

Winning with Embedded Payments

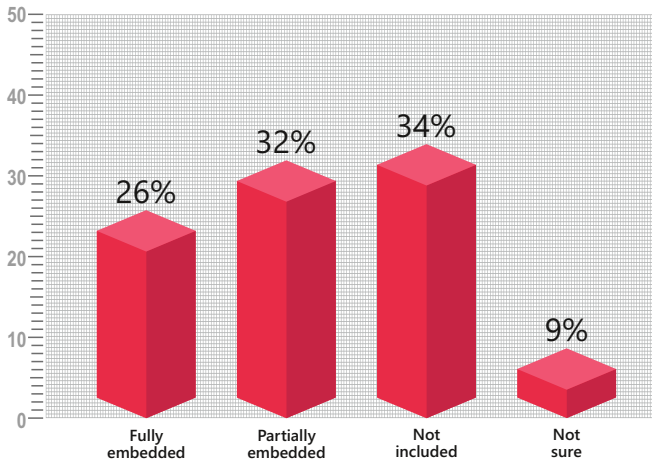
A STRATEGIC PLAYBOOK
FOR BANKS & RETAILERS





Embedded Payments: The Adoption Gap

Q. How well are payment processes embedded within your overall customer experience strategy? (For example, payments being seamlessly included in customer touchpoints, such as, online checkouts, mobile apps, or in-store interactions.)



75%

Respondents agree that embedded payments will transform their business by significantly improving the efficiency of transaction processes

While 75% of businesses agree that embedded payments can transform efficiency, only 26% have fully implemented them. A significant 34% haven't started, and 32% are still in the process, highlighting a considerable gap between vision and execution in the adoption of embedded payments.



Introduction:

The Embedded Payments Revolution



From Transactions to Experiences

Payments have traditionally been seen as a discrete step in commerce — something you do after selecting a product or service. However, this notion has been flipped in the era of embedded payments. Instead of an extra step, payments become an invisible, integrated aspect of the customer journey, resulting in customers paying without friction, in real-time, and often without even noticing the process.

Why This Shift Is Happening



Changing Consumer Expectations

An on-the-go, digitally-savvy consumer expects services to be quick and easy. One-click checkout or “buy now” indeed is not a nice-to-have; it’s an absolute must.

Competitive Pressures

Fintech disruptors and large technology companies (e.g., Apple, Google, and Amazon) have raised the bar for seamless payment experiences. Banks and retailers must meet those expectations or face irrelevance.

Technology Advancements

APIs, cloud computing, and advanced analytics are used so widely that it is now technically possible to integrate payments into apps, websites, and even IoT devices like smart speakers or connected cars.

By 2026, over half of all consumer transactions worldwide will be embedded. This is a clear signal that embedded payments are not just hype—they represent the future of commerce.

The Role of Embedded Payments in Banking

Moving Beyond Traditional Banking

- **One-click payments:** Banks can team up with e-commerce businesses to allow customers quick checkout, which would enhance their experience and make the bank's application a frequently-used tool.
- **BNPL Integration:** The availability of BNPL within the bank's digital ecosystem encourages customers to spend more, as they have flexible financing that suits their needs, thereby increasing interest revenue for the bank.

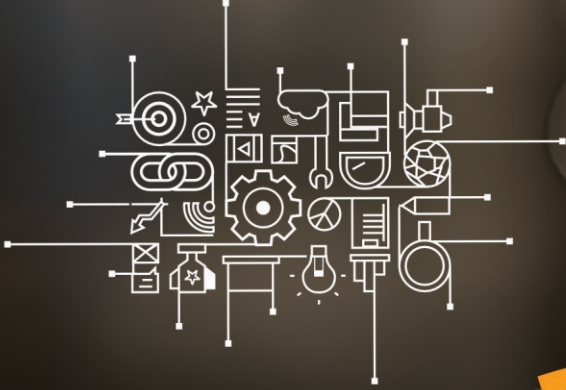
Strengthening Security & Trust

- **Fraud Prevention:** Real-time monitoring of data enables banks to spot irregularities quickly, thereby meeting compliance requirements and maintaining customer trust.
- **Regulatory Adherence:** Even if the payment is embedded, features such as Strong Customer Authentication (SCA) under PSD2 in Europe or stringent KYC/AML checks worldwide ensure the whole payment journey is compliant.

