

10 IMPACT STATEMENTS

December 2024 eBook



Embedded Lending



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04

**EMBEDDED
LENDING**
ACROSS
GENERATIONS

10

**CONSUMERS
AND
EMBEDDED
LENDING**

16

**MICRO-
BUSINESSES**
AND SMALL
BUSINESSES

24

**LENDERS
AND
EMBEDDED
SOLUTIONS**

TABLE OF CONTENTS

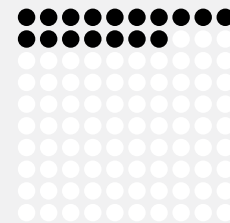
**PYMNTS
INTELLIGENCE**

The Embedded Lending — 10 Impact Statements eBook is a PYMNTS Intelligence exclusive eBook. **PYMNTS Intelligence** retains full editorial control over the following findings, methodology and data analysis.

**EMBEDDED
LENDING
ACROSS
GENERATIONS**



17%



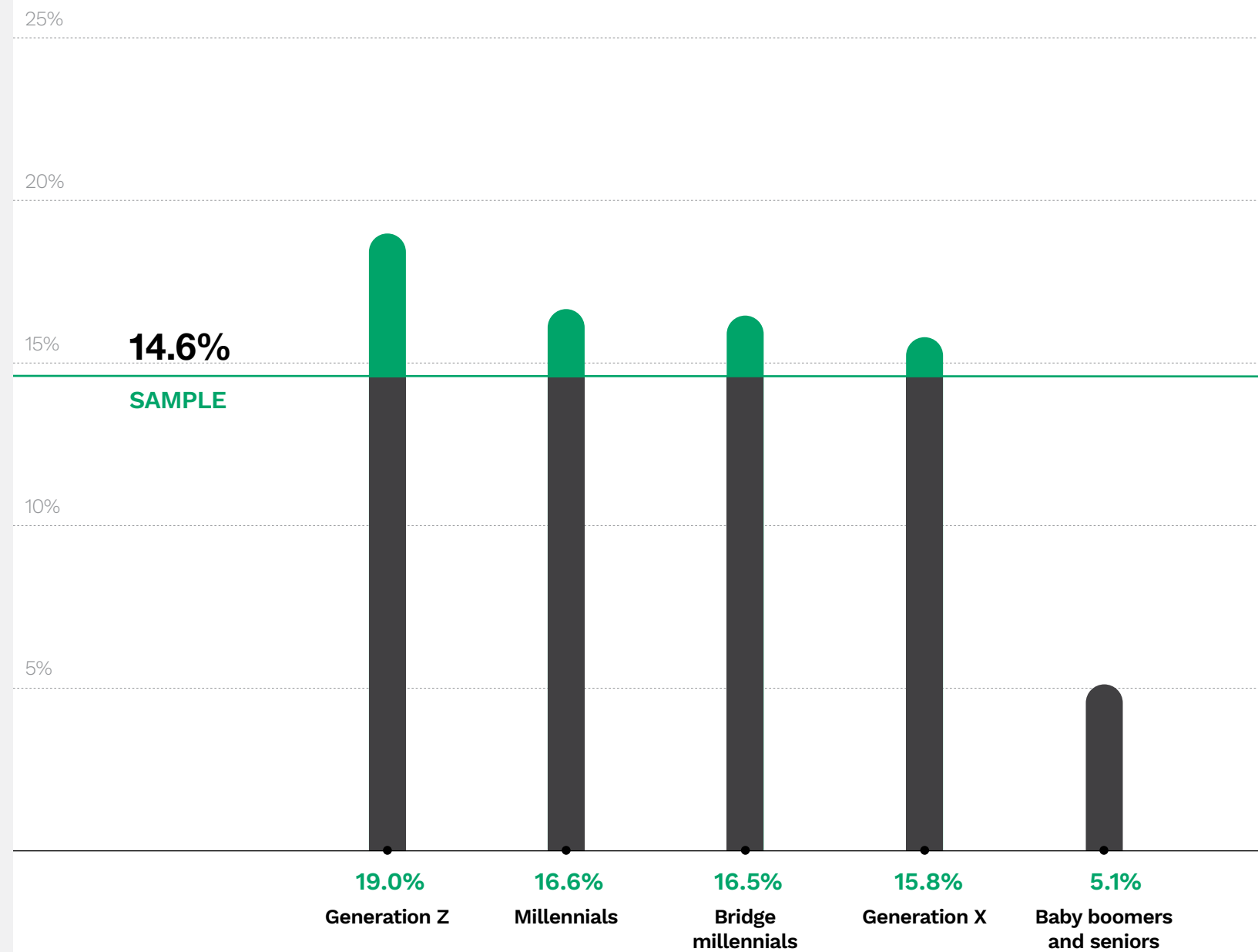
Share of consumers under the age of 60 who used embedded lending products in the past three months

So what:

Embedded lending has entered the picture for nearly all generations, with consumers under the age of 60 (Gen X or younger) more than three times more likely than baby boomers and seniors to have recently used lending embedded in a checkout or other user experience related to making a purchase or payment. (Common types of embedded lending include credit card installments, instant credit card issuance at a checkout and buy now, pay later.)

