



EMBEDDED FINANCE GROWS UP:

How Online Marketplaces Can Retain Customers and Boost Revenues

October 2025 Report

PYMNTS
INTELLIGENCE

MARQETA

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Embedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues was produced in collaboration with Marqeta, and PYMNTS is grateful for the company's support and insight. [PYMNTS](#) retains full editorial control over the following findings, methodology and data analysis.

WHAT'S AT STAKE

When consumers book trips online, shop for clothes on Amazon or take out car loans at dealerships, it's easy for them to perceive these merchants as banks. The same takeaway materializes when consumers interact or do business with firms that use third-party platforms to pay gig workers, manage suppliers or oversee logistics.

The reason is embedded finance, the seamless integration of financial services into non-financial platforms and apps. This innovation turns companies that traditionally wouldn't see themselves as financial services providers into integral parts of their customers' financial journey. By placing products and services like buy now, pay later (BNPL), branded rewards credit cards and instant financing directly on their platforms, businesses allow customers to access the financial tools they need directly at the point of purchase, without leaving the platform where they're shopping.



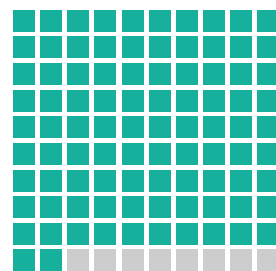
97%

of firms already offer
embedded financing solutions.

The result? Consumers have a more streamlined, convenient experience, one in which financial products and services are delivered directly within the marketplace, enhancing both customer satisfaction and business value. For marketplaces, this innovation is a game-changer, boosting customer engagement, reducing churn and unlocking new revenue streams by offering payment flexibility.

But embedded finance isn't without challenges. While its benefits are numerous, four in five surveyed firms struggle with compliance rules and regulations, especially those that offer payment services or consumer lending products. For marketplaces, success with an embedded finance platform typically depends on choosing partners able to navigate complex regulatory compliance, risk management and fraud prevention requirements while delivering innovation—a prioritization of security and regulatory expertise over platform flexibility.

92%



of marketplaces cite strong regulatory compliance as **key to success with embedded finance.**

In a collaboration with Marqeta, PYMNTS Intelligence surveyed 37 U.S. online marketplaces across retail, finance, travel and business processes (including payroll and human resources). Almost all (36) have embedded finance systems, and most are satisfied: Nearly two in three say their embedded tools, particularly for digital wallets and payment functions, reduce churn. More than half cite the potential for added revenue streams by keeping more revenue-generating activities in-house. While 76% of marketplaces want platforms customizable to their particular needs, most choose partners for their risk reduction capabilities.

Goals and success

A marketplace's success in embedded finance hinges on it aligning its product strategy with operational goals and risk tolerance. Digital wallets and payment disbursement tools are highly effective for customer retention, while embedded consumer lending and co-branded debit cards are better suited for generating new revenue. These outcomes highlight a broader trend: High-performing companies tailor their embedded finance offerings to achieve clear objectives, whether that's improving retention, monetizing customer transactions or achieving market differentiation.

These are just some of the findings detailed in Embedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues, a PYMNTS and Marqeta collaboration. This edition examines how enterprise marketplaces evaluate embedded finance solutions and draws on insights from a survey of 37 senior executives at U.S. marketplaces conducted in July 2025.

This is what we learned.

KEY FINDINGS

01

EMBEDDED FINANCE DELIVERS DOUBLE IMPACT.

Embedded finance offers the dual benefit of reducing customer churn and unlocking new revenue streams.



64%

of marketplaces report reduced churn; 51% cite new or additional revenue streams as a key benefit.

02

COMPLIANCE IS A STRATEGIC ADVANTAGE.

Mastering regulatory compliance is paramount for the success of an embedded finance implementation, particularly for marketplaces offering payment or lending products. This expertise often distinguishes thriving ventures from those that falter.



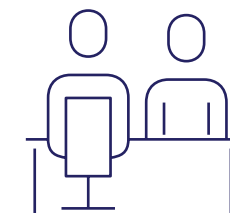
81%

of marketplaces encounter compliance challenges.

03

VENDORS ARE CHOSEN FOR THEIR REGULATORY AND COMPLIANCE EXPERTISE.

