficit** - The lack of embedded credit solutions for SMEs presents an untapped growth area for corporates to extend financing.

Feasibility: How Corporates Can Implement B2B Embedded Finance

Market Trends (Evidence)	**Strategic Imperatives for Corporates**
41% of financial institutions have adopted embedded finance, and **48%** are expanding BaaS capabilities. *(Pymnts)*	**Leveraging Embedded Finance Readiness** - With growing supplier readiness, corporates can partner with financial institutions to launch embedded finance solutions.
47% of non-bank platforms are planning to offer embedded finance to increase customer lifetime value. *(Accenture)*	**Utilizing Scalable Tech Infrastructure** - The rise of modular BaaS solutions enables corporates to integrate financial services efficiently without heavy investments.
NBFI sector grew **8.5%** in 2023, outpacing banks (3.3%), now holding **49.1%** of global financial assets. *(Financial Stability Board)*	**Adapting to the Rise of Alternative Lenders** - With NBFIs gaining market share, corporates can leverage alternate capital providers to launch off-balance sheet lending products for SMEs.

Viability: Why B2B Embedded Finance is a Game-Changer for Corporates

Market Trends (Evidence)	**Strategic Imperatives for Corporates**
By 2030, B2B embedded finance for SMEs will generate **USD 150 billion** in revenues. *(BCG)*	**Capturing High-Growth Revenue Streams** - The embedded finance market is expanding rapidly, offering corporates a lucrative opportunity to drive new revenue growth.
Embedded finance accounted for **4% to 6%** of lending revenues for SMEs in Europe (2023), projected to reach **20-25%** by 2030. *(Mckinsey)*	**Monetizing SME Lending Demand** - As embedded lending becomes a mainstream financing channel, corporates can tap into a growing revenue source by integrating credit solutions.
87% of Toast's revenue and **74%** of Shopify's gross revenue (2023) came from embedded finance. *(Flagship Advisory Partners)*	**Learning from Industry Leaders** - Successful SaaS platforms and retailers have proven that embedded finance significantly enhances revenue and customer retention.

B2B Embedded Finance: The New Growth Imperative

B2B embedded finance is redefining how corporations engage with their ecosystems, presenting an unparalleled opportunity for growth and innovation. By integrating financial services like payments, lending, and banking directly into their operations, corporations can empower SMEs, enhance loyalty across their value chains, and create recession-proof revenue streams.

This transformative shift allows businesses to go beyond traditional roles, positioning themselves as key enablers of financial solutions for their partners. As 2025 unfolds, the ability to adopt and scale embedded finance will separate industry leaders from followers, making it a critical component of future growth strategies. Now is the time to embrace this new imperative and drive meaningful change across industries.

Eduardo Martinez Garcia,
CEO Toqio

> *"B2B embedded finance is no longer a future opportunity, it's a strategic imperative. Over the next 12-18 months, corporates embedding payments, lending, and treasury solutions within their ecosystems will unlock billions in trapped liquidity and drive 30-40% incremental revenue. The shift is already underway, and those who act now will transform their value chains into fintech-powered growth engines, creating resilient and scalable monetization models."*

This report was authored by WhiteSight and commissioned by Toqio.

For any questions or comments, please write to hello@whitesight.net.

toqio

Toqio is an embedded finance creation platform. We provide an environment where companies can build apps and web portals that deliver integrated and tailored financial tools to SMEs and other players in their ecosystems. We don't just talk about financial innovation, we build it.

www.toqio.co @Toqio_Fintech @toqiofintech

WHITESIGHT

WhiteSight is a fintech research firm with a design-oriented and data-intensive approach to research. WhiteSight brings unique and actionable intelligence to drive strategic growth and innovation agenda for its clients.

www.whitesight.net @whitesight_ @whitesight