FIGURE 1:
Embedded lending usage

Share of consumers who used embedded lending products in the last 90 days, by generation



Source: PYMNTS Intelligence
The Embedded Lending Opportunity, March 2024
 N = 8,326: Whole sample, fielded Jan. 22, 2024 — Feb. 13, 2024

02

54%



Share of millennials or younger consumers who are likely to switch their financial provider to use embedded lending products

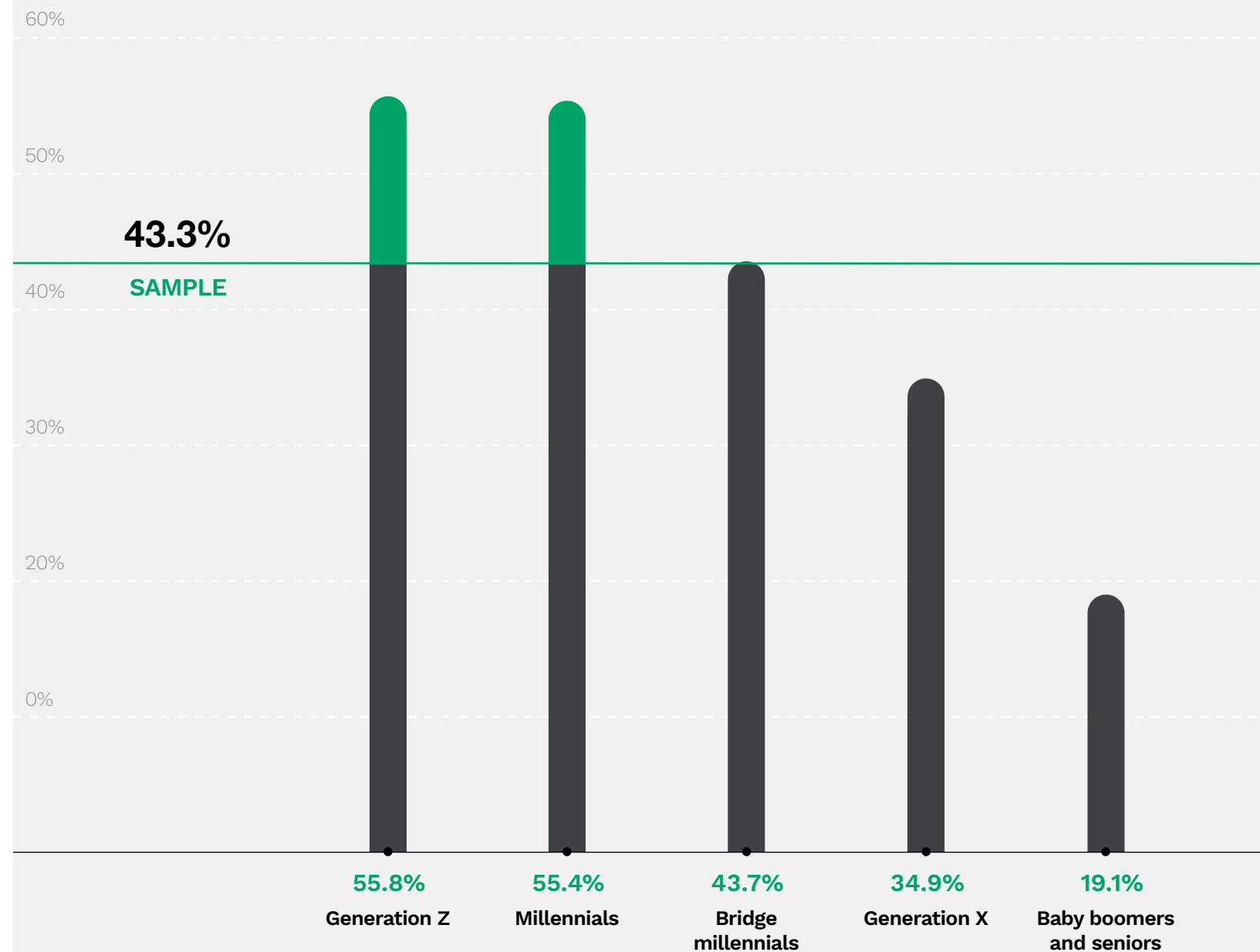
So what:

Most millennials and Gen Z consumers will switch providers for embedded lending, and they are almost three times more likely than baby boomers and seniors to show high interest in switching merchants or providers to access it.