Despite desires for greater customization and flexibility, proven risk expertise and comprehensive regulatory support are the paramount factors for firms when selecting embedded finance partners.



76%

of respondents indicated a broad desire for customizable platforms, yet their vendor selection was primarily driven by a partner's regulatory (24%) and fraud (30%) capabilities.

PYMNTS IN DEPTH

Embedded finance providers are typically software companies that use application programming interfaces from banks and FinTechs to enable businesses outside the financial industry to offer financial products on their existing platforms. Their selling point: We let you do financial services, but without the expensive overhead of being a bank. Most marketplaces leverage embedded finance to significantly reduce churn and boost revenue. But achieving this double win hinges on selecting the right partner—one adept at navigating complex regulatory landscapes and mitigating fraud risks.

Embedded finance reduces customer churn by building trust and improving the shopping experience.

Among the 37 marketplaces surveyed, 36 have embedded finance offerings. More than six in 10 (64%) report reduced churn as a direct benefit of the tool. Lower churn derives from two closely related effects: improved consumer trust and better customer experiences. Over seven in 10 marketplaces (72%) cite both increased trust from consumers and improved customer experiences as the top benefits of integrating financial services such as co-branded debit cards, customer and supplier lending, payments, payouts and digital wallets directly into their platforms.

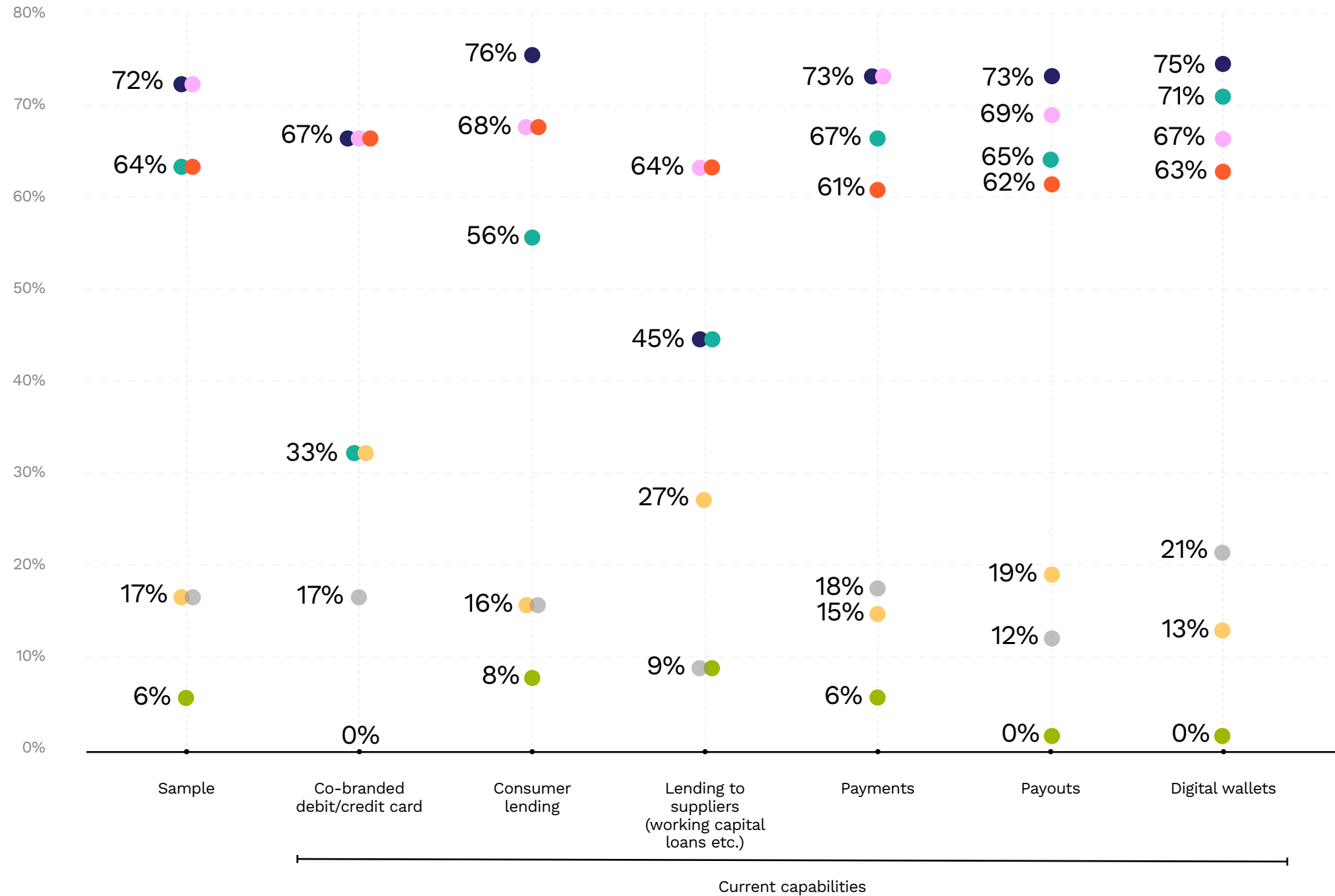
The trust and experience factors effectively lower churn by transforming casual customers into loyal users. Embedded financial capabilities also allow marketplaces to personalize offerings to consumers, further strengthening their engagement. When customers trust a marketplace with their money and have seamless financial experiences, they become significantly harder to poach.

