

# Build your own credit ecosystem with embedded credit infrastructure

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# What is Embedded Finance?

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Embedded Finance or embedded banking is the seamless integration of financial services into a traditionally non-financial platform. It enables customers to access financial services within the app and in-context. For example, customers can make cashless payments within a ride-hailing app. Embedded Finance enables businesses in the MSME, B2C, and B2B segments to increase their customer lifetime value, monetise their customer base, and vertically scale their product offering. It's a potentially 7+ trillion dollar market and has been called the fourth platform by Bain capital. Until recently, if a business wanted to offer financial services, they had to create a FinTech arm within their organisation. This included significant expenditure, took years to build, and even longer to become profitable. Embedded Finance infrastructure reduces the barrier (by 10x) for digital platforms to natively offer financial services to their customers. For the customer, Embedded Finance enables 'native' FinTech experiences inside the non-FinTech digital platforms which are closest to the customer.

# Credit infrastructure that opens up a world of possibilities

**The time is now.**

## Hyper-digitisation calls for hyper-personalisation



It's an ecosystem composed of enablers that aids the customer along the journey to cinch a deal



The app is no longer a catalog of offerings/services



Offering customers easy access to single-tap credit offerings improves CX, boosts sales and adds value to the entire ecosystem

## Next-gen businesses are powering growth through digital credit

India's abysmal credit card penetration (3.3%) makes it one of the biggest markets for BNPL

**3.3%**

India's credit card penetration

BNPL is expected to grow 15X from \$3.5 billion in 2021 to \$50 billion by 2026

**15X**

From 3.5B to \$50B by 2026

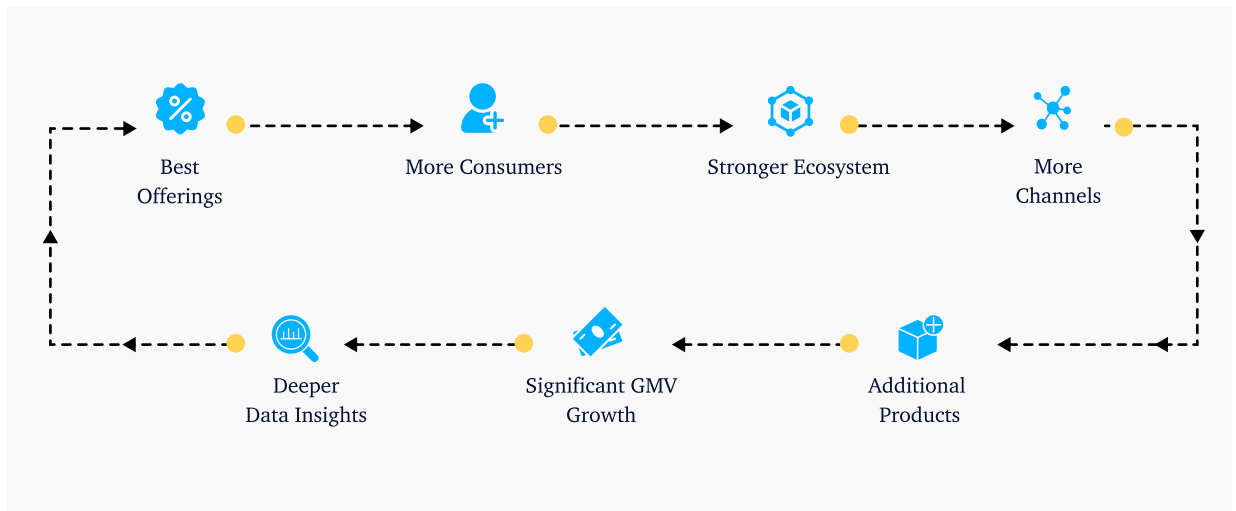
Consumers are warming up to BNPL with a 569% growth in the last 12 months

