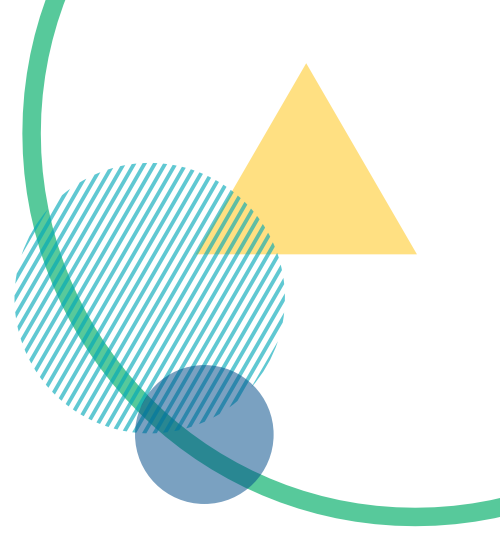
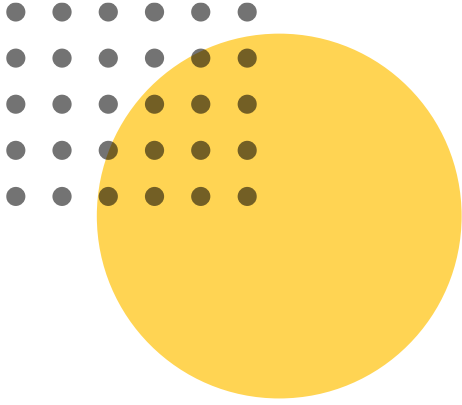
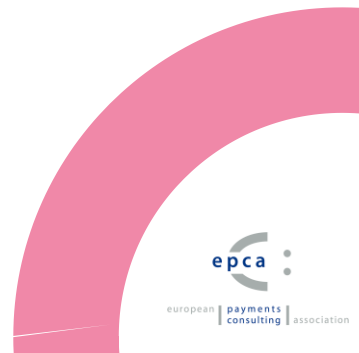


DRAFT



US & European Embedded Finance SMB Research 2024

Summary



Research Focus

During 2024 PSE and TSG interviewed c.1,000 SMBs across the US and Europe to understand their interest in embedded finance.



Size

Focussed on SMBs with an annual revenue <\$50m including single traders with turnover of >100k. Most respondents had a turnover of \$250k - \$1m pa



Verticals

26 sectors across Retail, Services and T&E inc. Health Services, Grocery, Education and Air travel



Markets

- UK
- France
- Germany
- Italy
- Spain
- US



Channels

- Online only (25%)
- Face-to-face only (25%)
- Omnichannel (50%)

Why the Interest?

There is clear latent demand from SMBs for embedded payments, with uptake constrained by the SaaS industry's delivery and promotion of the service.

70%

of SMBs are *interested* in taking an embedded payments offer in future

35%

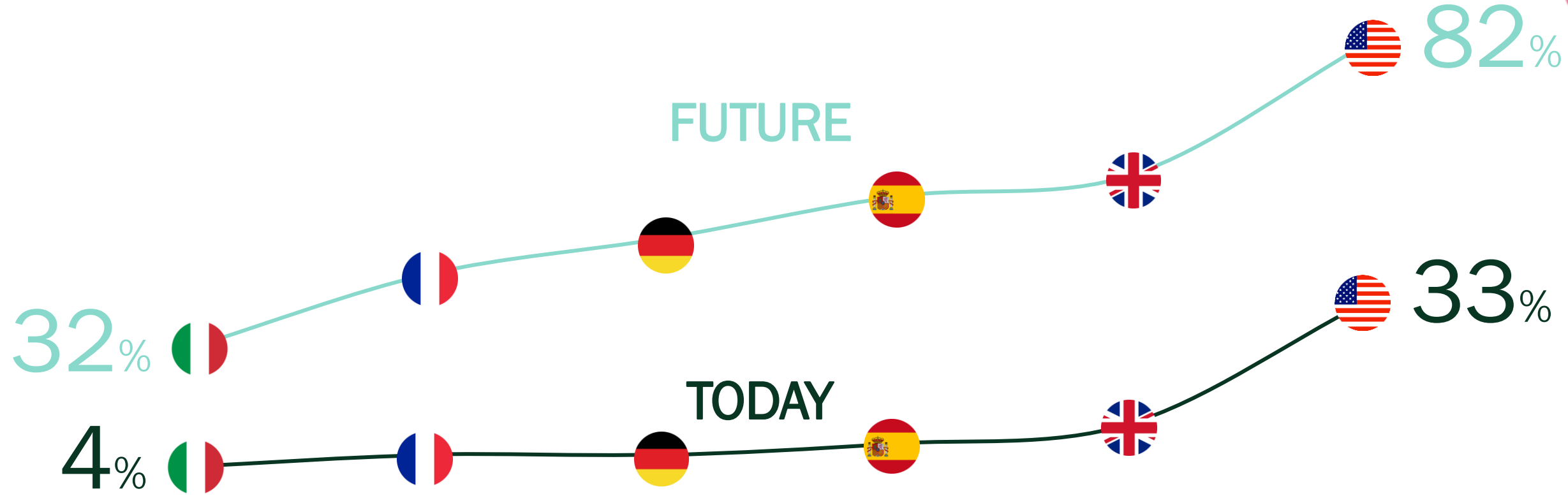
of SMBs *received* an embedded payments offer

