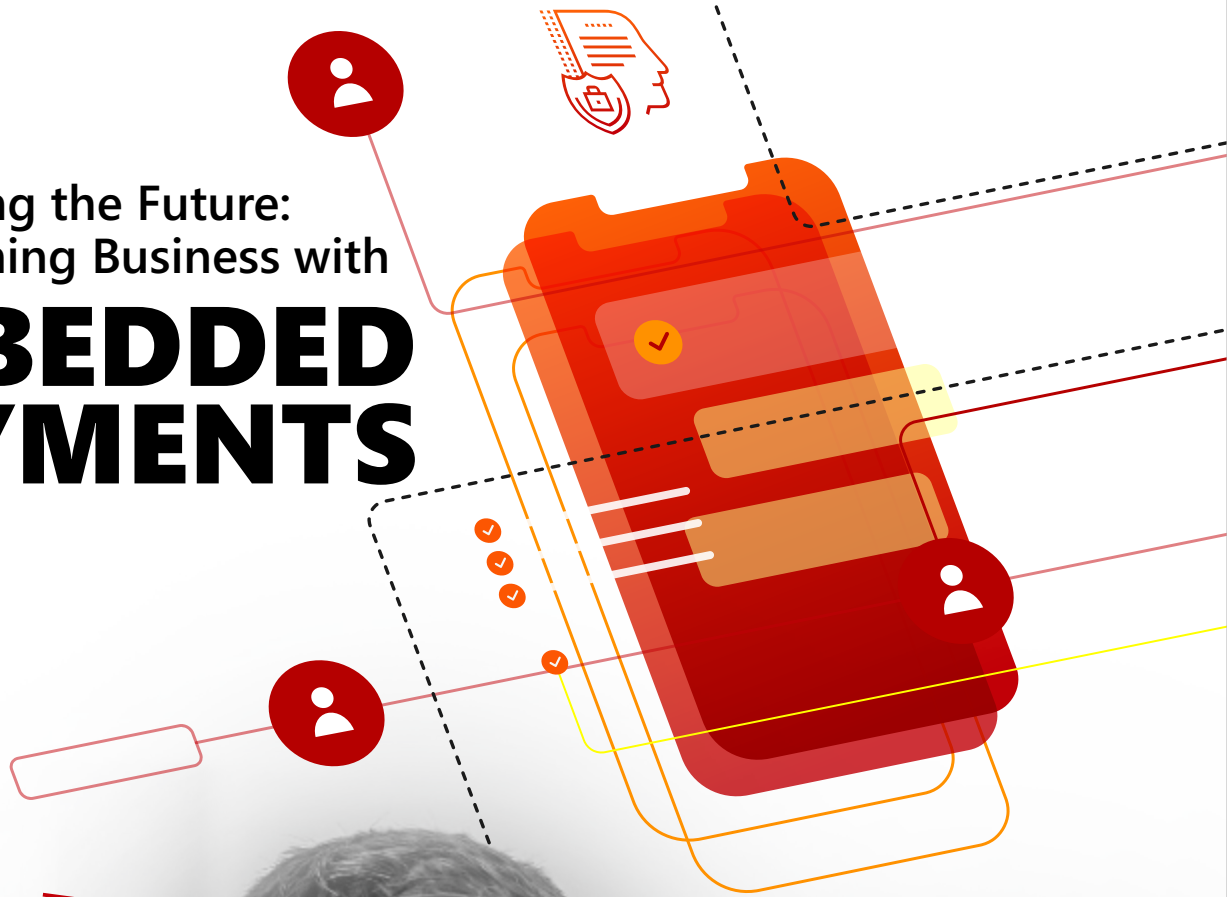


Embedding the Future:
Transforming Business with

EMBEDDED PAYMENTS





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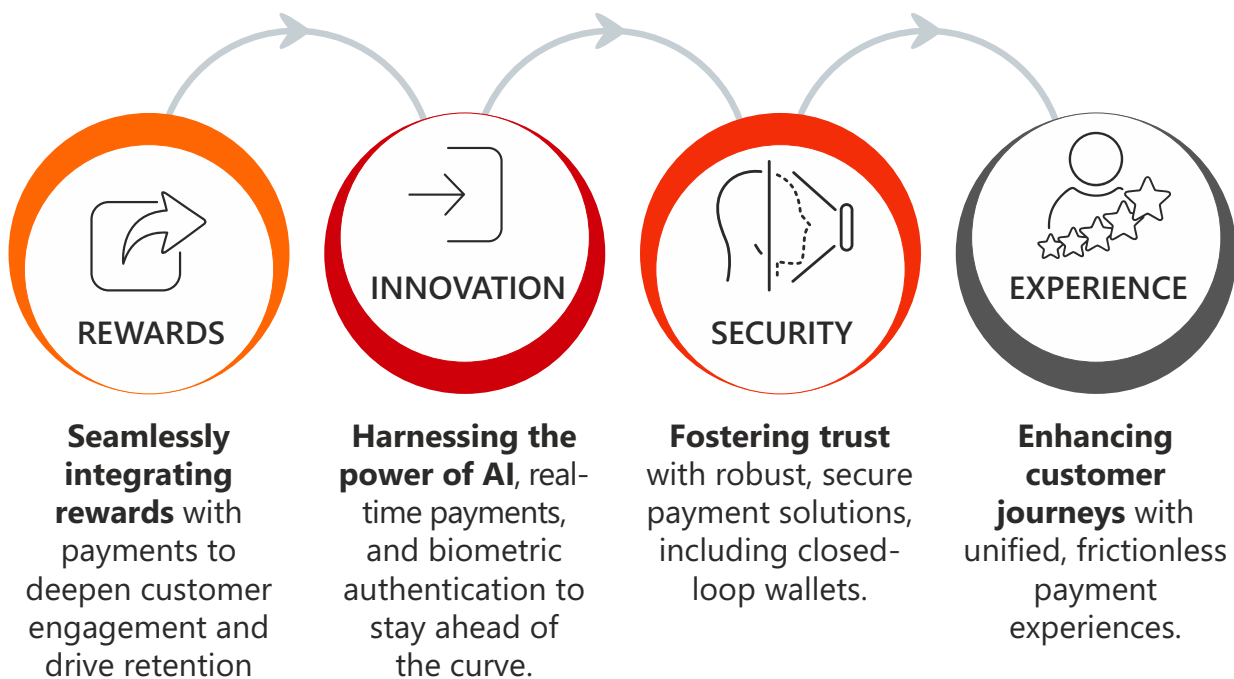
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I N T R O D U C T I O N

Embedded payments are revolutionizing businesses by providing customers with frictionless transaction experiences that they often overlook. By 2026, over half of all transactions are anticipated to occur through embedded systems, significantly enhancing convenience and efficiency.

While there is widespread recognition of the critical importance of embedded payments, many are still navigating the complexities of implementation. Like any new innovation, challenges are a natural part of the adoption journey; however, they also provide an opportunity for businesses to unlock significant value as they cultivate the necessary expertise and systems.

Designed for leaders tackling these hurdles, this report introduces the **RISE Framework**—a practical guide built on four key pillars to help businesses unlock the full potential of embedded payments:



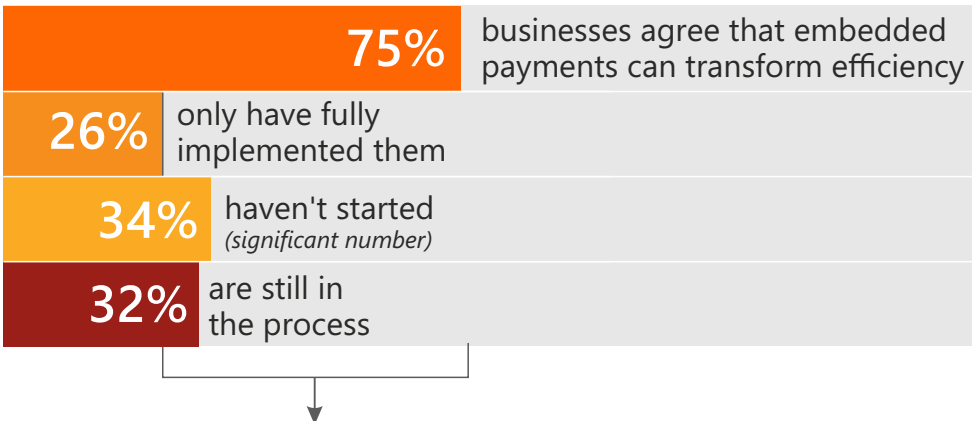
The **RISE Framework** empowers leaders to transform payments from a back-office necessity into a strategic advantage.

While the adoption of embedded systems is on the rise, it is the strategic thinkers in this space who will not only overcome challenges but also shape the future of their industries. The time for action is now. This report serves as your blueprint for embedding payments within your business, transforming it from a concept into reality and providing the competitive edge of being a pioneer.

K E Y F I N D I N G S

1

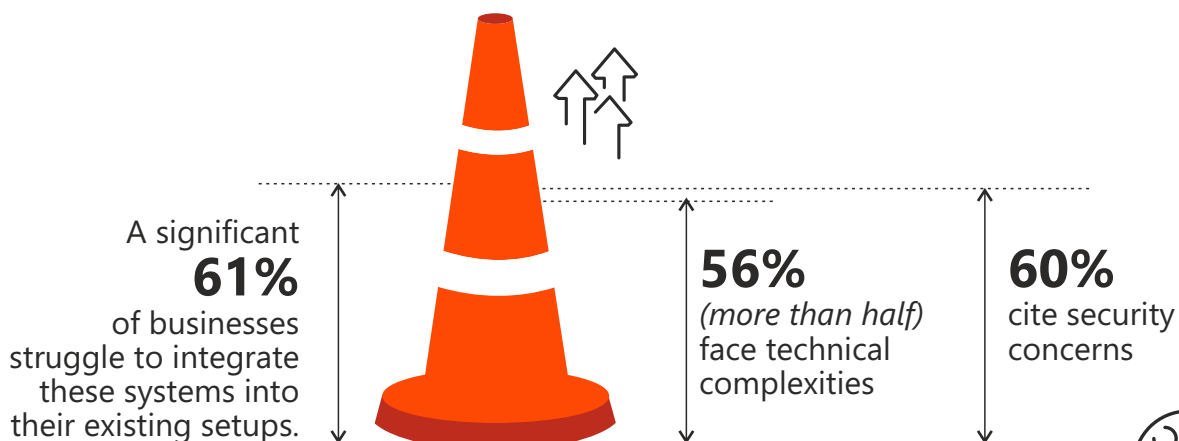
Embedded Payments: Vision vs. Execution Gap



Highlights a considerable gap between vision and execution in the adoption of embedded payments.

