STRATEGY GUIDE

The Embedded Finance Strategy Guide

How to decide with confidence which direction you should take — build, buy, or partner.

Frameworks, scorecards, and an ROI model you can take straight into a strategy meeting.

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Contents

How to use this guide

If you lead small business banking, the question is no longer whether to act on embedded finance. The market case is settled, and the willingness of your SMB customers to move is measured and real. The open questions are on direction: Which route captures the revenue, how fast, at what cost, and with which partner? This guide is built to answer those queries.

It is deliberately a decision tool, not an explainer. If you want the fundamentals — what embedded finance is, how it differs from banking-as-a-service, and where the revenue sits — start with this Embedded Finance for Banks article. If you want the execution view on why programs stall, read What It Takes to Capture the Revenue. If you want to take the next step, this guide is for you. It picks up where those other articles leave off, with the frameworks, scorecards, and ROI model you can take into a strategy meeting.

WHAT YOU'LL WALK AWAY WITH

- A clear read on the revenue pressure forcing the decision
- A view of the opportunity and the three use cases that matter most for banks
- A weighted build-vs-buy-vs-partner decision matrix you can score
- A technology-stack map and a vendor-evaluation checklist with red flags
- A three-part ROI model — revenue, retention, and cost — you can populate with your own numbers

01 The revenue pressure forcing the decision

Every embedded finance decision starts from the same place: the income statement. For banks serving SMBs, the squeeze is structural, not cyclical. Net interest margins recovered through 2025 — the banking industry's 2025 Q4 NIM increased 5 basis points from the prior quarter to 3.39 percent, the highest level since 2019 — but that recovery was driven mainly by falling deposit costs, not durable advantage.

The deeper signal is what bankers now say keeps them up at night. In the 2025 CSBS Annual Survey of Community Banks, net interest margin overtook regulatory burden as the top external risk, and core deposit growth ranked second. When margin and deposits are the two biggest worries, the strategic answer is the same: build revenue that does not depend on the spread and give SMBs a reason to keep their balances with you.

Why non-interest revenue is the target

Non-interest, or fee-based, income does not rise and fall with rates. It comes from services — payments, money movement, lending fees, premium tools — delivered to customers who stay. That is precisely the income embedded finance generates. Across the industry, full-year 2025 earnings growth was driven by higher net interest income and higher non-interest income together, per the FDIC Quarterly Banking Profile — and the banks pulling ahead are the ones growing the fee line, not just riding the margin.

3.39%
Banking industry NIM, Q4 2025 — rate-driven, not durable

#1
Net interest margin: top external risk for community banks

#2
Core deposit growth: second-ranked concern

Sources: FDIC Quarterly Banking Profile Q4 2025; CSBS Annual Survey of Community Banks 2025.

The decision this creates

You can defend the SMB relationship and the fee income it generates by embedding financial services where your customers already work. Sections 2 through 7 are about how you do just that.

02 The embedded finance opportunity, sized

The headline market numbers are large enough to be abstract. What matters for a decision is what share of that growth is banking revenue moving to other platforms — revenue that was, until recently, yours. Three figures frame the opportunity at the level a banking leader needs.

20-25%
Projected share of total lending revenue from embedded finance by 2033 (McKinsey)

45%
SaaS share of SMB acquiring revenue by 2028, up from 36% (BCG)

~50%
SMBs willing to buy financial services from a non-bank provider

Sources: McKinsey, embedded lending revenue projection; BCG, Moving Embedded Finance from Promise to Practice (2025); embedded lending demand data.

Read the trend, not just the size

The most useful framing comes from BCG: SaaS providers offering integrated payments already account for 36% of SMB acquiring revenue and are expected to reach 45% by 2028. In plain terms, nearly half of small-business payment revenue is on track to flow through software, not branches. But BCG also notes that most SMBs still look elsewhere for core banking — meaning the deposit and lending relationship is still winnable by a bank that shows up inside the workflow first.

On the demand side, the willingness to switch is no longer hypothetical: 71% of SMBs are open to a new financial provider and 84% to non-bank financial services. Embedded finance is the mechanism that decides whether that openness converts into your revenue or a competitor's.

03 The three use cases that matter for banks

Embedded finance is not one product, and a bank does not need to launch all of it at once. Three use cases carry the revenue for SMB-serving banks. Use the table below to decide where to start — each row is scored on revenue potential, speed to launch, and the strength of the defensive case for acting now.

