

Special Report

# Bridging the Gap with White-label Fintech

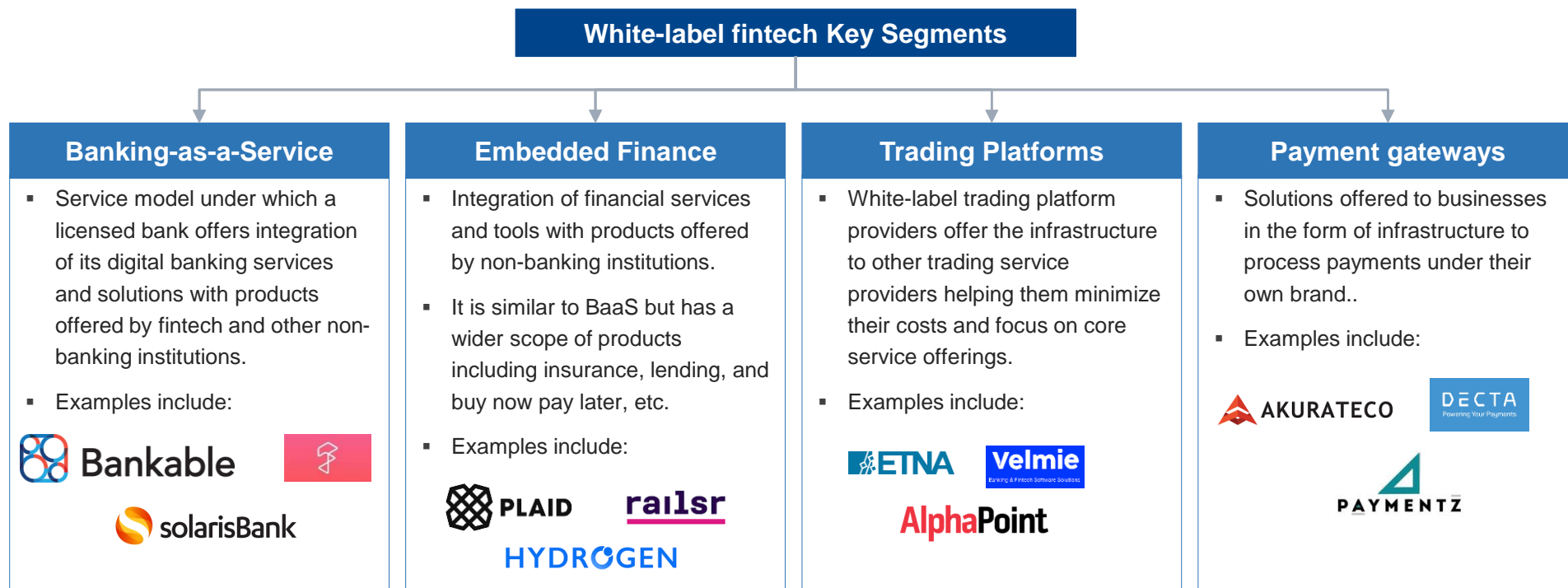
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# White-label fintech refers to tech solutions and expertise from banks and fintech firms, centered around BaaS, embedded finance, payment gateways, and trading platforms

