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The State of **Banking-as-a-Service** in the UK & Europe

A **WhiteSight** report

Commisioned by
TOPIO

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With Special Thanks To

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The State of Banking-as-a-Service in the UK & Europe

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Michael Galvin,

CCO & Co-founder at Toqio

Regulation changes leading to the rise of BaaS providers rapidly changed the financial landscape throughout the last decade. We saw a surge of challenger banks, neobanks, and embedded finance providers seek to bring about positive change to the financial service market. Recently, however, the tides have turned. Though BaaS started off as a great driver of innovation, it also has brought about fintech's biggest black eyes.

Many of the companies built on the back of BaaS providers that we once hailed as early stage innovators ushering in a new era of financial democratization, have, in hindsight, begun to resemble a group of opportunists jumping on a bandwagon. The innovations they supported (such as crypto) and the regulations that allowed them to thrive may now be the source of their downfall. To say BaaS is at an inflection point is an understatement. I don't think the BaaS infrastructure paradigm is going to disappear but it is going to change. Drastically.

Funding for new fintech ventures has dried up. Regulators are cracking down (including the FCA and the Bank of Lithuania) and they're making it clear that they don't want unqualified companies operating in their sector. They're obviously intent on slowing down the market. The big unknown is where the BaaS market will go from here. Will it be business as usual with fewer players? Will incumbents seize the opportunity to squeeze out challengers? Is fintech innovation set to be outshined by all the new AI hype?

Since our core business depends on understanding these issues and being able to answer many of these questions, we commissioned WhiteSight to generate an unbiased and meaningful report on the topic. We needed to take the pulse of the BaaS market to gain some clarity on the matter, and we thought it was crucial to include the different perspectives of key players in the space. This document is the result of that collaboration. We think it offers numerous valuable insights that can help you understand where BaaS is and where it's going.

TOQIO

This report analyzes the state of banking-as-a-service (BaaS) in the UK and Europe by examining business models, regulatory oversight, demand drivers, and the competitive landscape. BaaS is still in its early stages in Europe, but the potential opportunities ahead could lead to a revolutionary shift in the financial service industry. The changes have begun and are gaining momentum, indicating a rapid evolution of BaaS and BaaS-powered business models.

The State of BaaS

Incumbents Bet Big

Incumbent banks in the UK and Europe are increasingly betting big on BaaS as a key driver of growth and innovation. By leveraging their balance sheets, expertise in compliance and risk management, and technology infrastructures, these banks are well-positioned to tap into the growing demand for digital financial services.

Use Case Expansion

In recent years, the use cases for BaaS have expanded beyond just account and payment services. With the rise of open banking, BaaS providers are now offering a range of APIs for identity verification, loan origination, digital wallets, budgeting tools, and investment platforms. BaaS has also started to unlock digital financial services for small businesses in the form of B2B BNPL, earned-wage access, corporate cards, working capital, and supply chain finance.

Heightened Regulatory Scrutiny

As the use of BaaS platforms continues to grow across Europe, regulatory bodies are paying closer attention to these providers and the potential risks they may pose to the financial system. Regulators in the UK, Germany, and Lithuania have already heightened regulatory scrutiny of BaaS providers, with more stringent regulations being put in place to mitigate potential risks such as money laundering, fraud, and financial instability.

Sector Consolidation

Consolidation is expected to be a growing trend in the BaaS market in both the UK and Europe, as providers seek to scale their operations and expand their customer base. This trend is also expected to intensify, further driven by factors including increased competition, regulatory pressures, and the need to provide a broader range of services to customers.

Ecosystem Collaboration

As BaaS becomes more prevalent, financial service providers are recognizing the need for wider ecosystem collaboration. This includes working with fintech startups, digital platforms, traditional banks, technology firms, and regulators to reimagine the design, development, distribution, and support of financial products.

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01

Introduction & Global Trends

BaaS Overview & Trends

BaaS Overview & Trends

BaaS Overview

& Value Proposition

BaaS has gained widespread attention in recent years. We define BaaS as a comprehensive set of end-to-end banking solutions tailored to retail and business customers, delivered through technical interfaces like APIs.

BaaS propositions serve two main purposes:

1. Allow non-licenced companies (digital platforms, brands, etc.) and niche licenced firms (EMIs, neobanks, etc.) to integrate financial products and services such as current accounts, SME payments, and corporate loans into their value propositions.
2. Provide banks with new distribution channels to reach new customer segments while accelerating their digital transformations.

BaaS-powered financial services bring benefits for all stakeholders in the value chain: customers, customer-facing partners, technology firms, and financial service providers. Customers benefit from convenient access to banking products and services, allowing them to pay, borrow, save, and invest in the same digital platform where they conduct their lifestyle or business activities.

BaaS in Europe

Market Potential

Over the coming years leading to 2030, BaaS is expected to grow at an annualized rate of 15% to 16% globally, and the same applies for Europe as well.¹

By providing API-based access to banking infrastructure and services, BaaS is driving the emergence of two new and significant value pools in Europe.

1. Embedded finance, where financial services are integrated into non-financial customer journeys, is projected to create a revenue pool of EUR 75-85 billion by 2030.²
2. The continued growth of fintechs and specialized players is predicted to create a revenue pool of EUR 15-20 billion by 2030.²

Sources:

1. Various sources ([A](#), [B](#), [C](#))
2. [McKinsey DE research](#)



BaaS Market Opportunity in the UK and Europe

According to **McKinsey**, the target addressable market (TAM) for BaaS in the European Economic Area and the United Kingdom is driven by two core components and is expected to reach **EUR 90-105 billion by 2030**.

TAM by 2030 = **Embedded Finance EUR 75-85bn** + **Continued growth of fintech EUR 15-20bn** = **BaaS TAM EUR 90-105bn**

BaaS Market Landscape: Provider Overview

Generalist

Incumbent Banks (Banking Licence)



Digital Banks (Banking Licence)



BaaS Middleware (Sponsor Banks, EMI Licence)



BaaS Landscape

Payments



Card Issuing



Wealth



Insurance



Crypto



Lending



BaaS Middleware (Sponsor Banks, EMI Licence)



Specialist

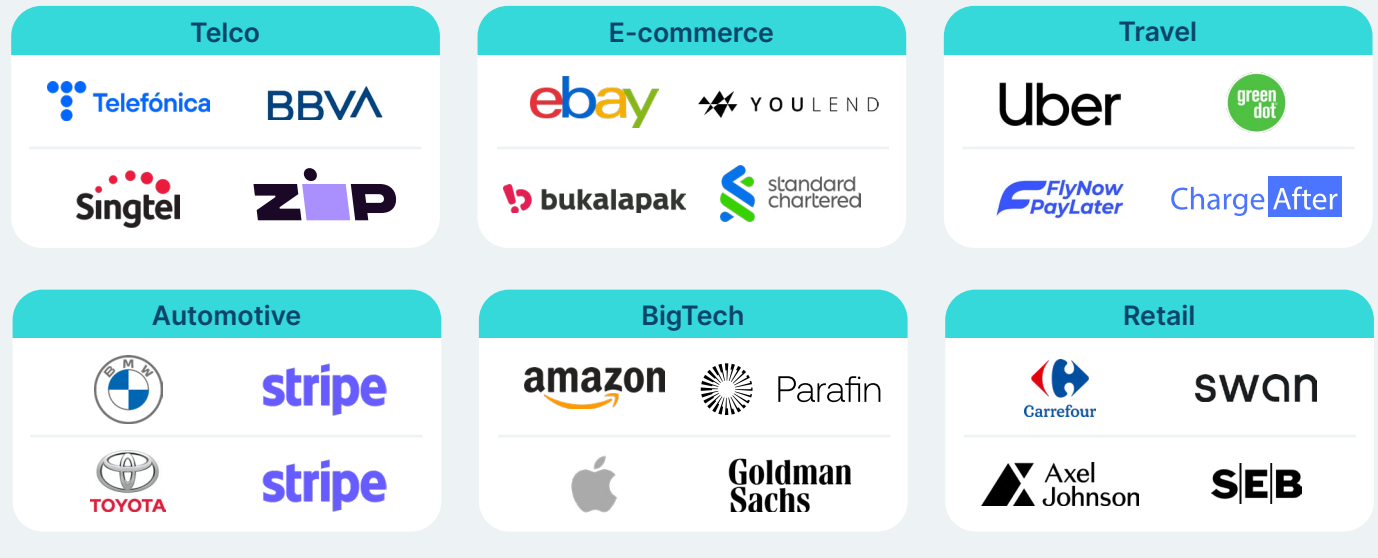
This representation is illustrative and non-exhaustive.

BaaS providers can be classified into two categories - generalist and specialist providers.