12%

of SMBs have *taken* an embedded payments offer

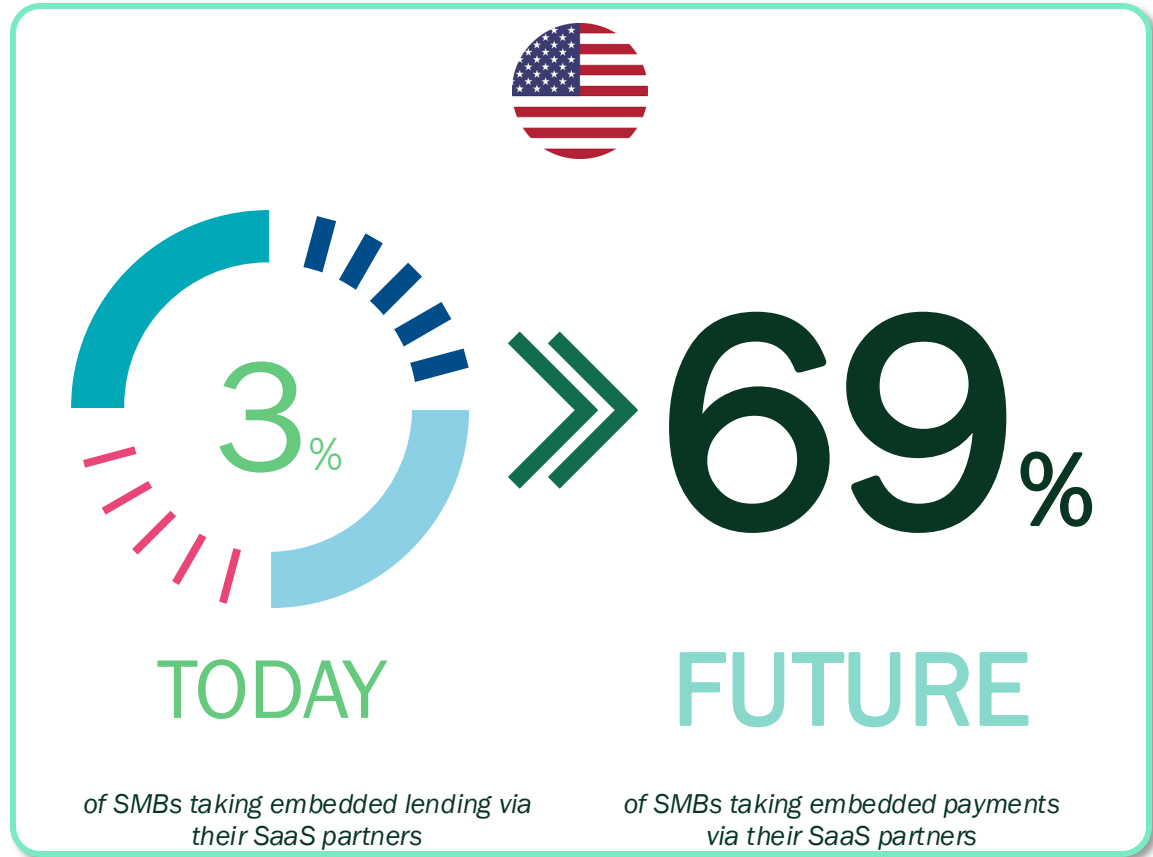
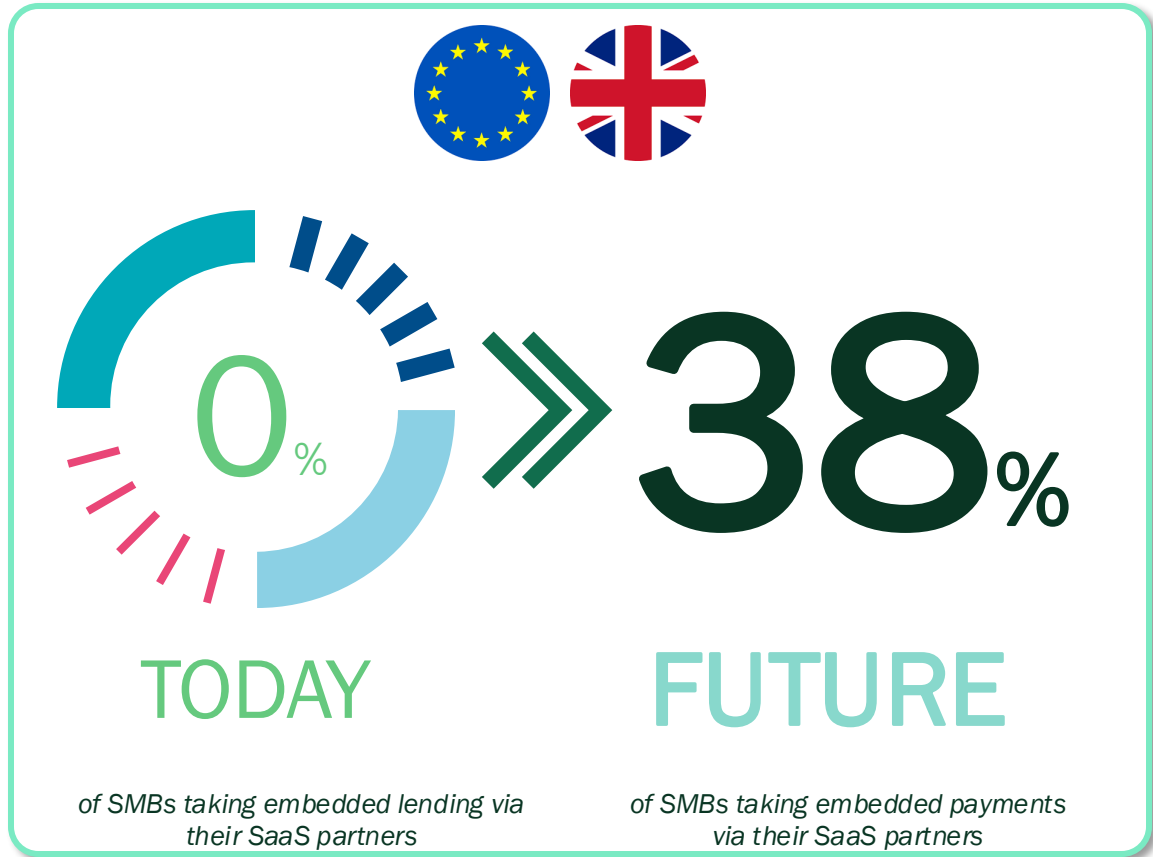
Embedded Finance Maturity

