

Guide

# From eCommerce to finance: How to become a fintech in 2024

If you have thousands of users in your platform, you can tap into new revenue streams by implementing these 5 embedded finance experiences.

# Introduction

Industry experts predict that a significant portion of business earnings will come from integrated financial services.

From Uber Cash to Shopify Payments, non-fintech brands are increasingly embracing built-in financial experiences. This isn't just a passing trend as eCommerce continues to transform into a financial hub.

In this guide, we'll dive into this shift and equip you with quick integration strategies for your first fintech experience. We'll also look at possible revenue gains and cost savings you can achieve by introducing financial services, leveraging your existing transaction volumes.

## More to know

### Is user centricity finally paying off?

Fintech's commitment to making financial services more accessible and user friendly has fostered a user-centric digital transformation.

As a result, even non-fintech companies are strategically integrating financial services to bring a more unified experience for their users, from in-app wallets, Buy Now, Pay Later (BNPL) solutions to developing their own built-in payment methods.

Today, however, integrated financial services not only serve to improve user-friendliness as they become a revenue centre. Even a simple store-of-value function for in-app currencies encourages users to store balances, creating a closed loop system that secures millions in revenue from re-spending.

Handling funds in this volume however, stirs up regulatory headaches. When you act as a custodian of customer funds, you become subject to stricter financial regulations.

So how do non-fintech companies strike the balance between embracing a whole new way to grow while staying compliant?

# Navigating regulatory considerations for holding user funds

When you handle transactions in large volumes, holding funds on behalf of your users in a compliant way would require having either an EMI or a banking license.

1

## Electronic Money Institution (EMI) license

For platforms who are looking to offer electronic money and financial services like account management, payments, and digital money transfers, an Electronic Money Institution (EMI) license is a crucial step.

This regulatory permission not only verifies your commitment to secure operations and compliance, but also unlocks the potential to enhance customer experience, generate new revenue streams, and build trust by demonstrating adherence to financial regulations.

However, getting an EMI license can take more than a year depending on the complexity of the application. This is without taking into account the time and development effort necessary to build the infrastructure itself.

2

## Banking license

While numerous financial institutions like traditional banks, EMIs, PSPs, and others require specialized licenses for specific operations, you can offer a broader range of banking services like taking deposits, lending money, and handling financial transactions by obtaining a banking permit from a relevant regulatory authority. This license signifies the company's dependability, adherence to strict national and international regulations, and ultimately, fosters trust within the industry.

To obtain a banking license, financial institutions typically need to meet stringent requirements set by the national banking regulator. This can include minimum capital requirements (e.g. €5 million initial capital for EU banks), a minimum number of directors, a comprehensive business plan, robust corporate governance and more. The process of obtaining a banking license can take up to 18 months.

While both EMI and Banking licenses let you hold funds or electronic money on behalf of your users in a compliant way, for non-fintech companies it's just the tip of the iceberg.

Maintaining these licenses means being constantly subject to regulatory requirements and scrutiny around Anti Money Laundering (AML), risk management, and safeguarding of customers' funds,

which becomes very costly and time consuming.

To top it all, you'll need to dedicate development effort to building the infrastructure around your banking and cash management features, as well as the technical effort to keep on top of regulatory requirements.

---

# A challenge for one, an opportunity for another

The growing market for non-fintech companies seeking to seize more opportunities in finance and the challenges of getting licenses have opened up a new market for embedded and white-label financial solutions such as Banking-as-a-Service (BaaS) and Wallet infrastructure solutions.

These companies handle the risk and compliance burden as licensed financial institutions as well as provide an infrastructure that is market ready.

These companies provide white-label solutions to non-financial companies aspiring to add a new revenue stream by offering a fintech experience to their existing user base.

Let's explore the ways you can offer built-in financial solutions through embedded finance providers.

# Financial services that you can embed into your platform

If you're looking for the fastest way to embed financial products while keeping ownership of the user experience, there are low-risk and low-effort solutions that you can take advantage of.