While lower churn holds across embedded use cases, it also highlights different strengths by capability. Digital wallets and payouts do the most to prevent customer churn; lending and co-branded debit cards offer more revenue-side advantages by getting more financial products into the hands of consumers. Regardless of the primary goal of an embedded financing platform, aligning product strategy with intended outcomes is essential.

FIGURE 1

Beyond payments
Benefits of implementing embedded finance solutions

- Greater consumer trust
- Better customer experience
- Reduced customer churn
- More efficient operations
- Ability to personalize tailored products to the customers
- Lower risk of fraud
- Greater working capital efficiency



Source: PYMNTS Intelligence
 Embedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues
 N = 36: Marketplace businesses offering embedded finance, fielded July 2025

Embedded finance creates an engine of growth.

Reduced churn isn't the only benefit. More than half of the surveyed marketplace executives see embedded finance platforms as a straight path to new sources of revenue. Notably, cost savings are not the primary driver; only 19% of marketplaces cited this as a goal.

More than seven in 10, or 73%, of online lenders recognize embedded finance as a powerful lever for both revenue and growth. Marketplaces that offer co-branded debit and credit cards follow closely, at 67%. Adopters also extend their strategic focus to other applications, such as lending options and streamlining payments to suppliers. For marketplace decision makers, the message is unambiguous: Embedded finance is far more than just another feature; it is a fundamental tool for forging distinctive value and unlocking new business models.

FIGURE 2

The customer is king

Reasons for adding or improving embedded finance capabilities

	Current capabilities						
	Sample	Payments	Lending to suppliers (working capital loans, etc.)	Consumer lending	Digital wallets	Payouts	Co-branded debit/credit card
Improve customer experience	78%	79%	82%	76%	75%	77%	67%
Enhance data and customer insights	62%	61%	55%	72%	67%	62%	67%
Open up new revenue opportunities	51%	48%	73%	56%	50%	58%	67%
Streamline operations	51%	52%	45%	56%	46%	46%	33%
Increase customer retention and engagement	49%	48%	36%	44%	50%	46%	33%
Improve transaction conversion rates	38%	33%	36%	40%	42%	42%	67%
Save on costs	19%	15%	27%	24%	13%	23%	33%

Source: PYMNTS Intelligence

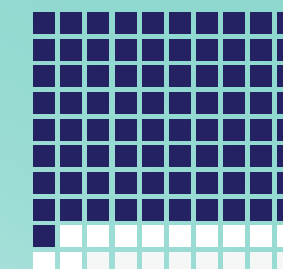
Embedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues

N = 37: Marketplace businesses, fielded July 2025

Regulatory complexity ranks as the top challenge with embedded finance—and successful marketplaces choose partners that solve for compliance.

Embedded finance has reached operational maturity, but its regulatory infrastructure is still developing. As companies expand their embedded finance offerings, they must navigate a complex maze of overlapping regulations—from know-your-customer (KYC) rules to varying state and international requirements. Just over eight in 10 marketplaces say they face challenges in complying with various federal and state laws, rules and regulations governing data privacy and consumer protection rules. Fraud risk comes close behind, cited by 75% of the surveyed executives.