FIGURE 2:

Interest in switching providers for embedded lending products

Share of consumers very or extremely likely to switch their financial services provider to use embedded lending products



Source: PYMNTS Intelligence
The Embedded Lending Opportunity, March 2024
 N = 8,326: Whole sample, fielded Jan. 22, 2024 — Feb. 13, 2024

CONSUMERS AND EMBEDDED LENDING

03

12%

Share of consumers who used embedded lending options to pay for groceries

So what:

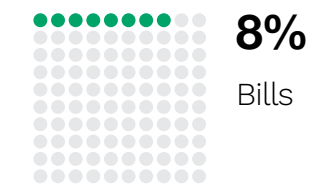
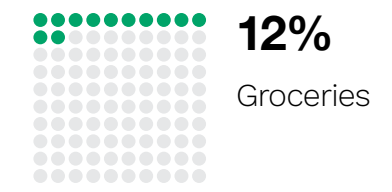
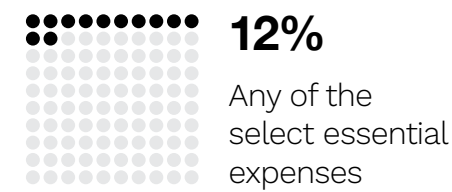
Consumers are turning to embedded lending for everyday essentials like groceries and bills, rather than splurging on discretionary items. This trend underscores embedded lending’s appeal as a convenient solution for bridging cash flow gaps to keep up with life’s necessities.

FIGURE 3:

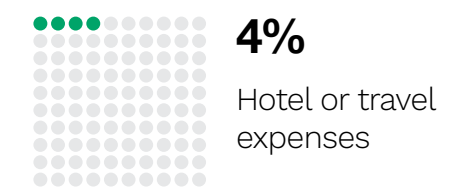
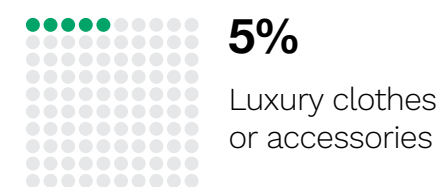
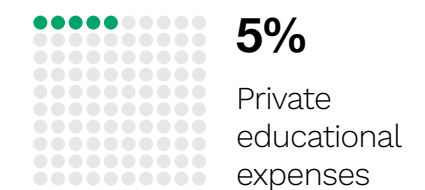
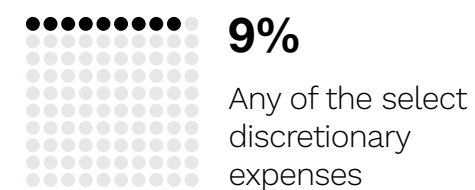
How consumers use embedded lending

Share of consumers who used embedded lending options to pay for select expenses in the past 90 days

Essentials



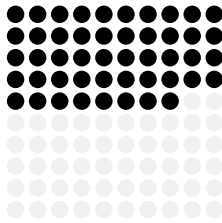
Discretionary



Source: PYMNTS Intelligence

The Embedded Lending Opportunity: Global State of Play, September 2024
N = 8,296: Complete consumer responses, fielded Jan. 22, 2024 — Feb. 13, 2024

04

48% 

Share of embedded lending product users who are very or extremely satisfied with the availability of lending products

So what:

Consumers report lower satisfaction with embedded lending compared to other lending options. Enhancing its integration in the user experience and streamlining the approval process are crucial steps for stakeholders to boost customer satisfaction and drive adoption.

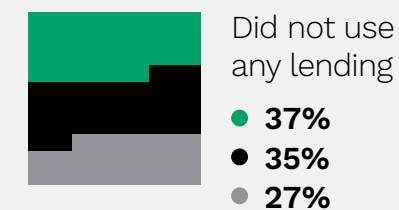
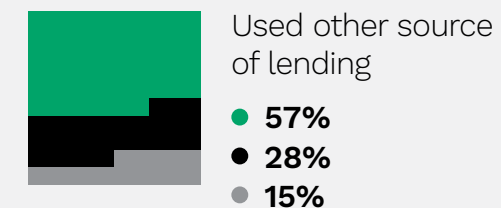
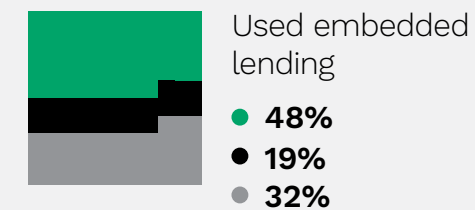
FIGURE 4:

