3. Embedded Financial Services

"Every company will be a fintech company,"

— Angela Strange

Introduction

Embedded finances offer a huge opportunity for online sales. For example, over 60% of Shopify's $6+ billion annual revenue comes from merchant solutions (ex. Embedded financial services). Monthly subscription fees only represent less than 40% of Shopify's revenue.

The financial requirements and workflows of third-party (3P) marketplaces are different than traditional first-party (1P) eCommerce. However, there are also various monetization opportunities to embed financial services (often referred to as "FinTech") for operators.

The dollar value threshold of online purchases has been steadily increasing. A McKinsey study found that 98% of business buyers are willing to spend at least $50,000 via online purchasing.

B2C BNPL is estimated to reach 900 million users globally by 2027.

Traditional banking has been transforming through a process of unbundling and re-bundling in solutions like marketplaces.