81%



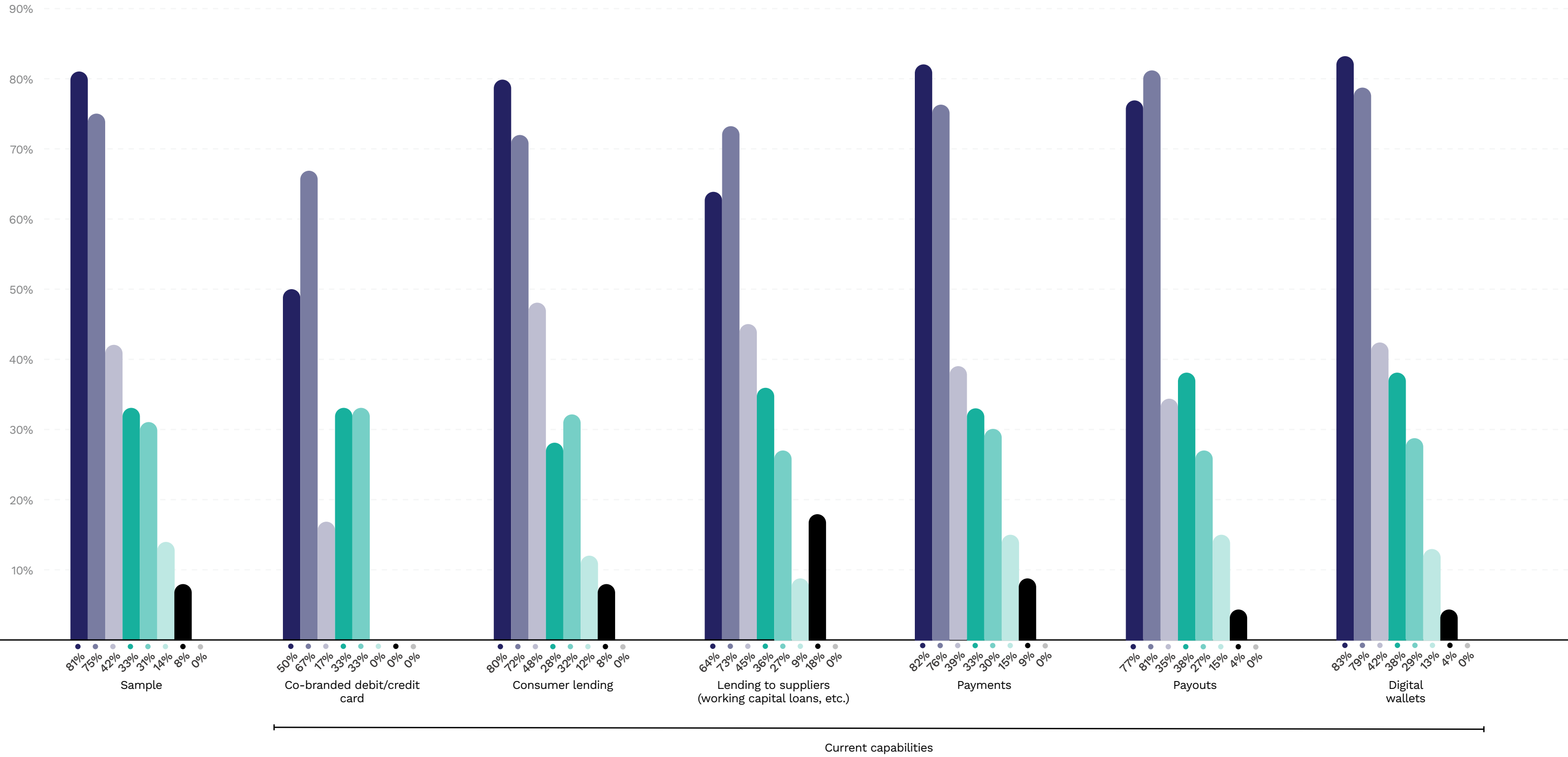
of marketplaces face **regulatory challenges.**

It's a double bind: Regulatory pressures raise the stakes, and compliance missteps can undermine trust, harm customer relationships and undo progress. In this context, compliance becomes not just a technical hurdle, but an essential and valuable function that protects both consumers and the company. Embedded finance's success increasingly hinges on a marketplace's ability to interpret, adapt and act within evolving regulatory boundaries.