## White-label Fintech: Overview

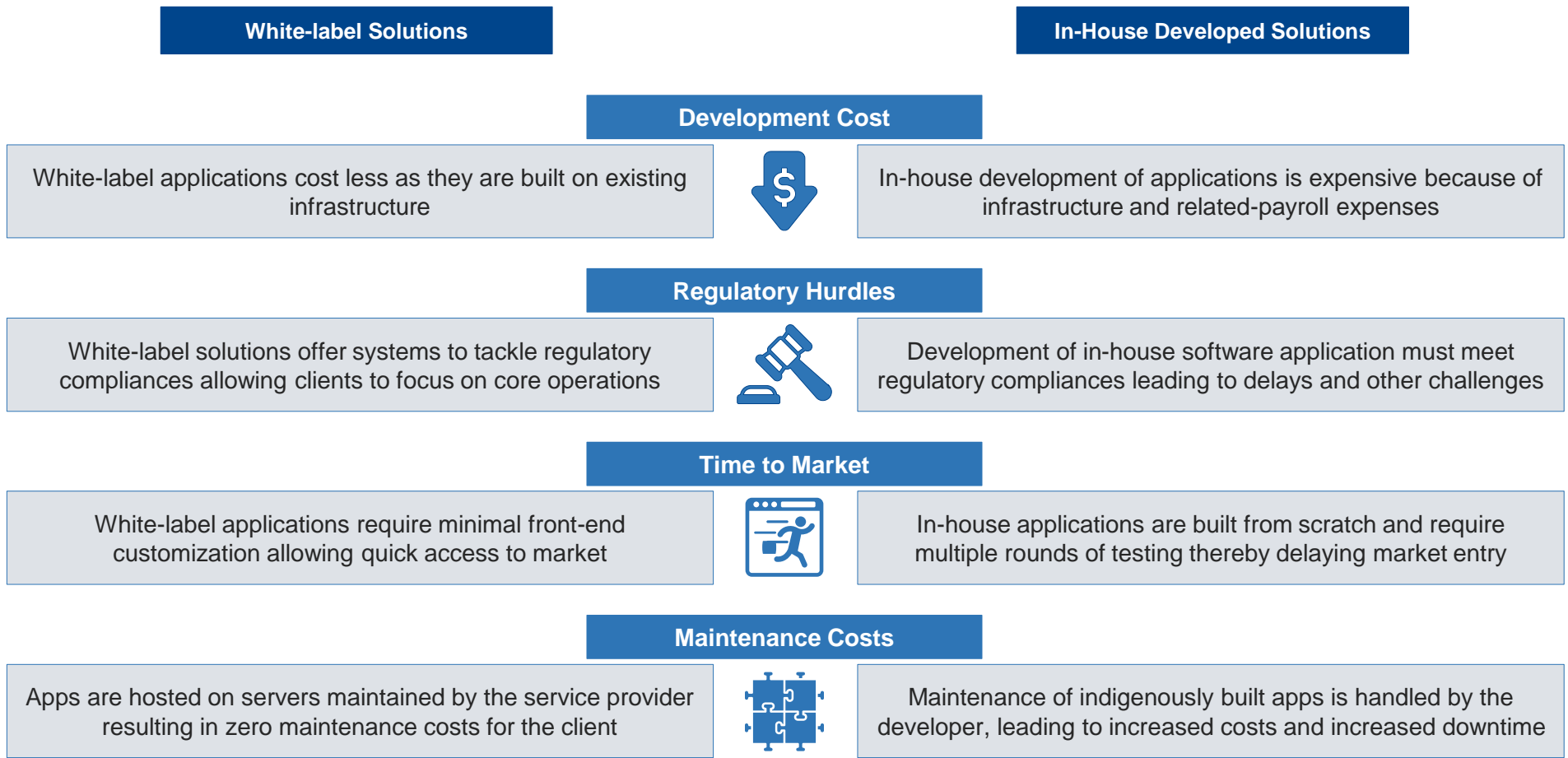
- White-label fintech includes application programming interface (APIs) that allow fintech and non-banking corporations to build financial products by leveraging the technology and expertise of the solution provider.
  - APIs are a set of definitions and programs required to build and integrate application software.
- White-label fintech solutions offer an accelerated access to market and skip the overall infrastructure development cycle, allowing them to develop solutions in a timely and cost-effective manner.



Source: Desk Research

Increased adoption of white-label fintech solutions can be ascribed to several factors such as quick access to market, low maintenance cost, minimal regulatory hurdles, and cost-efficiency

White-label Fintech vis-à-vis In-House Development

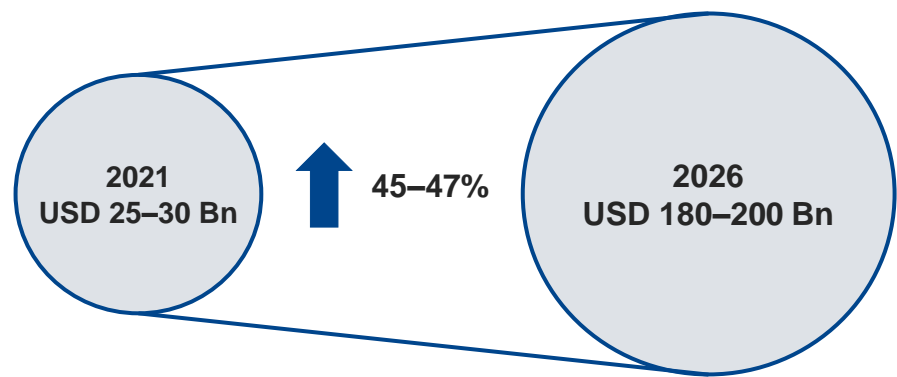


Source: Desk Research

The white-label fintech industry is expected to advance at a CAGR of 45–47% to USD 180–200 Bn by 2026, with the embedded finance and BaaS sector taking the lead

