Guide

7 reasons to embed payments into your platform

As a platform, you're the backbone of your users' business, providing an essential day-to-day service. Yet, while you focus your efforts on making lives easier for your users, you have your own challenges to deal with.

For example, how can you:

- Improve your customer retention?
- Diversify and generate more revenue?
- Support your users across more regions or channels?
- Scale and future-proof your business?

Adding additional value to strengthen relationships and keep users on your platform is key. And, as you look to diversify your offering, payments could be a good place to start.

Payments is a critical function in any business. But it can also be a major pain point; adding complexity and operational overhead. Platforms are uniquely positioned to make all this go away by offering payments services from directly within their systems. This removes the headache of integrating and managing payments separately, especially if multiple payment methods, channels or regions are needed. It also unlocks access to technology, which would otherwise be out of reach - Think how Uber gives drivers access to best-in-class payment experiences that would be hard for them to replicate alone.

This is a huge growth area. Our recent **Embedded Finance Report** found that 35% of our survey respondents are using an embedded payments service provided by their platform (up from 30% in 2021). On top of that, 69% of these users would move to a platform that offered a more integrated payments experience. Equally compelling is the fact that front-running platform businesses are already seeing up to 80% of their revenue coming from embedded payments.

In this guide, we'll unpack the benefits of embedding a payments solution into your platform. We'll look at the core challenges you'll solve for your users and explore the opportunities it will unlock for your business.

What do we mean by 'platform'?

First of all, it's probably worth explaining what we mean when we say 'platform' since the world is full of platforms; from marketplaces, to social platforms.

In this instance, we're looking specifically at software as a service (SaaS) platforms, which have been created to meet the needs of a specific type of business. For example:

- Retailers
- Ticketing businesses
- Hospitality businesses

You exist to help your users complete operational tasks such as processing online or point of sale payments, controlling orders, managing reservations, issuing invoices, managing inventory, etc. You offer a one-stop-shop from which your users can manage their business, simplifying their operations, and helping them scale.

Payments: The pain, the potential

It's never been easier to make a payment. Whether it's taken automatically when you arrive at your destination, or you use Express Checkout when shopping online, we've all come to expect frictionless experiences. This is great if your business is set up to support seamless payments. But it puts you on the back-foot if your payments experience is clunky.

Payments are rarely a business' primary concern. They (rightly) prefer to focus on serving great coffee or delivering beautiful products to wrestling with the complex environment that sits behind payments systems. It's normal for businesses to simply integrate with an affordable payments service provider (PSP) and hope for the best. This works for a while. But businesses quickly come up against difficulties. If they want to sell overseas, they might get hit by higher card processing fees or find themselves having to integrate multiple local payment methods. And, if they want to sell across different channels as well, things become even more complicated.

Traditionally, platforms assist their users by offering integrations to a range of PSPs. There's nothing wrong with this, but it's time-consuming. You have to build and maintain plugins for each PSP. And your users still have to do the legwork of selecting, integrating, and managing their chosen provider. What if, instead, you do all this on your users' behalf with just one integration to a white-labelled payments solution? No need for separate contracts, support numbers, or log-ins. Your users have everything in one place, you deliver more value, and generate a new revenue stream to boot.

> **❯ ROLLER**

> *"Payments have traditionally been seen as a utility and a lowest-sum game. But it's actually one of the biggest value drivers for our customers and business."*
>
> **Will Nicholson** — Head of Global Payments, Roller
>
> **Read the full story ›**

The 7 benefits of embedding payments

We know there's a compelling case for embedded payments, and our research has revealed a significant demand. Now let's explore some of the key benefits to taking control of your payments offering.

1. Be the only platform your users will ever need

Running a business is complicated enough without having to log in and out of several systems in a day. Your users are probably already spending a significant time within your interface and, with embedded payments, that's one less reason for them to leave.

This Power of One also applies to payments. Connecting to a single platform that can manage payments across all channels and regions makes it easier to deliver more flexibility. Plus, since single systems are easier to update than a patchwork of interconnecting ones, your users will have quick access to the latest innovations (no need to wait for a third-party plugin to support them). This means that, even as they scale, you'll be able to continue serving your users' needs.

"We've learned that providing a one-stop solution makes our core SaaS products stickier, and enables merchants to simplify their operations, scale for growth, and provide exceptional customer experiences. Adyen supports our vision of supporting this space globally, with localisation and payment regulatory framework in each region."

Jona Georgiou — General Manager of Payments, Lightspeed

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2. Introduce new revenue streams

Becoming part of the funding flow means you can charge processing fees on each payment. You'll also have more control over the process, which means you can offer more flexibility, supporting a range of different funding flows. For example: Letting customers buy a gift card in one store and redeem it in another. You'll also be able to offer faster payouts. Cash flow can be a knife-edge for small businesses and the ability to receive funds fast can make all the difference. So, imagine if you could offer same-day payouts.

3. Bypass legacy systems

The traditional payments set-up is a bit of a mess. Built years ago, before ecommerce really took off, it's a muddle of old systems patched together, often resting on legacy banking infrastructures. As a result, payments get dropped, cards get declined, and businesses lose out.

