Embedded Finance
The $7.2 Trillion market opportunity (and how to realise it)

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www.embedded-finance.io
Introduction

Board and Leadership Advisor
- New Growth Strategy
- Platform & Ecosystem Strategy
- Venture Building

Embedded Finance
& Super App Strategies

www.embedded-finance.io
What is Embedded Finance?

Financial services functionality

↓

Technology

↓

Any customer experience

↓

Visible complementary add-ons, or Invisible native components

↓

10x better customer experiences, faster/cheaper/simpler/fairer, leveraging new data sources (Open Banking/Open Data/Sensors), financial inclusion

Examples

- Uber: Payments, Credit, Insurance
- shopify: Payments, Lending, insurance
- Tesla: Lending & Insurance
- Starbucks: Payments, Loyalty
- Quickbooks: Payments, Lending & Insurance
- Amazon Business: Payments, Lending & Insurance

Source: Simon Torrance
Very tangible commercial benefits...

**B2B Software Businesses**

- Payments + Loans + Insurance
- 5x SaaS TAM/ARPU

**Retailers & Manufacturers**

- Credit + Insurance
- +20% to order value
- +50% conversion

**Digital Service Providers & Platforms**

- Insurance
- 100m new customers

Source: Simon Torrance analysis, industry interviews
Alipay: what can we learn?

90 insurance partners and 2000 products
Existing Customer base (Product-centric)

**Agents, Brokers**

**Partners**

Direct

**APIs**

- Your Products
- Your Underwriting
- Your Capabilities

Compliance & Capital

New Customers

(More personalised, affordable and compelling solutions integrated into daily life)

**Digital Wallets**

**Fintechs/BigTechs**

**Any Company**

**Developer Platforms & Neo Aggregators**

**APIs**

- Any Products
- Any Underwriters
- Any Capabilities

Compliance & Alt Capital

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FinTech = the world’s new innovation platform

*Market value

Today

Top 30 Global Financial Institutions: $3.6 Trillion*

Top 30 Global Software Companies: $5.1 Trillion*

$7.2 Trillion*

2030

Internet + Cloud + Mobile Tech

+ Financial Technology

Source: Simon Torrance analysis; Bain Capital Ventures; Morningstar data
1. Brand’s App now enables payments with a Digital Wallet!

2. Connect your bank account(s) and cards

3. Spend as normal, anywhere, using any method

4. Get instant rewards -in cash- courtesy of Brand

5. See savings build up in your wallet (spend anywhere)

6. Access other financial and digital services, tailored to your needs

Benefits for brand
2000+ back-dated transactions per cust

Ongoing real-time insights:
- Total spending behaviour
- Avg order sizes, by age, locality
- Brand performance vs competitors
- Reduce Visa/MC costs

Super Brands becoming Super Apps

Can be used for shopping anywhere!

Open Banking is safe and secure, reduces friction and enables new experiences

Source: Simon Torrance, Upside Savings
Embedded Finance: hook and glue for Super Apps

More, Engaged, Younger Customers
(More personalised, affordable and compelling solutions integrated into daily life)

Your new ‘Super App’

Benefits

1. Real-time insights: real consumer spend
2. More ‘VVIP’ customers: 80% profits from 20% customers
3. Less churn: intervene early
4. Better loyalty CX: automatic rewards
5. New customers: very targeted offers
6. Low cost/fast: no/low IT implementation

Higher CLTV + Lower CAC = Better Business model
Ambidextrous Org structure = foundational success factor

Where to play/
How to win?

Optimise
the Core

• API-ise
• Data-fy
• Automate

Fast track
the Future

• Internal Ventures
• Fintech Collaboration
• External Ventures

New Innovation Governance

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