Global White-label Fintech Market Size

2021–26F | Figures in USD Billion



Segmentation by Type of Solution

2021–26F | Figures in USD Billion

Key Segments	2021	2026F	CAGR (2021–26F)
Embedded Finance	23–24	145–150	45–46%
Trading Platforms	2–2.2	2.9–3.0	6–7%
Banking as a Service	1–1.5	24–25	80–85%
Payment Gateway	0.4–0.5	~1.0	14–15%

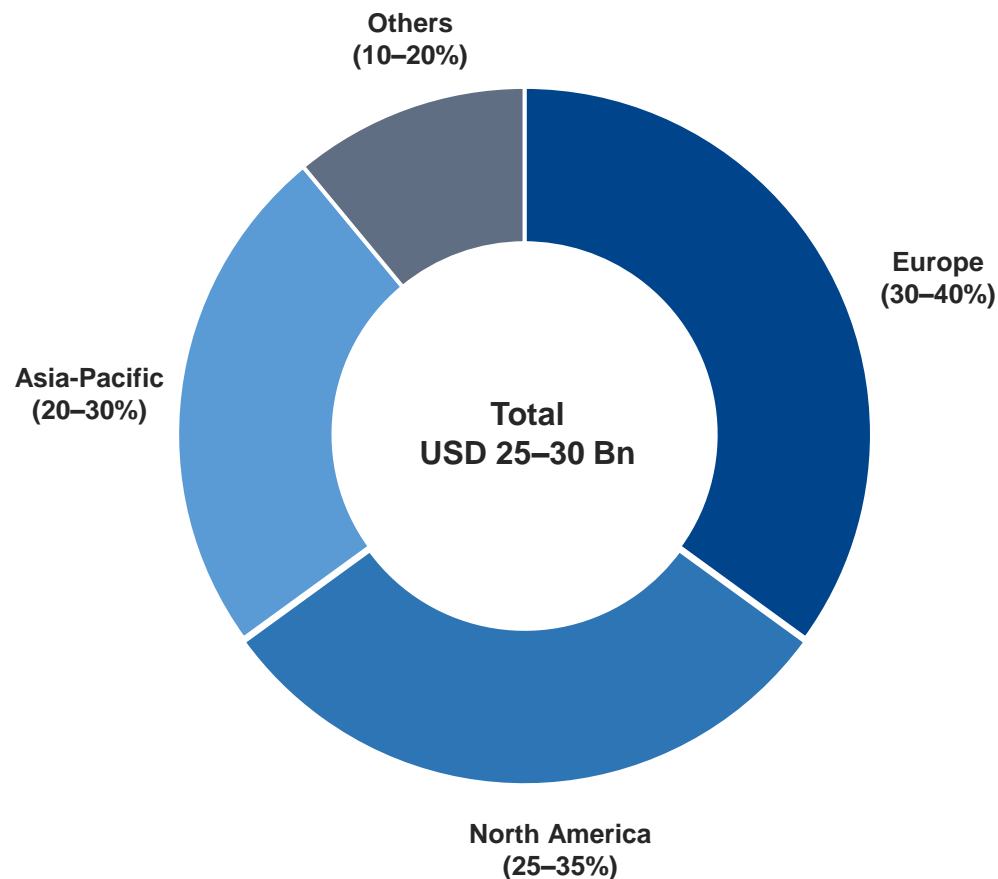
- Growth in white-label fintech is expected to be driven by increasing digitalization of services by traditional banks and non-banking corporations.
  - Retailers and e-commerce platforms are increasingly adopting embedded finance along with increased traction toward non-fungible tokens (NFTs), and crypto exchanges.
- Embedded finance emerged as one of the largest segment in white-label solutions attributed to rising demand for embedded consumer lending, buy-now-pay-later (BNPL) options and insurance among businesses.
  - BNPL transactions hit USD 120 Bn in 2021 as compared to USD 33 Bn in 2020.
- The exponential growth in BaaS segment can be ascribed to increased adoption of digital banking services and increased consumer focus on convenience, transparency, security, and swift processing of banking transactions.