USE CASE	REVENUE MECHANISM	WHY IT WINS FOR A BANK	START-HERE SIGNAL
Embedded payments	Transaction and merchant service fees; interchange on branded cards (typically 1-1.5% per swipe).	Largest category by revenue; surfaces upgrade signals (e.g., card volume tripling) when they happen.	You already see SMB cards and acquiring volume leaking to fintech merchant services.
Embedded lending	Interest and origination fees on pre-qualified, data-underwritten credit offered in-flow.	Fastest-moving stream; consented data enables same-day decisions that win back volume lost to online lenders on speed.	SMBs are applying — and being approved — for credit elsewhere within hours.
Embedded cashflow & deposits	Deposit retention, treasury/sweep fees, and the daily engagement that drives every other product.	Gives SMBs a daily reason to log in; protects deposits and surfaces the signals behind every cross-sell.	Idle balances are migrating to higher-yield fintech accounts.

Sources: embedded lending sizing (Resolve / industry estimates); interchange economics (Airwallex).

Sequence matters — cashflow is the through-line

Banks that lead with a consolidated, white-labeled cashflow view earn the daily engagement that makes payments and lending offers land. Start with cashflow visibility, then layer payments and lending on the same data foundation rather than as separate widgets. The mechanics of why insight drives retention are covered in our SMB Financial Insights article.

04 Build vs. buy vs. partner — a decision framework

This is the decision the rest of the guide supports. This article introduces the three routes. But here is the framework to actually choose between them. Score each route against the criteria that drive an embedded finance program's success, weight them for your institution, and the direction usually becomes obvious.

The three routes at a glance

Build

IN-HOUSE

WHAT IT MEANS
Construct and maintain the integrations, data layer, and customer experience in-house.

THE HONEST TRADE-OFF
Maximum control; highest cost and slowest to market. A permanent engineering commitment made harder by the ongoing lack of API standardization.

Buy

POINT SOLUTION

WHAT IT MEANS
License a point solution for a single use case — a payments widget, a lending module.

THE HONEST TRADE-OFF
Fast for one feature but fragments the experience and rarely delivers the unified data layer that makes embedded finance compound across products.

Partner

WHITE-LABEL

WHAT IT MEANS
Use a white-label provider that owns the integrations and data foundation while you keep the brand, relationship, and revenue.

THE HONEST TRADE-OFF
Fastest route to a unified, bank-branded experience. Success depends on choosing a partner with bank-grade security and breadth of connections.

SECTION FOUR · CONTINUED

The weighted decision matrix

Score each route 1–5 on every criterion (5 = strongest). Multiply by the weight, then total each column. The illustrative weights below reflect what most SMB-serving banks say matters most — adjust them to your own priorities before scoring.

CRITERION	WEIGHT	BUILD	BUY	PARTNER
Speed to first revenue	25%	1	3	5
Total cost of ownership	20%	1	3	4
Scalability across use cases	20%	3	1	5
Unified data layer / no fragmentation	15%	4	1	5
Security & compliance maturity	10%	3	2	5
Brand & relationship ownership	10%	5	3	5
Weighted total (illustrative)	100%	2.3	2.3	4.8

Scoring is illustrative and reflects a typical SMB-serving bank that values speed and a unified data layer. Re-weight and re-score for your institution — the framework, not the numbers, is the deliverable.

How to read the result

Build wins only when a bank has both deep engineering capacity and a reason to own the stack as competitive IP. Buy wins when the need is genuinely a single feature with no plan to expand. For most SMB-serving banks that want a unified, branded experience across payments, lending, and cashflow without standing up an engineering program, partner is the route the math favors.

05 The technology stack, layer by layer

Whichever route you choose, you are accountable for the same three layers. Knowing what sits in each — and which layer is genuinely hard — is what separates a credible plan from an optimistic one. The visible product is the top layer; the value and the difficulty live underneath.

Layer	What lives here	What to get right
Experience (UX) layer THE PART SMBS SEE	The white-labeled dashboards, embedded offers, and consent flows inside your digital banking channels — accessed via single sign-on.	Lead with benefit, not consent. “See your cash position across every account” earns connection; “connect your data” does not. Adoption is won here.
Data layer THE HARD PART	Aggregation, normalization, and insight generation across accounting platforms, payment providers, and hundreds of fintech apps.	This is where programs underinvest. Maintaining direct connections is a permanent commitment, made harder by the lack of API standardization. Insight — not raw data — is the output that matters.
API & infrastructure THE RAILS	The licensed banking functions, payment rails, and secure APIs that move money and expose services.	Bank-grade security is non-negotiable: encryption in transit and at rest, documented uptime and recovery, and certification you can show a regulator.