2

From Hurdles to Opportunities: Overcoming Key Obstacles in Embedded Payments



Highlights the urgent need for robust strategies to overcome these barriers.

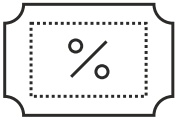
3

Loyalty Programs: The Untapped Potential in Embedded Payments.

56%
(over half)
of businesses need
loyalty programs
linked to payments.



51%
among those that do,
find them effective in
driving customer
engagement.



This highlights a significant missed opportunity for businesses to enhance customer loyalty through integrated rewards.

4

From Idea to Implementation: Partnerships as the Fast Track to Embedded Payments.

34%
adopt a hybrid approach,
balancing control with
external support



43%
of companies prioritize external
partnerships for embedded payments,
leveraging specialized expertise
to accelerate innovation



These strategies highlight a practical mindset: focusing on strengths while relying on proven expertise to drive results.

5

Closed-Loop Wallets: Building Trust and Engagement for the Future of Payments.

25% of companies only currently offer closed-loop wallets

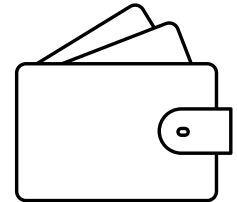
29% plan to roll them out within the next 12 months

Key features for success include:

61% robust security

55% loyalty integration

52% user-friendly interfaces



Underscores the need for trust, engagement, and ease of use.

6

Open-Loop Cards: Expanding Reach and Elevating Customer Flexibility

52% of businesses currently offer open-loop cards

22% are piloting their use

Top advantages identified are:

Wider acceptance —

86%

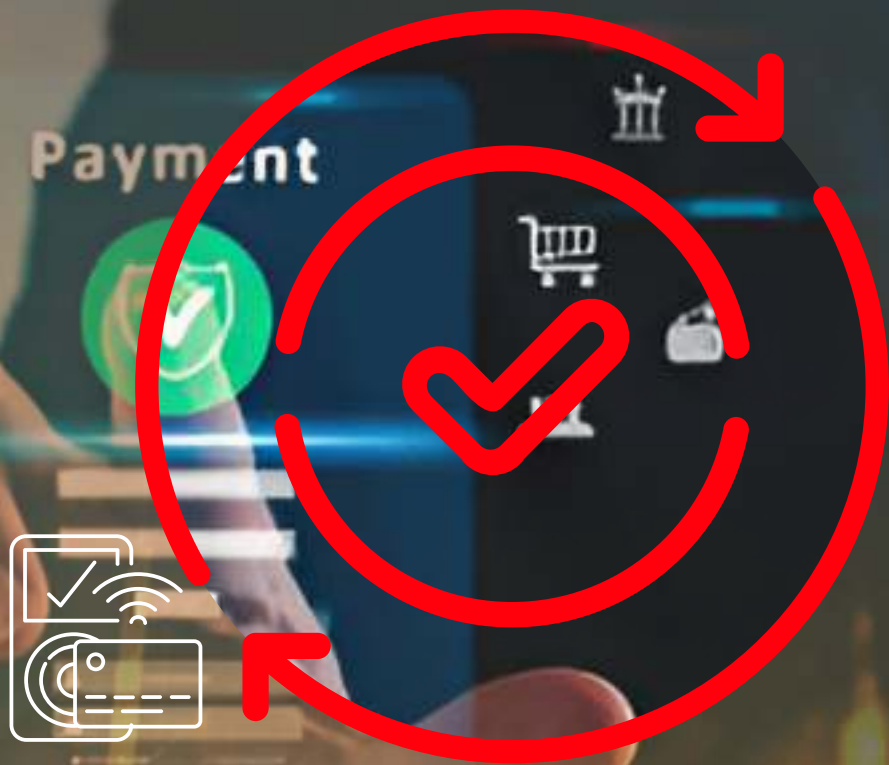
Increased customer flexibility —

56%



Emphasizes the potential to enhance the customer experience and build brand loyalty.

Embedded payments have the potential to eliminate inefficiencies towards **seamless, uninterrupted experiences** that customers expect.



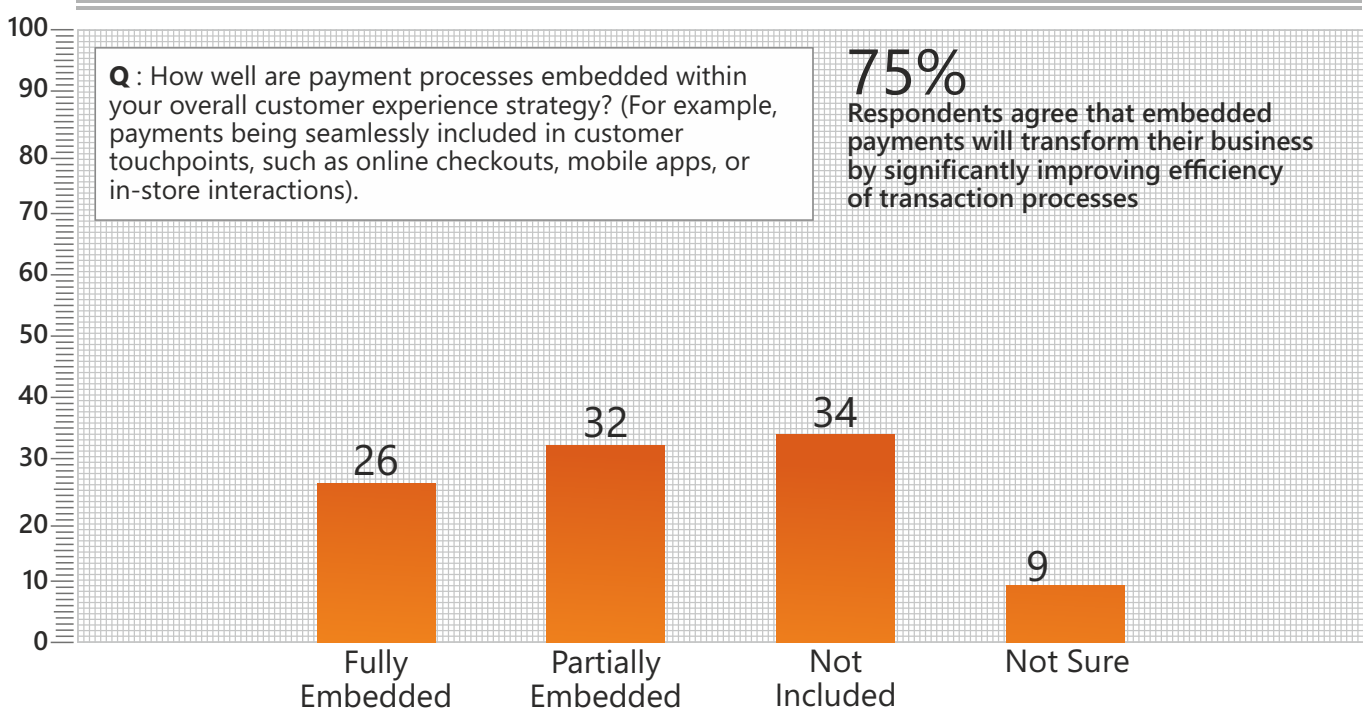
From Friction to Flow: **THE PROMISE OF EMBEDDED PAYMENTS**

Imagine a world where payments vanish into the background, and customers only notice how seamless life becomes. This is the power of embedded payments. Companies such as Amazon, Uber, and Airbnb demonstrate what is possible when payments are frictionless.

Amazon's one-click payment enables customers to make purchases in seconds, while Uber processes payments automatically—allowing customers to get in, get out, and continue with their day.

Our research shows that three out of four businesses are betting on embedded payments to eliminate inefficiencies, signalling a clear industry pivot toward efficient operations (see Figure 1). However, there is a catch: while 26% of companies have fully integrated payments into their systems, a large portion—34%—has not yet started, and 32% are still figuring things out. Although there is excitement about embedded payments, many businesses are still navigating how to implement this shift effectively.

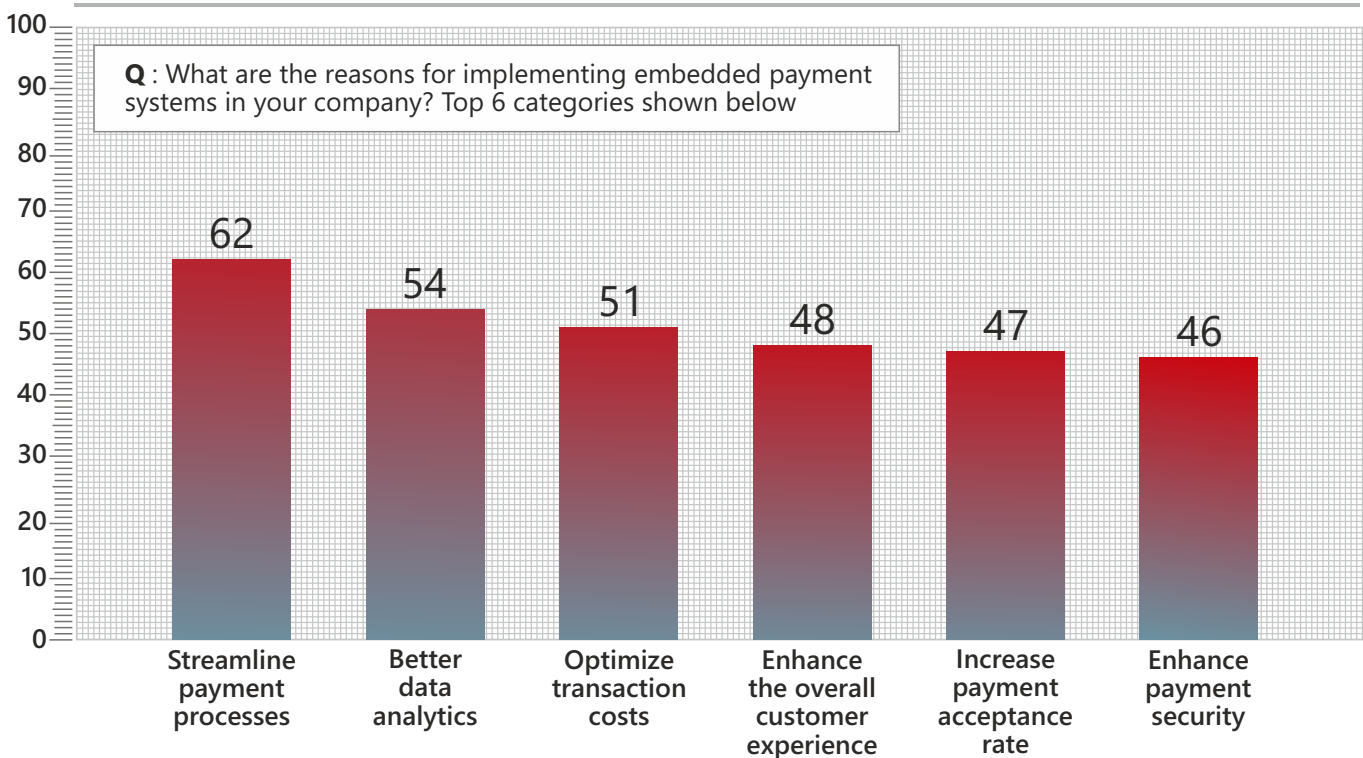
FIGURE 1 | Seamless Transactions, Limited Potential: The Era of Embedded Payments



