

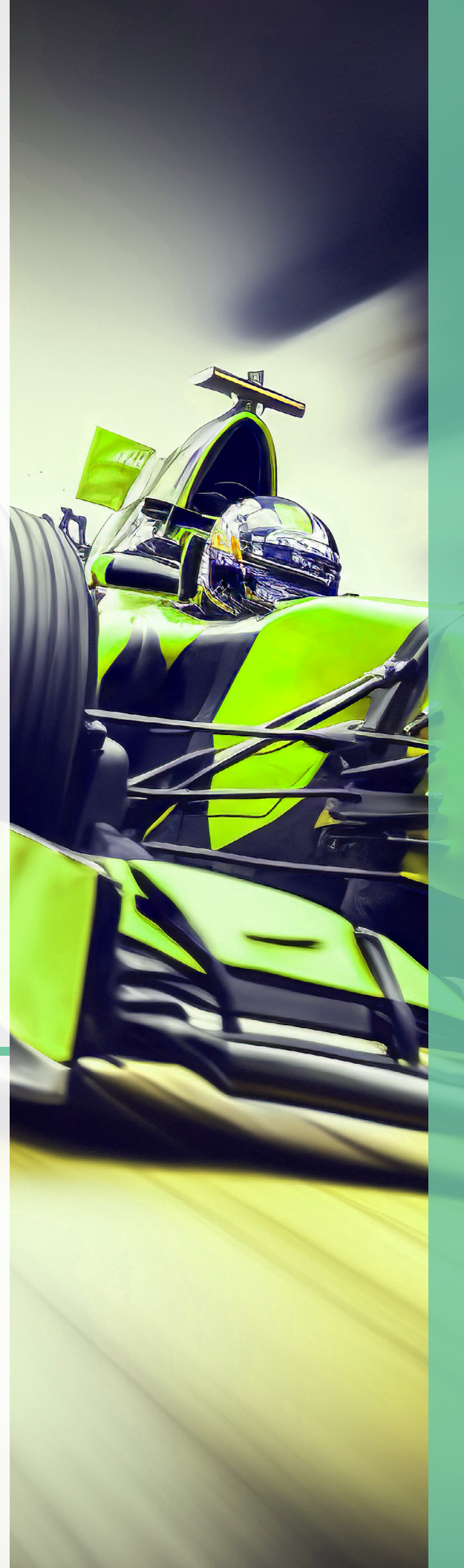
Embedded Finance **Whitepaper**

LEADERS *IN*
PAYMENTS
PODCAST



FAST, FURIOUS & HERE TO STAY

*The Evolution of the
Embedded Finance Ecosystem*



To spotlight and analyze the embedded finance trend, NMI collaborated with Leaders in Payments Podcast to connect with influential people in the space to get their thoughts, opinions and future forecasts for the industry.

This whitepaper explores embedded finance, why it's becoming so popular and what modern payments and software providers need to know to stay competitive. We've included some of the main highlights from our six-part podcast and a link to tune in and listen for yourself. Following along with each episode is the best way to stay up to speed with the embedded finance trend.

NMI Overview

NMI is a leading global full commerce enablement platform, processing over \$200 billion in payments annually. We enable payments for over 3,500 partners and over 300,000 merchants around the world and across the entire commerce ecosystem: online, in-app, mobile, in-store, unattended and whatever's next.

We're constantly innovating to power the next era of payments, building in the latest technology so software providers (ISVs), independent sales organizations (ISOs), Banks and Fintech Innovators can focus on what they do best. NMI has offices in the U.S. and U.K. and serves global customers.



Leaders in Payments Podcast Overview

What does it take to reach the top of our industry, and what does that journey look like? What better way to hear it than straight from the mouths of those who have done it – and done it well!

The Leaders in Payments Podcast was created so you can hear directly from C-level executives about relevant industry trends, successful strategies, products, services and what the future holds for our ever-evolving industry. Success has a strategy, and listeners now have a front-row seat to hear it, learn it and (most importantly) apply it.





THE SPEED OF SUCCESS

Embedded finance has emerged as a significant trend within our industry and is well on its way to revolutionizing the financial landscape. Why? As technology advances and customer expectations adjust accordingly, software companies, platforms and any other entity that can benefit from embedded products (referred to as “platforms” throughout this document) are beginning to recognize embedded finance’s potential to enhance their offerings and unlock new revenue streams.