The layer that decides success

Banks consistently overestimate the UX layer and underestimate the data layer. The interface can be built in weeks; the connections, normalization, and insight engine underneath are a multi-year program if built from scratch. When you evaluate a build estimate or a vendor demo, spend most of your scrutiny one layer down from what you're being shown.

06 Vendor evaluation checklist

If your decision points toward buy or partner, the provider becomes your ceiling and your risk. Coverage and compliance are the real selection criteria — not price and not demo polish. Use the questions below in a vendor conversation and treat the red flags as disqualifying until proven otherwise.

Questions to ask every vendor

CONNECTIONS AND DATA

1. How many financial and business service providers do you connect to — and how many are direct connections you maintain versus resold third-party feeds?
2. Do you deliver normalized insight (e.g. a cashflow forecast) or only raw aggregated data the SMB has to interpret?
3. How do you handle a broken connection, and what is your historical connection uptime?

SECURITY AND COMPLIANCE

1. Are you ISO 27001 certified, and when were you last independently penetration-tested?
2. Which regulations are you compliant with — GDPR, PSD2, CCPA — and can you provide documentation?
3. What is your encryption standard at rest and in transit, and where is data hosted?

BRAND, INTEGRATION, AND REVENUE

1. Is the experience fully white-labeled under our brand, and does it embed via single sign-on in our existing channels?
2. Who owns the customer relationship and the resulting revenue — us or you?
3. What does a realistic time-to-launch look like for our first use case and for adding a second?

Coverage and compliance are the real selection criteria — not price, not demo polish.

SECTION SIX · CONTINUED

Red flags ⚠

Any one of these should stop the deal. Treat them as disqualifying until the vendor proves otherwise.

Priced as the cheapest option	A provider without bank-grade security or breadth of connections becomes your risk and your ceiling. Buy-cheap decisions resurface as compliance findings later.
Raw data, no insight	Giving SMBs connected data without a clear answer produces a tool nobody returns to. Engagement collapses, and with it every downstream product conversation.
Black-box security	If a vendor can't show current certification and penetration-test results, you're bolting an unaudited system onto your brand.
The vendor's brand is visible	If the end customer sees the provider, not you, you've ceded the relationship and the cross-sell signal you were trying to capture.
Single use case, no data layer	A solution that can't extend to a second use case forces a re-platform later and never compounds across products.

Treat each of these red flags as deal-breakers. No exceptions.

07

SECTION SEVEN

The ROI model

A credible embedded finance business case rests on three levers, not one. Revenue capture is the obvious lever, but retention lift and cost savings are often larger and easier to defend internally. The benchmarks below come from analyst and provider research and are meant to be replaced with your own numbers — the structure is what travels into your business case.

LEVER 1 **Revenue impact**

New, rate-independent fee income from the three use cases in Section 3: transaction and interchange revenue from embedded payments, interest and origination fees from embedded lending, and treasury fees from embedded cashflow and deposits. Industry research puts the additional revenue at up to $70 per customer per year through transaction fees and improved retention and finds that companies implementing embedded finance see 2–5x higher customer lifetime value.

LEVER 2 **Retention lift**

Embedding financial services into the daily workflow raises switching costs — the “financial moat” effect. Integrating accounts, payouts, and credit at the point of need can reduce churn by up to 64%, according to 2025 PYMNTS intelligence. For a bank, retained SMBs mean retained deposits and a longer runway to cross-sell — the compounding effect that makes the data layer worth the investment.

LEVER 3 **Cost savings**

The partner route in particular cuts two costs sharply: customer acquisition and underwriting. McKinsey finds that with a qualified, data-rich lead, the cost of customer acquisition for a bank can drop from around $4500 to about $225, with conversion rising from ~15% to 50% or more. Separately, underwriting can be automated at nearly zero marginal cost through instant connections to consented data — turning lending from a manual, resource-bound process into a scalable one.

2–5x
Higher customer lifetime value (McKinsey)

-64%
Potential churn reduction (PYMNTS 2025)

$4,500 → $225
Acquisition cost per qualified lead (McKinsey)

Sources: McKinsey LTV and CAC research; PYMNTS churn-reduction data (via Airwallex).