You can help your users avoid all this by embedding a modern, purpose-built payment platform designed to identify and circumnavigate the issues related to legacy systems. For example: Different banks have different requirements when it comes to the formatting of a payment request. If it doesn't recognise the request, it will decline the payment outright. A smart payment system uses machine learning to reformat requests in real-time, maximising the chance of an approval. With tools like these at your fingertips, you'll deliver optimised payments that keep the money flowing.

>ROLLER

"Compared to third-party integrations, we've seen our authorisation rate increase from 87% to 94.5% with Adyen. Improved authorisation rates means we increase the revenue received by our customers."

Will Nicholson — Head of Global Payments, ROLLER

Read the full story ›

4. Open up the world

Plugging into local card acquiring networks around the world is just one of the headaches your users face when selling overseas. In many countries, cards aren't even the main method of payment. In China, digital wallets like Alipay and WeChat Pay reign supreme while in the Netherlands it's online banking method, iDEAL. Make expansion easy for your users by offering them local card acquiring on a global scale and access to key payment methods in the same integration.

5. Support unified commerce

Do your users accept payments in-person as well as online? If so, offering them a solution from which they can manage and view all their payments in one place is a huge advantage. Give them access to sleek, affordable point of sale terminals, which can be ordered directly from your platform. And make it simple for them to support cross-channel journeys such as reserve (with a deposit) online and complete payment in-person.

6. Provide unparalleled customer insights

By processing all your users' payments across all regions and channels in one system, you'll be able to give them a single view of their customers. These powerful insights can be used to help with top-level business decisions as well as marketing efforts.

eposnow

"With Epos Now Payments (powered by Adyen), our customers have faster and better onboarding experiences and more integrated products with one portal to log into and one number to call for support."

Nathan Gill — Chief Product Officer Epos Now

7. Prepare for embedded finance

Embedded payments is a necessary first step before progressing to **embedded finance**, which also has huge potential gains for both you and your users. As discussed, you play a central role in the day-to-day running of your users' operations. You know a huge amount about their business model, their seasonal challenges, and the state of their finances. This means you're ideally placed to offer them more.

Embedding financial services into your platform can help your users streamline the payments process still further (so they can get paid faster) and unlock access to pre-approved capital. This is possible because the financing is embedded into your platform. You have access to your users' payments data, which makes it easy for you to quickly authorise cash advances for instance.

There's a huge demand for this amongst platform users. Our **Embedded Finance Report** found that 64% are interested in financial services being embedded within a platform. This translates into a potential revenue uplift of up to 70%. Now's the time to seize this opportunity. The market for embedded finance is still at an early stage of development, with less than 5% of penetration. But it's poised to develop rapidly, especially as other platforms wake up to the opportunity.

Embedded finance products include:

Issuing: Issue your users with virtual or physical cards for same-day settlement at no extra cost. This could even be scaled to business employees, giving them debit or prepaid cards they can use to make purchases.

Capital: Offer users pre-approved capital advances directly from their user area. No need for them to complete lengthy funding application forms, as they would at a bank. You've already done your KYC and you know their trading history so can offer capital on the spot.

Bank account: Embed a bank account and treasury services into your platform so your users can manage their funds and pay bills all in one place. Again, one less reason for them to need to log into another system.

Discover how to fast-track your embedded finance journey ›

"Embedded finance goes beyond just providing a payment solution. It provides a full banking solution as well. Our software is the operating system that these merchants use to run their business. We already know a lot about them and we can make much more informed credit decisions than a traditional financial institution can."

Nathan Gill — Chief Product Officer, Epos Now

Embedded payments with Adyen

Leverage our technology and licensing framework to offer a white-labelled payments solution to your users. Give your users access to a platform that was built to process payments for enterprise businesses like Uber, Spotify, Joe & The Juice, Leon, SpaceNK, and Tory Burch. This includes access to our global card acquiring network as well as key local payment methods. Through us, you can also offer them a streamlined point of sale solution that syncs up with their online payments. So they can see all their customers' activity in one place. And, on top of that, our financial licences across Europe, the UK, and the US, unlock the potential to offer embedded financial products such as working capital, bank accounts and card issuing.

SKIDATA
KUDELSKI GROUP

"The superior technology stack, tailored APIs, and platform scalability played a key role in the decision to work with Adyen."

Florian Schneeberger — VP of Northern Europe, SKIDATA

Read the full story ›

We'd love the opportunity to explore how we can help you increase your revenue, improve user-retention, and ensure your platform is ready to capitalise on the rise of the platform economy.

Get in touch ›

Adyen is the financial technology platform of choice for leading companies. By providing end-to-end payments capabilities, data-driven insights, and financial products in a single global solution, Adyen helps businesses achieve their ambitions faster. With offices around the world, Adyen works with the likes of Facebook, Uber, H&M, eBay, and Microsoft. Adyen continuously improves and expands its product offering as part of its ordinary course of business. New products and features are announced via press releases and product updates on the company's website.

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