FIGURE 3
Roadblocks

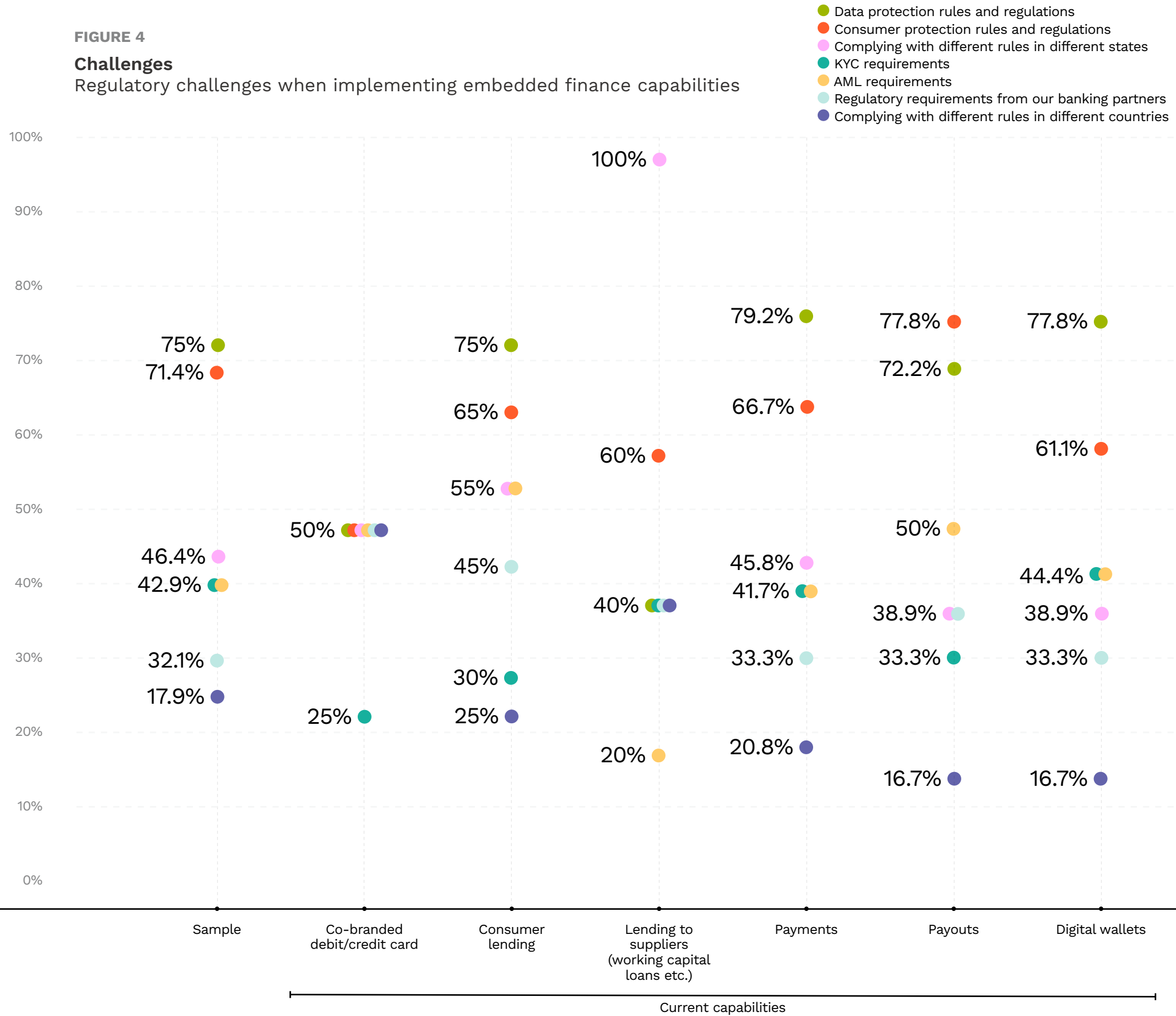
Challenges faced when offering embedded finance capabilities