So, what is embedded finance exactly? Well, it depends on who you ask. Each of our guests has a different answer depending on how the embedded finance ecosystem has evolved for their particular company.

However, most agree that embedded finance refers to the integration of financial services such as payments, lending, insurance or wealth management into non-financial platforms or applications, enabling them to offer their users a comprehensive set of financial services without being a financial entity. With so many possible use cases, this trend is quickly gaining momentum.

How Fast Are We Talking?

Not quite warp speed, but not far off. Embedded finance as a strategy for success is gaining traction in our industry for several reasons. To start, the ubiquity of smartphones and the rise of digital interfaces have made it easier for businesses to provide solutions that solve customer pain points with a single offering.

The ability to meet customer expectations where they are enables more robust acquisition and retention strategies for platforms and SaaS providers.

Another consideration is governing influence. Regulatory changes and the emergence of open banking frameworks have facilitated the integration of financial services into non-financial platforms. This makes it a no-brainer for platforms to partner with financial institutions, fintechs and other providers to offer embedded solutions they can monetize.

What About the Benefits?

It goes without saying that the adoption of embedded finance offers numerous benefits for platforms. Not only does it cultivate new revenue streams by enabling companies to monetize financial transactions processed within their platforms with fees or commissions, but this revenue diversification also contributes to long-term sustainability and growth.

Additionally, embedded finance enhances user engagement and loyalty, promotes acquisition and retention and significantly reduces churn – a massive win for any platform.

And The Data?

A good rule of thumb regarding the embedded finance ecosystem is to never underestimate the data. Embedded finance enables platforms to offer personalized and tailored financial services by leveraging their own data analytics and insights. The result? Think customized recommendations, targeted offers and intelligent financial management tools. Deep data and analytics driven by embedded finance

provide unique insights into customer behavior and preferences. Data, when used correctly, offers an unmatched advantage for businesses and serves to promote and sustain acquisition and retention.

Don't Forget the Collaboration

Everything is better in twos. From a relationship perspective, embedded finance fosters partnerships between platforms and embedded providers that serve to enhance brand credibility and user reach. By collaborating with banks, payment processors or insurers, platforms can tap into the expertise, infrastructure and regulatory compliance of these financial entities. Collaboration reduces barriers to entry and time-to-market for new financial offerings.

Need We Say More?

Probably not. But we'll say it anyways. For those wondering if the embedded finance trend is here to stay, the answer is yes. In fact, according to one of our most influential guests, "There's no stopping this train."

As technology continues to evolve, embedding finance within software applications and platforms will become increasingly crucial for companies to stay competitive in an ever-evolving digital economy. Embedded payments are table stakes; with so many platforms already offering it, the need to incorporate other embedded financial products is real-time and relevant. Lending, insurance and deposit accounts are just a few options to consider for competitive status.

So, what does this embedded journey look like for the future of legacy banks and ISOs? Who gets disintermediated as the embedded finance ecosystem continues to evolve? And how do you know which embedded products are best for your company? Spoiler alert: there's a secret sauce to the embedded recipe. For all this and more, keep reading and tune in.

TUNE IN NOW.

THE SECRET SAUCE FOR EMBEDDED SUCCESS

Guest: KeyBank EVP and Head of Commercial Product and Innovation Jon Briggs

When contemplating the future of embedded finance, two of the first questions on people's minds are, "Who are the leading players in the value chain? And who gets disintermediated as a result?"

How do banks, for example, create a successful strategy for embedded finance when they used to hold all the cards? What role can (and should) competitor fintechs play in this strategy? Most importantly, how can you best benefit the customer?

As we all know, success begins and ends with strategy. So, what's the best path forward for banks in the embedded journey? Jon Briggs answers all this and more from a bank perspective, with a client base thriving as a result of KeyBank's embedded products and fintech collaborations.

There are many moving parts when it comes to creating a successful embedded banking strategy. To begin, the value chain will be different for each end customer. This is especially true in an environment where every platform comes to the table with a different level of maturity and potential. Some already have a robust tech stack, while others don't. Some have a healthy appetite for risk, and others feel differently.

Success in this space requires a flexible model - one that can meet any client where they are to fulfill their needs and allow them to build the experience they're craving.