The Business Case of Embedded Payments: Driving Efficiency and Customer Experience

For most companies, the main goal of adopting embedded payments is to simplify processes — for both customers and internal teams. In our survey, 62% of businesses stated that simplifying the payment process is their top priority (see Figure 2). Other key reasons include better data insights (54%), reducing transaction costs (51%), and improving the customer experience (48%). Payments are not just a step in the process; they define the overall customer experience. Make them easy, and you will stand out.

FIGURE 2 | Streamline, Secure, Succeed: The Power of Embedded Payments

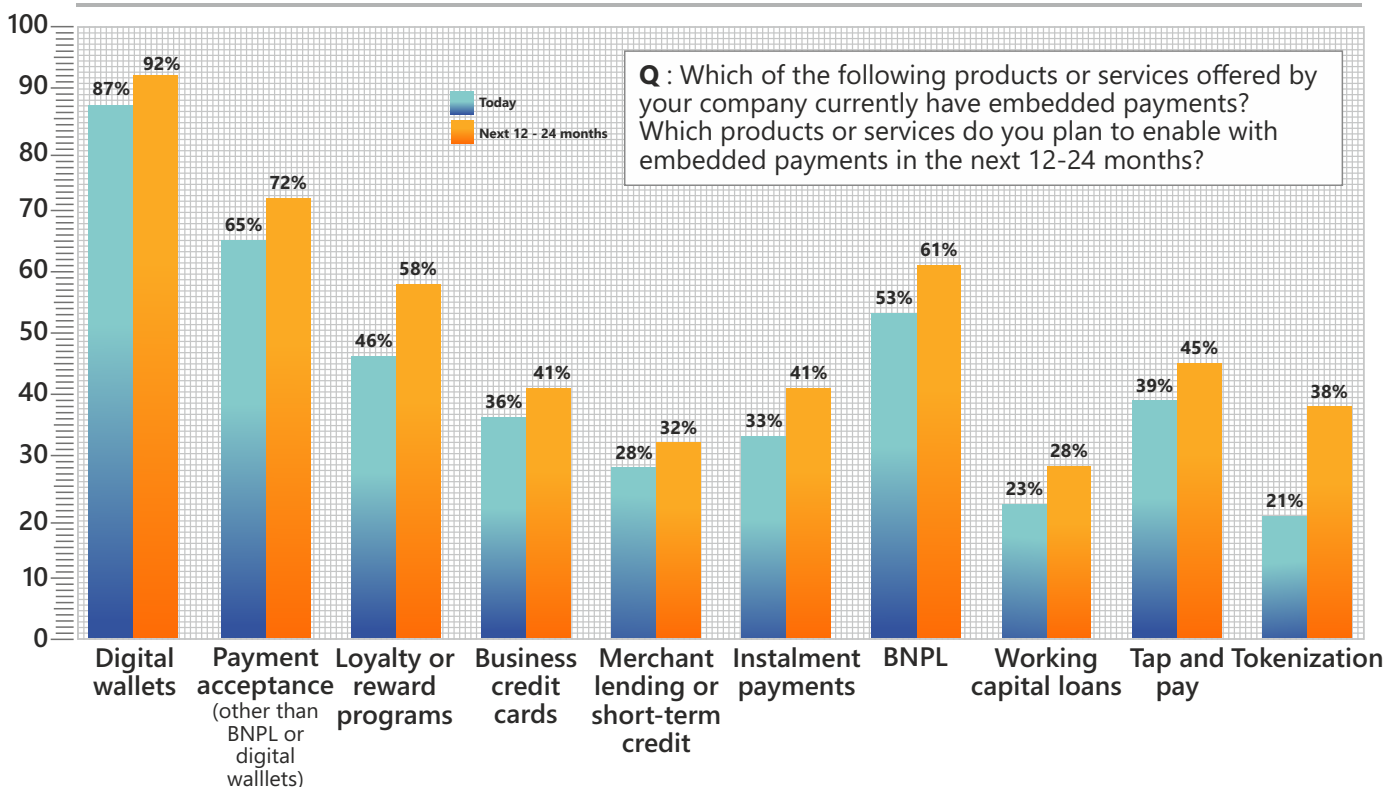


From Loyalty Programs to Tokenization: The Embedded Payments Roadmap

The survey results speak loudly and clearly: embedded payments are the dominant trend. Currently, 87% of businesses offer digital wallets, making them the most commonly available solution (see Figure 3). But where it gets interesting—companies are poised for significant further expansion:

- **Digital wallets** are projected to grow to 92%, solidifying their role as the preferred payment option. Consider Apple Pay and Google Pay, which make it incredibly easy to pay with just a tap or a glance. In India, PhonePe and Paytm are doing the same, transforming how people handle everyday transactions.
- **Buy Now, Pay Later (BNPL)** is already a popular option, projected to rise from 53% to 61%, providing customers with even more flexibility. Companies like Klarna and Affirm have transformed BNPL into a lifestyle, empowering individuals to snag their favorite products.
- **Loyalty programs** are expected to increase from 46% to 58%, demonstrating that businesses are keen to keep customers coming back for more. Starbucks has perfected this with its app, seamlessly blending payments and rewards. Every sip of coffee feels like an investment in your next latte. The vendor has experienced a 25% increase in app-based transactions by integrating payments and rewards effortlessly.
- Even solutions such as **tap-and-pay and tokenization** are gaining momentum, demonstrating a focus on speed and security. Retail giants like Walmart and Target have embraced tap-to-pay checkout lanes, making shopping faster and easier than ever.

FIGURE 3 | From Digital Wallets to BNPL: The Evolution of Embedded Payments



Measuring What Matters: **SUCCESS METRICS FOR EMBEDDED PAYMENTS GO BEYOND JUST FINANCIAL GAINS**

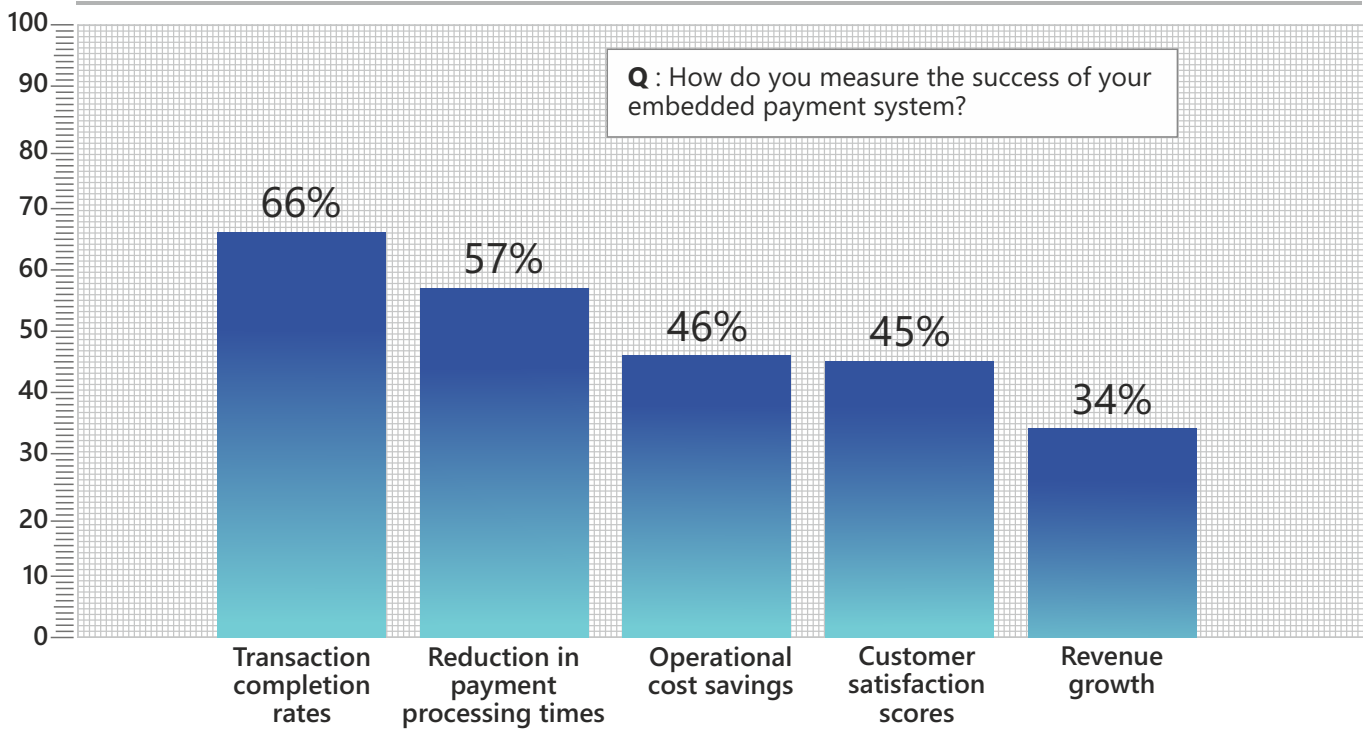
It's not just about dollars and cents. Respondents measure the success of embedded payment systems by how well they enhance the customer journey, reduce friction, and improve efficiency. The survey shows that respondents view transaction completion rates (66%) as the most significant way to gauge the success of embedded payment systems—because a smooth, reliable experience is what keeps customers coming back (see Figure 4). Reducing payment processing times (57%) is another top priority, reflecting how much speed matters in today's fast-paced world.