- Regulatory challenges
- Fraud risk
- Too dependent on third-party providers
- Insufficient cross-functional collaboration among internal teams
- Too many internal resources dedicated to supporting these capabilities
- Inability to measure ROI
- Customer churn
- We have faced no challenges related to embedded finance capabilities



Source: PYMNTS Intelligence
Embedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues
 N = 36: Marketplace businesses that offer embedded finance, fielded July 2025

FIGURE 4
Challenges
 Regulatory challenges when implementing embedded finance capabilities



That said, regulatory burdens aren't felt equally. For three in four marketplace executives, consumer data protection rules present a key challenge. A similar share (71%) points to regulations safeguarding against unfair or predatory lending. These issues are particularly acute for companies with embedded payments and lending functions, where 79% of firms report data compliance burdens.

Source: PYMNTS Intelligence
 Embedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues
 N = 37: Marketplace businesses, fielded July 2025

The partnership imperative: Marketplaces prioritize risk management over customization.

More than eight in 10 marketplaces that leverage embedded finance admit to struggling with regulatory compliance. This challenge surpasses even fraud concerns, which nonetheless remain high at 75%. Still, the regulatory burden is not uniform; marketplaces offering payment and lending functionalities report the greatest difficulties navigating complex and frequently evolving regulations. Notably, nearly four in ten marketplaces with limited collaboration between their product and compliance teams prioritize fraud capabilities. This contrasts sharply with just 9% of their peers who demonstrate better internal collaboration practices.

This disparity reveals an important insight: Marketplaces with less internal risk expertise depend more heavily on vendor capabilities to manage compliance and fraud risk. This highlights the critical importance of selecting partners who can effectively bridge operational gaps, rather than merely supply technology.

A significant 92% of firms assert that strong regulatory compliance is key to embedded finance success, with another 76% pointing to effective fraud risk management. These findings reflect the primary obstacles encountered: 81% report regulatory friction, and 75% grapple with persistent fraud issues.

Consequently, most firms now adopt a defensive strategy when approaching embedded finance. Compliance and fraud prevention efforts often take precedence over qualities like flexibility or groundbreaking innovation. This shift redefines the criteria for embedded finance success, emphasizing not just what a system accomplishes, but also its capacity to scale securely within real-world applications. The most successful marketplaces recognize that embedded finance is fundamentally a partnership, extending beyond mere platform selection. They strategically choose providers who offer deep regulatory expertise, demonstrated fraud prevention capabilities and the operational maturity essential for sustainable long-term growth, rather than just advanced technical features.

Achieving success in embedded finance transcends traditional business metrics like return on investment (ROI); just 3% of surveyed marketplace executives prioritize that gauge when judging their return on the tool. And while three in four respondents want customization, none view that as a top trait when choosing an embedded finance vendor. Instead, strong capabilities in regulation and compliance and fraud and risk dominate. Respondents predominantly define success by a platform’s robust regulatory compliance (92%) and strong risk management capabilities (76%).

These concerns extend beyond technicalities: Compliance failures in an embedded financing platform can severely erode customer trust, diminish customer retention and compromise revenue models, potentially posing existential threats to a marketplace’s viability.

FIGURE 5

What’s hot

Traits sought in vendors for embedded finance innovations by quality of collaboration between internal teams