[GET THE FULL STORY HERE](#)



About JON BRIGGS

Jon R. Briggs is the Head of KeyBank Commercial Product & Innovation in KeyCorp's Enterprise Payments business and a member of KeyCorp's Executive Council, Compliance and Qualitative Risk Committees. He is responsible for the strategy, development and portfolio management of KeyBank's Fintech partnerships, Core Treasury, Commercial Liquidity, Merchant Acquiring, Integrated Payments and Commercial Loan product capabilities.

Jon brings significant financial services industry experience, including serving in a technical advisory capacity on various business initiatives, including capital raises, mergers and acquisitions, divestitures and capital markets such as hedging strategies and valuation. Jon earned his B.A. and M.B.A. in Accounting from Baldwin Wallace University. He is also a Certified Public Accountant (inactive).

ABOUT KEYBANK



Embedding banking products, like payments into software, is at the forefront of the financial services industry. KeyBank offers a unique combination of financial technology, mature banking capabilities, modern risk management and servicing through a single provider. Our full suite of embedded banking tools and services, built on flexible APIs, empowers platform growth through Treasury, Risk Management and Payments.

SUCCESS AND PAYMENTS: WHAT'S THE CONNECTION?

Guests: Bain Capital Ventures Sarah Hinkfuss (Partner) and Tina Dimitrova (Associate)

Why has embedded finance taken off and scaled so rapidly? And, more importantly, why have payments led the charge when so many offerings are under the embedded umbrella? In a nutshell, it's because payments are high velocity. They're top of mind and create more value for the customer, ultimately driving opportunities for platforms.

The second reason? More entities are involved in the value chain, enabling fintech or non-financial services entities to become involved. Third, as digital commerce took off and the desire to transact online increased, the only way to meet consumer demand was through digital payments. Over time, ecommerce drove innovation forward in the payments market. While it was a tenuous process to embed payment solutions natively into the checkout flow, this feature ultimately translated into other opportunities for embedded payments.

What's number four? You'll have to tune in to find out. In this episode, learn about embedded insurance, why banks will be forced to participate in the embedded ecosystem and why the strength of fintech is also its shadow.

[LISTEN TO THE FULL STORY HERE](#)



About SARAH HINKFUSS

Sarah Hinkfuss is a Partner at BCV and works with growth-stage founders across application software and fintech. She loves working with founders who have personal experience in the markets they are disrupting.

Before BCV, Sarah was a mid-market tech investor at both Bain Capital on the Tech Opportunities Fund and KKR at the Next Generation Technology Growth Fund. Sarah spent the first half of her career in big data/predictive analytics SaaS, helping scale Applied Predictive Technologies (acquired by Mastercard in 2015). She has an AB in Economics and Environmental Science & Public Policy from Harvard and an MBA from Stanford University.



About TINA DIMITROVA

Tina Dimitrova is an Investor at BCV, where she focuses on growth-stage fintech and application software across the U.S. and Europe. Prior to working at BCV, she was doing late-stage software investing at K1 Investment Management. She has a BS in both Finance and Accounting from UT Dallas.

ABOUT BAIN CAPITAL VENTURES

BCV

Bain Capital Ventures is a multi-stage VC firm with over \$10B under management, investing across four core domains— fintech, application software, infrastructure and commerce. Leveraging the unique resources of Bain Capital, we deploy targeted support at every stage of the company-building journey.

For over 20 years, BCV has helped launch and commercialize more than 400 companies, including Attentive, Bloomreach, Clari, Docusign, Flywire, LinkedIn, Moveworks, Rapid7 and Redis. In 2023, the firm launched \$1.9B in new funds (New Fund X & Select IV Funds) to champion technology founders from seed to growth and beyond.

THE NOW, THEN AND WHEN OF EMBEDDED FINANCE

Guest: Fiat Republic Co-Founder & CC&GO Sophie Guibaud

What makes a discussion about embedded finance compelling? Talk to the woman who wrote the book on it - Sophie Guibaud. *Embedded Finance: When Payments Become an Experience* is a compelling collaboration between Scarlett Sieber and Sophie Guibaud that details the ins and outs of the embedded journey, including the growth history and strategies for success.

Sophie defines embedded finance (now) as the capacity to provide financial, insurance and lending services to the end user exactly when they need it, with the least amount of friction possible. The prolific data platform providers can gather in real-time makes it possible to drive adoption and retention with a wide range of personalized, relevant offers. This “exactly when they need it” aspect of embedded finance is its secret to success.