Operational cost savings (46%) also stand out as businesses aim to streamline operations to save costs. Customer satisfaction scores (45%) highlight the growing focus on creating positive, hassle-free experiences.

To stay ahead, companies must think beyond traditional KPIs and focus on what matters most to their customers. Ultimately, success is about creating payment experiences that are not only functional but also delightful.



FIGURE 4 | Payment Perfection: Metrics that define embedded systems



From Optional to Essential: The Surge of Embedded Payments in Business Ecosystems

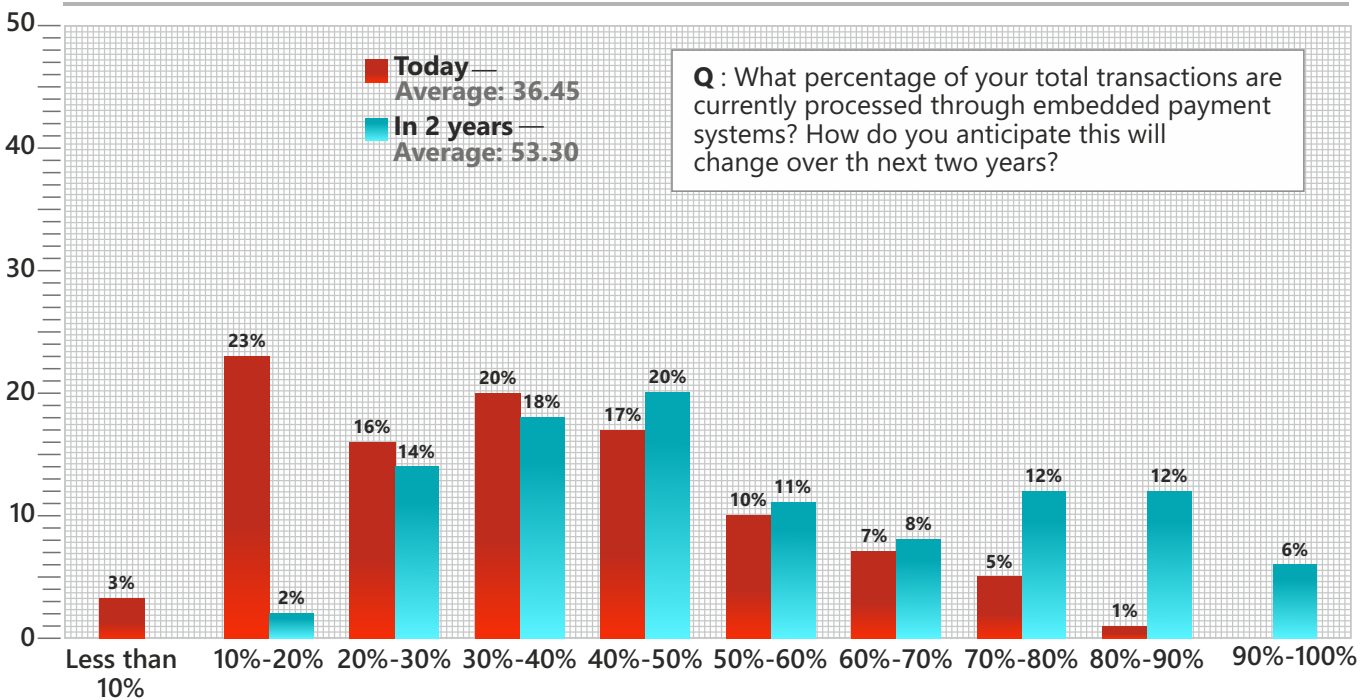
On average, companies today conduct approximately 36% of their business through embedded payment solutions. This figure is expected to climb over the next two years, reaching 53%, representing a significant shift toward embedded systems (see Figure 5). This leap underscores how businesses now recognize that a frictionless payment process can enhance customer experience and streamline back-office functions.

By 2026, many businesses will focus more on seamlessly embedding payment systems into their digital ecosystems, making transactions practically frictionless for customers. An embedded payment solution is no longer optional; it has become a competitive necessity.





FIGURE 5 | Invisible Payments, Visible Growth

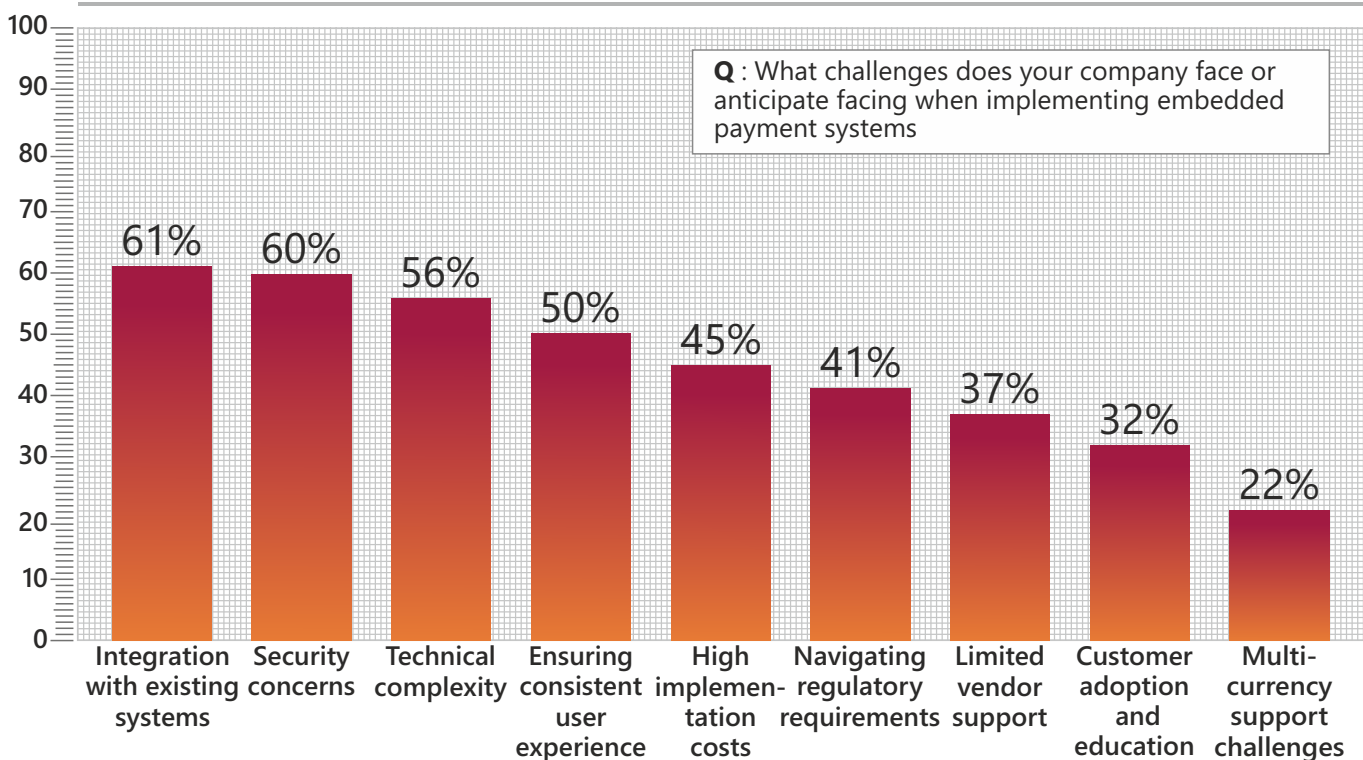


Cracking the Code: **OVERCOMING EMBEDDED PAYMENT CHALLENGES**

According to survey results, companies face various hurdles, ranging from integrating new systems to maintaining security. Many businesses are now incorporating embedded payments into their existing systems (see Figure 6). This process is akin to putting a new engine in an old car—challenging yet achievable. Legacy systems can be rigid and difficult to adapt, creating friction when introducing something as dynamic as embedded payments. Businesses must prioritize finding solutions that enable seamless integration without disrupting day-to-day operations.

Security is another top concern for both companies and customers alike. With cyberattacks on the rise, businesses must ensure that payment systems are airtight, protect sensitive customer data, and comply with data protection regulations. Getting security right isn't just about compliance—it's about earning and maintaining customer trust.