**569%**

Growth in the last 12 months

The BNPL GMV will increase from \$6990 million to reach \$52827 million by 2028

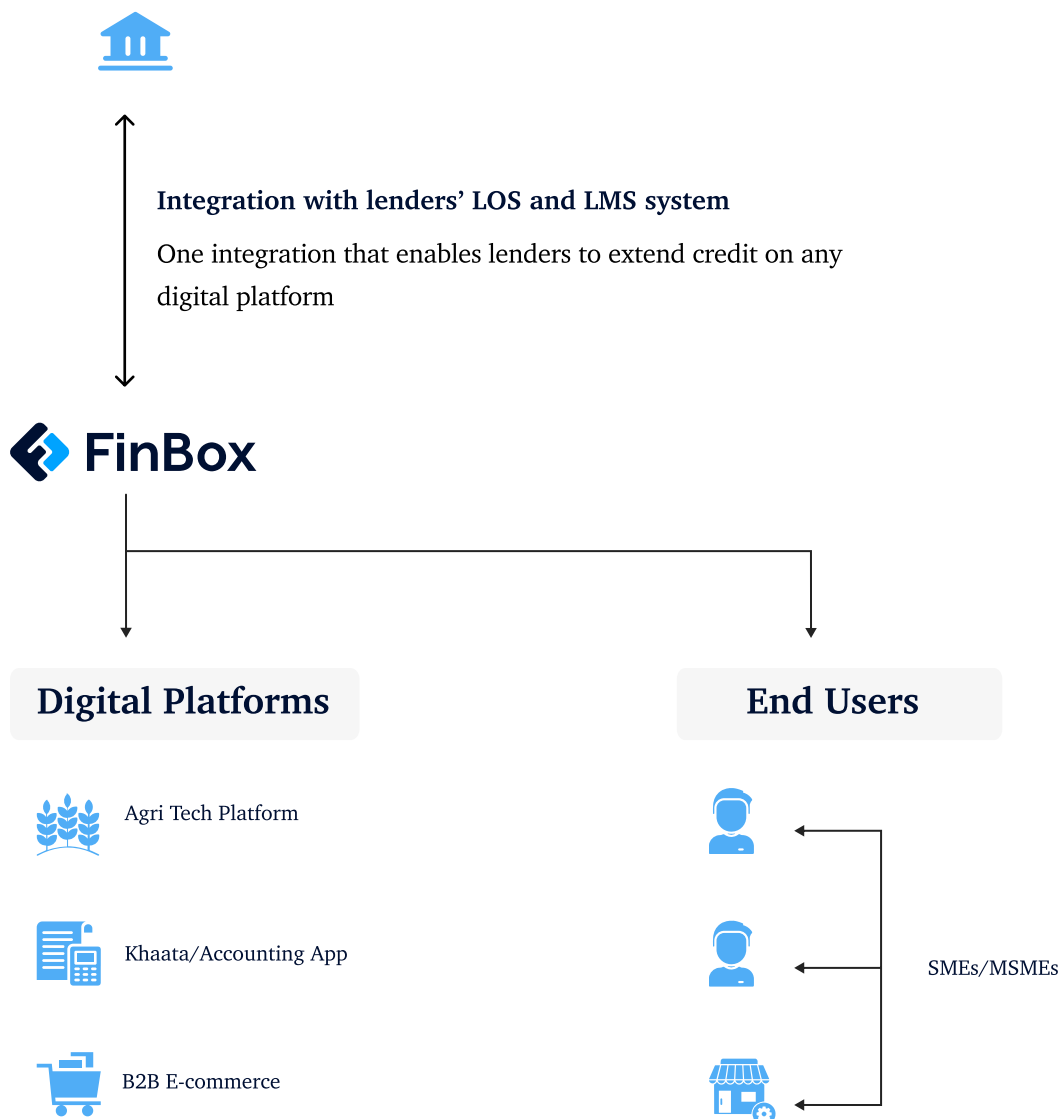
# The BNPL Flywheel



## Multiple credit products are now possible with one integration

- ☒ Offer tailored **buy now, pay later** options to merchants to facilitate higher AOV
- ☒ Offer an **overdraft** to fund business' short-term cash flow needs
- ☒ Provide merchants with a **credit line** that can be drawn on multiple times and replenished in one or more payments
- ☒ Allow merchants to pay for purchases in x number of **installments**