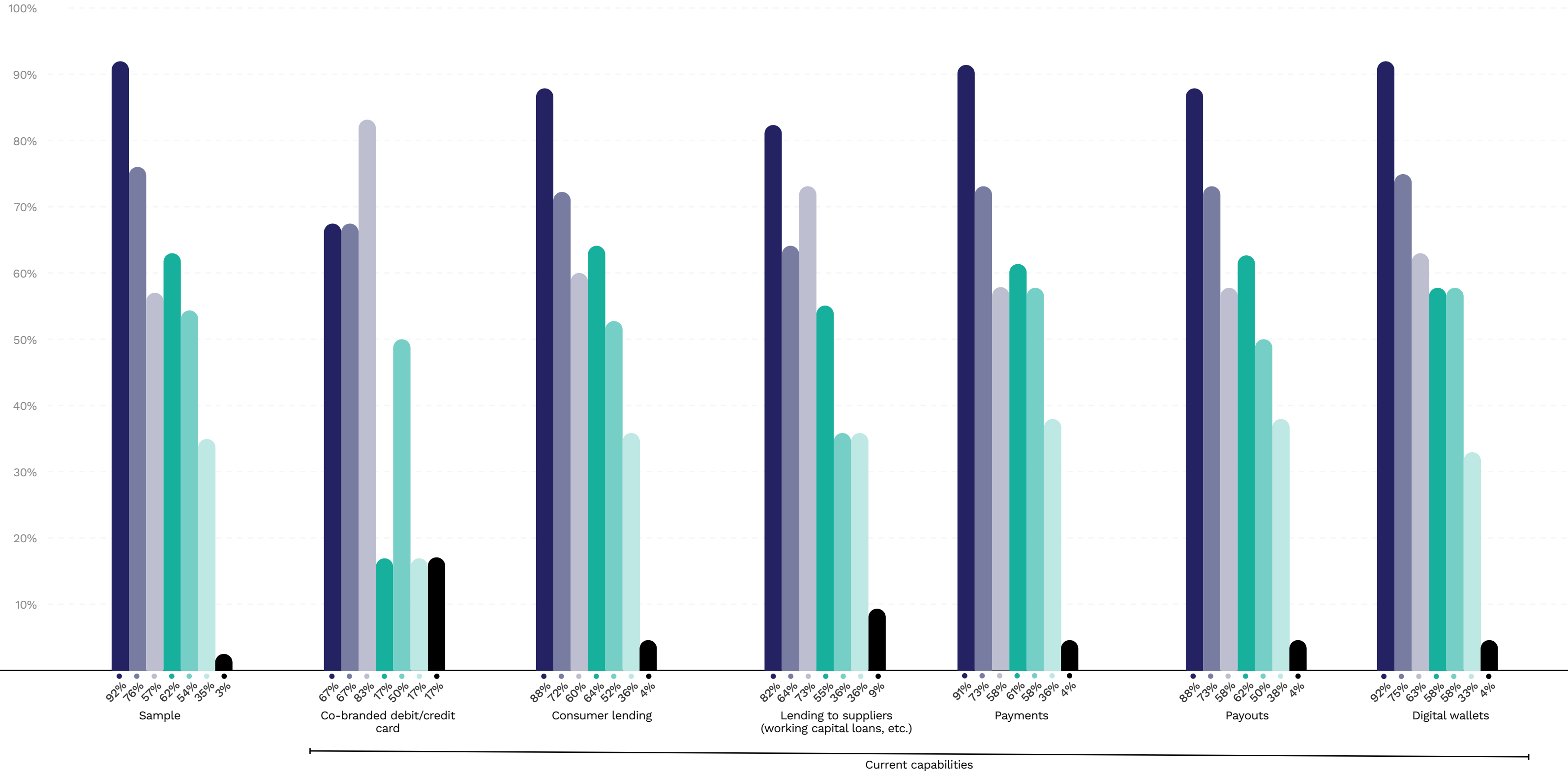
	Traits sought in vendors for embedded finance innovation			Top trait sought in vendors for embedded finance innovation		
	Sample	Quality of collaboration between the products team and the risk team		Sample	Quality of collaboration between the products team and the risk team	
		Excellent/very good	Good/fair		Excellent/very good	Good/fair
Ability to customize	75.7%	63.6%	80.8%	-	-	-
Speed to market	73.0%	72.7%	73.1%	-	-	-
Strong regulatory and compliance capabilities	70.3%	63.6%	73.1%	24.3%	9.1%	30.8%
Ease of integration	67.6%	45.5%	76.9%	5.4%	9.1%	3.8%
API integration capabilities	67.6%	36.4%	80.8%	2.7%	-	3.8%
Advanced fraud and risk capabilities	67.6%	63.6%	69.2%	29.7%	9.1%	38.5%
Successful track record of the third party	62.6%	63.6%	61.5%	2.7%	9.1%	-
Data and analytics capabilities	59.5%	63.6%	57.7%	-	-	-
Seamless integration with an existing system	56.8%	45.5%	61.5%	8.1%	9.1%	7.7%
Can accommodate increased volume as my business grows	35.1%	45.5%	30.8%	5.4%	9.1%	3.8%
Can offer additional products and services as my needs increase	24.3%	63.6%	7.7%	8.1%	27.3%	-