FIGURE 6 | Tackling the challenges of Embedded Payment Systems

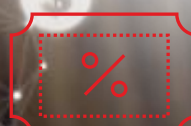
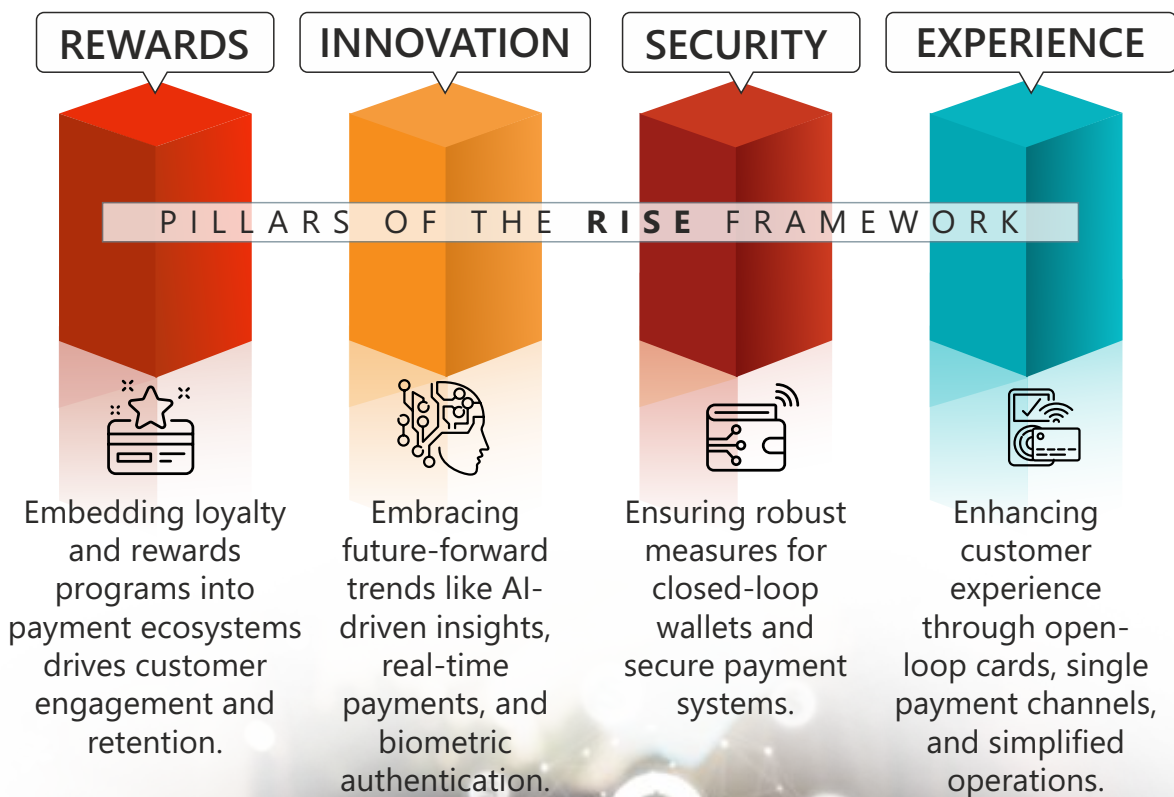


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Introducing the RISE Framework: A STRATEGIC BLUEPRINT FOR EMBEDDED PAYMENTS

Based on insights from our survey, we have crafted the RISE Framework: a versatile resource for businesses seeking to leverage embedded payments for growth and customer satisfaction. The RISE Framework rests on four flexible pillars, which address a vital dimension of the fast-evolving payments landscape:





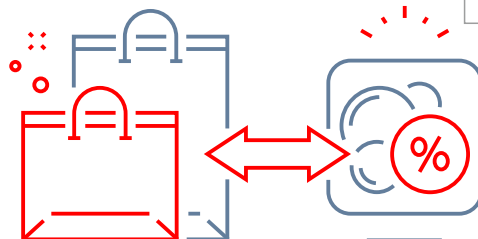
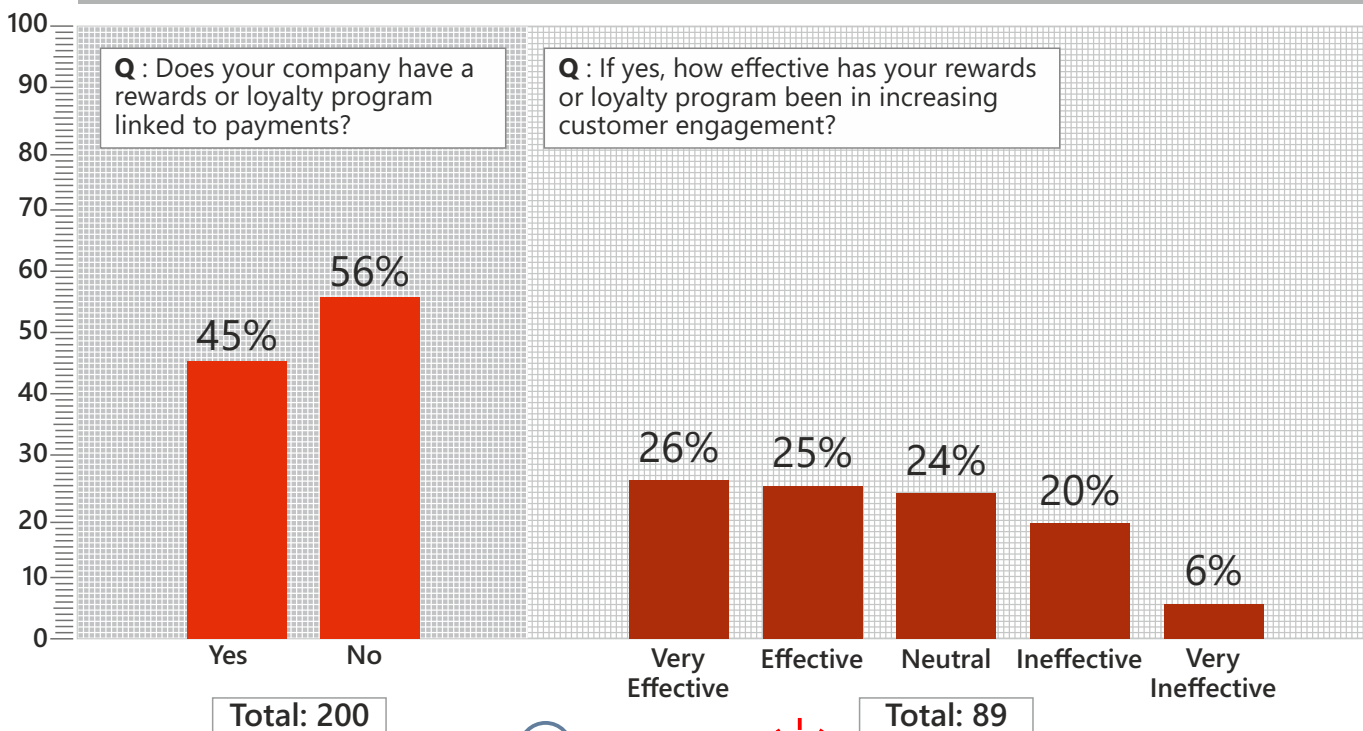
Rewards: Linking Rewards to Payments to Seize a Missed Opportunity

The data shows that most companies leave money on the table by failing to integrate their loyalty programs with payment systems. Only 45% of companies have linked their loyalty or rewards programs to payments, leaving more than half (56%) yet to make this critical connection (see Figure 7). On a positive note, this also highlights significant potential as well.

For those who have integrated, the results are mixed—51% say it's working (26% find it very effective, and 25% find it effective). The key to their success lies in getting the basics right: making it easy, demonstrating clear value, and understanding and leveraging customer behavior. In comparison, 26% feel it hasn't made much difference, while another 26% describe their programs as ineffective.

So, what's holding businesses back, and why are some loyalty programs failing to deliver? The roadblocks are likely familiar: outdated systems and underestimating the benefits.

FIGURE 7 | Loyalty: A missed opportunity





Innovation: Rising to the Future with AI-Driven Payments and Strategic Partnerships

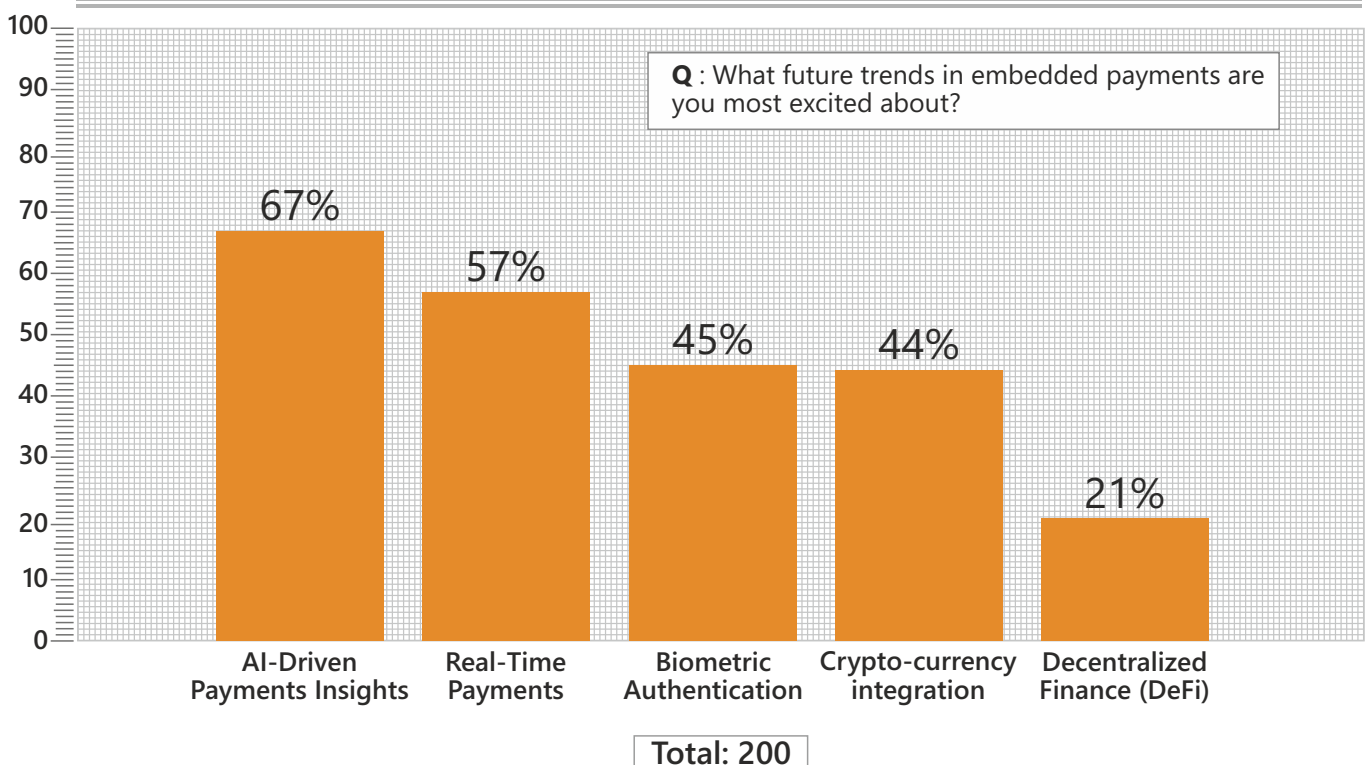
Several game-changing trends are shaping the future of embedded payments. AI-powered payment insights (67%) lead the charge (see Figure 8). With its ability to analyze vast amounts of payment data in real-time, AI is not only uncovering trends and detecting fraud but also offering actionable insights that were previously unimaginable.