**Here are ways you can offer built-in financial services in your platform.**

For eCommerce, marketplaces and platforms

1

In-app/platform wallets

2

Seller wallets for marketplaces or platforms

3

FX or currency management

4

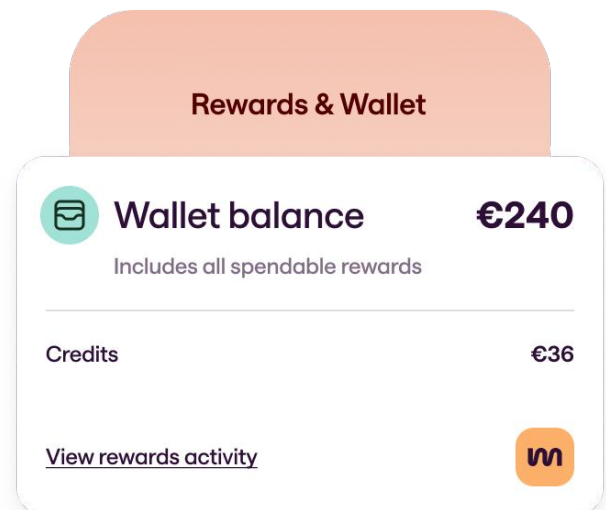
White-label payments and fraud solutions

5

BNPL or instant financing solutions

1

# In-app wallets for buyers



Creating in-app wallets for buyers promotes a closed loop system that keeps users coming back for more. Users can store cashbacks and other in-app currencies that keeps them engaged, driving customer lifetime value. They also offer a fast and cost-effective way for users to pay and receive refunds, saving platforms over 15% on payment processing costs.

Some of the fastest ways you can do this without jumping through hoops of acquiring your own license are through:

## Wallet infrastructure or WaaS (Wallet-as-a-Service)

There are wallet providers with EMI licenses that allow you to hold digital money in wallet accounts indefinitely.

These providers don't only provide embedded wallets but also offer an infrastructure for more streamlined and secure holding, management and distribution of funds.

A couple of advantages of using wallets for in-platform payments are simplicity and ease of implementation in comparison to other alternatives such as BaaS (Banking-as-a-Service) solutions, making it the fastest and most cost-effective way to introduce a store-of-value experience into your platform.

A wallet infrastructure can be integrated through an API which allows you to customize and own the user experience.

## Banking-as-a-Service (BaaS)

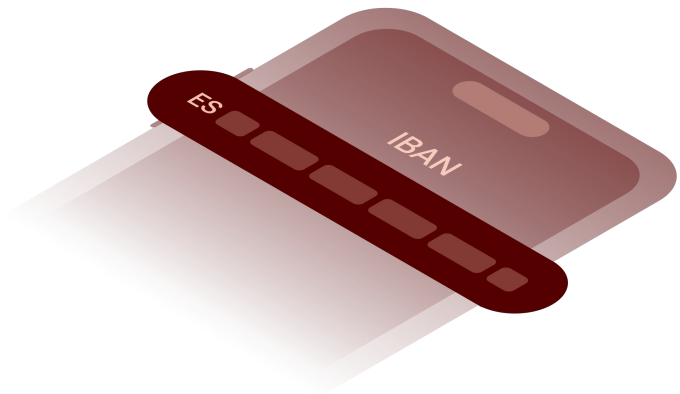
A Banking-as-a-Service solution is another option you could look at for storage of funds. This solution allows you to embed banking services such as account creation and financing options.

As BaaS is also integrated through an API, it allows you to fully own the user experience.

BaaS is a good solution if you're looking to implement a more comprehensive embedded banking solution and are willing to spend more on building features around it.

2

# Issuing of wallet accounts to sellers



The experiences you offer sellers, contractors, or freelancers impact their loyalty. You can enhance this by providing dedicated accounts to give them control over their earnings.

This creates a win-win for you and your sellers - they get paid faster and can withdraw and convert whenever they need while you make money on their transactions and save on payout costs.

## What it means for sellers:

### Self-service management

They gain full control over their earnings and keep track of their transaction history at their convenience.

### Flexibility and convenience

Sellers can select when and how to receive payouts, either to their bank account or in different currencies.

## What it means for your platform:

### Increased seller satisfaction and retention

Empowering sellers with control over their finances leads to a happier and more loyal seller base, potentially reducing churn and attracting new sellers.

## Reduced operational costs

Automating payment processes through seller accounts eliminates the need for manual tasks like payouts and reconciliation, reducing operational costs and saving time for your team.

## Improved efficiency

Streamlined payments allow you to focus on other crucial aspects of your platform, like adding new features or marketing your services.