Source: Desk Research, Aranca Analysis

Europe and North America are dominating the market, holding approximately 55–75% of the market share due to their early adoption and favorable regulatory environment

### Market Landscape: Segmentation by Region

2021 | Figures in Percentages



- The white-label fintech market is highly fragmented and dominated by the European companies owing to early adoption of open banking and BaaS and favorable regulatory ecosystem.
  - Payment Service Directive II, a regulation focused on secure payments, in Europe intend to create more integrated and holistic fintech services for businesses and customers.
- Similarly, the competitive ecosystem is highly fragmented in North America due to an increased adoption of white-label solutions across embedded finance and crypto solutions, mainly driven by consumers' desire for convenient financial services.
- Increased push for digitalization is leading to an exponential growth of market players in emerging markets such as India, China, and Indonesia.

Source: Desk Research

# Demand for white-label fintech solutions is led by competitive pressure, increased demand for personalization, and growing adoption of embedded finance and customizable APIs

## White-label Fintech: Growth Drivers

### Rising competition and quick market access

- Traditional banks and incumbent fintech firms face stiff competition from new entrants who continue to expand their digital service offerings.
- This necessitates innovating and launching secure and quality products swiftly, thereby driving demand for white label solutions.

### Increasing demand for personalization

- Traditional banks and NBCs strive to offer more personalized solutions, which significantly add up to their capital costs if developed in-house.
- As a result, firms prefer to partner with white-label fintech firms that offer customized and personalized solutions at a lower cost of development and maintenance.

### Rising traction towards embedded finance

- Businesses, such as online and offline retailers, and healthcare actively seeking to integrate BNPL, insurance, lending at POS solutions have generated demand for white-label embedded finance solutions.
  - By 2030, retail and e-commerce is estimated to provide a USD 3.5 Tn global business opportunity followed by healthcare sector (USD 1.2 Tn) for embedded finance solutions.

### Highly customizable APIs

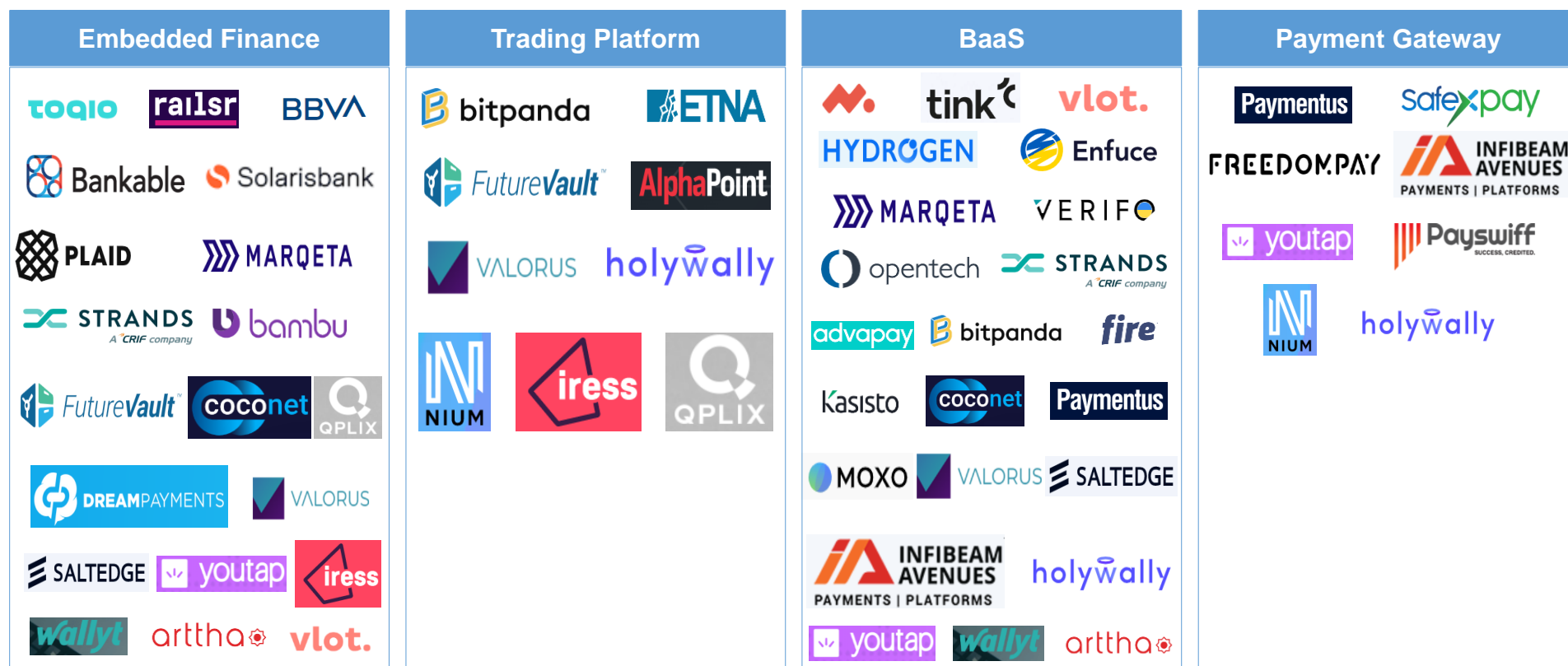
- White-label fintech firms offer highly customizable APIs that integrate with other accounting software, resulting in higher demand for these products among other fintech and NBCs.