As for the key players that made the embedded ecosystem so prolific, regulators are at the top of the list. After all, they made it possible for non-regulated companies to use the license of other already-regulated entities to provide value and service to their customers.

What’s most compelling about the “when” of the embedded finance journey is the future promise of a world where we will be banking everywhere except banks, while our smartphones proactively pay our bills and our cloud wallets intuitively perform transactions designed to optimize our finances. These public and private banking innovations result from an embedded finance ecosystem that just can’t stop evolving.

RECORDED AND READY HERE!



About SOPHIE GUIBAUD

Sophie is the Co-Founder and Chief Commercial and Growth Officer of Fiat Republic, a compliance-first banking & payments API for crypto platforms. She is a trailblazer in embedded finance, having spent the last 10 years designing and executing the go-to-market of BAAS & Embedded Finance propositions.

She has delivered speaking engagements on some of the world’s most prominent fintech stages. For her work in fintech, she received multiple industry recognitions, including Standout 35 2018 and 2019, Women in Fintech Powerlist 2020 by Innovate Finance, 35 Women Under 35 from Management Today/The Telegraph and has been named on the European Digital Financial Services ‘Power 50’ from Digital Banking Club.

ABOUT FIAT REPUBLIC



Fiat Republic is an EMI-regulated, Fiat-as-a-Service platform aggregating local fiat rails for crypto platforms via a single API. Fiat Republic enables crypto platforms to easily embed fiat payments into their platform to deliver frictionless pay-in and pay-outs for their users. Fiat Republic built a brand new category, Web2.5, the bridge between Web2 and Web3, which provides the connectivity tissue between banks and crypto platforms needed to accelerate global crypto adoption. Learn more at <https://fiatpublic.com>.

THE UNSTOPPABLE TRAIN

Guest: Nium Chief Product Officer Robin Gandhi

What's the central ingredient of the embedded finance journey? When you take a comprehensive, bird's-eye view of embedded finance, who gets disintermediated? Is it the banks? The ISOs? Both? Or neither?

First and foremost, modern APIs are the essential ingredient of embedded success. The journey would be impossible without them, and (as I'm sure you already assumed) the "modern" element is key. Legacy APIs can no longer stand up to the demands of modern technology and growing consumer demand.

As for disintermediation, it's not likely unless you're just not paying attention. The momentum of the embedded ecosystem is like an unstoppable train - it's not slowing down. And as we keep moving forward, the lines between banks and tech companies will continue to blur until embedded finance is table stakes for success.

Although embedded finance is growing exponentially, bad players may hinder its momentum. Should any regulatory bodies or tech companies become too loose with their standards (in a way that ripples throughout the ecosystem), there could be a blowback similar to what we saw with crypto. If we're not careful, the same thing could happen with embedded finance, but only temporarily. In other words, although a few bad actors could put it on pause, it is evident that this trend is here to stay.

Hear what Nium Chief Product Officer Robin Gandhi says about the embedded journey, the key ingredients to success and how players can avoid becoming disintermediated.

[LISTEN HERE!](#)



About ROBIN GANDHI

Robin Gandhi joined Nium as Chief Product Officer in January 2022. As Chief Product Officer, Robin is responsible for end-to-end product management, overseeing the company's product roadmap and leading the company's engineering and design teams.

Prior to joining Nium, Robin led the product, engineering, design and operations efforts at TripActions for its Liquid offering, a next-generation payments and issuing platform that powers TripActions travel capabilities and end-to-end expense management product. Before TripActions, Robin was at Adyen, where he was the GM of its global issuing offering, managing go-to-market and product and running acquiring, product, data and partnerships for North America.

ABOUT NIUM



Nium was founded on the mission to build the global payments infrastructure of tomorrow, today. With the onset of the on-demand economy, its single platform for global payments and card issuing is shaping how banks, fintechs and businesses everywhere disburse and collect funds instantly across borders. Its payout network supports 100 currencies and spans 190+ countries, 100 of which are in real-time. Funds can be disbursed to accounts, wallets and cards and collected locally in 35 markets.

Nium's growing card issuance business is already available in 34 countries. Nium holds regulatory licenses and authorizations in more than 40 countries, enabling seamless onboarding, rapid integration and compliance – independent of geography. The company is co-headquartered in San Francisco and Singapore, with regional offices in over 20+ major cities.