Consumer satisfaction with lending product availability*

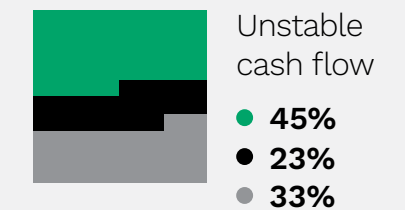
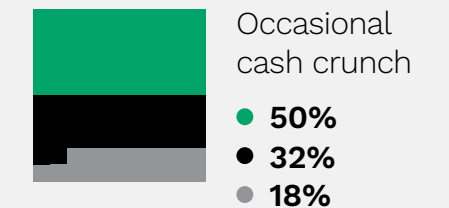
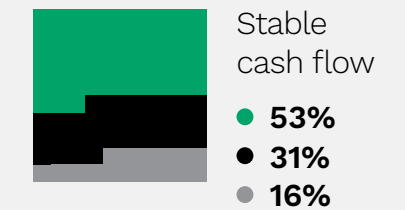
Share of consumers who exhibit select levels of satisfaction with the availability of credit or lending products that merchants or financial institutions currently offer, by demographic

- Very or extremely satisfied
- Somewhat satisfied
- Not at all or slightly satisfied

Embedded use persona



Cash flow persona

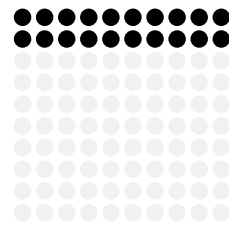


Source: PYMNTS Intelligence
The Embedded Lending Opportunity, April 2024
 N = 8,296: Complete responses, fielded Jan. 22, 2024 — Feb. 13, 2024
 * Due to rounding, percent may not equal 100.

MICROBUSINESSES AND SMALL BUSINESSES

05

20%

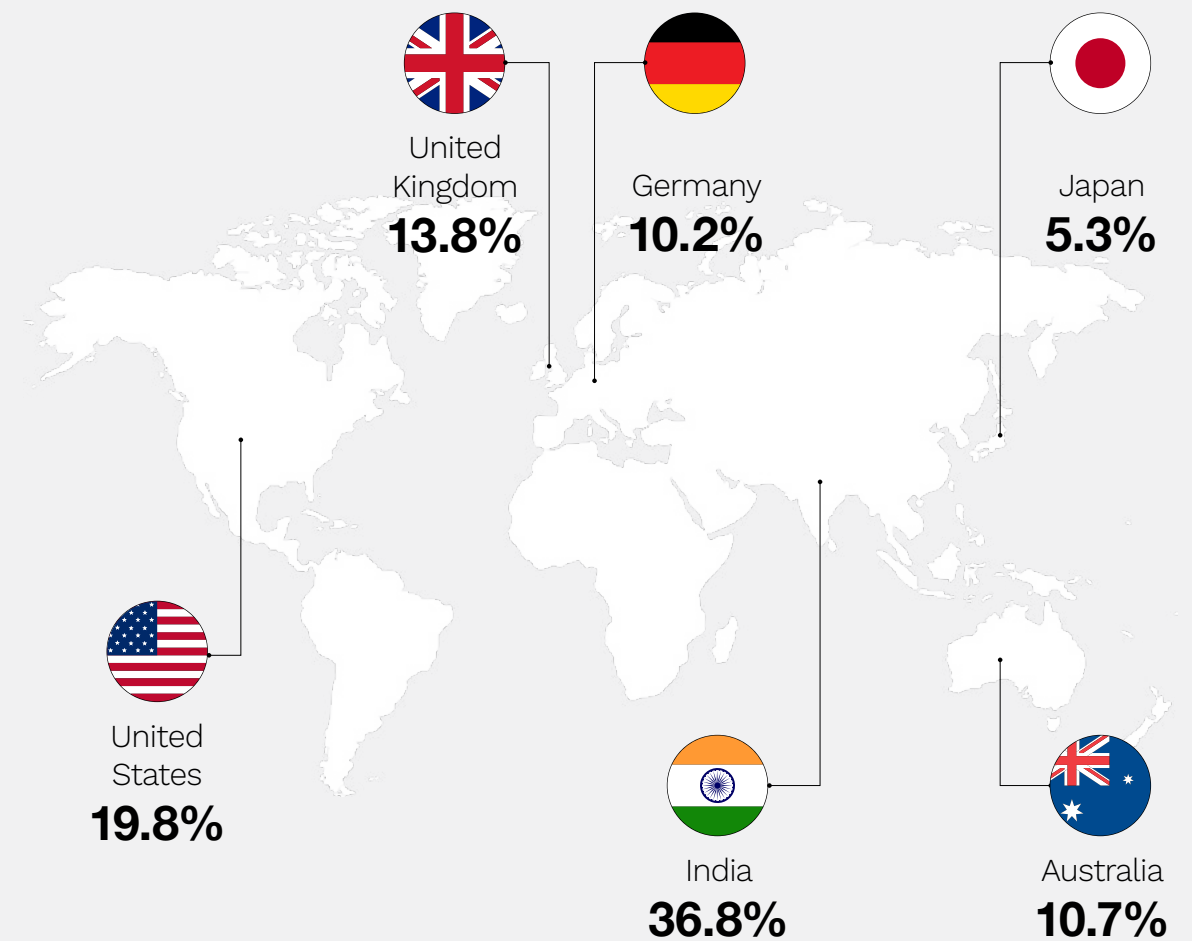


Share of United States' MSBs that used embedded lending products

So what:

The U.S. and India are at the forefront of embedded lending adoption among micro- and small businesses (MSBs), likely due to the wider availability and accessibility of this financing option in these markets.