Real-time payments are also becoming increasingly popular, partly because they change customers' expectations regarding speed and convenience, placing the customer at the center of the payment experience. While digital transactions are becoming commonplace, companies that offer real-time payments not only stand out from the competition, but also significantly enhance customer satisfaction.

Biometric authentication is increasingly becoming the preferred choice for businesses that want to secure their premises effectively while offering a seamless experience to their customers. When used with fingerprints or facial recognition, it provides a layer of security that is nearly impossible to duplicate, ensuring a safe environment for transactions.

By 2030, we predict that embedded payments could extend beyond apps and devices, becoming integral to wearable tech, smart environments, and even the human body itself.

FIGURE 8 | AI-Powered Payments: Leading the Change in the future of Embedded Payments



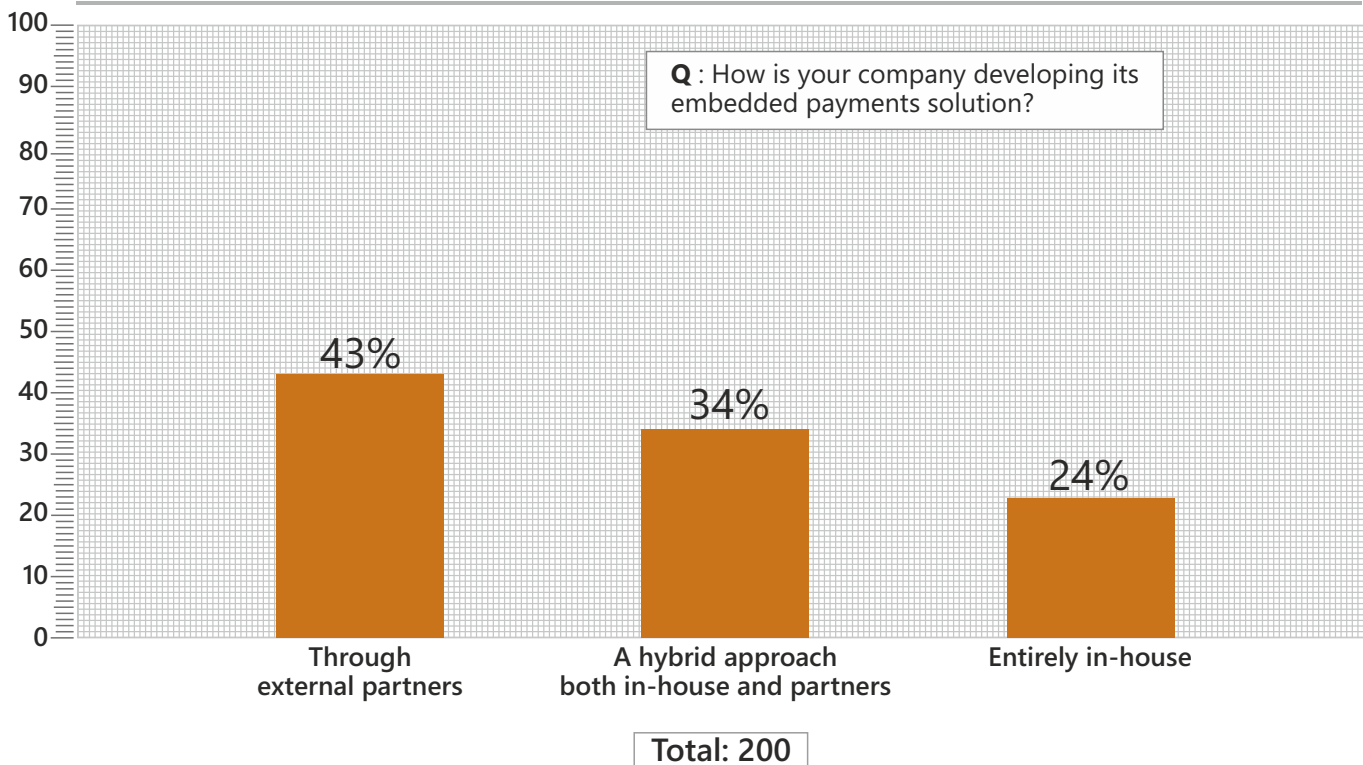
Collaborate to Innovate: The Role of Partnerships in Embedded Payments

Companies' approaches to embedded payments clearly reflect their priorities, resources, and appetite for innovation. The default strategy for 43% of firms relies on external partnerships (see Figure 9). External alliances with specialists enable businesses to access proven technology that brings their solutions to market more quickly. This approach embodies a key mindset: "Why reinvent the wheel when someone has already perfected it?"

A hybrid strategy used by 34% of companies combines the strengths of in-house teams with the expertise of external partners. Think of it as teamwork on a larger scale. This approach balances control and flexibility—companies can focus on their core strengths while allowing partners to fill in the gaps. It offers a practical middle-ground solution for those who want to innovate but don't wish to go it alone, providing a confident path forward.

There is no one way to innovate in embedded payments; it is about finding the balance that is specific to your business. Whether you rely on partners to handle the heavy lifting or start from scratch, the focus must be on providing customer-first solutions that work effectively.

FIGURE 9 | Why partnerships are leading the way in embedded payments' innovation



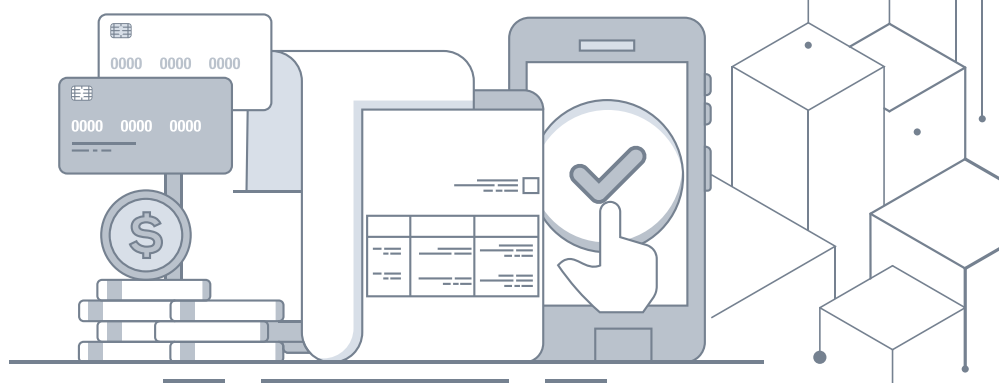
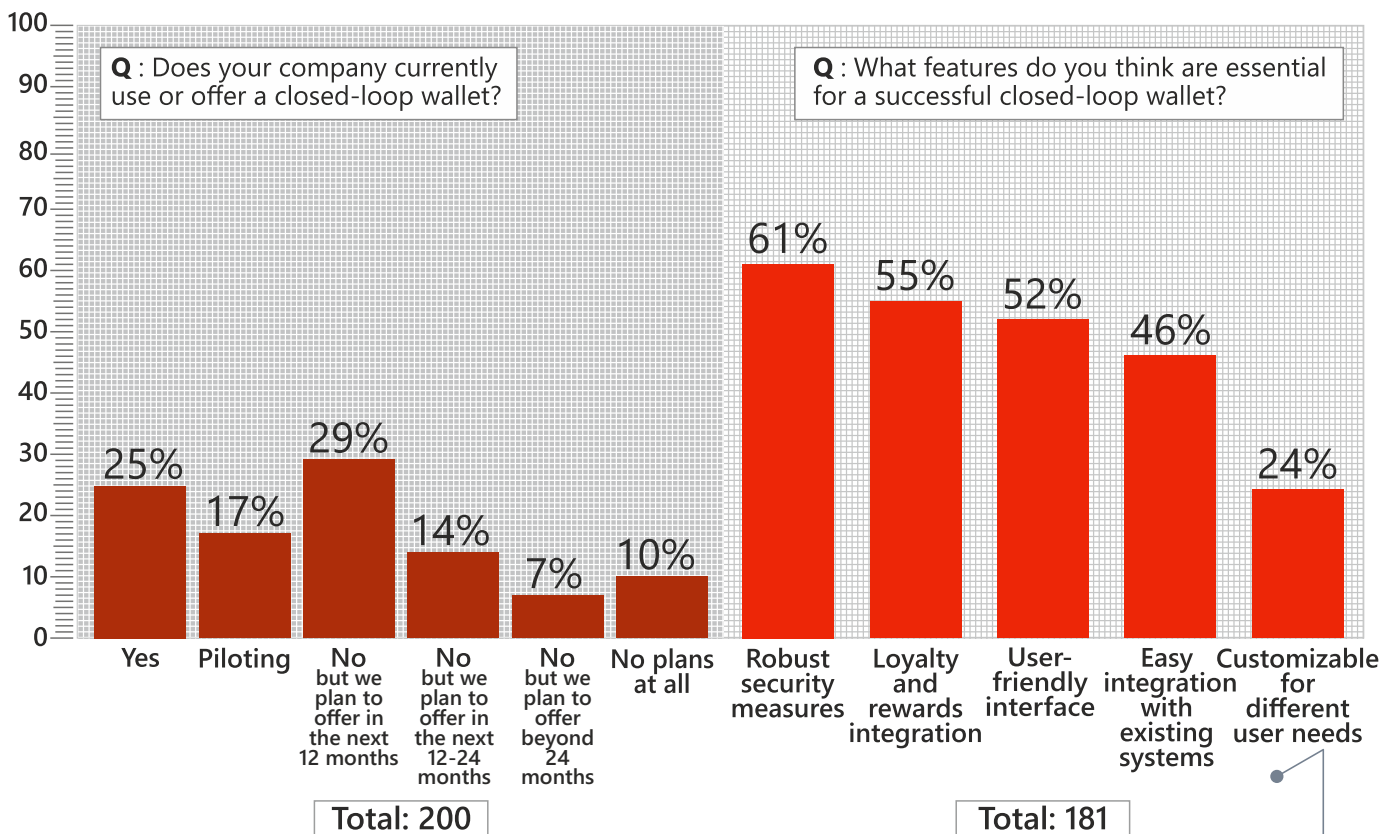


Security: Closed-Loop Wallets are Redefining Trust in Payments

The survey findings reveal the potential benefits of closed-loop wallets, with 25% of companies already reaping these rewards and another 46% set to join them within two years (see Figure 10). The top three areas that businesses believe would enhance the effectiveness of these wallets are security (61%), loyalty and rewards integration (55%), and user-friendly interfaces (52%). These preferences clearly reflect what customers want: safe, simple, and rewarding payment experiences.