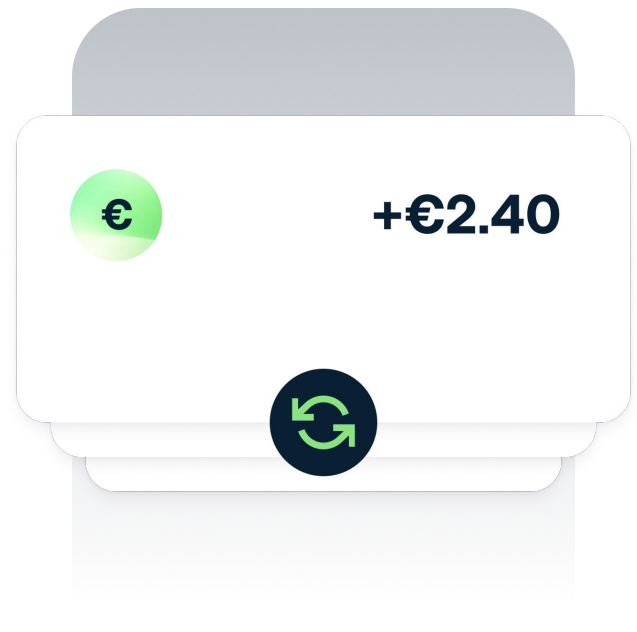
## How to build seller accounts:

Seller accounts leverage the same store of value feature as with buyer accounts which means that you can use either a wallet infrastructure or a Banking-as-a-Service (BaaS).

If you simply want to allow storage of funds for sellers, contractors and freelancers, a wallet infrastructure with account details is the fastest and the most cost-effective way to introduce this feature into your platform.

3

# FX or currency management



Some traditional currency exchange services add hidden markups to their conversion rates, costing your business up to 3% in fees.

To quantify the hidden cost, consider converting a million dollars in monthly global transaction volume. The hidden currency exchange fees could cost you over \$30,000 per month.

This not only hurts your bottom line, but also hinders your ability to offer competitive rates to your users.

Inefficient currency management can result in hidden costs, such as double conversions where you incur fees twice. By optimizing your currency management, you can avoid these unnecessary charges and ensure you're not paying double fees.

Currency exchange companies offer streamlined multi-currency management so you can reduce cost, avoid FX losses while keeping transparent to buyers and sellers through localized pricing and payout.

This makes embedding a cost-effective currency conversion solution an attractive financial experience that delivers instant results.

## Embedding an API-first currency conversion or FX-as-a-service

Apart from being able to protect your revenue from currency conversion costs, you can look at currency conversion or FX-as-a-service solutions to embed currency holding, conversion and currency management features into your platform. These providers handle real-time and future conversions for you at a lower cost.

This can be through multiple currency wallet accounts for buyers and sellers or a conversion calculator experience to empower your users to take control of their global earnings.

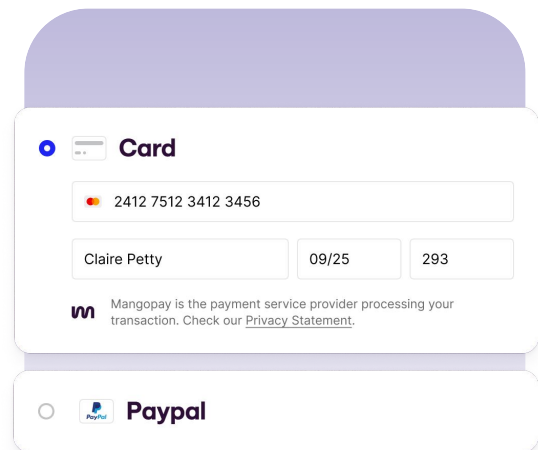
This is particularly attractive for financial platforms such as insurance or investment specialists, and neobanks that operate in a multi-regional setup, as well as global eCommerce platforms managing transactions in different currencies.

Using embedded or API-first FX solutions, you can customize the experience to your needs and allow for more flexibility in capturing incremental revenue for your business.



4

# White-label payments solutions



If you're a SaaS platform like Shopify, Wix.com or Webflow where merchants or sellers require ownership of their payment experiences, you can explore white-label solutions offering customizable payments and financial suites for your clients.

Start by partnering with payment service providers offering customizable white-label payment, financial, and risk solutions.

By partnering with white-label payment solutions, you can equip your merchants with a fully customizable payments and financial suite. This allows them to tailor the look, feel, and functionality to their brand.

## **Faster go-to-market and lower development costs**

Building your own payment solutions can take years of effort and requires you to have a Payment Services Provider (PSP) license, an EMI or Banking license and a payment infrastructure to make it market-ready.

Partnering with a white-label payment provider allows for faster implementation and less compliance burden to you so you can focus on your core business functions.

## **Faster go-to-market and lower development costs**

Integrating a white-label solution eliminates the need for your merchants to establish individual merchant accounts from different payment processors before they can start selling. This streamlines the onboarding process, getting them up and running faster.