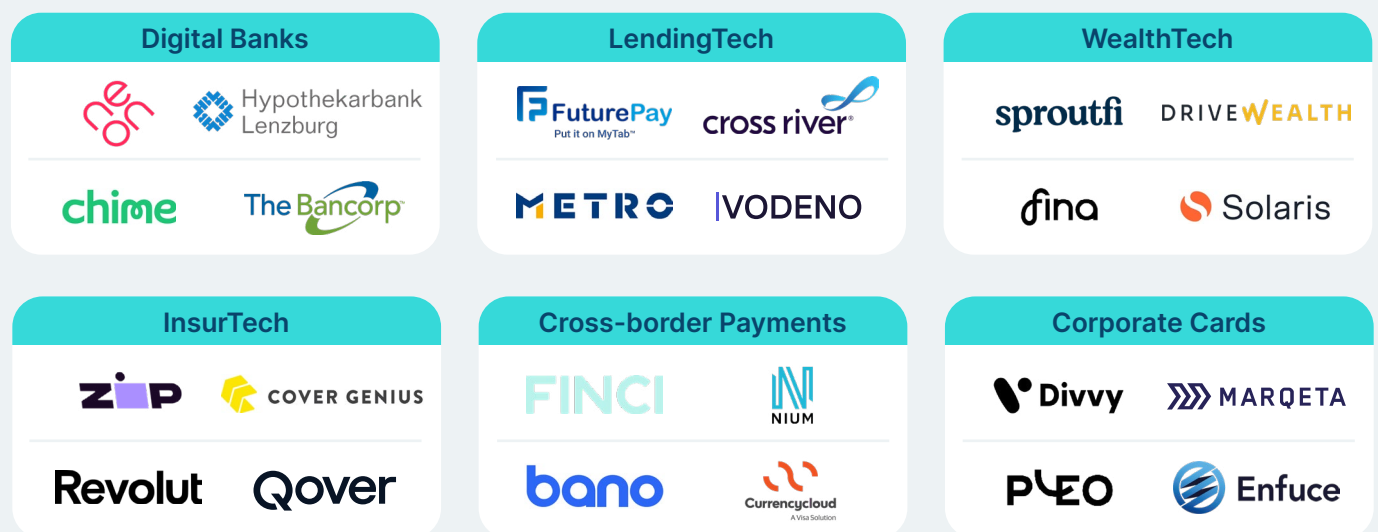
- **Generalist BaaS** providers offer a wide range of banking services and infrastructure, which can be accessed by companies in various industries. Services provided by generalist BaaS providers include bank accounts, credit products, card issuing, payment processing, compliance and regulatory support, and account management.
- **Specialist BaaS** providers offer services and infrastructure that are tailored to a specific segment niche such as e-commerce, gig-economy platforms or a specific product line such as payment processing, investments, or card issuing.

Market Opportunity: Embedded Finance & Fintech

BaaS-Powered Embedded Finance



Banking-as-a-Service



BaaS-Powered Fintech Segments

This representation is illustrative and non-exhaustive.

BaaS unlocks two significant market opportunities in the financial industry:

1. **Embedded Finance:** This pertains to the growing integration of embedding financial services into the customer journeys of non-financial companies with large customer bases, such as those in the retail and e-commerce industries.
2. **Fintechs:** There are niche-focussed fintechs emerging that offer targeted financial products for specific customer segments through technology and business model innovations.

BaaS Provider Archetypes

BaaS is a rapidly evolving space that includes a variety of players who bring a unique set of skills and capabilities to clients. The variety of BaaS providers in the market means that companies have a range of options to choose from when looking to integrate banking services into their own products or launch their own banking offerings.

Here's a rundown of the key categories of BaaS providers:



Incumbent Banks

Incumbent banks are venturing into the realm of BaaS to capitalize on their regulatory assets, technology stacks, banking products, and process expertise by partnering with ecosystems. With their strong balance sheets, deep knowledge of how to navigate regulatory, legal, and compliance matters, diverse product offerings, and access to valuable customer data, they are well-positioned to succeed in the BaaS space.



Challenger Banks

Challenger banks are entering the BaaS market, leveraging their digital-first approach and agility to offer banking services to other companies. These challenger banks have the advantage of being able to build their banking infrastructure from scratch, enabling them to offer modern, user-friendly services that are tailored to the needs of their customers.



Licensed Infrastructure Banks

These are licenced entities with a dedicated focus of offering BaaS offerings to clients looking to embed financial services. These players facilitate a direct access to regulatory assets as well as allowing clients to leverage their modern technology infrastructure to launch financial services and access underlying payment rails. Having a banking licence also allows them to offer a wide range of financial services and business processes to their clients.



BaaS Middleware Platforms

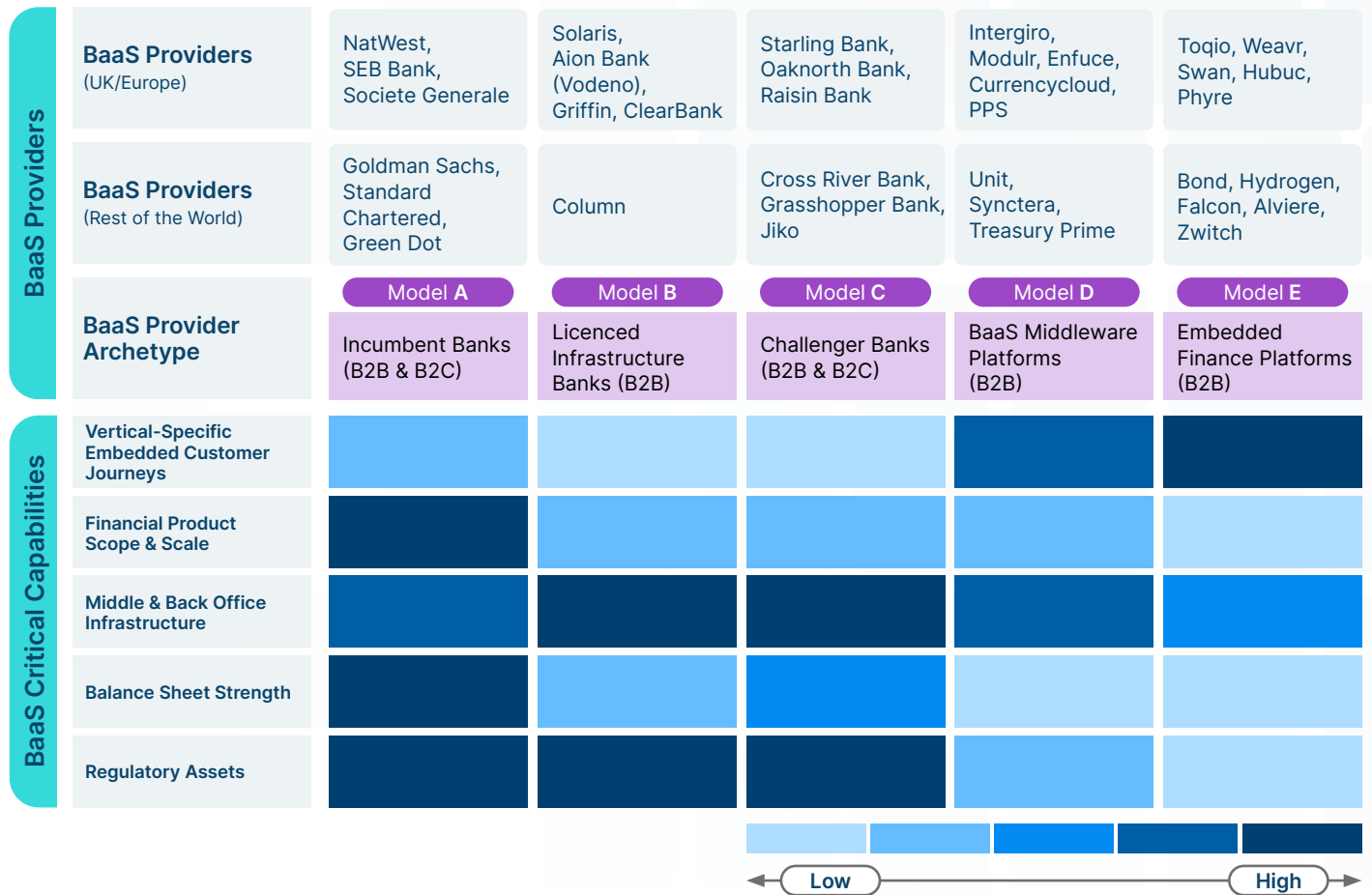
BaaS middleware platforms have emerged as a popular option, offering a flexible and scalable solution for companies looking to integrate banking services into their own products. These middleware providers act as intermediaries between banks and other companies, allowing them to access banking services through APIs.



Embedded Finance Platforms

Embedded finance platforms aim to provide a seamless integration experience to brands looking to embed financial services. These platforms also often integrate various features, such as onboarding tools, card processing, data analytics, customer journey design, etc. to facilitate an accelerated manner of launching embedded banking services.

BaaS Benchmarking: Critical Capabilities



In our analysis of the BaaS provider landscape, we evaluate the essential capabilities based on five key parameters to establish a benchmark:

- Vertical-Specific Embedded Customer Journeys:** This encompasses the capacity and willingness of BaaS providers to co-create customer journeys and an embedded experience layer for their clients. Although the majority of licenced providers demonstrate a low score in this regard, a few participants, such as Goldman Sachs in the US and Standard Chartered in Asia, engage in co-developing customer journeys with their BaaS clients.
- Financial Product Scope & Scale:** This pertains to the capacity of BaaS providers to offer a range of financial products, including bank accounts, payment processing, card issuing, credit, investment, mortgages, insurance, foreign exchange, wealth management, cryptocurrency, and bring other assets such as branding and customer data to their clients.
- Balance Sheet Strength:** This concerns the capability of BaaS providers to obtain capital through various means, such as retail deposits, deposit marketplaces, interbank borrowing networks, venture funds, and parent organizations, as well as the associated cost of capital.
- Middle & Back Office Infrastructure:** This aspect focuses on the characteristics of the technology stack used by BaaS providers, including the systems employed for accounting, core processing, payment processing, credit decision-making, fraud management, transaction monitoring, and so on.
- Regulatory Assets:** This encompasses the regulatory assets held by BaaS providers, such as banking licences, licences for financial products, and the associated advantages such as access to credit bureaus and open banking, access to payment rails and clearing houses, deposit insurance protection schemes, and more.