FIGURE 5:
Embedded lending for small business
 Share of MSBs that used embedded lending



Source: PYMNTS Intelligence
The Embedded Lending Opportunity: Global State of Play, September 2024
 N = 3,160: Complete responses from MSBs, fielded Jan. 19, 2024 – Feb. 26, 2024



69% 

Share of MSBs using embedded lending that are highly interested in switching to providers or merchants that offer these products

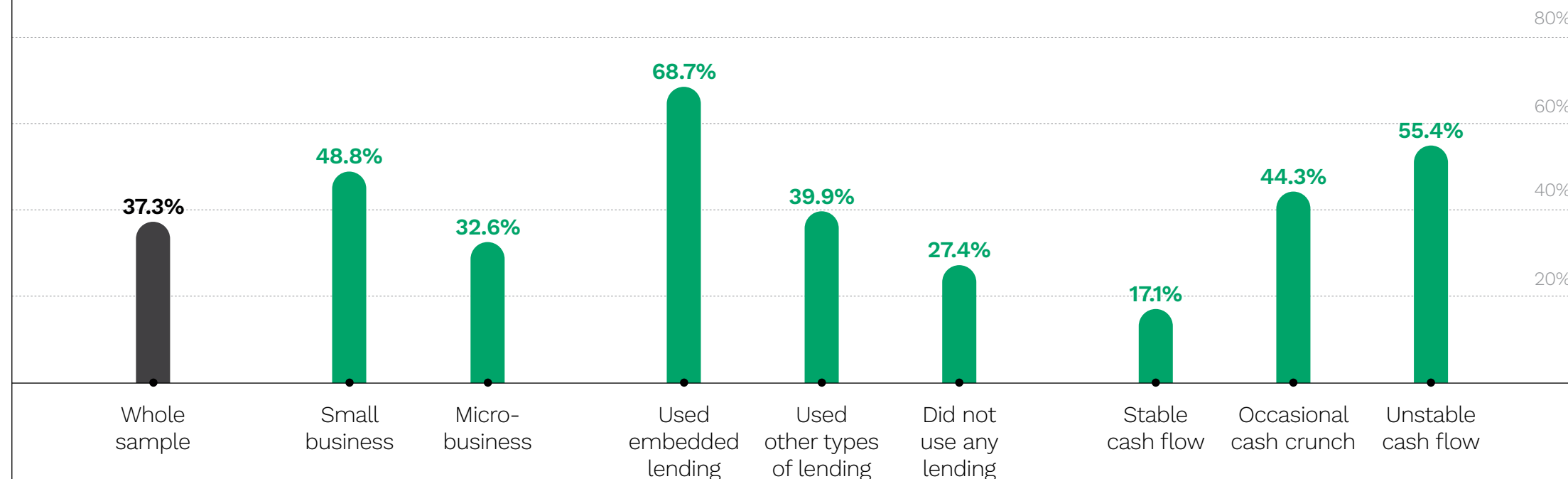
So what:

Small businesses that have tried embedded lending are more likely to say they would switch merchants or providers to access it. While initial adoption may be slowed by a lack of familiarity, once businesses experience embedded lending’s convenience, they tend to prioritize and rely on it. To capitalize on this demand, lenders must focus on delivering seamless and compelling first-use experiences that encourage trial and foster long-term loyalty.

FIGURE 6:

Willingness to switch

Share of MSBs very or extremely likely to switch to a provider (bank, merchant or financial services provider) that offers embedded lending options



Source: PYMNTS Intelligence
The Embedded Lending Opportunity: Global State of Play, September 2024
 N = 3,160: Complete responses from MSBs, fielded Jan. 19, 2024 – Feb. 26, 2024



17%

Share of MSBs that recently used embedded lending for ongoing operating costs

So what:

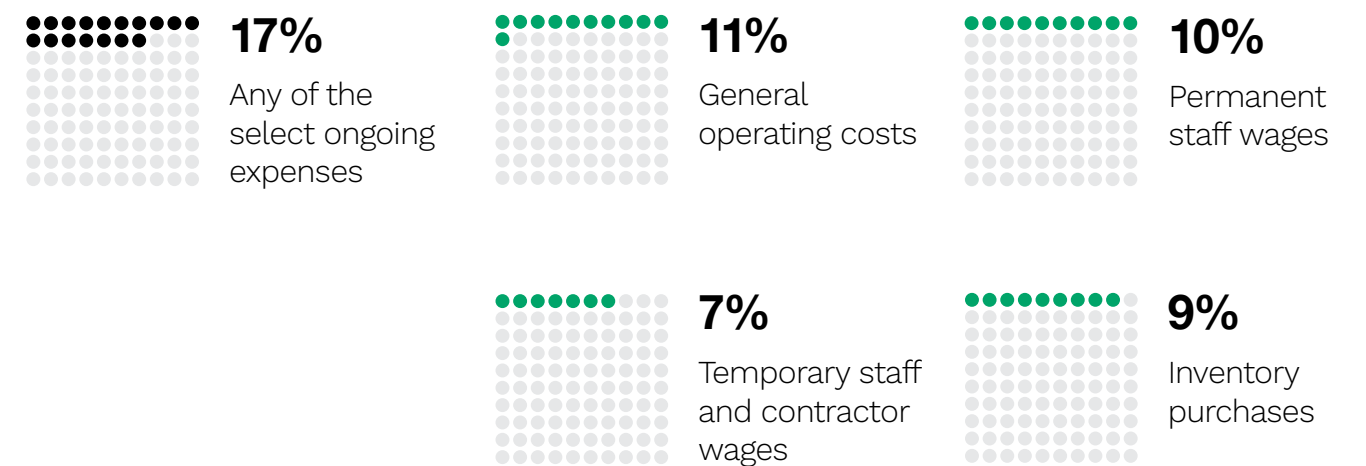
Adoption of embedded lending for ongoing operational costs is similar to adoption for other expenses, such as investments and equipment upgrades. This suggests embedded lending is a versatile financial solution, as the primary driver is the convenience of quickly addressing cash shortfalls when making payments or purchases, rather than targeting a specific type of expense.

FIGURE 7:

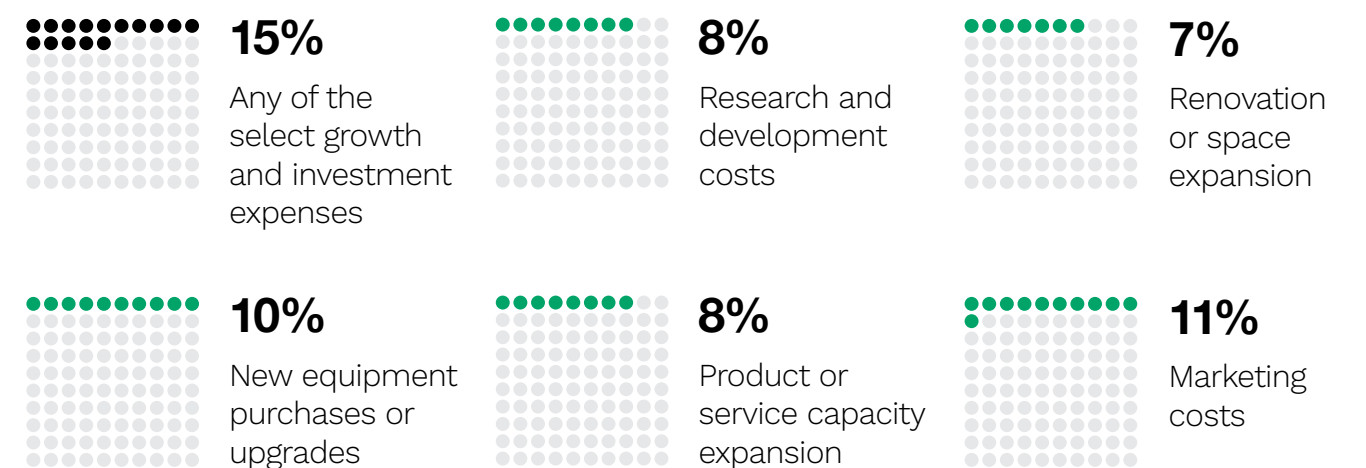
How MSBs use embedded lending

Share of MSBs that used embedded lending options to pay for select expenses in the past 90 days

Ongoing costs



Growth and investment



Source: PYMNTS Intelligence
The Embedded Lending Opportunity: Global State of Play, September 2024
 N = 3,160: Complete responses from MSBs, fielded Jan. 19, 2024 – Feb. 26, 2024