ROI worksheet

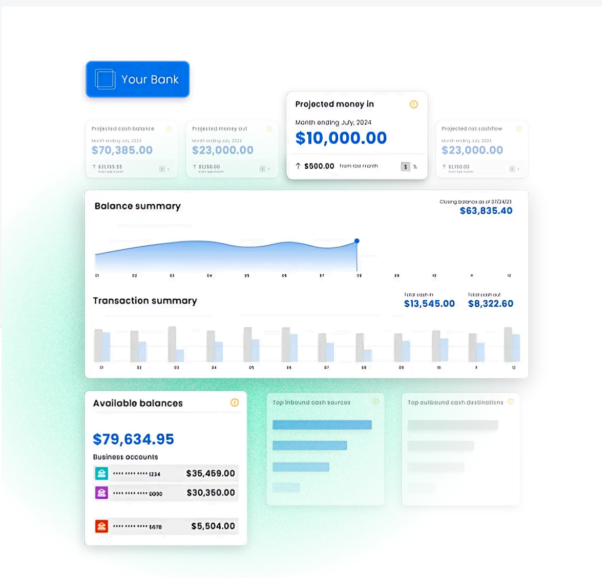
Populate the right-hand column with your own figures to build a board-ready estimate.

INPUT	BENCHMARK	YOUR NUMBER
Active SMB customers in scope	—	
Incremental annual revenue per customer	up to $70	
Expected adoption rate of embedded tools	—	
Current annual SMB churn rate	—	
Projected churn reduction	up to 64%	
Deposits retained per saved relationship	—	
Current cost to acquire a qualified SMB	~$4,500	
Acquisition cost with embedded data	~$225	
Estimated 12-month net impact	—	

THE PARTNER ROUTE, DONE RIGHT

See how 9Spokes accelerates embedded finance

9Spokes is a [white-labeled data insights platform] built specifically for financial institutions that serve SMBs — the partner route done right. It embeds inside your existing digital channels via single sign-on, keeps your brand front and center, and delivers the hardest layer — aggregation, normalization, insight generation, and banker-facing intelligence — from a single stack, so you capture the revenue without standing up an engineering program.

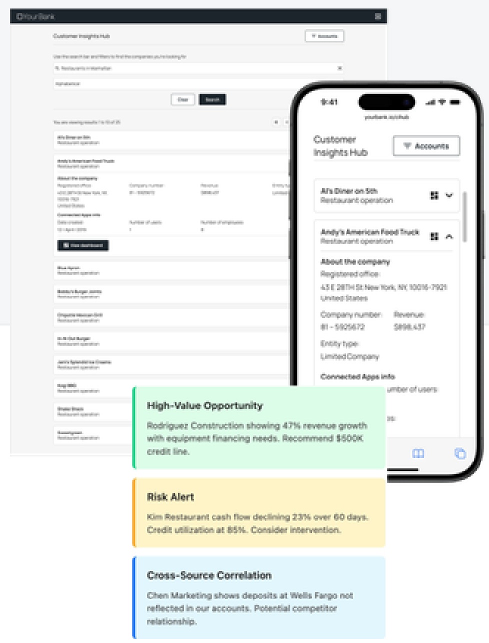


CUSTOMER-FACING PRODUCT

SMB Financial Hub

A configurable, white-labeled platform your SMB customers use inside your digital banking experience. They connect business and personal accounts across 800+ financial and business service providers for a unified view of their financial life under your brand — consolidated cash position, automated cashflow forecasts, spending trends, and merchant data.

[Explore the SMB Financial Hub ›]



BANKER-FACING PRODUCT

Customer Insights Hub

The same consented data, shaped for relationship managers as well as credit, product, and marketing teams. It surfaces cross-sell opportunities with wallet-share insight, sharpens credit decisions, and flags emerging risk early — API-first, with bank-grade security.

[Explore the Customer Insights Hub ›]

The platform is built on the constraints that banks live with:

- ISO 27001 certified and annually penetration-tested
- Hosted on AWS and Azure with documented recovery and 99.9% uptime
- AES-256 encryption at rest and TLS 1.2 in transit

TAKE THE NEXT STEP

Unlock new revenue streams from your SMB customers

See how 9Spokes embeds financial services and insight inside your existing digital channels — under your brand, on your rails, and measurable in deposits, lending, fee income, and retention.

Book a platform walkthrough →

Embedded Finance for Banks ›

Open Banking & Open Data for Banks ›

SMB Financial Insights ›