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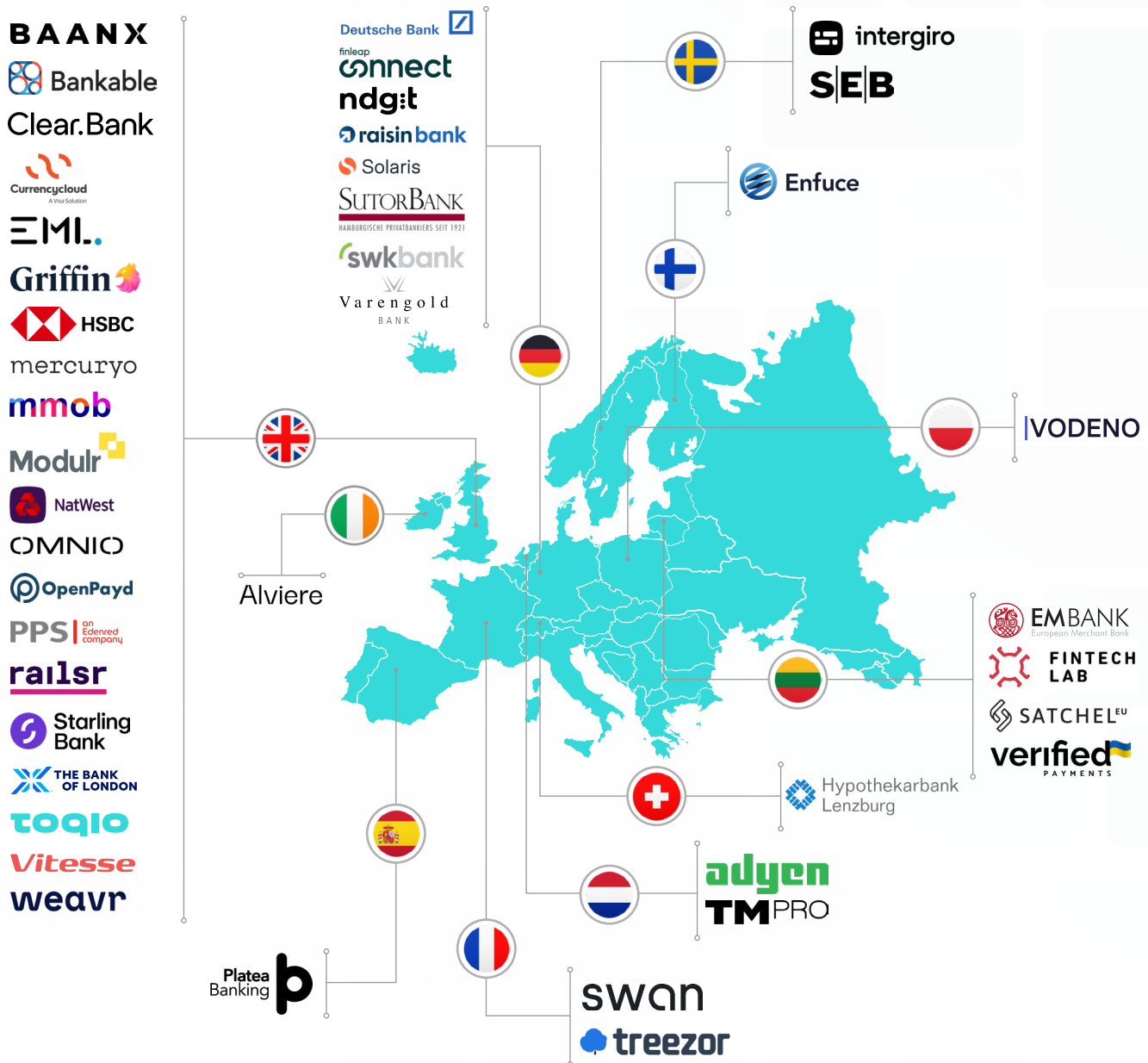
02

BaaS in the UK & Europe

Overview of the UK & European BaaS Market

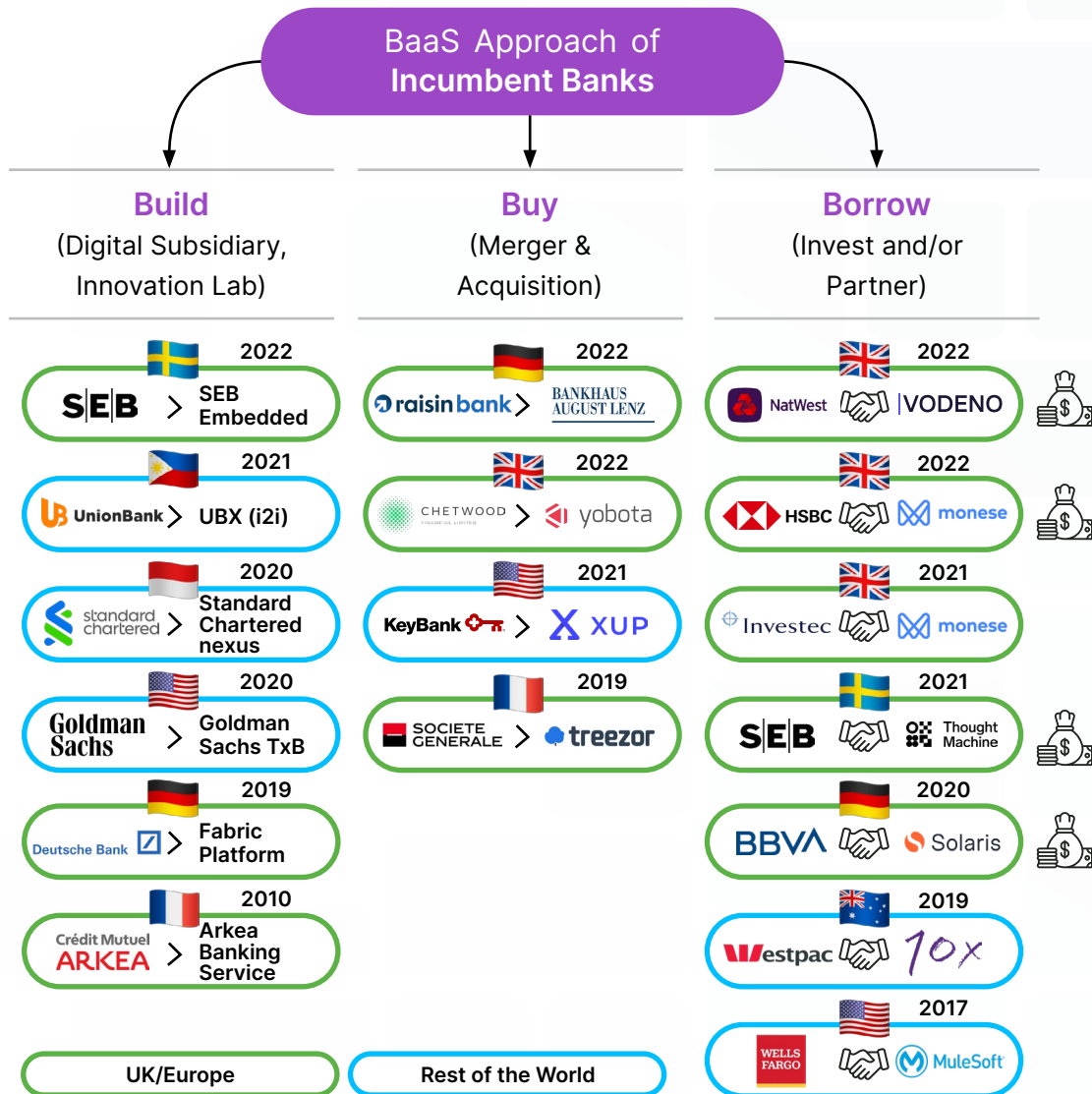
Revolutionary Rise of BaaS in the UK & Europe

The UK and Germany have been the traditional breeding grounds for BaaS providers in the region. The two countries are the largest market for BaaS platforms, representing around 60% of the market share in Europe. Over the past few years, we have seen the evolution of BaaS gain a foothold in several other European countries, including Lithuania, Sweden, Finland, Spain, and France. While a few major players currently dominate the European BaaS market in terms of market share, mid-sized to large incumbent banks are gradually expanding their market presence by forging alliances with technology providers to offer new propositions.



This representation is illustrative and non-exhaustive.

How Incumbent Banks are Approaching BaaS



Multi-Pronged Approach Towards BaaS

Incumbent banks in the UK and Europe are increasingly recognizing the potential of BaaS and are launching their own offerings in this space through a variety of methods.

One approach is partnering with BaaS providers, leveraging their technology and expertise to expand their service offerings. In addition, many banks are investing in in-house innovation programs and digital transformation initiatives to develop their own BaaS capabilities and build new solutions that cater to the evolving needs of customers. Another strategy is acquiring technology companies that specialize in BaaS, enabling banks to bring new offerings to market more quickly and effectively.

By adopting these approaches, incumbent banks are seeking to remain competitive in an increasingly attractive and rapidly evolving market.

Regulators Are Becoming More Active

BaaS & Consumer Duty

The Consumer Duty, a new set of regulations proposed by the UK Financial Conduct Authority (FCA), is expected to have a significant impact on BaaS providers in the UK. BaaS providers will be subject to the same duty of care obligations as traditional banks and will need to ensure that their products and services are designed to meet the needs of their customers.

This may require BaaS providers to make changes to their business models and processes, such as providing clearer information on fees and charges, improving customer service, and enhancing their complaint-handling procedures.

BaaS with EMI Licence

BaaS providers that operate under the Electronic Money Institution (EMI) licence in Europe are facing increased regulatory scrutiny, particularly in areas related to consumer protection and anti-money laundering (AML) compliance.