Expanding Revenue Opportunities

- **Banking-as-a-Service (BaaS):** Traditional banks now offer their fundamental services—such as real-time payments or identity verification—through APIs to fintech companies and other third parties, thus generating new revenue streams through licensing or transaction fees.
- **Cross-Selling of Financial Products:** Once customers are entrenched in the bank's ecosystem, the prospect for upselling or cross-selling (such as insurance, lending, or wealth management) is much more natural and timely.

A case in point: 82% of banks see embedded finance as a critical growth driver over the next five years. JPMorgan Chase, for example, has actively pursued embedded finance opportunities in the healthcare and auto industries and plans to expand into the insurance and oil and gas sectors.





The Role of Embedded Payments in Retail

Frictionless Checkout and Higher Conversions

- **Harmonized Experiences:** Retailers can provide a unified experience by embedding payment gateways within their websites, mobile applications, and even brick-and-mortar POS systems. For instance, a customer can shop and pay online and then pick up in-store—all with saved payment information.
- **Personalized Offers:** Retailers can serve targeted discounts or loyalty rewards at checkout by analyzing the previous purchase history, which increases basket size and return frequency.

Reducing Operational Costs

- **Lower Interchange Fees:** Some merchants explore direct bank transfers (ACH) or real-time payments to bypass traditional card interchange fees.
- **Optimized Payment Flows:** With a single payments orchestration layer, retailers can route transactions to the most cost-effective processor or gateway, thus significantly eliminating overhead costs.

Boosting Customer Loyalty

- Embedded loyalty programs and reward points integrated into the checkout flow can encourage repeat business. When the payment and rewards redemption happen simultaneously, customers see immediate value.



A case in point: Retailers offering BNPL see a 30-50% increase in average order value.

The Business Case

for Embedded Payments

Enhancing Customer Experience & Retention

Customers today demand seamless, instant, and safe transactions. Embedded payments fulfill these expectations by eliminating friction, minimizing wait times, and enhancing the personalization of the shopping experience.

What's in it for Banks & Retailers?

- **Banks** can increase digital engagement reduce churn and introduce new flavours of financial products. For example, the banking solution by Lyft—Lyft Direct—offers drivers quicker access to their earnings and a cashback rewards debit card, thus enhancing driver loyalty.
- **Retailers** can boost the checkout speed, reduce cart abandonment, and tailor loyalty rewards.

Strengthening Security & Compliance

Embedded payments utilize advanced security measures such as tokenization, PCI DSS compliance, and artificial intelligence-driven fraud detection. In fact, 67% of businesses report that security is their greatest concern related to embedded finance.

What's in it for Banks & Retailers?

- Secure and compliant payments are how **banks** establish trust with their customers. A perfect example of this is Adyen, the payment service provider that offers a network so merchants can receive money quicker but at very secure levels.
- **Merchants** have less chargeback, fraud risk is mitigated, and data security is ensured. For instance, Shopify's embedded payments solution comes with fraud analysis tools that safeguard the merchant.

Streamlining Operations & Boosting Revenue

Payment orchestration layers enable businesses to manage multiple payment methods and providers seamlessly. Businesses that use payment orchestration claim to have increased authorization rates and reduced processing costs.

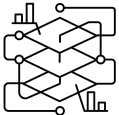
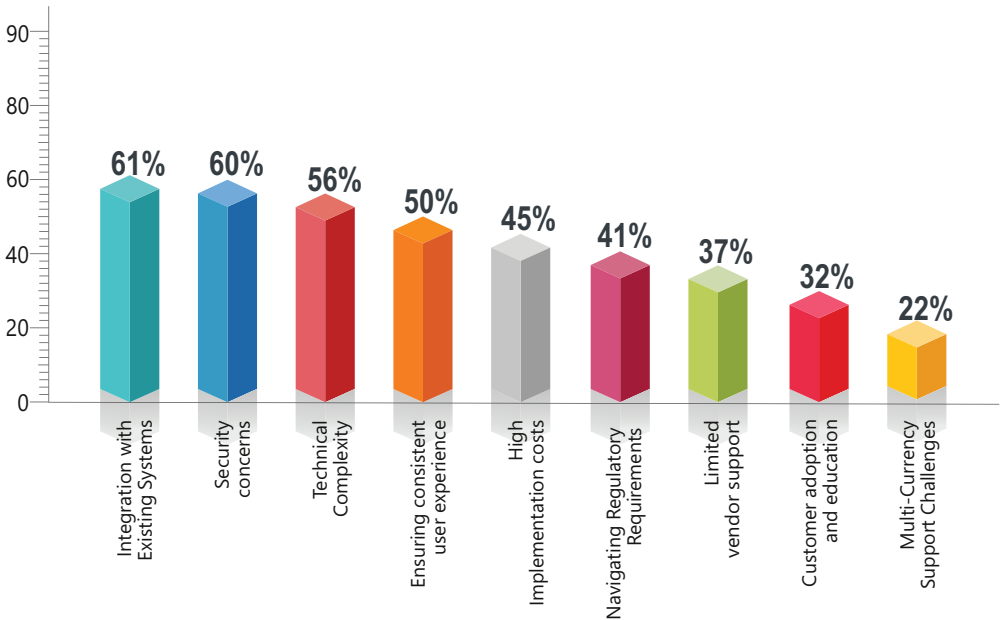
What's in it for Banks & Retailers?