On the other hand, 10% of organizations have no intention of using closed-loop wallets. However, these companies may fall behind competitors if they do not leverage such tools to enhance customer engagement, reduce costs, and gather insights. Businesses need to not only adopt the technology but also ensure that they utilize these platforms to deliver real value.

FIGURE 10 | Securing the future with closed-loop wallets



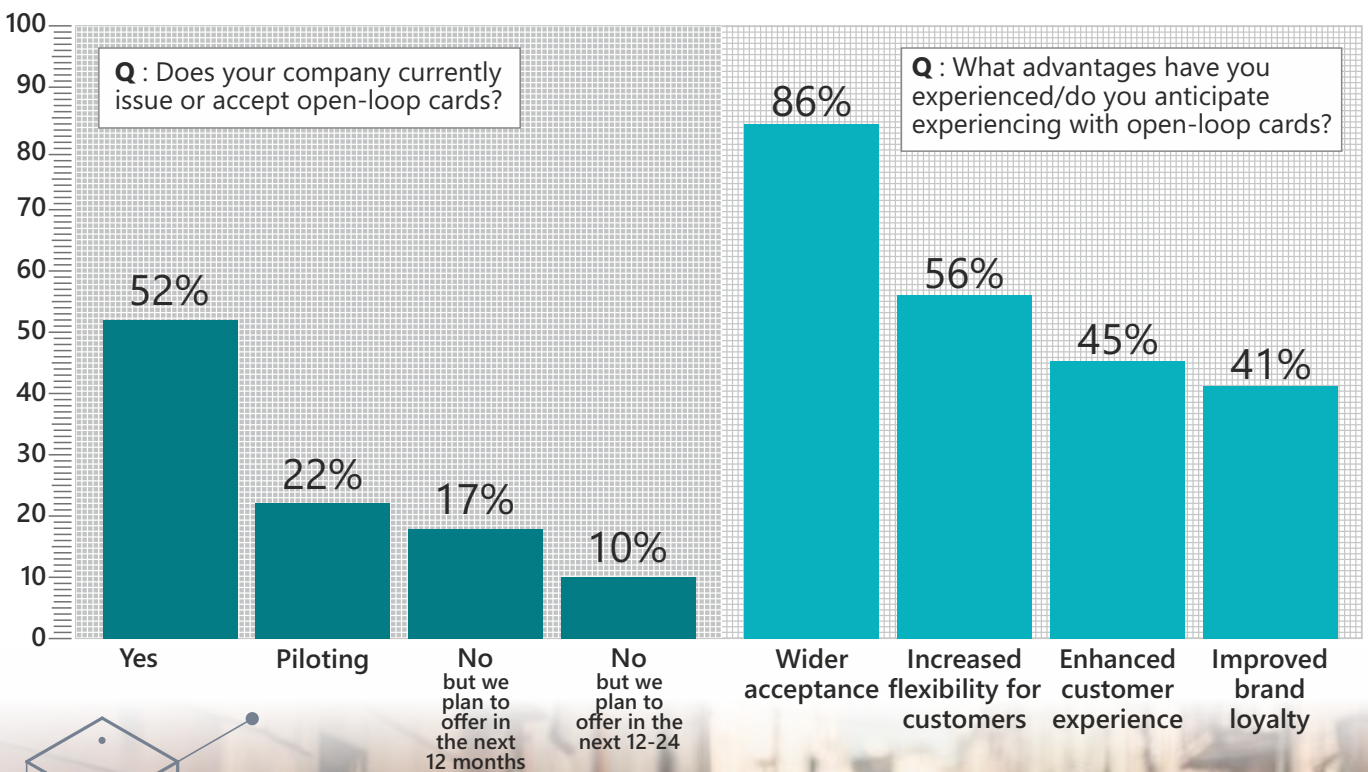


Experience: Enhancing customer experience through open-loop cards, single payment channels, and simplified operations

Open-loop cards are flexible, varied payment instruments accepted by numerous merchants. As a result, they are increasingly becoming a preferred choice for businesses. Our research indicates that 52% of firms currently use or accept such cards, and an additional 22% are piloting their use (see Figure 11). More encouragingly, 27% of businesses plan to adopt them within the next two years. This increased pace illustrates a clear shift in how companies are adapting to meet customer payment preferences and maintain competitiveness.

The key reasons for this increase are a much wider acceptance (86%), greater flexibility for customers (56%), improved customer experiences (45%), and increased brand loyalty (41%). Businesses using open-loop cards will benefit by meeting diverse customer needs, streamlining payment processes, and fostering loyalty.

FIGURE 11 | Open-Loop Cards: The key to unlocking customer loyalty and payment flexibility



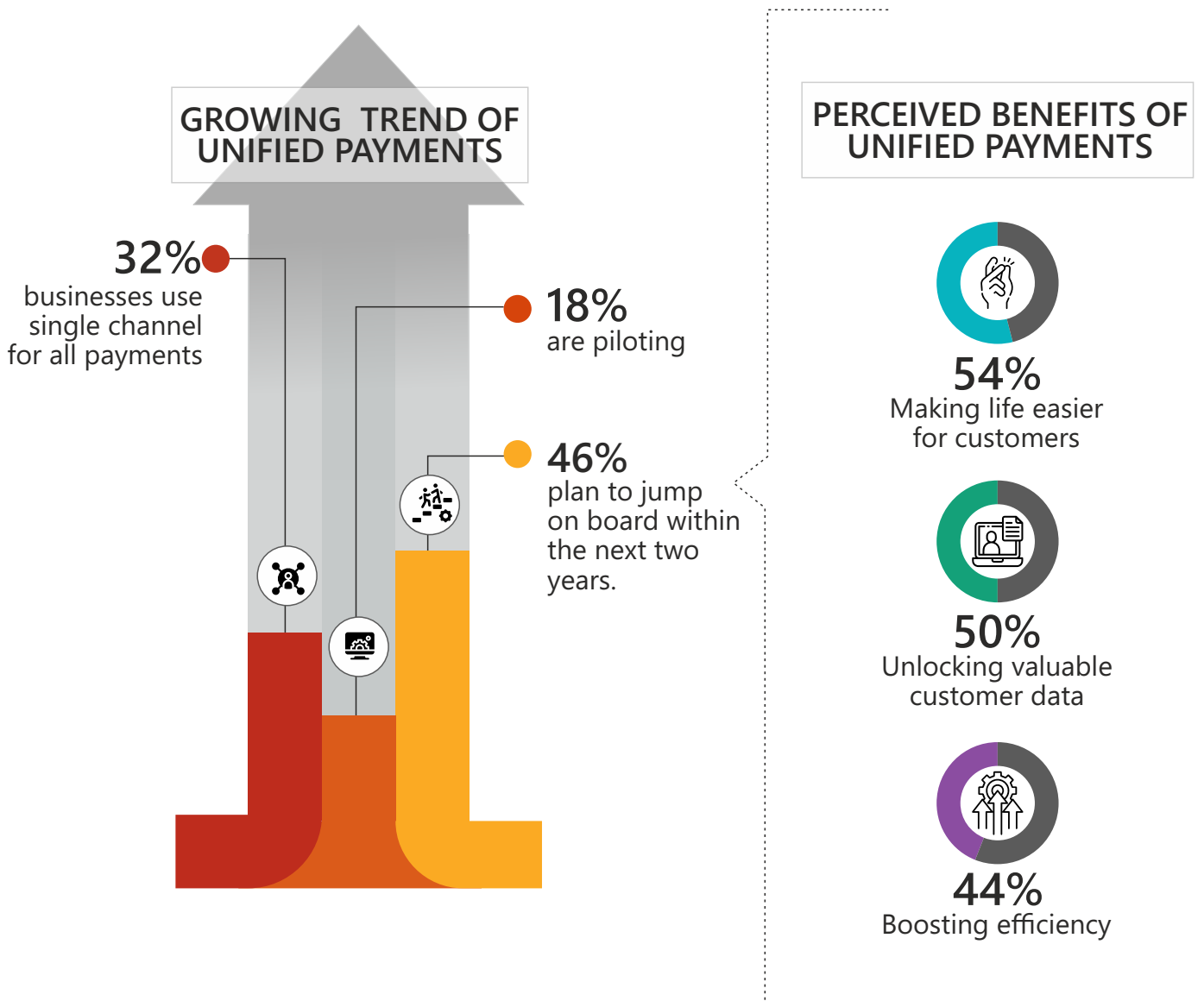
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The Power of One: Why unified payments are the future of business

The survey data also show a growing trend: 32% of businesses are already using a single channel for all payments, and another 18% are testing the waters with pilot programs. What's even more exciting? Almost half of the respondents (46%) plan to jump on board within the next two years. When asked about the benefits of integrating all payment methods into one channel, the responses revealed clear winners: making life easier for customers (54%), unlocking valuable customer data (50%), and boosting efficiency (44%).

Whether in retail, e-commerce, or even B2B services, businesses are utilizing integrated payment systems to enhance customer experiences and gain operational advantages.



The Time Is Now: **EMBED PAYMENTS, EMPOWER GROWTH**

We have only scratched the surface of what embedded payments can do. They are changing not only our payment methods but also how we interact with customers, establish relationships, and simplify their lives. Payments are no longer mundane; they are integral to the customer experience.

The real question isn't whether your business will embrace embedded payments but how creatively you'll use them to transform customer experiences and drive growth. What steps are you taking today to make embedded payments your competitive advantage?

