



Emerging market for embedded finance

Embedded finance connects financial and nonfinancial services players to bring forth accessible financial products and introduces new distribution models centered on customer convenience. As embedded services increase, new opportunities and innovation surface.

A growing number of nonfinancial companies are integrating financial services into their operations, offering consumers buy-now-pay-later plans, lending programs and point-of-sale insurance for large-ticket items and experiences.

Embedded finance brings new ecosystem models for financial services providers, technology enablers and nonfinancial distributors. These models have benefits for all stakeholders. For financial services providers, embedded finance creates cross-selling and an expanded customer base. For intermediaries, it drives customer loyalty and additional data points.

Survey results

EY analysts surveyed leading financial technology (FinTech) providers from across the globe to learn more about what they're seeing in the market. Retail, telecom and health care are seen as the most attractive sectors, with a long tail of industries that have promising potential. Respondents believe the current consumer focus will give way for a major opportunity with small to medium-sized businesses.

72%

of FinTech leaders surveyed believe that a majority of financial services will be done via embedded propositions in the future.

67%

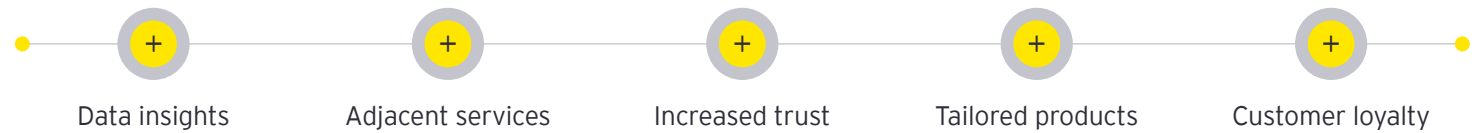
of respondents believe that getting embedded finance strategy right will deliver meaningful value to customers and drive cross-selling potential.

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Range of benefits

Beyond the benefits for consumers and end users, embedded finance offers opportunities across the value chain for financial services providers, technology enablers and third-party distribution platforms.



But to capture that opportunity, a pivot is required for all ecosystem players.

How EY teams can help

We bring an integrated approach, offering advisory, technology, risk control, compliance and regulatory services and additional industry-specific capabilities.

Think big

- ▶ Analyze the market and assess internal capabilities and ambitions
- ▶ Build the business plan and value propositions to customers across product types and sectors
- ▶ Articulate a detailed list of embedded finance propositions

Prioritize plays

- ▶ Select a short list of propositions and develop a high-level business case
- ▶ Analyze commercial attractiveness based on commercial models and assumptions (volume, pricing, etc.)
- ▶ Understand competitor presence and key capabilities required

Lay the foundation

- ▶ Define the implementation, including technological architecture and other operational considerations
- ▶ Identify additional needs across risk, regulatory, operations, technology and customer experience
- ▶ Assess the system via scenario planning and stress-testing

Go to market

- ▶ Design and build the selected product
- ▶ Validate the business case
- ▶ Define and enhance the customer experience
- ▶ Assess performance and develop corrections as needed
- ▶ Help onboard customers while retaining existing customers

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Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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US SCORE no. 20168-231US_3
2303-4210434
ED None

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