- A **bank** can lower operational inefficiencies, provide automated settlements, and enhance processing speeds. For example, US Bank offers merchants a solution that enables customers to accept payments seamlessly as part of the shopping experience.
- **Retailers** have the potential to decrease payment failures, improve transaction routing, and enhance cash flow management. The mobile app of Walmart combines different financial services-grocery payment and handling of Walmart MoneyCards-making the operation more effective.



Hurdles in the Adoption of Embedded Payments

Q. What challenges does your company face or anticipate facing when implementing embedded payment systems?



A significant 61% of businesses struggle to integrate these systems into their existing setups. Meanwhile, 60% cite security concerns, and more than half face technical complexities (56%), highlighting the urgent need for robust strategies to overcome these barriers.

Overcoming Challenges



Integration Complexity

Legacy Modernization: An incremental approach to migration rather than going for a risky “big bang.” Containerisation and microservices enable the breakdown of monolithic architectures into smaller, manageable chunks.

Data Management: Centralize data in a secure, high-availability environment to ensure consistent transaction records across all channels.



Security & Compliance

Regulatory Navigation: Every country has its own data privacy regulations and payment regulations, like PSD2 in Europe and PCI DSS worldwide. Make compliance part of the core solution rather than an afterthought.

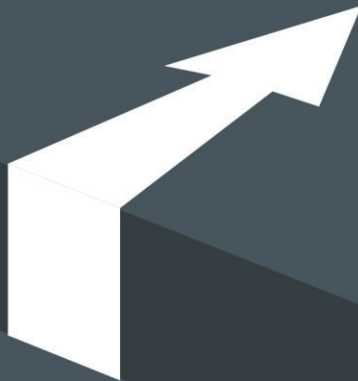
Multi-Factor Authentication (MFA): Robust authentication, whether through biometrics, tokens, or OTPs, can help meet stricter compliance demands without hurting user experience.



Organizational Readiness

Cross-Functional Collaboration: Work with IT, Finance/ Payments support, Marketing Support and Customer Service to enable successful roll-out.

Culture Shift: Introduce small pilot programs that show quick ROI, which paves the way for more innovative moves.



The RISE Framework

A Strategic Approach to Embedded Payments

The RISE Framework empowers leaders to reimagine payments—not as a back-office function, but as a strategic asset:

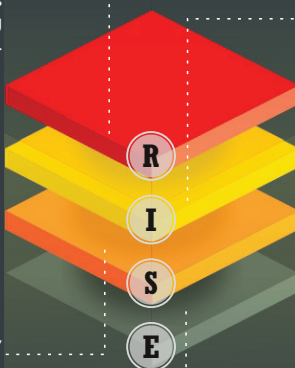
REWARDS

Loyalty Programs: Connect payment to loyalty incentives such as instant cashback, points, or personalized coupons. The mobile app by Starbucks combines payments with rewards, thus revolutionizing customer loyalty along with operational effectiveness.

SECURITY

Tokenization & Encryption: Replace sensitive details with tokens to protect card-on-file data, which is crucial for one-click payments. Apple Pay, for instance, uses device-specific numbers and unique transaction codes, enhancing security.

Real-Time Fraud Detection: Machine-learning algorithms examine transaction patterns and block fraudulent activities as they occur in real-time.



INTEGRATION

API-First Architecture:

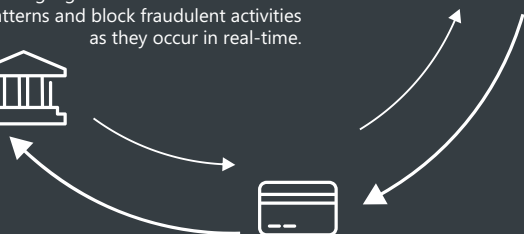
The architecture ensures connectivity between various front-end touchpoints (applications, websites, kiosks) and back-end services (payment gateways, CRM systems). Through Stripe's integration with Shopify, merchants can process payments directly through their online stores.

