



Understanding embedded finance

Furthering the consumerization of B2B payments



What is embedded finance?

Whether a customer is shopping online, ordering food for delivery, booking trips or transferring money across digital channels, both consumers and businesses increasingly expect financial services to seamlessly integrate into non-financial platforms where everyday transactions are being made.

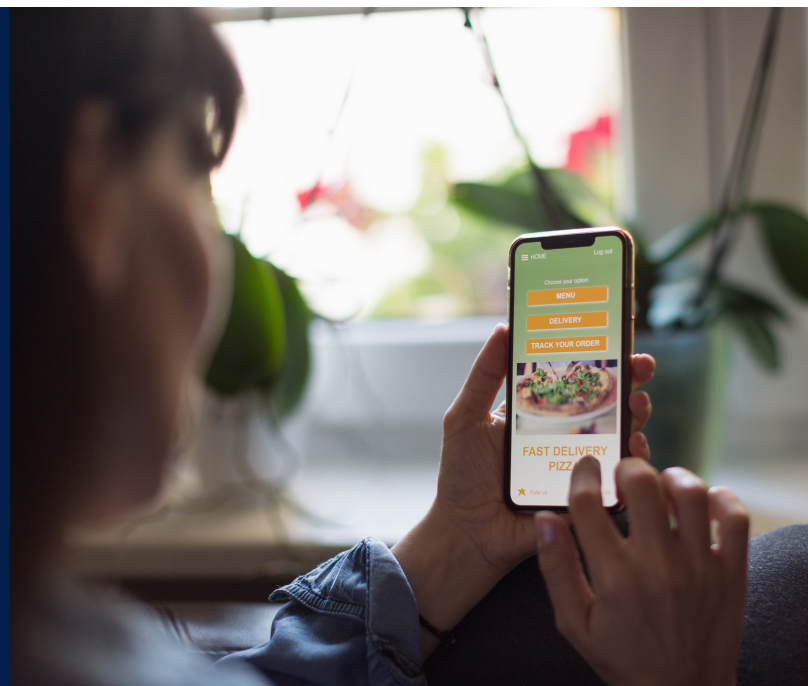
When a customer can complete a transaction from start to finish without leaving a business' app or website, that's embedded finance.

Bringing embedded finance into the broader payments ecosystem is like adding a pinch of sea salt to a chocolate chip cookie; you're taking something that's already great and making it better.

The benefits of embedded finance in B2B payments

Embedded finance has transformed how consumers interact with financial products and services, and it is likely set to do the same in the business-to-business (B2B) space.

For businesses large and small, embedded finance enables payments integrations into business management platforms across a range of industries and use cases, including healthcare, construction, fleet and mobility (e.g., EV charging, fuel purchasing, vehicle maintenance, parking, etc.), and more. Embedded finance capabilities can help provide convenience, security and immediacy to the transfer of funds.



Embedded finance can help businesses:



Streamline
payments operations



Increase
efficiency



Reduce
risk



Safely access
financial services on
non-financial platforms

For B2B organizations, embedding invoicing and payment solutions directly into existing business software — like Enterprise Resource Planning (ERP) or Customer Relationship Management (CRM) systems — can streamline workflows and deliver a multitude of efficiencies. Many B2B marketplace platforms have also begun to provide supply chain financing. All of these offerings recognize a desire amongst businesses for consumer-like personalization and flexible spending.



Why embedded finance is on the rise

In today's digital-first world, many businesses are actively exploring new methods to conveniently access financial services that empower them to better manage their working capital. A few factors accelerating the demand for embedded finance in B2B platforms include:

- Technological developments like generative AI and cloud computing
- Challenging market conditions, including higher interest rates and costs of borrowing
- Added complexity in supply chains
- The growth of e-commerce and subsequent potential increase in fraud risk

Embedded finance can enable businesses to offer financial services that are specifically tailored to the needs of their customers. For example, a B2B platform could offer invoice financing services that are customized to the specific needs of each business user.



What's next?

Fueled by a growing need for money movement, global revenue from B2B embedded finance is projected to reach \$26.5 billion by 2027 — up from \$13.3 billion in 2022.¹

Financial institutions and software-as-a-service (SaaS) platforms alike should aim to anticipate their commercial clients' needs for innovative embedded finance solutions. With an eye towards the future, businesses should prioritize developing solutions that not only enhance working capital but also are flexible, safe, and easy to use.

1. Juniper Research. "EMBEDDED FINANCE Key Trends, Segment Analysis & Market Forecasts 2022-2027."

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