Source: PYMNTS Intelligence
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 N = 37: Marketplace businesses, fielded July 2025

FIGURE 6
What wins

Factors defining success with embedded finance innovation

- Strong regulatory compliance
- Strong risk management capabilities
- Well-defined revenue model
- Availability of a third-party provider for specific needs
- Well-defined use cases that customers want
- Strong cross-functional working relationships
- Measurable ROI



Source: PYMNTS Intelligence
 Embedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues
 N = 37: Marketplace businesses, fielded July 2025

ACTIONABLE INSIGHTS

1. Align capabilities with business outcomes. To optimize embedded finance, align its capabilities with your core business objectives. Different features yield different outcomes: wallets and payouts bolster customer loyalty, whereas lending solutions drive monetization. Instead of mimicking competitors or seeking a comprehensive feature set, tailor your strategy to achieve specific goals by selecting partners who can deliver the precise results you seek.

2. Treat compliance as a strategic advantage. With 81% of marketplaces grappling with regulatory challenges, it's clear that readiness is a key, early consideration in partnership decisions. Missteps in compliance can quickly erode trust and hinder growth. For marketplaces aiming to scale their embedded offerings, proactively addressing KYC, AML and other rules with expert partners is no longer just an advantage—it's essential for success.

3. Choose vendors who complement internal capabilities.

Marketplace companies with seamless collaboration between their product and compliance teams can prioritize building customizable tools. However, those with limited risk management or legal expertise should focus on partnering with providers that offer proven compliance and fraud prevention capabilities. A successful partnership strategy should align with a company's operational maturity and address specific gaps, rather than simply chase ambitious product goals. By tailoring their approach, marketplace firms can ensure their efforts are both effective and sustainable.

4. Prioritize long-term partnerships over short-term features.

The key to successful embedded finance lies in forging strategic partnerships, not in simply relying on relationships with providers. Look for partners with robust regulatory expertise, a strong track record in risk management and the operational capacity to support growth. Choose providers who can adapt to evolving compliance demands and shifting market dynamics, ensuring your long-term success and agility.

METHODOLOGY

E mbedded Finance Grows Up: How Online Marketplaces Can Retain Customers and Boost Revenues is based on a PYMNTS Intelligence collaboration with Marqeta that surveyed 37 senior executives at U.S. marketplace businesses in July 2025. Respondents were decision makers with direct knowledge of embedded finance initiatives. The sample included firms across a range of sectors offering digital platforms for third-party sellers and buyers. All respondents had implemented or were planning to implement embedded finance capabilities, including payments, wallets, lending or payouts. The study explored current adoption levels, implementation outcomes, product use cases, perceived challenges and future plans to assess how embedded finance is evolving from innovation to operational standard.

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ABOUT

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PYMNTS INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists includes leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

MARQETA

Pick a lane: the reliability and scale of a legacy payments provider, or the breakthrough innovation of an emerging platform. Why not both? Marqeta is the modern card issuing platform that powers the world's most innovative payment programs. If they say you can't have it all, don't believe them. Our API-first infrastructure delivers what others force you to choose between, scale and agility, stability and flexibility, proven and groundbreaking. From fast-growing fintechs to Fortune 500 enterprises, leading companies trust Marqeta to power their consumer and commercial card programs. We've processed over \$400 billion in total payment volume while maintaining enterprise-grade reliability, fast and configurable, safe and bold. Our single, end-to-end platform eliminates the complexity of managing multiple vendors and siloed systems. Launch diverse programs from debit and credit cards to virtual and prepaid solutions, all through one integration. Compliant and cutting-edge, we're certified in over 40 countries, enabling global expansion without compromise. Whether you're building loyalty programs that drive engagement or expense solutions that streamline operations, Marqeta provides the technical depth and operational expertise to execute ambitious payment strategies, at scale. With Marqeta, you don't have to compromise. Choose AND, not OR.

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