

Embedded Finance – How are Corporates Evolving



Why Embedded Finance for Corporates?

Embedded Finance offerings for retail customers are well known: BNPL (Buy Now Pay Later), Embedded Payments like Google Pay, Apple Pay, retail branded cards and financing, embedded Insurance, loyalty and rewards program or Wallets.

Embedded Finance in the retail business is experienced as an enabler to improve

customer experience and open new business opportunities and revenue streams.

Maybe you, as a bank or Fintech, have already had some discussions on these topics.

What about Embedded Finance for corporate customers? This article will shed some light on this topic.

Embedded Finance for corporates is experienced at an early stage.

Depending on the industry, geographical location, respective business behaviours’, Embedded Finance does not gain high priority.

In some opinion Open Banking or Open Finance is seen as Embedded Finance, but it is only the entry point for it to get the interactions for such services.

In a **future view, payments will be part of the process** of purchase, e.g. Delivery versus Payment or use of service and less seen as an independent activity.

Therefore, **Open Banking is an enabler for seamless customer journeys**, but **Embedded Finance opens the door for additional services**, and is an enabler

to streamline operations, improve customer and partner experiences, and unlock new revenue streams.

The same benefits experienced in retail businesses are leveraged in corporate businesses.

By integrating financial services

directly into platforms and workflows, companies can reduce friction in B2B transactions and offer more comprehensive solutions.

The graph below gives you an overview of actual Embedded Finance use cases in corporate businesses.

Embedded Payments in B2B Platforms	- Corporations are integrating payment solutions into their supply chain and procurement platforms, allowing seamless invoicing, payment processing, and reconciliation. - This reduces manual work and accelerates cash flow management.
Lending & Working Capital Solutions	- Embedded lending is used to offer short-term credit or trade finance directly to corporates. - Platforms such as B2B marketplaces or ERP systems partner with fintech's or banks to provide pre-approved financing or invoice factoring.
Embedded Treasury & Cash Mgmt	- Corporates integrate banking services into their ERP systems, enabling real-time cash flow monitoring, forecasting, and liquidity management. - This provides better control over treasury functions without switching between platforms.
Embedded Insurance	Businesses can offer tailored insurance products (e.g., cargo, equipment, or liability insurance) as part of their service offerings to partners or customers.
Corporate Cards & Expense Mgmt Tools	Embedded finance enables corporations to offer smart corporate cards and automated expense tracking tools directly within internal financial systems or employee platforms.
Payroll & Employee Financial Services	Some companies embed salary advance features, savings options, or benefits management into HR platforms to support employee financial wellness.
Revenue Based Financing & Subscription Billing	Some companies embed salary advance features, savings options, or benefits management into HR platforms to support employee financial wellness.

Examples of use cases by industry

The following examples of impact and use cases by industry help to understand the impact of Embedded Finance:

- Manufacturing**
Impact: Improved liquidity management, reduced working capital gaps, and stronger supply chain resilience with use cases such as:
 - Embedded Payments:** Automating supplier payments and receivables within ERP systems (e.g., SAP, Oracle). Using smart contracts in permissioned blockchain ecosystems, or other delivery versus payment patterns can be introduced.

- » **Trade Finance & Embedded Lending:** Manufacturers provide financing options to distributors or dealers directly through digital platforms. Based on trade finance events, e.g. delay of deliveries, the bank can support corporates with lending.
- » **Insurance:** Offering embedded equipment or production line insurance during asset sales as insurance on demand.

- **Logistics & Supply Chains**
Impact: Faster settlements, more secure transactions, and better protection of goods in transit with use cases such as:
 - » **Embedded Freight Insurance:** Automatically offered during

- cargo bookings or shipment tracking as insurance-on-demand.
- » **Instant Payments & Escrow:** Integrated payment solutions to reduce fraud and delays in global trade transactions. The bank acts as a trusted intermediary as is today known in credit operations, where payment is executed only when the delivery is made.
- » **Financing Options:** Embedded invoice factoring or load financing for carriers and freight companies.