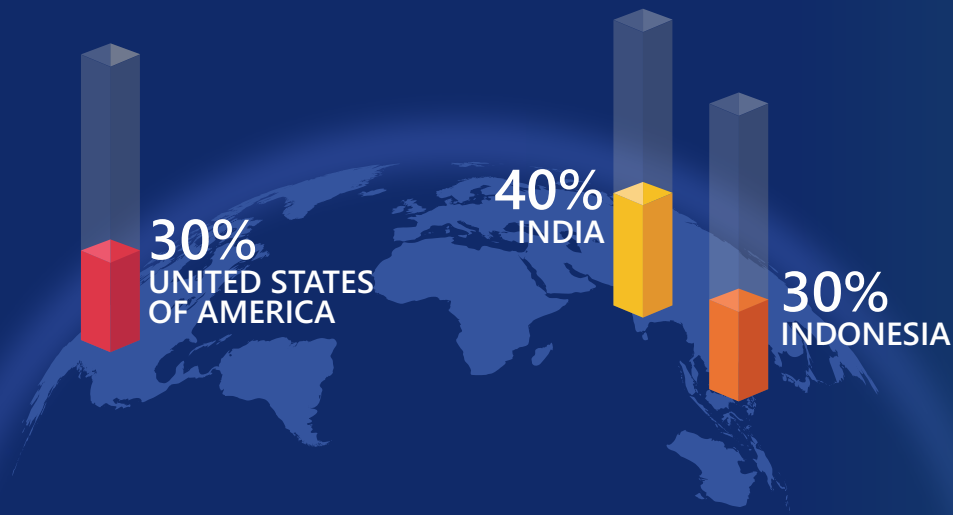
Embedded payments aren't just tools; they're the building blocks of your business's future success. Are you ready to lead the charge, or do you risk falling behind?



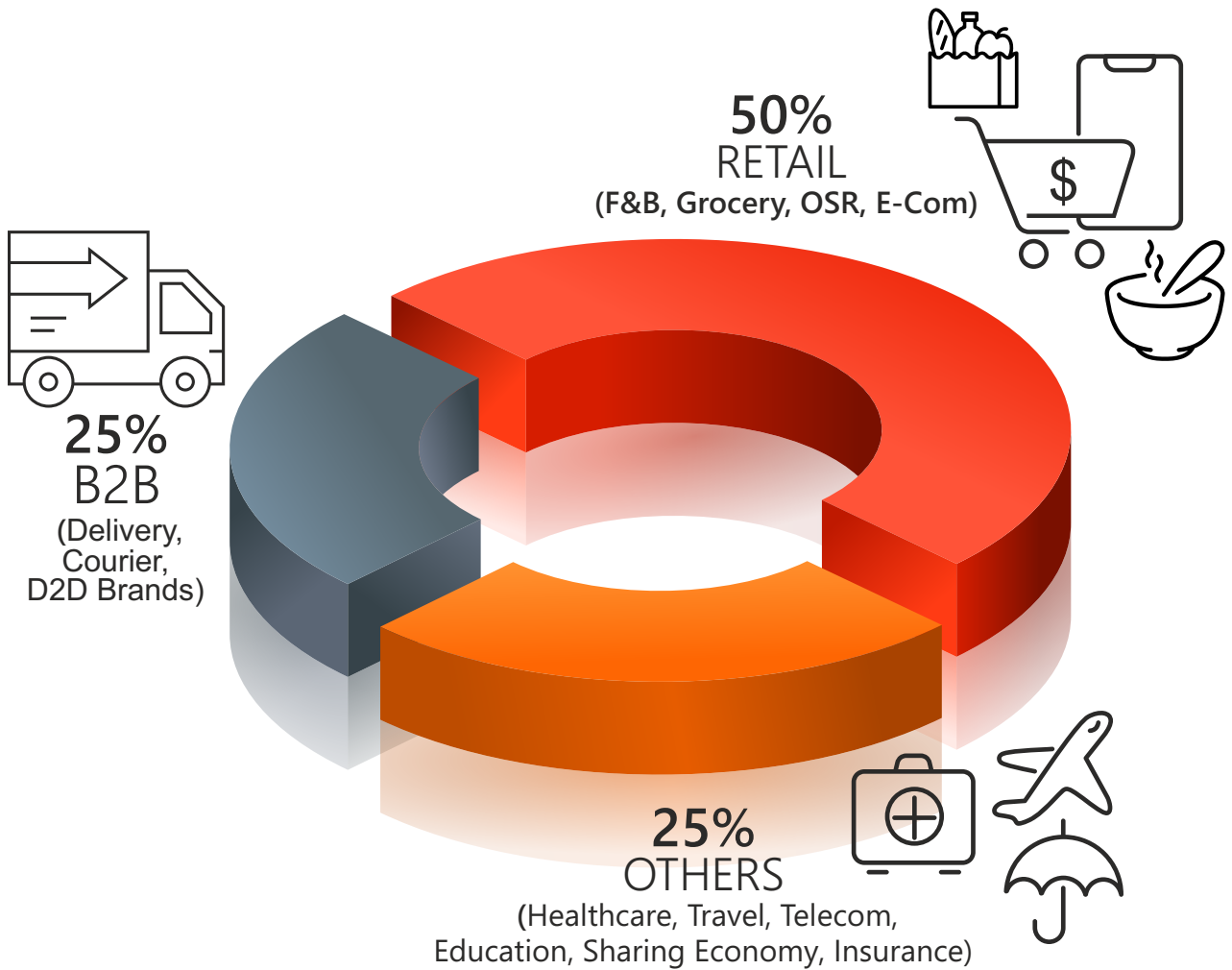
Methodology and Demographics

Comviva partnered with Curious Insights, a leading independent global market research firm, to conduct an online panel survey involving 200 senior IT and business executives from diverse sectors, including retail (F&B, grocery, QSR, e-commerce), B2B (delivery, courier, D2D brands), healthcare, travel, telecom, education, the sharing economy, and insurance, spanning the U.S., India, and Indonesia.

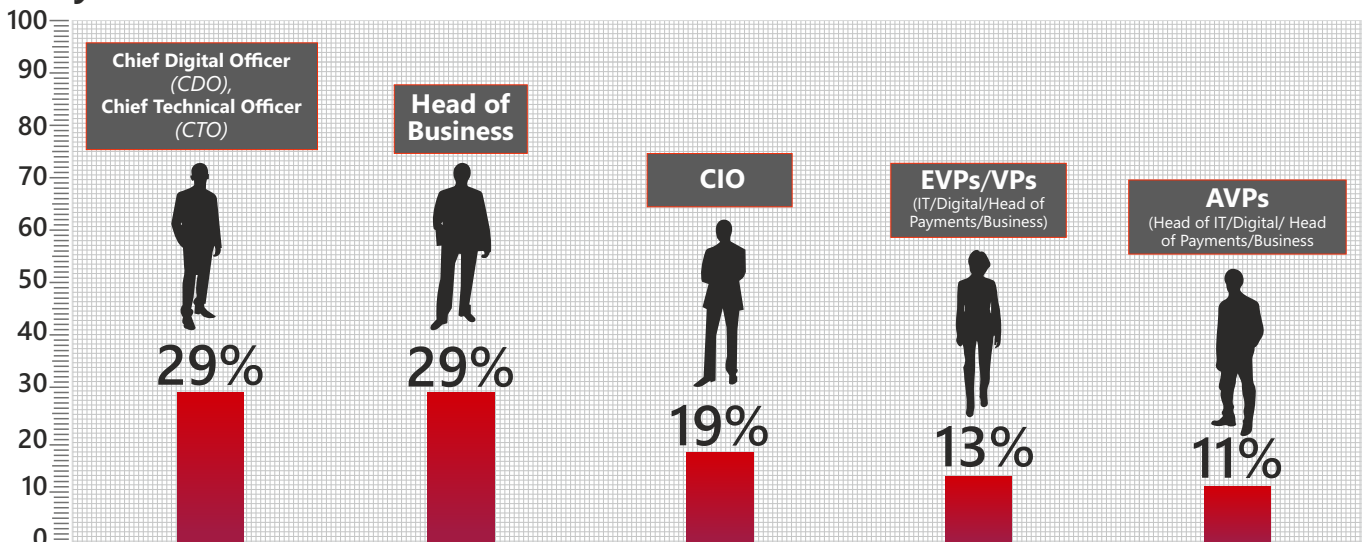
By Country

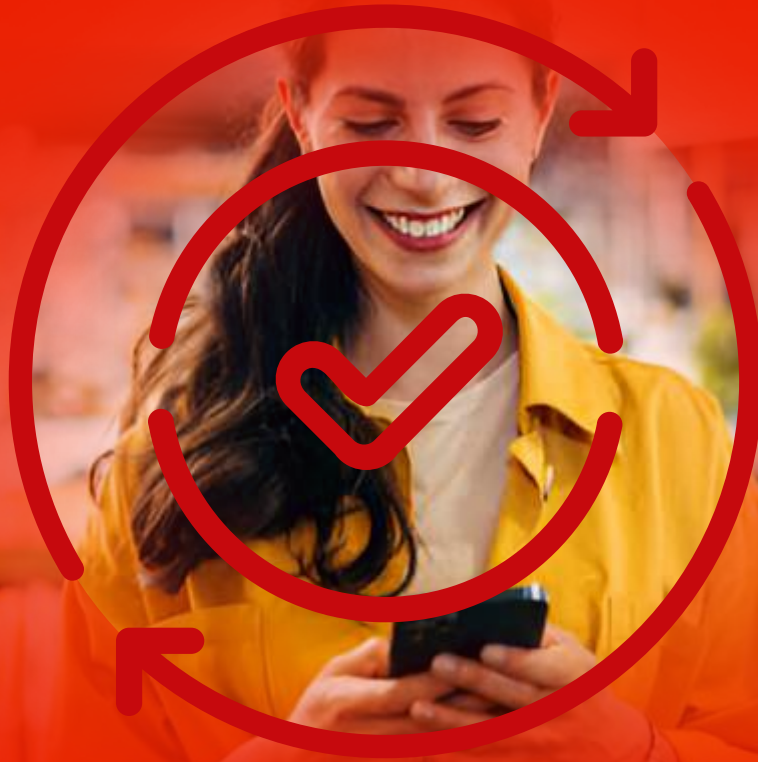


By Primary Industry



By Job level





About Comviva's Research Centre

Comviva's Research Centre examines current and future trends that will shape the future of the telecom industry. The Centre provides thought-provoking research and analysis of business and technology trends and dynamics, and collaborates with a wide range of business, technology, and academic thinkers regarding what the future of telecom will look like as technology changes every aspect of the industry.



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