Modular Upgrades: Allow the use of microservices that will enable adding new features like BNPL and cryptocurrency payments without any overhead rework.

EXPERIENCE

Invisible Payments: Checkout should be as easy as one tap, auto-fill, or face ID authentication. Uber is a great example of a seamless payment experience, as riders never have to pay manually at the end of each trip.

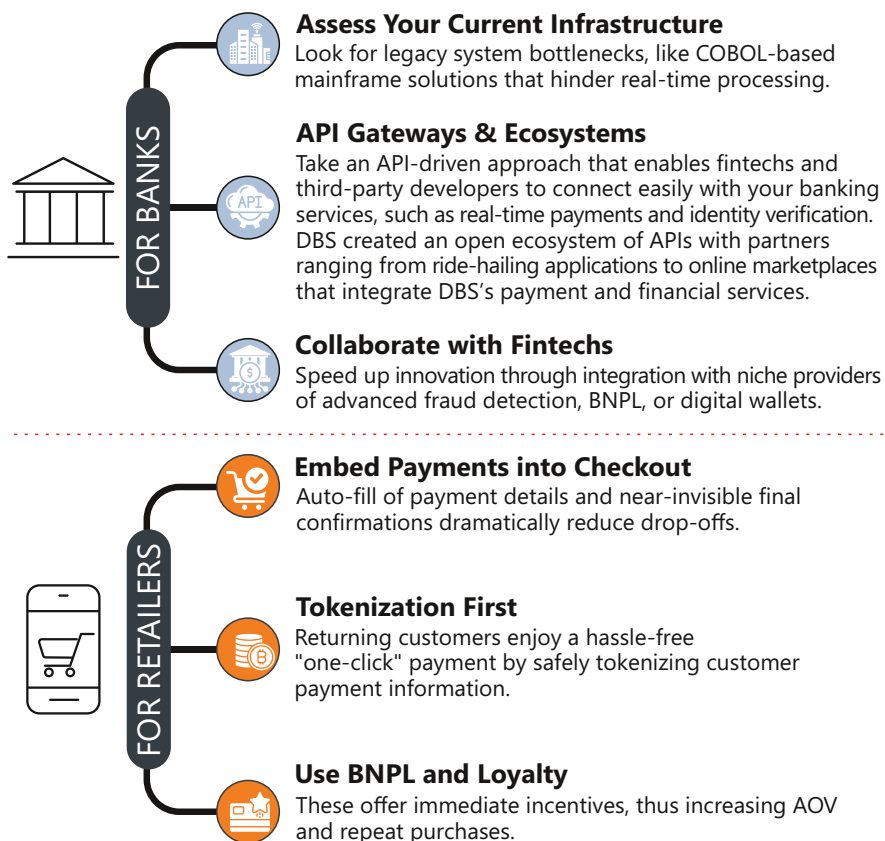
Consistent Omnichannel Experience: Payments should be as quick and straightforward whether online, in-store, or within the app.





Implementation Strategies

for Embedded Payments



Key Takeaway: Begin with simple steps that generate quick wins, such as providing a single-click payment option to returning customers, then escalate to more advanced features (BNPL, loyalty integration, cross-border payment).

Future Roadmap and Trends



AI-Driven Real-Time Decisioning

Dynamic Credit Allocation: Systems can instantly assess a borrower's risk profile and offer flexible BNPL terms at checkout.

Customized Fraud Rules: It is important to monitor the transactional patterns of individual customers, thus minimizing false positives.

Blockchain & Tokenized Assets

Smart Contracts: They ensure that payments are automatic and self-executing once certain conditions have been met.

Digital Currencies: Central bank digital currencies (CBDCs) have been mooted to potentially enable new payment mechanisms for ordinary goods and services.



IoT-Enabled Commerce

Voice-Based Payments: Devices such as the Amazon Echo and Google Home support "talk to buy" transactions that involve voice authentication.

Autonomous Checkout: Sophisticated camera and sensor technologies enable automatic charging for customers in "grab-and-go" stores as they exit.