The European Banking Authority (EBA) recently issued guidelines on the outsourcing of payment services by EMIs, which emphasized the need for effective risk management and AML controls. National regulators in several countries, including Germany, Lithuania, and the Netherlands, have also increased their supervisory activities and enforcement actions toward EMIs that provide BaaS offerings.



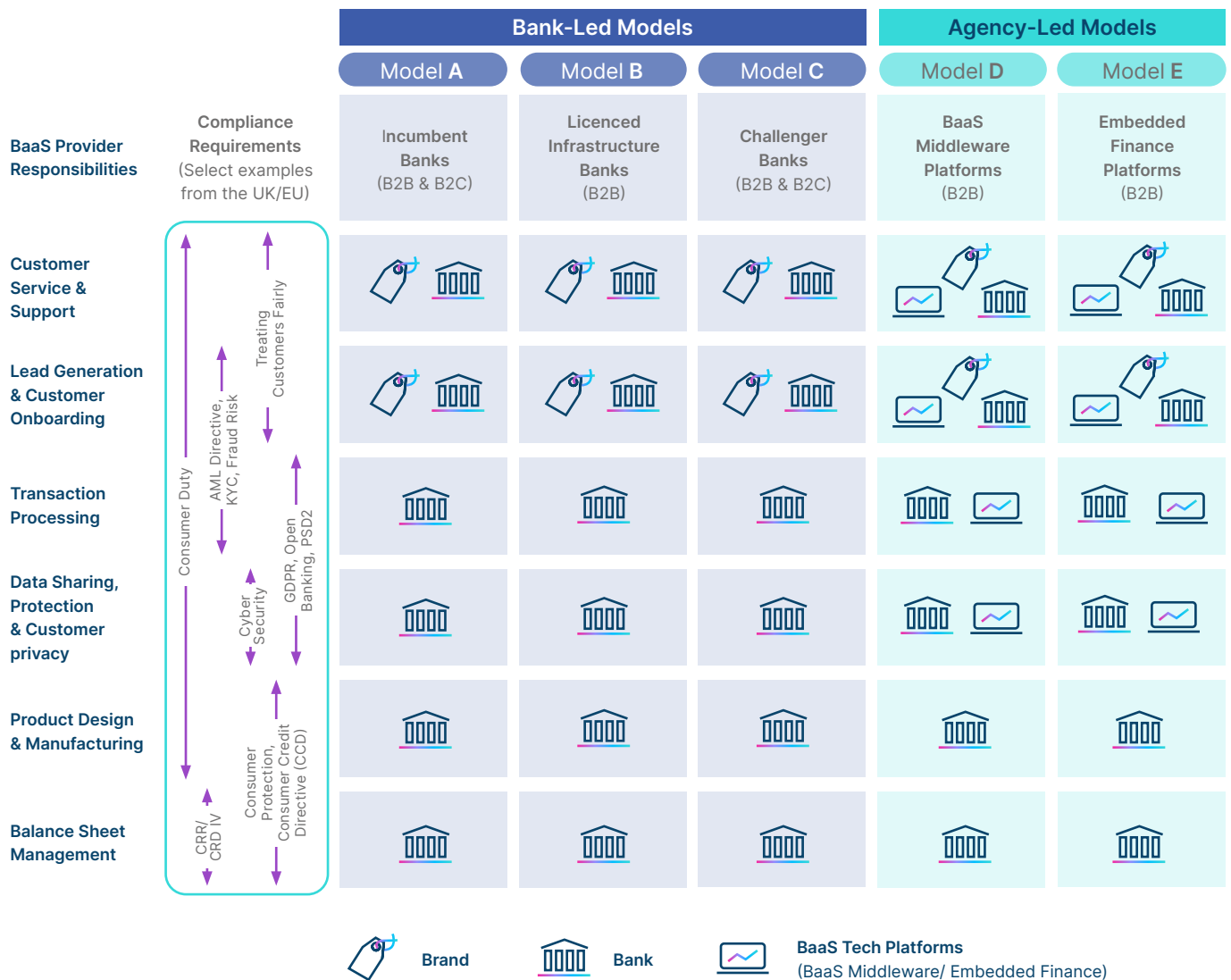
Heather O'Gorman, Thistle Initiatives

Looking forward, it is likely payment service firms will be required to consider new rules similar to SMCR - the Senior Managers & Certification Regime, which holds senior management and decision-makers accountable for specific roles and responsibilities within the firm. Although e-money firms are not currently subject to these rules, they still need to hold up to these guidelines and demonstrate that they are fit and proper.

It's possible that these rules could and should be applied to the EMI payment service space in the near future, which would be a significant change for many firms offering these solutions. They would have to assign individuals with direct responsibility for specific elements of their business, which is currently not the same under the existing regime.

Thorough and proactive regulatory compliance is already a critical make or break point for BaaS providers and this trend will only proliferate further. While the exposure that various BaaS providers have to this aspect varies, it is important to understand the nuances.

BaaS Models & Risk Management Responsibilities



Both bank-led and agency-led models have unique risks, and brands should carefully evaluate their options based on their specific requirements, resources, and risk tolerance.

- Bank-led models:** In bank-led models, brands collaborate with licenced banks for financial services, with banks primarily managing product design, balance sheet management and compliance activities. Key risks in this model include operational, compliance, and counterparty risks, potentially affecting system stability, alignment with regulations, and business continuity.
- Agency-led models:** In agency-led models, brands utilize a BaaS middleware platform connecting them to one or several licenced banks, streamlining access to various banking products. Middleware providers handle integration, compliance, and technical aspects. Key risks in this model include vendor lock-in, integration complexity, data security, compliance, and additional costs, potentially affecting platform stability, data breaches, regulatory alignment, and profitability.

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Points of View

Insights from Conversations with Leading BaaS Providers

Alviere

BBVA

Clear.Bank


Currencycloud
A Visa Solution

 Enfuce

Griffin 

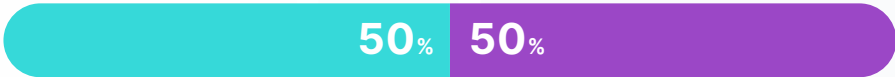
 sventures
by Standard Chartered

SEB

 Thistle
Initiatives

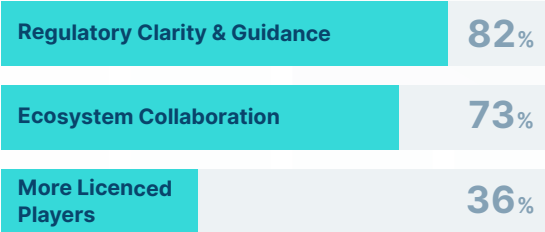
Survey Insights

Based on survey conducted with executives from BaaS companies. N=10



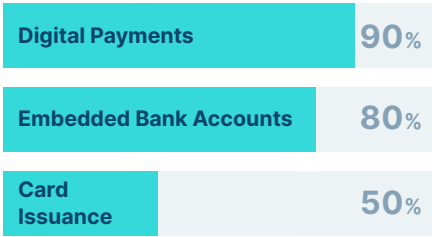
There is an equal split between executives who believe the European BaaS market is either in the nascent stage or the growth stage.

The top three most critical factors to accelerate the adoption of BaaS in Europe

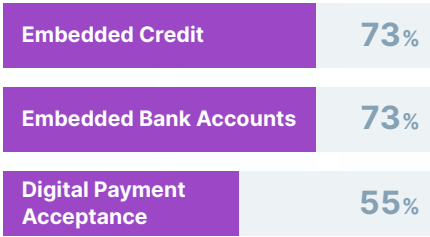


The top three use cases enabled by BaaS in the short to medium term (1-3 years)

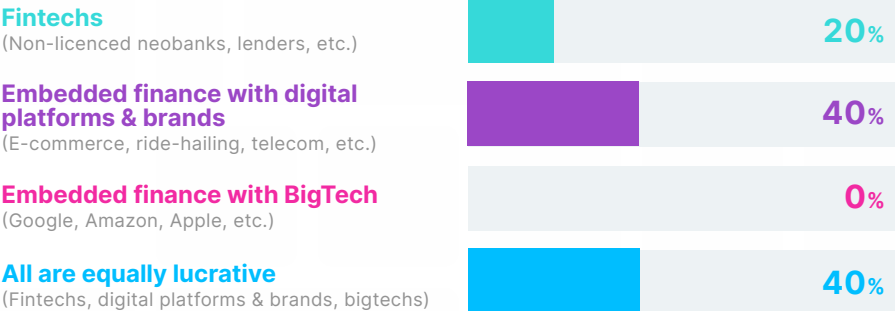
RETAIL



BUSINESS



The biggest opportunity for BaaS providers in Europe



On What BaaS Means

BaaS means different things to different types of players depending on their visions and core competencies. **Kelvin Tan, Global Lead of Standard Chartered nexus** begins with a simple statement:

"The true power of BaaS is, effectively, acquisition and servicing at scale without the requisite cost of scaling."

Kelvin Tan
Standard Chartered nexus



For **John Salter, the Chief Customer Officer at ClearBank**, the journey of BaaS is a long one that has undergone many changes and is now splitting into two distinct pathways:

"The journey of BaaS, starting from co-branded cards with companies like British Airways and Amex, has undergone a significant transformation with the advent of high-tech technology and cloud computing. Brands such as Amazon and Uber are now exploring financial services, leading BaaS to be renamed as "embedded finance" with a pivot point marked by two bookends - embedded finance and embedded banking."