SMB adoption of embedded finance across Western markets is gradually maturing, with demand expected to exceed 80% in the US in the near future.



SMBs will get financing from software providers

Across Europe, over a third of SMBs are interested in financing their needs via an integrated offer from their SaaS provider, a figure that is even higher in the US.



Q19: For your main source of credit, please tell us from whom did you get this service?

Q20: In future, if you were made an offer for a lending product from a software provider you currently use or are considering using, would you take it?

The survey scope...

The research asks a range of detailed questions about the respondents' attitudes and aspirations about payments acceptance and embedded finance.

Who are they and what is their current set-up?

- What is their vertical and country?
- What is the size of their operation?
- Which are their sales channels?
- Who are their PSPs?
- What software platforms are they using?
- Who makes the final decision to select their PSP?
- What is the most important source of information when researching for a PSP?
- Reasons to select their PSP

Their use of SaaS platforms

- Software services they use
- Is it integrated with payments acceptance?
- Have they used third parties for integration and setup?
- Did software providers make them an offer for a financial product?
- Which financial products were offered?
- Did they take those offered products or not, and which products?
- How important are integrated financial services (on their SaaS platform)?

Payments acceptance

- What is their payment type mix?
- Sequence of software vs acceptance partner selection – past vs future
- Will merchants take a payments acceptance offer by a SaaS provider?
- Reasons to take a payments acceptance offer
- How important are value added services?

Attitudes to credit/lending

- What is their main source of business credit today?
- From whom do they get this service?
- Will merchants take a credit / lending offer by a SaaS provider?
- Reasons for taking a credit/lending offer

Insight Summary

The report is designed to provide actionable insights into customer local segments, and support senior stakeholder engagement in prioritising segment opportunities



1. Up to date (2024) **real world data** based on a large sample size across a wide range of markets/ segments
2. **Merchant level** insights on current competitors, software usage and buyer behaviour
3. **Detailed** segment, country, size data to support TAM modelling
4. Informed by **direct experience** of project on embedded finance with PSP and SaaS
5. Focussed on **high value use cases** for embedded finance (payment acceptance and lending)
6. **Objective trusted/expert** data source in both Europe and US to support internal decision-making rather than supplier centric