*A good example is the Amazon Go store, which uses **Amazon Just Walk Out** technology. You should expect more retailers to implement voice activation following the suit and/or biometrics for frictionless payments.*



Quick Wins

vs. Long-Term Impact

Quick Wins: Start Small, Win Big

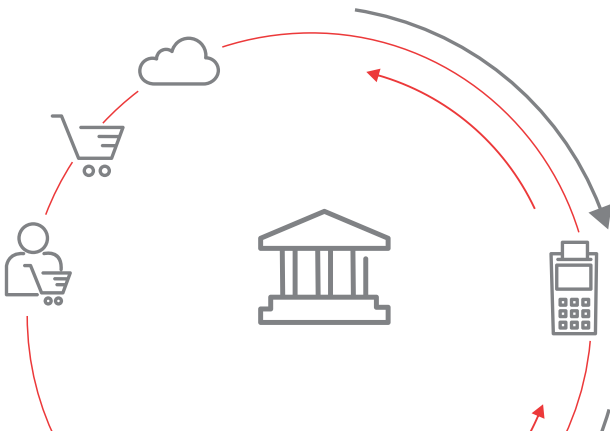


- **Integrating One Click Payment:** A fast and smooth checkout experience that could increase the conversion rate up to 35%.
- **Fraud Prevention:** Boost customer trust and decrease charge backs through high-level fraud protection techniques.
- **Reconcile Faster:** Perform auto reconciliation for payments instantly (no more human errors).

Long-Term Opportunities: Future-Proof Your Business



- **New Revenue Streams:** Unlocking BaaS (Banking-as-a-Service) provides an opportunity to earn ~20–30% more revenue.
- **Customer Insights:** Leverage payment data to create tailored offers and enhance the customer lifetime value.
- **Future-Ready Architecture:** Provide a foundation for next-generation technologies, including AI and blockchain in payments.



Comviva's Unique Value Proposition

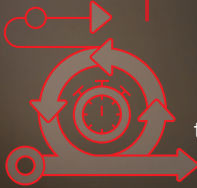
END-TO-END COMPETENCE

Comviva provides a complete stack, end-to-end solution portfolio that ranges from payment orchestration to AI-based fraud management.



SCALABILITY CHAMPION

Our solutions have been tested in real-world scenarios across diverse markets, ensuring excellent performance at any scale.



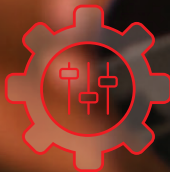
RAPID DEPLOYMENT

Our modular, API-driven architecture enables a time-to-market up to 40% faster.



CUSTOMIZATION MASTERY

Tailor our solutions to your specific needs, whether you're a provider, acquirer, or retailer.



Action Plan:

From Exploration to Implementation

Step 1

Assess your Current State

- Perform a holistic analysis of your current payment ecosystem. Identify the gaps, inadequacies, and zones that require intervention.
- Schedule a discovery session with Comviva's experts to explore opportunities designed specifically for your business goals.

Step 2

Pilot Quick Wins

- Consider including easy yet impactful features such as one-click checkout or Buy Now Pay Later to instantly show the return on investment.
- Request a Demo of Embedded Payments from Comviva and See for Yourself How That Seamless Integration Happens in Your Ecosystem.

Step 3

Develop a Phased Roadmap

- Start with high-impact, feasible projects. Then, show momentum with small victories to set a rhythm and culture before tackling bigger-scale projects like AI Analytics or BaaS integration.
- Collaborate with Comviva to develop a tailored execution strategy that fits your timeline and budget.

Step 4

Scale and Optimize

- Take advantage of Comviva's modular architecture to scale your solution with your business. Keep tracking the performance metrics and fine-tune the strategies for better efficiency and profitability.



Ready to revolutionize your payment strategy?

Get in touch with Comviva today to find out how our embedded payment solutions can help your business deliver exceptional customer experiences, improve security, and access new revenue streams.



comviva
A TECH MAHINDRA COMPANY

Comviva simplifies business complexity. Our innovative portfolio of digital solutions and platforms brings greater choice, faster time to market and flexibility, to better meet the evolving needs of our customers as they drive growth, transform, and bring efficiency. From maximizing customer lifetime value to enabling large-scale digital transformation, we partner globally with organizations in the communications and financial industry to solve problems fast and transform for tomorrow. Comviva solutions have been deployed by over 130 Communication Services Providers and Financial Institutions in more than 90 countries and have delivered the benefits of digital and mobility to billions of people around the world. Comviva is a completely owned subsidiary of Tech Mahindra and a part of the Mahindra Group.

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