THE DEATH OF THE ISO?

Guest: Maast Chief Revenue Officer Ernie Moran

As much momentum as embedded finance facilitates in our global ecosystem, some pause with concern. Why? Hesitancies arise from fear of the unknown. Who gets disintermediated as the embedded finance journey evolves, and what does it look like for our industry as a whole?

One of the most significant risks regarding disintermediation involves ISOs. However, Maast CRO Ernie Moran says the “death of the ISO” can be marked beside the “death of cash.” Neither one is going anywhere. In fact, they are both still alive and kicking.

Why does Ernie have such a no-fear attitude? Because according to Ernie, ISOs have a critical role going forward. They already specialize in payments and are some of the industry’s most innovative people - especially when it comes to the intricacies of payment acceptance. Before long, they’ll be specialists in embedded finance products too.

Also on tap for discussion are opportunities to add value with embedded offerings beyond just payments. Ernie spotlights deposit accounts as the next big thing in the embedded ecosystem. Not only do they enhance retention through the convenience and accessibility of a one-stop-shop offering, but they also provide monetary leverage for companies providing the service. Win, win, right?

[CATCH THE LIVE DISCUSSION HERE.](#)



About ERNIE MORAN

Hearing “I had no idea that was possible” from clients gets Ernie Moran up in the morning. With 25+ years of consultative sales experience in payments, banking, acquiring and issuing, Ernie thrives on partnering with clients to solve their most challenging problems. In his personal life, Ernie is a huge supporter of dance, theater and music.

ABOUT MAAST



Embedded finance is hard. Maast is an embedded finance startup that aspires to remove tech and operational barriers so software providers can focus on what they do best – deliver hyper-verticalized solutions for business owners.

Founded in 2022 to make true embedded finance attainable, Maast offers payments and banking – with more on the way – as features in software providers’ platforms under their brand. Maast is a wholly owned subsidiary of Synovus Bank, Member FDIC. Visit maast.com and follow us on LinkedIn to learn how we are helping our partners bank on their platform.

THE EMBEDDED ROADMAP

Guest: *Inktavo CEO James Armijo*

Success in the embedded finance journey, according to Inktavo CEO James Armijo, boils down to a three-phased approach. Phase one is (obviously) payments. As many of our guests have already mentioned, payments are the cornerstone of embedded finance. Everyone knows they need it, and no one needs to be sold on getting it. But what does the roadmap look like beyond payments?

Phase two is all about the basics. What are the services that a primary banking branch would offer? Think checking, cards, lending and insurance. Phase three, however, is what keeps our guest up at night - payroll.

For those of you scratching your heads wondering why payroll would have a place in the embedded finance journey, think off-cycle payroll, same-day pay and payday loans. According to James, the embedded finance ecosystem will likely engulf the payroll sector.

Another point to consider is smart pricing. When it comes to success in the embedded finance space, don't make the mistake of focusing solely on monetization. If you start from the premise of solving pain points rather than just making money, your efforts will lead to higher adoption rates and increased revenue.

CATCH THE LIVE DISCUSSION HERE.



About **JAMES ARMIJO**

Backed by PSG and Blue Star Innovation Partners, Printavo, InkSoft and GraphicsFlow merged to create Inktavo, a best-of-breed SaaS platform for the printing and decorating industry. In his role, James directs the company's strategy and manages operations. He joined Printavo after having served as CEO of Smartcare.

In his previous role as CEO of Smartcare, James directed the company's strategy and managed operations. As CEO, James led Smartcare through an exit to Vanco, where he later served as Senior Vice President of Vanco Childcare. Before Smartcare, James held several roles overseeing demand generation, sales, customer success and M&A, in addition to being a member of the executive team responsible for directing company strategy and securing financing at PatientPop, Kareo and 8x8. James began his career as a research analyst for Engemann Asset Management, a technology-focused, small-cap growth fund.

ABOUT INKTAVO

Inktavō

Inktavo's suite of products - InkSoft, Printavo and GraphicsFlow - delivers an all-in-one software and education solution for branded merchandise businesses to grow, organize and scale. With deep roots in the industry, we strive to be a thought leader that branded merchandise businesses trust to learn how to run a better business. We do great work because we empower our people to do their best by providing an inclusive, secure, rewarding and transparent workplace.