LENDERS AND EMBEDDED SOLUTIONS

08

63%

Share of lenders that offer embedded lending products for consumers

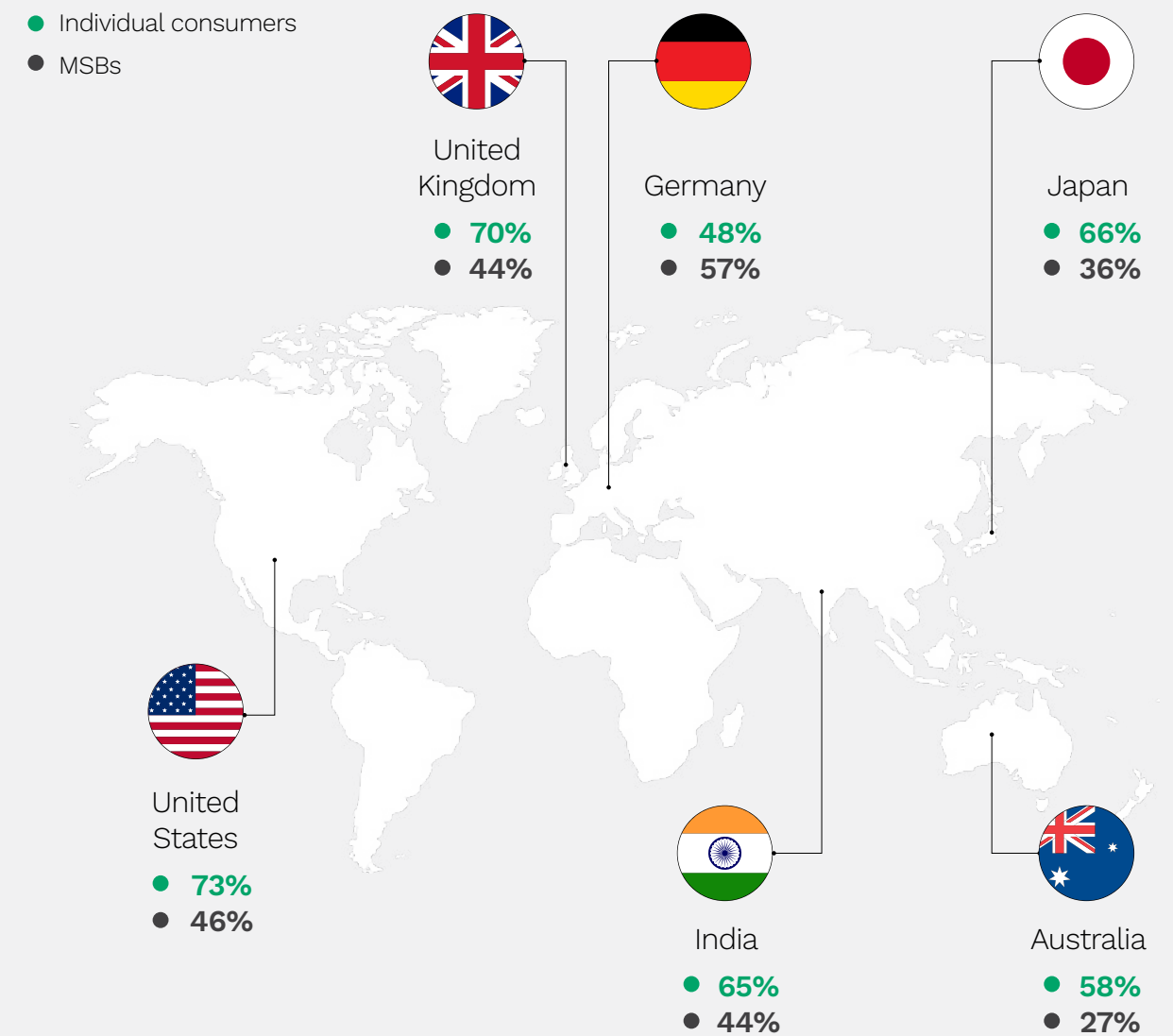
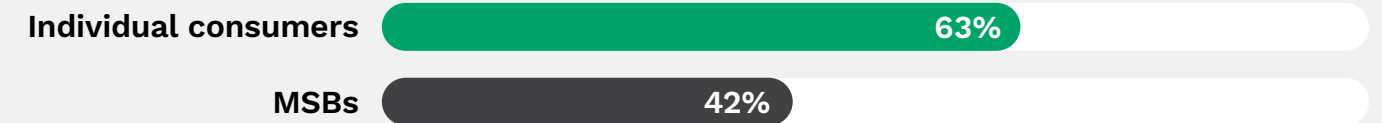
So what:

Lenders are 50% less likely to offer embedded lending to small businesses than to consumers, presenting a significant opportunity to address an underserved market. Many small businesses currently rely on consumer credit products due to the lack of suitable business-specific lending options; innovative lenders can fill this critical gap.