## **Reduced risk and compliance burden**

Accepting payments also means protecting your users' funds from fraud. Some white-label payments solutions also offer robust fraud prevention tools that seamlessly integrate with your payment stack, further reducing time-to-market. Additionally, revenue share models allow you to earn a portion of the transaction fees from both payments and fraud product usage through your platform.

5

# BNPL or instant financing solutions



**Split payment into  
4 instalments.**

✓ **\$22.50**

Today

Today, credit cards make up the largest share of global payments compared to debit and prepaid cards. In the US over 80% of new cars are acquired through financing.

For over a decade now, fintech's user-centric approach has revolutionized financing by integrating financing options directly into eCommerce checkouts. This innovation offers customers greater flexibility and a unified shopping experience.

## How marketplaces can embed instant financing and BNPL solutions

Depending on your needs, you can either use a third-party BNPL or cash-advance partners such as Klarna, and HOKODO or build your own in-house solution through a Banking-as-a-Service (BaaS) solution. Let's have a look at how these solutions compare:

### Buy Now, Pay Later (BNPL)

The easiest way to introduce instant financing is through embedded BNPL solutions such as Klarna for B2C financing and HOKODO for B2B financing.

They manage credit checks, loan approvals, and payment processing on your behalf so you don't have to develop the solution yourself.

### Banking-as-a-Service (BaaS)

For complete control over the financing experience, BaaS solutions with financing capabilities are a powerful option, allowing you to leverage in-house financing and fully customize the customer journey.

However, managing and scaling your own financing infrastructure requires significantly more effort and resources and slows down go-to-market.

### Revenue potential from instant financing

#### Increased conversion rates

Flexible payment options increase the volume of completed transactions and boost average order value by removing purchasing barriers.

#### Enhanced customer acquisition

Millennials and Gen Z consumers, key drivers of online shopping, often favor BNPL options. Integrating these can broaden your customer base.

#### Improved customer loyalty

Offering flexible payment options demonstrates customer-centricity, fostering trust and loyalty, which translates to repeat business.

#### Additional revenue streams

Some BNPL providers offer revenue-sharing, letting you earn a percentage of financing fees.

**Ready to launch  
your first fintech  
experience?**

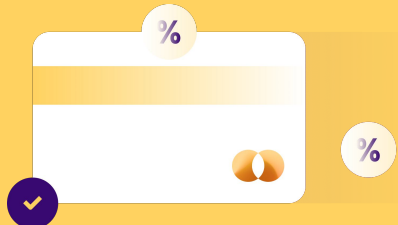


# Tap into new revenue lines from fintech experiences

Our modular and flexible embedded finance solutions empower you to customize and integrate powerful financial experiences directly into your platform.

### Payments

Embedded payments solution



### FX suite

Cost-effective FX management suite




### Embedded wallets

Multi-currency wallet infrastructure



### Global payouts

Fast and cost-effective global payouts



### Fraud Prevention

360° fraud prevention solution



# Embedded wallets

Create wallet accounts for your users to reduce payment costs, boost re-spending and streamline payment operations.



## Issue in-app multi-currency wallets with virtual IBANs

Promote re-spending and reduce payment processing costs while empowering marketplace sellers with rich earnings management experience with in-app wallets.

# +70M

### Wallets created

We power a range of use cases from buyer and seller wallets to Payment Ops.

# €8.5bn

### Annual wallet re-spending volume

We've processed over €8 billion in wallet transactions leveraging re-spending.

# €250M

Saved on payment processing costs annually through our re-spending functionality

Our re-spending functionality allows users to hold and reuse funds within the platform, reducing overall payment processing costs.

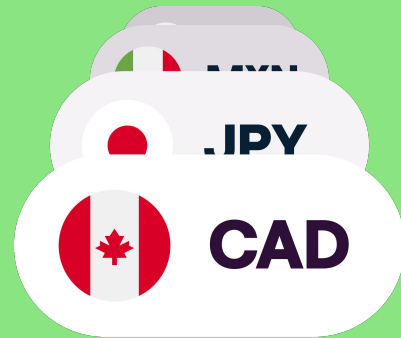
# 10%

Up to 10% in potential incremental revenue

Monetize wallet facilitated transactions such as transfers between accounts, withdrawals, conversions and top-ups.

# FX suite

Don't get caught by the hidden trap of costly currency conversions. Optimize currency management from end-to-end.



Our FX suite simplifies currency management, saving you time and money on international payments.

Offer a seamless experience for payments, currency holding, conversions, payouts, and even treasury management – all embedded within your platform. Monetize your global reach by enabling convenient currency conversions for your users.