- **Software-as-a-Service (SaaS) / B2B Platforms**
Impact: Higher user retention, additional revenue streams (via transaction fees or lending

margins), and a more seamless user experience with use cases such as:

- » **Embedded Payments & Billing:** SaaS platforms integrate payment gateways and subscription billing directly to reduce manual actions in invoicing and reconciliations. This requires transparency and traceability in billing for SaaS customers. A bonus system would enhance customer loyalty.
- » **Lending Platform Users:** Platforms offer credit or cash advances to small business users based on usage or revenue history (e.g., Shopify Capital).
- » **Wallets & Payouts:** Platforms hold and distribute funds on behalf of users (e.g., marketplaces or gig platforms).

- **Construction & Real Estate Impact:** More transparent project funding, faster access to capital, and risk mitigation with use cases such as:

- » **Project-based Financing:** Embedded loan options for developers or contractors within project management tools. Based on the progress and payment plan of a construction, liquidity, delay and other risks are detected early on and can be mitigated. Banks get more insight into risk exposures and a better handle to actively manage the risk in cooperation with their corporate customers.
- » **Embedded Insurance:** Builders risk or liability insurance offered during contract signing or procurement. With integrated progress milestone and payment plans, the risk can be actively managed and mitigated.
- » **Payment Flows:** Milestone-based payments embedded in

construction platforms streamline contractor payouts. With integrated progress and payment plans, the risk can be actively managed and mitigated.

- **Agriculture & Agribusiness Impact:** Increased access to capital for smallholder farmers, reduced financial risk, and digitization of rural payments with use cases such as:

- » **Input Financing:** Seed, fertilizer, and equipment providers embed financing directly in their ordering platforms.
- » **Crop Insurance:** Embedded insurance coverage for weather or yield losses during product sales as insurance-on-demand.
- » **Farmer Wallets & Mobile Payments:** Allowing farmers to receive and manage funds via embedded wallets in agriculture platforms.

- **Energy & Utilities**
Impact: Improved customer onboarding, higher adoption of sustainable solutions, and smoother payment collection with use cases such as:

- » **Embedded Billing & Payments:** Smart energy platforms integrate payments into usage monitoring tools. Transparency and traceability in billing offered to customers.
- » **Green Financing:** Offering embedded financing for solar panels or energy-efficient equipment. This could be provided as a 'lease and buy' model.
- » **Usage-based Insurance:** Embedded services for equipment breakdown or liability based on usage data as insurance on demand.

- **Healthcare & Medtech**
Impact: Enhanced affordability and accessibility for patients, and simplified administration for providers with use cases such as:

- » **Patient Financing:** Clinics and providers embed instalment payment options for expensive procedures.
- » **Embedded Insurance:** Health platforms offer coverage for diagnostics, outpatient, or telemedicine services. This can be factored in a special healthcare insurance offering to invite customers for early clarification and detection of illnesses to reduce healthcare costs and improve customer satisfaction and health.
- » **Expense & Reimbursement Tools:** Corporate wellness platforms offer embedded wallets for reimbursable medical expenses.