John Salter
ClearBank



BaaS is also closely intertwined with embedded finance. **Carmela Gómez Castelao, Head of Open Banking at BBVA** shares her definition:

"Banking as a service, in a strict way, is a business model in which a client, which can be a fintech or non-regulated entity, is allowed to sell financial services with their own brand. It means becoming the "front" to the final client, even though the "producers" of what they sell, and so the ones with the burden of regulation and processing aspects, will be the regulated financial entities. But we can find many references to BaaS as what we understand as embedded finance, where the regulated entity partners with the business or the fintech to deliver the financial product as partners."

Carmela Gómez Castelao
BBVA



The definition and vision of BaaS acts a key driver in the market positioning and business strategy of BaaS providers. Therefore, it is a critical point of clarity that helps BaaS businesses find their place and continue to grow.

On the European Market Landscape

The BaaS landscape in Europe and the UK is rapidly evolving. The presence of a mix of players, facilitative regulations, and a thriving financial ecosystem have acted as key drivers.

Michael Galvin, Chief Commercial Officer at Toqio, shares his observations:

"The market has been racing forward for the last three years, with a few of the early-stage fintechs growing their presence outside of Europe and the UK, followed by regional players popping up and going after local markets. Now, we're seeing a retrenching of this expansion with funding getting tighter and banks entering the market with their own BaaS or open banking solutions."

Michael Galvin
Toqio



Companies from other regions also have their sights set on the continent. For players like Alviere, that started in the US in 2017, Europe presents both – a massive opportunity and challenge.

Pedro Silva, Chief Operating Officer at Alviere, summarizes the contrast between the two markets:

"The regulatory and adoption differences between the US and Europe are significant. In the US, the regulatory process for financial institutions is state-by-state, making it more complicated and time-consuming. In Europe, central banks issue electronic money institution licences, making the process simpler. However, from a marketing standpoint, it's more challenging in Europe to serve companies that operate in different countries. Companies in the BaaS space in Europe need to focus on specific markets to avoid cumbersome maintenance and rising costs."

Pedro Silva
Alviere



The alignment of needs with the utility and efficiency of BaaS is an equation that BaaS consumers must contemplate. **Richard Stockley, Global Director of Partnerships at Currencycloud**, talks about the risks, possible problems, and new entrants:

"The risks of using BaaS come down to a trade-off between speed to market and scalability/flexibility. Clients need good advice to make the right decisions and prioritize their needs. While BaaS simplifies financial services for a wide group of people, scalability problems and insufficient differentiation to the end consumer need to be considered. With many being VC-funded startups, it's interesting to see larger players like banks entering the market with a BaaS offering. It remains to be seen how they'll compete in certain segments, but it's worth keeping an eye on them."

Richard Stockley
Currencycloud

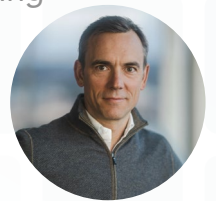


On Bank-Led BaaS

For banks to be the proponents of “banking”-as-a-service makes natural sense. However, taking into consideration the associated risks and rewards, fine tuning the balance between the two is key. **Christoffer Malmer, Head of SEB Embedded**, highlights this very point as he comments on the bank-led BaaS model:

“Theoretically, banks should be able to beat fintechs on access to and cost of capital and funding every day of the week. If a bank can find a place in the value chain where they can leverage this relative strength, that should be something fintechs will want to access rather than compete with. And this is a model that works well for the banks as well – as long as the risks are managed, and they are earning a good return. In effect, it helps banks increase their distribution network for their various financial products through a broad range of distributors.”

Christoffer Malmer
SEB Embedded



Banks are finding themselves in the midst of dynamic competition. Figuring out their place in the complex financial services puzzle remains to be a challenge for many as they evolve.

Monika Liikamaa, Co-CEO & Co-founder of Enfuce, who has previous experience as a bank CIO, and **Kelvin Tan, Global Lead of Standard Chartered nexus**, who is building the BaaS arm of an incumbent bank, articulate the nuances:

“In the midst of a changing landscape, incumbents have the chance to regain lost credibility and compete. However, the biggest obstacle for banks and established players is their attachment to what they have, which is their age old way of business, and a protectionist mindset – that is where the danger lies. To drive progress, it’s important to have the courage to let go of outdated systems and methods. By understanding the needs of customers today, change can happen.”

Monika Liikamaa
Enfuce



“I think more and more banks are looking into BaaS as an avenue for expanding and scaling, not just the large international banks, but also the tier two and three banks. With the evolution of technology and increasingly widespread technical capabilities, smaller banks are becoming dominant in their markets. Over the next three to five years, you’ll see more and more partnerships between banks and BaaS providers. Whether smaller banks can overtake larger banks depends on how fast the larger banks can learn to disrupt themselves.”

Kelvin Tan
Standard Chartered nexus



On Embedded Finance

Embedded finance is poised to be the catalyst for BaaS as non-bank entities discover the concept and become ready to deploy financial services. A money-holding account, whether in the form of a bank account, virtual account, or e-wallet, is becoming the backbone of financial and non-financial applications. **ClearBank's Chief Customer Officer, John Salter**, elaborates on the trend:

"The reduction of friction in the financial process, combined with the 'attention economy' and screen time, has led to the bifurcation of embedded finance and banking. The bank account is becoming the centrepiece of many major apps as it offers a smoother and longer-lasting experience compared to constantly moving money in and out of a service. Some companies have started with the bank account and then developed their products around it, rather than starting with a product and figuring out how to manage financial transactions."

John Salter
ClearBank



Christoffer Malmer, Head of SEB Embedded, further talks about the confidence that is building in embedded finance use cases:

"I think the phase we're in with embedded finance and BaaS right now, is finding and bringing to market those value-adding use cases that become eye-openers for others. As we see more use cases coming to the market, I think they'll become more commonplace. We see prospective distributors getting more and more ready and mature to explore embedded finance."

Christoffer Malmer
SEB Embedded



However, what should be clarified is that embedded finance is not just the technology but the integrated solution that allows embedding of regulated financial services into customer journeys of non-licensed service providers. **Adam Moulson, Chief Customer Officer at Griffin**, discusses further:

"Embedded finance solutions are more than just some APIs. It involves deep consulting expertise that works with clients to define their problems, business case, and existing technology stack to deliver a complete solution. If you're just delivering technology, acknowledge that it will sit across a number of banks and sell it as a middleware layer."

"In the future, we will see more specialized embedded finance solutions emerge as standalone applications that do a lot more than just open accounts or send payments. Those solutions will come from a number of regulated firms, likely to be banks."

Adam Moulson
Griffin



On the Way Forward for BaaS

As the industry matures, what lies ahead are opportunities but also challenges.

Starting with the opportunities, **Richard Stockley, Global Director of Partnerships at Currencycloud**, shares his views:

"In the last fifteen years, fintechs have revolutionized the market by simplifying financial services and providing full-stack or vertical-specific banking services to their customers. However, with the challenges that companies face of aggregating the right technology on one hand and acquiring customers on the other, incumbent businesses that already have customers, albeit not servicing them with a financial product, are seeing an opportunity. The acceleration into embedded finance is expected to be one of the themes for 2023 and beyond."

Richard Stockley
Currencycloud



Heather O'Gorman, Head of Financial Crime at Thistle Initiatives, touches upon the regulatory scrutiny that is expected to increase in the coming years:

"If a BaaS provider has multiple fintechs using their services as distributors, each fintech must consider how they individually apply the core product to ensure that the outcomes fit their consumers. It's important for BaaS providers to review their onboarding processes and ongoing monitoring to ensure that they have included an element of consumer duty consideration. This will be a complex relation to develop, and I'm curious to see how BaaS providers will adapt to these challenges on an ongoing basis."

Heather O'Gorman
Thistle Initiatives



Lastly, **Pedro Silva, Chief Operating Officer at Alviere**, opines on the longevity of BaaS models, their strengths and weaknesses:

"The only model that will ultimately work long-term is if the BaaS providers are themselves regulated financial institutions. BaaS providers need to play a larger role in making this a reality. Any enterprise can't provide e-wallets looking like bank accounts due to the liability and compliance risk being too high.

Regulators want to regulate the consumer side, and enterprises that will be in front of those consumers need to be solid and comply with consumer protection and data privacy laws. Ultimately, this is the model that will work for BaaS providers. Smaller enterprises attempting to offer these services in the market would be subject to extended due diligence from the banks and from the BaaS providers themselves."

Pedro Silva
Alviere



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BaaS Provider Profiles

Case Studies



Clear.Bank



EML.



Goldman
Sachs

Griffin

intergiro

Modulr

railsr

Solaris

Starling
Bank

stripe

treezor
ENABLE CREATIVE BANKING

VODENO

Bankable is a European BaaS middleware that works with a range of partners.

COMPANY OVERVIEW

Founded 2010
HQ Location UK
Founder Eric Mouilleron
Total Funding Undisclosed
Funding Stage Seed
Investors:



Select angel investors

OPERATING MODEL

Category Middleware provider
Licence Partner banks & EMIs

Partners:



PRODUCTS & USE CASES

Virtual Ledger Manager

- Cloud based virtual account solution applicable on top of any bank account enabling enhanced cash management for global corporates.

Payment Card Programs

- Prepaid card programme management service to launch global corporate or consumer cards in EEA.

Digital Banking

- Offers IBAN accounts, payment cards, and access to payment schemes.
- Integrated access to KYC and AML services and third party plugins.

E-wallets

- E-wallets to manage payment flows for marketplaces and make third-party payouts.
- Features include unique IBANs, multi-currency payments, and integration with card programs.