## 20%+

**Savings on currency conversion costs**

Access bank-beating exchange rates for conversions and cross-border transactions.

## 552

**Corridors supported**

Cross +500 new borders with confidence with our comprehensive geographic coverage.

## 15+

**Wallet currencies**

We support over 15 currencies for holding in wallet accounts. Multi-currency wallets can be used to mitigate FX risks by allowing users to retain funds in the currencies you need.

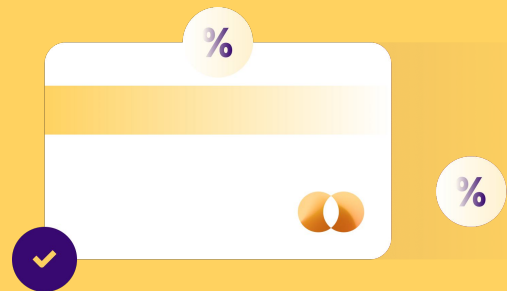
## 25+

**Currencies supported**

Accept, convert and payout in over 25 currencies.

# Payments

Offer embedded payment solutions to your merchants or partners.



## Customize and embed our acquirer-agnostic payments infrastructure.

Build your own hosted checkout experience or built-in alternative payment methods and allow your merchants to customize their payment experiences. Simplify payment operations and money movement through programmable wallets.

### 30+

#### Countries supported

Accept payments in over 30 countries within the EU and the UK.

### 12+

#### Currencies supported

Accept and process payments in 12 different currencies.

### 20+

#### Payment methods supported

Boost conversion rates by localizing your checkout experience and offering the payment methods your customers prefer.

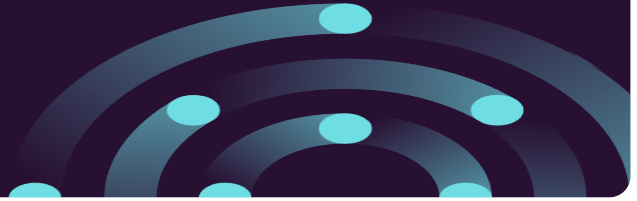
### 10%

#### Up to 10% in potential revenue

Monetize your payment volumes through our revenue share model.

# Fraud prevention

Customize and white-label our 360° fraud prevention solution.



Seamlessly integrate our white-label 360° fraud prevention solution.

Customize our Machine Learning (ML) models to your merchants' risk profile while providing a comprehensive dashboard for real-time insights, recommendations and no-code rules configuration.

## 98.5%

**Blocked account takeover attempts**

Effectively protect your platforms from account takeover with our high precision fraud solution.

## 60%

**Drop in manual review**

Automate and speed up fraud review through real-time risk recommendations.

## 90%

**Reduction in unauthorized transactions**

Save more sales by preventing payment fraud at checkout while reducing friction to legitimate transactions.

## 97.5%

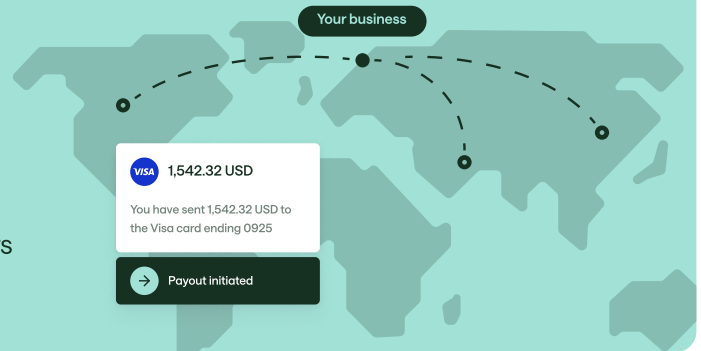
**ML (Machine Learning) precision**

Combat fraud with the power of our high precision ML models that analyze billions of data points, detecting patterns that may be new to you but are known to us.



# Global payouts

Payout to sellers, partners, freelancers, and suppliers from all over the world.



## Offer fast and cost-effective payouts within your platform.

Our fast and cost-effective global payout solution seamlessly integrates with your platform, allowing you to offer a built-in payout service. This eliminates the need for users to switch between platforms, improving convenience and boosting retention.

# 40+

### Currencies supported

Payout in over 40 different currencies.

# 20%

### Up to 20% cheaper than banks

Reduce payout costs to global contractors through our cost-effective local and international payout solution.

# 34

### Countries with local payout settlement supported

We support fast local payouts to 34 countries across the EU, UK, US and Asia.

Learn how Mangopay can help you unlock more revenue streams and reduce payment costs.

[Learn more](#)