FIGURE 8:

Lenders that offer embedded lending

Share of lenders currently offering embedded lending products



Source: PYMNTS Intelligence
The Embedded Lending Opportunity: Global State of Play, September 2024
 N = 361: Complete lender responses, fielded Feb. 20, 2024 — March 15, 2024



37% 

Share of lenders that offer other types of credit options and are interested in offering new embedded lending products to MSBs

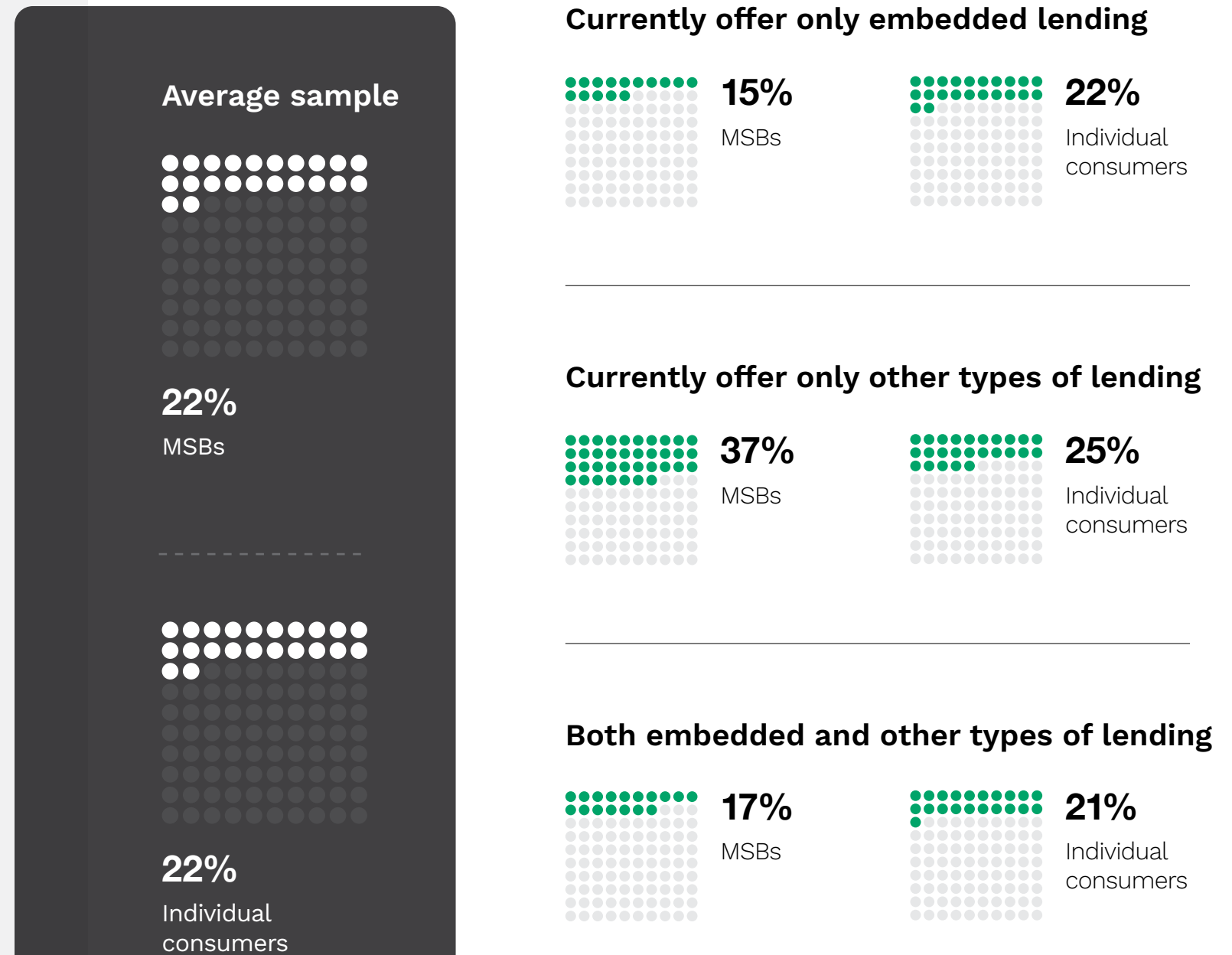
So what:

Lenders not currently offering embedded lending show higher interest in beginning to offer new embedded lending solutions than those with offerings already in the market, signaling a growing recognition of customer demand.

FIGURE 9:

Lenders' interest in embedded lending innovation

Share of lenders that are very or extremely interested in offering new embedded lending products in the next two years, by what products they offer now



Source: PYMNTS Intelligence
The Embedded Lending Opportunity: Global State of Play, September 2024
 N = 361: Complete lender responses, fielded Feb. 20, 2024 — March 15, 2024

10

34%



Share of lenders that do not offer embedded lending products because they face technology integration and infrastructure challenges

So what:

Investing in infrastructure and technology allows lenders to embed lending into diverse user experiences, enabling seamless integration, scalability and data-driven personalization. However, achieving this requires balancing speed to market, compliance with complex regulations and effective third-party integration, meaning offering embedded lending can be a multifaceted challenge without simple solutions.

FIGURE 10:

Challenges for providers that do not offer embedded lending

Share of lenders that do not offer embedded lending that cite challenges associated with doing so



Source: PYMNTS Intelligence

Embedded Lending: From the Lender's Perspective, May 2024

N = 82: Lenders that offer only other types of lending products, fielded Feb. 20, 2024 — March 15, 2024

ABOUT

PYMNTS INTELLIGENCE

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