TARGET CLIENT SEGMENTS

Fintechs

Corporates

Banks & Financial Institutions

Governments & NGOs

Travel

Telcos

Yachting

COMPETITIVE ADVANTAGE

- Ability to integrate with a variety of strategic partners across regions and create network effects.
- Its end-to-end payment services are accessible via an interoperable proprietary platform that's PCI-DSS certified and hosted in Tier-4 data centres for advanced security.

SELECT CLIENTS (Illustrative and non-exhaustive)



Our priority is to enable our banking clients to become real-time. The way we do that is we tend to marginalize the existing core banking so that it does what it's supposed to do (balance sheet), not real-time. We add another layer of services on top that become a real-time source of truth, so the customer experience is real-time and the old core is synchronized."

Eric Mouilleron, CEO at Bankable

Clear.Bank

ClearBank is a provider of clearing and embedded banking solutions in the UK.

COMPANY OVERVIEW

Founded	2015
HQ Location	UK
Founders	Andrew Smith, Nick Ogden
Total Funding	USD 627M
Funding Stage	Series E
Investors:	



OPERATING MODEL

Category	Full-stack BaaS provider
Licence	Banking licence (UK) - (In process of applying for Netherlands banking licence)

Partners:

temenos



exela
TECHNOLOGIES



finova

7ox

FEATURE
SPACE

PRODUCTS & USE CASES

Accounts

Bank accounts for businesses to store their own funds or hold customer funds.

- Offers operating accounts, customer segregated accounts, client money accounts and multi-currency accounts.
- Offers virtual and real account structures.

Clearing

Clearing service to offer real-time and secure payments.

- Faster Payments, Bacs, CHAPS, and Direct Debit in the UK.
- Multi-currency clearing for international transfers via ClearBank APIs.

Embedded Banking

BaaS proposition for clients that offers:

- FSCS-protected deposits.
- Flexible and scalable APIs for integrations.
- A dedicated relationship manager and a project team for assistance.

TARGET CLIENT SEGMENTS

Banks

Acquirers

Fintechs

Building Societies
and Credit Unions

Crypto & Digital
Assets Platforms

Pre-regulated
Firms

Wealthtechs

COMPETITIVE ADVANTAGE

- ClearBank enables access to real-time payment rails and allows clients to improve cash flow and reduce transaction costs.
- Being a fully licenced bank in the UK, it offers an embedded banking model, with a greater control over risk management.

SELECT CLIENTS (Illustrative and non-exhaustive)

J.P.Morgan



coinbase



Our next move is to launch a new product in the non-regulated space - this product is all about the power of brands. We see a lot of opportunities in the traditional corporate space, where brands can offer banking services that are linked to loyalty schemes and other perks. We believe that there are many brands out there, from big soccer teams to big telcos, that could offer banking services and create stickiness with their customers. We think the non-regulated space presents a lot of exciting opportunities, and we plan to explore these possibilities."

John Salter, Chief Customer Officer at ClearBank

Currencycloud is a provider of global cross-border payments solutions and infrastructure.

Note: Currencycloud was acquired by Visa in 2021. Funding and investor information is as of Jan 2020.

COMPANY OVERVIEW

Founded	2012
HQ Location	UK
Founders	Mike Laven, Nigel Verdon, Richard Arundel, Stephen Lemon
Total Funding	USD 160M
Funding Stage	Series E
Investors:	     

OPERATING MODEL

Category	Full-stack BaaS provider
Licence	Banking licence (UK) - (In process of applying for Netherlands banking licence)

Partners:



PRODUCTS & USE CASES

Collect, Convert, Pay, Manage

- Enables online payment collection for clients.
- Real-time cross border payments with conversion management.
- Automated payment management system, with pre-built or custom reporting, account control, and pricing management.

Currencycloud Direct

- Readymade cross border payments management platform with collect, convert, pay and manage functionalities.
- Available as white-label solution or API integration.

Currencycloud Spark

Solution offering multi-currency wallets with:

- Named customer accounts.
- Flexible receivables and payments.
- Automated screening and reconciliation.

TARGET CLIENT SEGMENTS

Banks

Fintechs

FX Brokers

COMPETITIVE ADVANTAGE

- By specializing in cross-border payments for licenced institutions, Currencycloud establishes itself as a vertical SaaS provider.
- Its acquisition by Visa puts it in a favourable position to further fortify itself in the B2B payments space.

SELECT CLIENTS (Illustrative and non-exhaustive)



Currencycloud is not a banking-as-a-service provider – we see ourselves as an infrastructure. We are an infrastructure that is very narrow and deep around cross-border payments and FX. So whilst we have some of the constituent parts of what people term banking as a service, our focus very much is on cross-border. We abstract the complexity of cross-border international banking and present it in a way that can be easily consumed and constructed by our clients. We exist as a part of our client's technology stack and sit right behind them, there as a B2B offering for their success.”

Richard Stockley, Global Director of Partnerships at Currencycloud

EML Payments is a provider of global payment solutions.

COMPANY OVERVIEW

Founded 2003
HQ Location Australia
Founder Simon Beitz
Funding Stage Publicly Listed
Operates In 32 Countries

OPERATING MODEL

Category Middleware provider
Licence E-money licence (EEA)
 Australian financial services (AFS) licence

Partners:



PRODUCTS & USE CASES

Card Payments

Enables clients to launch custom card programs with multiple options:

- Virtual, physical or mobile cards.
- Branded or generic cards.
- Single or multi-currency cards.
- Open or closed loop.

Open Banking (Nuapay)

Improved open banking-powered payment solutions:

- Direct debit and instalments.
- Integrated payment accounts.
- QR code payments.
- PFM and budgeting tools.

Digital Account Payments

- Real-time A2A payments, settlement and bulk payment services (UK/EU).
- Virtual IBAN accounts (UK/EU).
- ACH transfers (USA).
- Direct debit (UK/EU/USA).

Seamless

(White-labelled solution)

- A customizable portal enabling merchants and businesses to offer payments, disbursements, and refund options.
- Ensures collection of payment data, and 1099 compliance.

TARGET CLIENT SEGMENTS



COMPETITIVE ADVANTAGE

- The acquisition of Nuapay helps EML offer open banking-enhanced solutions in Europe.
- Solutions specialization in payments allows EML to cater to a wide range of client segments.

SELECT CLIENTS (Illustrative and non-exhaustive)



EML Payments provides an innovative payment solutions platform, helping businesses all over the world create awesome customer experiences. Wherever money is in motion, our agile technology can power the payment process, so money can be moved quickly, conveniently and securely. We offer market-leading programme management and highly skilled payments expertise to create customisable feature-rich solutions for businesses, brands and their customers.

Fiona Flannery, CEO Europe at EML Payments

Enfuce is a card and digital wallet issuer for banks and fintechs.

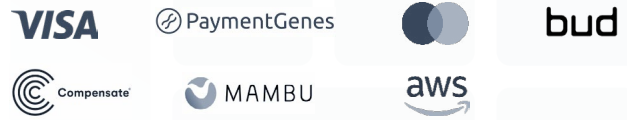
COMPANY OVERVIEW

Founded 2016
HQ Location Finland
Founders Denise Johansson, Monika Liikamaa, Niklas Apellund, Tom Gråhn, William Ekström
Total Funding USD 65M
Funding Stage Series C
Investors:
    

OPERATING MODEL

Category Specialist middleware provider
Licence E-money licence (FI)

Partners:



PRODUCTS & USE CASES

Cards & Digital Wallets

- Support for launching various cards such as prepaid, debit, and credit for consumers and corporations.
- Digital wallets and virtual cards with integrations for Apple Pay, Google Pay, and Samsung Pay.

Pre-built Solutions

- MyEnfuce - card management platform for clients.
- MyApp - white-label card management app for end users.
- My Carbon Action - calculates carbon footprint used by banks, fintechs and mobility solution providers.

Fraud & Dispute Management

- Support for fraud prevention and AML activities through transaction monitoring.
- Assists in resolving conflicts regarding customer service, policies, and business decisions for cardholders made by the issuer.

Open Banking

- Provides cloud-based open banking APIs with TPP validation, consent management, fraud monitoring, dispute handling, compliance reporting, etc. compliant with PSD2.

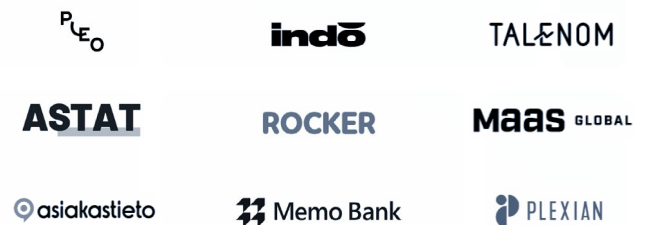
TARGET CLIENT SEGMENTS



COMPETITIVE ADVANTAGE

- Provides fully licenced end-to-end card issuing and management services with reduced time to market for all types of companies.

SELECT CLIENTS (Illustrative and non-exhaustive)



"New technology can be either great or terrible. However, we are always in a time when everything is both good and bad simultaneously. I think what people need to focus on – whether you're developing or utilizing BaaS for consumer or business services – is to have a clear vision, understand the value you're bringing, and the problem you're solving."

Monika Liikamaa, Co-CEO & Co-founder at Enfuce

Goldman Sachs is a global bank that offers treasury management and transaction banking services.

COMPANY OVERVIEW

Founded 2018 (for GS TxB)
Operating United States, European Union

OPERATING MODEL

Category Incumbent bank-led BaaS
Licence Banking licence of Goldman Sachs

Partners:

PRODUCTS & USE CASES

Virtual Integrated Accounts

- Offers virtual account creation, reconciliation, and real-time integrations with treasury and ERP systems.
- Includes multi-currency and demand deposit accounts.