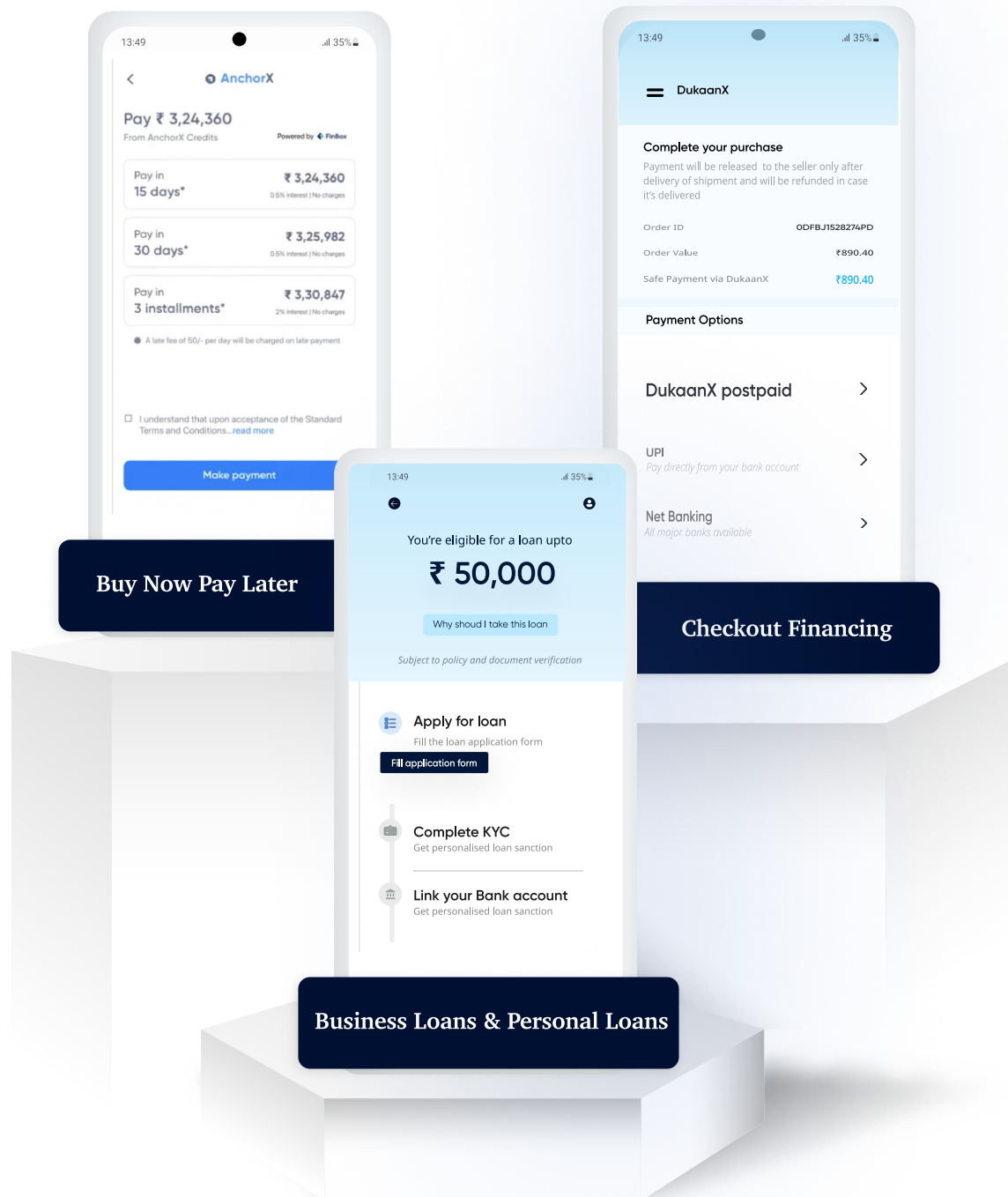
# How our credit infrastructure works



One integration enables the digital platform to offer credit products through multimodel journeys (app, website, WhatsApp, etc)

Customised credit products for users through the use of FinBox's technology stack

# Product Showcase



# With embedded credit infrastructure, everyone wins.



## Benefits for digital platforms

- ◆ Increases Customer Lifetime Value (CLTV) and other key business metrics
- ◆ Increases customer activation
- ◆ Unlocks an alternate source of revenue
- ◆ Provides a competitive edge
- ◆ Unlocks valuable data

## Benefits for financial institutions

- ◆ Access to new and larger pools of customers
- ◆ Build a more profitable business

## Benefits for end users

- ◆ Increases access to affordable financial services
- ◆ Provides access to customised offerings
- ◆ Improves customer experience

# What you can do with embedded credit infrastructure



## Embedded Payments



### Insurance

MakeMyTrip bundles contextual insurance products within their core purchase journeys i.e. the end user can opt for insurance while booking their tickets/accommodation.

### Pay Later

Dunzo has partnered with a popular buy now, pay later to offer customers credit from Rs 500 to Rs 9,999, allowing them to conveniently transact via deferred payments and safely repay within 15 days without any interest.

### Payments

Ola, alongside its Ola Postpaid credit line, offers embedded payments - users can pay for their rides with cards and UPI within the app itself.



# Getting started with your own financial product

There are two ways in which companies can ride the Embedded Finance wave and make it an integral part of their user experience.

**The first is building in house** - in theory, building one's own finance stack is a lucrative proposition that can provide a competitive advantage (enabling highly contextual use-cases). However, in reality, it can be complex, time-consuming, and the outcomes are uncertain.

The alternative is collaborating with an Embedded Finance infrastructure company to leverage their expertise. It drastically reduces costs, time to market, and is more efficient than building from scratch.

## Here's a quick checklist of what to have in mind when choosing your credit infrastructure partner:

**Ease of integration:** Do their APIs allow for rapid, seamless deployment? How much time and effort will it take from your in-house developers?

**Scalability and flexibility:** How easy is it to integrate additional features and do their abilities align with your growth plans?

**Potential risk:** Is your partner compliant with relevant regulations? How will misconduct on their part affect you?

**Data protection:** Will any data you share with your partner be adequately protected with encryption, tokenisation, anonymisation? Are they ISO 27001 compliant?

# Conclusion

## Credit infrastructure for next-gen enterprises

We are a B2B digital credit infrastructure provider that facilitates collaboration between lenders and digital platforms by combining a tech-first approach with deep underwriting expertise and competence in distribution. By providing lending as a feature, we reduce the barrier to entry by 10x for customer-facing digital platforms to offer credit on their platform. Lenders, on the other hand, adopt our Embedded Finance platform to rapidly digitise their offerings and widen their reach.

Want to build your very own FinTech offering?

**Get in touch**

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