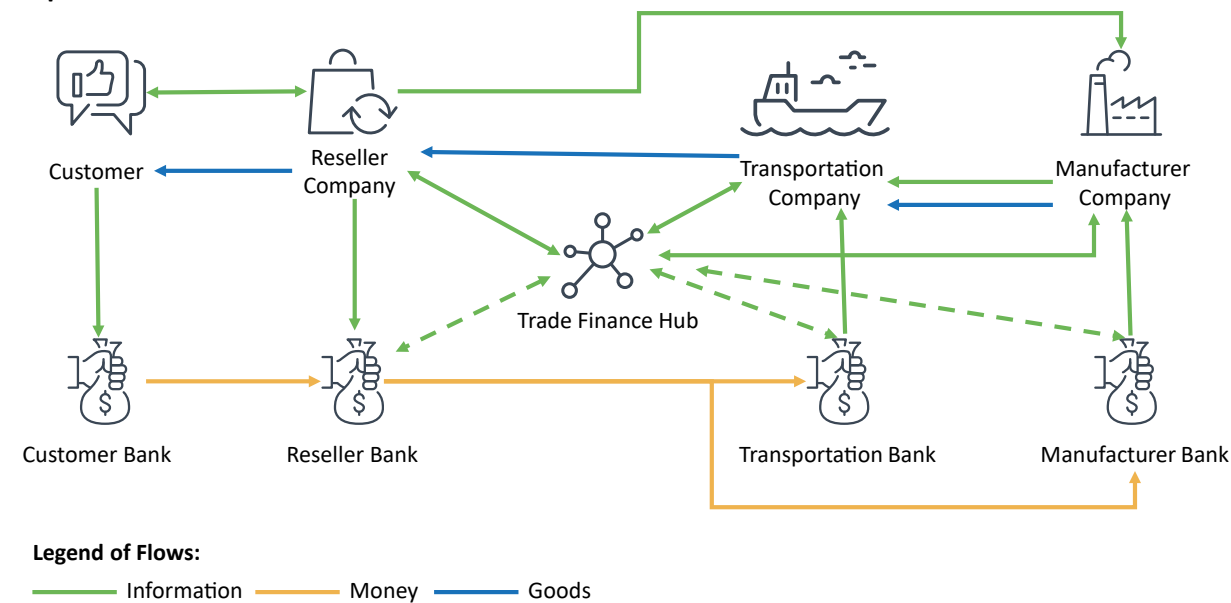
With Embedded Finance for corporates, banks and FinTechs need to consider this is a 7x24x365 high available service.

While implementing for EU areas, consider best practices in other areas such as PSD2/PSD3 regulation, data privacy of GDPR, and resilience requirements of DORA to avoid bad surprises. It is easier to factor this regulation in the design of business instead of mitigating it in later productive use.

How to integrate Embedded Finance for Corporates as a bank or Fintech?

The recent disruptions of value chains due to COVID, tariff wars, and de-globalization make it difficult for corporates and banks to manage their risks and maintain their services. Well-introduced processes and offers may fail to serve the purpose of the corporates in times of disruption.

Simplified Information Flows in business



Banks are focused on money flow, which gives them a restricted and delayed view of the risks, shortage of liquidity, impact of working capital and business revenues of corporate.

In the graphic above, a bank only gets information to process payments.

How can a bank successfully manage the risks faced by corporate customers and related financing with this limited information base?

If by chance, a bank interacts with a Trade Finance Hub and is using the additional information in a good way, it gains more insight into the ongoing business of its customers, e.g. delays of deliveries, the change of a supplier, and use of other currencies to cover cross-border purchases. Even with information about Trade Finance, a bank has limited but improved information to manage counterparty risks of corporate customers.

Depending on your business, you can evaluate cooperation with well introduced Trade Finance Hubs.

Normally, banks have their limits on corporate clients in respect of liquidity, turnover, and wealth. In the case of strong growth or decline, the bank will contact corporations to gain more insights and discuss the next appropriate steps.

This approach looks lean, but it is dependent on the person involved, process-heavy, error prone, difficult to track, and hard to leverage.

Initially, Request-to-Pay was targeting retail customers for POS (Point of Sale) and eCommerce to compete with card payments, but business cases are more promising in implementing it in a B2B area to streamline invoicing, payment reconciliation.

In the section, "Example of use cases by industry", we give you ideas to explore further.

Depending on the industry you are working in, I invite you to think about the benefits of the Embedded Finance business case.



Urs Meier
Head, Banking Product Manager & Solution Architect, TCS BaNCS