Payments

- Enables global payment services for clients.
- APIs are payment rails and not constrained by location.
- Use cases include customer facing payment applications and internal automated payments.

Banking-as-a-Service

- Enables embedded business bank accounts and payments for B2B software companies.
- Enterprise partnerships enables embedded financial products, including credit cards, installment financing and high yield savings accounts into the ecosystems of major brands to serve millions of loyal customers.

TARGET CLIENT SEGMENTS

Major Retail Brands

Real Estate Companies

B2B Software Companies

Fintechs

Financial Institutions

COMPETITIVE ADVANTAGE

- Extensive experience in the industry, including expertise in risk management, compliance, and regulatory affairs.
- A well-established and well-capitalized bank in the financial industry.

SELECT CLIENTS (Illustrative and non-exhaustive)

GS TxB has over 400 active clients as of September 2022.

Goldman Sachs Transaction Banking [TxB] built an API-enabled platform from scratch and in the cloud—instead of layering it on top of legacy systems, as is the case at many other large transaction banks. This removed constraints in reimagining the complete end-to-end user experience and consumer-grade user interface. Moreover, TxB is continually improving our platform by incorporating client feedback when adding new features that enhance the user experience.”

Eduardo Vergara, Global Head of Product and Sales at GS TxB

Griffin is a UK bank and full stack BaaS provider that makes it simple, quick, and cost-effective to develop and launch financial products.

COMPANY OVERVIEW

Founded 2017
HQ Location UK
Founders Allen Rohner, David Jarvis
Total Funding USD 35.5M
Funding Stage Series A
Investors:
 NOTION TRIBE CAPITAL EQT VENTURES Seedcamp

OPERATING MODEL

Category Full-stack BaaS
Licence Banking licence with restrictions (UK)

Partners:



PRODUCTS & USE CASES

Verify

- Automated onboarding solution to help fintechs manage risk, automate KYC and KYB checks.
- A single API giving access to all checks, verifications and decisioning.

Accounts & Payments

- Offers operational accounts, safeguarding accounts, and client money accounts.
- Access to UK's current payment schemes.

Savings Accounts

- Offers savings account for client's customers with competitive interest rates.
- Embed savings accounts into your product or app.

Credit

- Wholesale secured financing to lending businesses.
- Target segments include consumer finance, PoS finance, salary finance, SME lending, tax finance.

Griffin offers access to a free-forever **Sandbox** where users can experiment with its API and try out all its products and features.

TARGET CLIENT SEGMENTS

Fintech Startups & Scaleups

E-money & Payment Institutions

Lending Startups

Payment Service Providers

COMPETITIVE ADVANTAGE

- A full banking licence combined with a modern API provides a true BaaS offering for fintechs.
- In-house and a shared tech infrastructure among BaaS clients for combatting financial crime enables clients to manage risks better.

SELECT CLIENTS (Illustrative and non-exhaustive)



Griffin offers its anti-financial crime technology as an outsourced service to customers, neutralizing the problem of risk management by delivering a platform they operate in collaboration. As a bank, this gives Griffin insight into customer activity to make risk decisions. Buying technology from third parties is not the solution, as it requires financial crime experts to configure, manage, optimize, and constantly tune the technology. Deep expertise is also necessary, as financial crime is a constantly evolving battle. It's more viable as an integrated solution than a standalone one."

Adam Moulson, Chief Commercial Officer at Griffin

Integiro is an embedded finance and business banking provider in Europe.

COMPANY OVERVIEW

Founded	2014
HQ Location	Sweden
Founders	Nick Root
Total Funding	Undisclosed

OPERATING MODEL

Category	Embedded finance SaaS
Licence	E-money licence (SE)
Partners:	

SELECT CLIENTS

(Illustrative and non-exhaustive)

INCHARGE

quickbit

FUND OF FUNDS

PRODUCTS & USE CASES

Business Banking

- Offers multi-currency accounts, merchant accounts, payments, cards, and modular functionality.

Banking-as-a-Service

- Provides end to end service including onboarding, account and card issuing and management, and data analytics.

Payment Processing

- Provides merchant acquiring services with bundled packages that focus on faster settlements.

TARGET CLIENT SEGMENTS

Neobanks
Crypto Firms
Merchants and Retailers
Payment Service Providers
Card Acquirers

COMPETITIVE ADVANTAGE

Provides an entire financial toolkit for businesses looking to launch their financial services on the market.

VODENO

Vodeno is a comprehensive cloud-native BaaS provider with a full ECB licence.

COMPANY OVERVIEW

Founded	2018
HQ Location	Poland
Founders	Mirosław Forystek, Niels Lunderoff
Total Funding	USD 63M

OPERATING MODEL

Category	Embedded finance SaaS
Licence	ECB banking licence of Aion Bank
Partners:	

SELECT CLIENTS

(Illustrative and non-exhaustive)

aion bank

unit+

FORM3

PRODUCTS & USE CASES

Vodeno Cloud Platform

- Provides APIs for banking services including digital onboarding, accounts, lending, BNPL, payments, cards, savings, and investments.

White-label Mobile App

- Ready-to-use banking app for effective go-to-market.

Business Process Outsourcing

- Provides support for transaction monitoring, settlement and reporting services.

TARGET CLIENT SEGMENTS

Banks & FIs
Digital Banks
Fintechs
Non-Regulated Entities

COMPETITIVE ADVANTAGE

Its relationship with Aion Bank enables Vodeno to offer a full-stack service to both regulated and non-regulated entities.

Modulr is a provider of API payment infrastructure in Europe & the UK.

COMPANY OVERVIEW

Founded 2015
HQ Location UK
Founders Myles Stephenson
Total Funding USD 188M
Funding Stage Series C

Investors:

OPERATING MODEL

Category Middleware provider
Licence E-money licence (UK, IE, NL)

Partners:

PRODUCTS & USE CASES

Payments

- Allows businesses to automate, embed, and launch payment services.
- Includes API integration and customer portal.
- Also includes payment initiation service, confirmation of payee, and request to pay.

Card Issuing

- Offers GBP and EUR virtual/physical cards for first time and existing card programmes.
- Features in pipeline include pan-European issuing, multi-currency cards, authorization forwarding, and tokenization.

Open Banking

- Combines open banking payments with e-money accounts, making fund flows visible and reconciliation automated.
- Enables single immediate payments as well as recurring payments.

Account Services

- Offers real-time GBP and EUR e-money accounts.
- Unlimited accounts to segregate funds to make processing and reconciliation faster and less manual.

TARGET CLIENT SEGMENTS

- Financial Services
- Accounting & Payroll
- Crypto
- Travel
- Merchant Services
- Property Services
- Marketplaces & On Demand
- Utilities & Telecom

COMPETITIVE ADVANTAGE

- Modulr's focus on enabling domestic digital payments across various industries combined with its EMI licence for accounts and open banking gives it advantage as a specialist provider.

SELECT CLIENTS (Illustrative and non-exhaustive)

-
-
-

Our mission is to remove all hidden payment inefficiencies and enable the next generation in global digital transformation - the shift towards embedded payments."

Myles Stephenson, CEO & Founder at Modulr

railsr

Railsr is global provider of embedded financial services.

Note: As of March 2023, Railsr has been acquired by Embedded Finance Limited, a consortium consisting of D Squared Capital, Moneta VC, and Ventura Capital.

COMPANY OVERVIEW

Founded	2016
HQ Location	UK
Founders	Clive Mitchell, Nigel Verdon
Total Funding	USD 134M
Funding Stage	Series C
Investors:	  
	     

OPERATING MODEL

Category	Embedded finance provider
Licence	E-money licence – PayrNet (UK, LI) Financial services licence – Railspay (AU)

Partners:



PRODUCTS & USE CASES

Banking & Wallets

- Offers banking and wallet components like holding balances and digital assets, FX transfers, and payments.
- Applicable use cases include creation of brand wallets, game wallets, and neobanks.

Cards

- Provides single integration and single commercial agreement for embedding virtual and physical cards.
- Features include BIN sponsorship, settlement and collateral, transaction and processing, card controls, etc.

Credit

- Provides turnkey credit product integration with features of issue, compliance, underwriting, collection, etc.
- Applicable use cases include credit card-as-a-service for easy deployment in 90 days.

Rewards

- Integrates reward system in programmes for data-driven insights on engagements and promotional patterns.

TARGET CLIENT SEGMENTS

Fintech Startups & Scaleups

Retailers

Sports Companies

COMPETITIVE ADVANTAGE

- Vertically integrated tech stack provides a one-stop embedded finance solution for clients.
- Railsr's platform supports multiple currencies, which makes it an attractive option for clients operating in multiple countries or regions.

SELECT CLIENTS (Illustrative and non-exhaustive)

plum

LHV

sodexo*

Paceline
WEALTH MANAGEMENT

ARIVAL

WAGESTREAM

Finadvant

Dough

crypto.com

Railsr has a best-in-class technology platform that has already given hundreds of fintech customers a competitive advantage. A huge number of people across the financial ecosystem believe in Railsr's potential and have worked very hard to make this transaction (the acquisition) a reality. We will now get back to basics and manage the business methodically and constructively. We have secured a new chapter for Railsr and are excited about what the future holds."

Rick Haythornthwaite, Chair of the Board at Railsr

Solaris is a pan-European BaaS provider operating on a German banking licence.

COMPANY OVERVIEW

Founded 2016
HQ Location Berlin, Germany
Founders Andreas Bittner, Marko Wenthin
Total Funding USD 445M
Funding Stage Series D
Investors:



OPERATING MODEL

Category Full-stack BaaS provider
Licence Banking licence (DE)
 Digital assets custody licence (DE)
 E-money licence (UK, EEA)
 Consumer credit licence (UK)

Partners:



PRODUCTS & USE CASES

Digital Banking & Cards

- Digital bank accounts with local IBANs in select countries.
- Prepaid, debit, or credit cards which can be integrated with complementary products.
- Second-source funding of card payments at PoS from spending assets, credit lines, and earned wages.

Lending

- End-to-end digital consumer lending with flexible risk sharing model.
- Instalment payments at point of purchase or post-purchase.
- Tailored loan fronting with full ownership of loan books and loan lifecycle.

Know Your Customer

- Platform with multiple methods for digital onboarding including bank, eID, photo, or video identification.
- Offers digital screening and e-signing.

Digital Assets

- Digital asset custody solution offers secure storage, withdrawal, and transfers.
- Brokerage offers crypto buying and selling for customers, and enables brokerage income for clients.

TARGET CLIENT SEGMENTS



COMPETITIVE ADVANTAGE

- Multiple licences allow Solaris to offer distinguished services throughout Europe. This has been enabled by the strategic acquisition of Contis.
- Native banking licence allows the company to extend credit on its books and create sustainable revenue streams through the B2B2X model.

SELECT CLIENTS (Illustrative and non-exhaustive)



Financial services will penetrate many other industries. And vice versa, many other industries will start offering financial services. Financial services will likely become a digital companion that can be integrated with other services that match specific target groups to create an ecosystem of its own.”

Roland Folz, CEO at SolarisBank

Starling Bank is a UK challenger bank that also offers BaaS.

COMPANY OVERVIEW

Founded 2014
HQ Location UK
Founder Anne Boden
Total Funding USD 1.1B
Funding Stage Series D
Investors:



OPERATING MODEL

Category Challenger bank
Licence Banking licence (UK)

Partners:



PRODUCTS & USE CASES

Engine by Starling

- A cloud-native digital banking platform with APIs, web channels, and app for integrating retail or business banking services.
- Delivers bank-in-a-box, launch of new banking products, or replatforming existing products.

Banking-as-a-Platform

- Offers FSCS-protected whitelabel GBP accounts, with integrated AML and KYC, and access to UK payment rails.

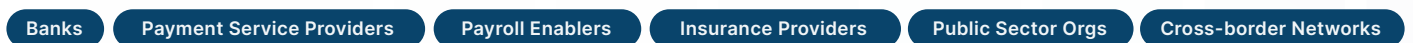
Payments

- Offers real-time access to major UK payment schemes.
- Available to regulated financial institutions.

Accounts

- Offers accounts for payment service providers.
- Account types include segregated, operational, safeguarding, CASS, and virtual.

TARGET CLIENT SEGMENTS



COMPETITIVE ADVANTAGE

- Starling provides the same technology used by the bank in a ready-to-use bundled toolkit for a range of mobile-first services.
- Starling's Engine adopts a modular approach, providing flexibility for developers to build on top of already existing technologies.

SELECT CLIENTS (Illustrative and non-exhaustive)









“As a bank requires getting the right licences, which can be expensive. We don't plan to follow the Revolut path of going after licences in 50 different countries. It's very costly, it's very capital intensive, it's time-consuming, and you've got to build that brand and that trust and that recognition.”
 Sam Everington, CEO at Engine by Starling

Stripe is a payment infrastructure provider for the online economy.

COMPANY OVERVIEW

Founded	2010
HQ Location	USA
Founders	John & Patrick Collison
Total Funding	USD 2.2B
Funding Stage	Series I
Investors:	  
	     

OPERATING MODEL

Category	Middleware provider
Licence	Money transmitter licence (US), Money services licence (US), E-money licence (UK, IE)
Partners:	  
	  

PRODUCTS & USE CASES

Issuing

- Enables clients to create physical and virtual commercial card programmes.
- Features include real-time controls, integration with digital wallets, branded physical cards, and interchange revenue share beyond a certain threshold.

Treasury

- Offers a banking-as-a-service API that enables embedded financial services for marketplaces and platforms.
- Functions include creating accounts, storing funds with yield, transfer of funds, and attached cards.

Other Stripe products include **Connect** for platform and marketplace payments, **Radar** for fraud and risk management, **Identity** for identity verification, **Billing**, **Invoicing**, (PoS) **Terminal**, **Capital** and more.

TARGET CLIENT SEGMENTS

- Global Businesses
- Creator Economy
- SaaS Platforms
- Marketplaces
- E-commerce
- Crypto

COMPETITIVE ADVANTAGE

- Stripe's wide range of infrastructure solutions for payment processing act as a core competency.
- Developer-centric solutions differentiate its product suite from most players.

SELECT CLIENTS (Illustrative and non-exhaustive)



From our earliest days, we've wanted to make financial services truly programmable. We're now working with top banks to make that happen."

Patrick Colisun, CEO & Co-founder at Stripe

Treezor is a provider of embedded financial services in Europe, owned by Societe Generale.

COMPANY OVERVIEW

Founded 2015
HQ Location France
Founder Eric Lassus
Total Funding USD 3M
Funding Stage Series A
Investors:



OPERATING MODEL

Category Middleware provider
Licence E-money licence (FR)

Partners:



PRODUCTS & USE CASES

Issuing & Acquiring

- Provides BIN sponsorship to manage card issuing programs.
- Offers an embedded multi-device payment solution for merchants.
- Features include virtual IBAN issuing, and online check acquiring.

Card Issuing

- Connectivity to SEPA network enables an integrated payment solution.
- Offerings include standard and instant credit transfers, and core and B2B direct debits.

Open Banking

- Provides a whitelabel KYC for opening accounts remotely.
- The solution caters to both consumers and business end users.

Account Services

- Consumer credit offering created in partnership with Franfinance.
- Offerings include revolving credit and amortized consumer credit.

TARGET CLIENT SEGMENTS

Neobanks

Corporates

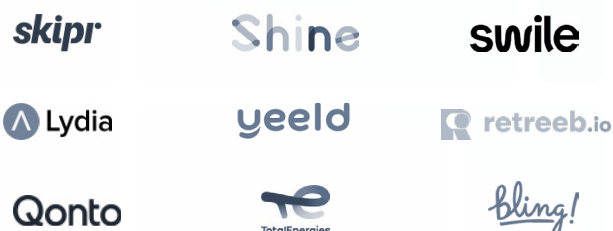
Payment Institutions

Mobility Providers

COMPETITIVE ADVANTAGE

- Treezor's French EMI licence authorizes it to provide all types of payment services.
- It has managed to maintain its independence while also benefiting from Societe Generale's expertise in credit, insurance, and compliance.

SELECT CLIENTS (Illustrative and non-exhaustive)



The merger with Societe Generale has given us more visibility with large companies, especially when it comes to meeting their compliance requirements – level of risk, processes, governance – which are high for such players."

Didier Lallemand, CEO at Treezor (May to Dec 2022)

The State of
Banking-as-a-Service
in the UK & Europe

05

Conclusion

The Progress and Questions that Lie Ahead

The Way Forward for BaaS



Eduardo Martinez Garcia,
CEO & Co-founder at Toqio

BaaS isn't going anywhere. Rather than be used merely as a neobank pipeline, however, the true power of BaaS is going to emerge as it inevitably evolves into embedded finance."

In light of recent developments in the banking and financial sectors, I think the question we're all asking ourselves is this: What is going to happen to the existing BaaS market?

One of the main use cases for BaaS has always been to enable early stage innovation. Yet, it seems that with fewer early stage businesses set to participate in the market over the next couple of years, new use cases are needed to drive growth. As mature businesses, specifically those outside of financial services, look to take advantage of BaaS, we expect this to drive a shift in player make-up.

Hence, we expect to see the market consolidate around maturity. We're probably going to see smaller, regional players get acquired or fail outright. It's also clear that incumbent banks will have a major role to play if they can shift their mentalities. With new regulatory challenges and the recent failures of SVB and others, larger banks will be able to leverage their balance sheets and compliance infrastructure to provide a safe haven for bigger market participants.

In general, as the report indicates, BaaS isn't going anywhere. Rather than be used merely as a neobank pipeline, however, the true power of BaaS is going to emerge as it inevitably evolves into embedded finance. We're going to see a myriad of new use cases and innovative implementations of financial services by everyone over the next few years, from manufacturers to FMCG retailers to distribution firms. Things will be somewhat chaotic for a bit then calm down, and we fully expect Toqio to be there to help companies realize the true potential of the embedded finance paradigm. Thanks for reading!

RESEARCH METHODOLOGY

For the purpose of this report, research was conducted through primary and secondary sources.

Primary sources consisted of interviews with executives from various types of BaaS providers and a brief survey conducted with the same participants. A total of eleven individuals from unique BaaS providers were interviewed.

Desktop research formed the basis of secondary sources, which included analysis of company websites, press releases, blogs, social media pages, news articles, industry reports, government publications and statistical data, and information from private databases like Tracxn, Crunchbase, etc.

Case studies are based on publicly available information through desktop research. Some executive quotes were extracted from direct interviews, while others were extracted from third-party sources.

All of the information stated in this report is publicly available information, except for the insights presented from interviews and surveys. Due confirmation has been obtained from the interviewed participants for publishing their thoughts and opinions.

This report was authored by [WhiteSight](#) and commissioned by [Toqio](#).

For any questions or comments, please write to hello@whitesight.net.

TOQIO

The Toqio platform lets companies create and launch their own fully branded banking or finance solutions. Why spend years and millions building something that's just "okay"? Creating with Toqio is faster and more economical than developing a homegrown app or site, and the end result goes well beyond expectations.

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