Source: Desk Research

The white-label fintech market is highly fragmented with large number of companies operating with a small (<1%) market share

## Market Landscape





*Highly fragmented market with few large players, such as Plaid, Railsr, Solaris Bank, Marqeta, Meniga, and Bankable, which collectively represent only ~3–5% of the total market*



Source: Desk Research

# Firms largely differentiate themselves by offering customizable subscription models and ancillary offerings such as crypto cards and brokerages (1/2)

## Analysis of Key Competitors (1/2)


	 BBVA	 MARQETA	 PLAID	 Solarisbank
<b>Headquarters</b>	<ul style="list-style-type: none"> <li>Bilbao, Spain</li> </ul>	<ul style="list-style-type: none"> <li>California, US</li> </ul>	<ul style="list-style-type: none"> <li>California, US</li> </ul>	<ul style="list-style-type: none"> <li>Berlin, Germany</li> </ul>
<b>Products Offered</b>	<ul style="list-style-type: none"> <li>BaaS</li> <li>Embedded Finance</li> <li>Treasury Management</li> </ul>	<ul style="list-style-type: none"> <li>Cards and Wallets</li> <li>Digital Banking</li> <li>Spend Management</li> <li>Embedded Finance</li> </ul>	<ul style="list-style-type: none"> <li>Embedded Finance</li> <li>Data Categorization</li> <li>Payout Services</li> </ul>	<ul style="list-style-type: none"> <li>Embedded Finance</li> <li>BaaS</li> <li>KYC</li> <li>Digital Assets</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>USD 20.5 Bn (2021)</li> </ul>	<ul style="list-style-type: none"> <li>USD 573.5 Mn (2021)</li> </ul>	<ul style="list-style-type: none"> <li>USD 225.0 Mn (2021)</li> </ul>	<ul style="list-style-type: none"> <li>USD 50.2 Mn (2020)</li> </ul>
<b>Key Differentiating Factors</b>	<ul style="list-style-type: none"> <li>Focus on surging profits through digital banking. Recently expanded into Italy's retail banking through its digital offerings.</li> <li>Pushed more capital into the UK's app-based lender Atom Bank</li> </ul>	<ul style="list-style-type: none"> <li>Offers white-label crypto cards</li> <li>Targets startups, enterprises and SMBs.</li> </ul>	<ul style="list-style-type: none"> <li>Multiple subscription models such as pay-as-you-go and fully customizable models.</li> <li>Launched Variable Recurring Payments in July 2022 to reduce transaction processing fees on recurring payments</li> </ul>	<ul style="list-style-type: none"> <li>Offers licensed crypto brokerage and trading APIs</li> </ul>
<b>Key Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>Apart from its own digital services in select countries, BBVA is focusing on investing in other digital banks. In Feb 2022, BBVA acquired a 21.7% stake in a Brazil-based digital bank, Neon, for USD 300 Mn</li> </ul>	<ul style="list-style-type: none"> <li>In June 2022, expanded its credit platform with 40 new APIs and dashboard flows</li> <li>Integrated with Western Union's digital banking platform in European region</li> <li>In June 2022, joined Mastercard's Network Enablement Program in APAC</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, partnered with Current and Royal Bank of Canada to offer API-led connectivity with fintech services</li> <li>Focus on strategic partnerships with other white-label fintech firms to expand client base</li> </ul>	<ul style="list-style-type: none"> <li>Focus on acquisitions and expansion of its embedded finance offerings</li> <li>In 2022, raised USD 224 Mn to acquire Contis, its competitor to offer one-stop-shop for its customers</li> <li>Focus on strategic partnerships with other fintech to enhance its product offerings</li> </ul>

Source: Desk Research



# Firms largely differentiate themselves by offering customizable subscription models and ancillary offerings such as crypto cards and brokerages (2/2)

## Analysis of Key Competitors (2/2)

				
<b>Headquarters</b>	<ul style="list-style-type: none"> <li>London, UK</li> </ul>	<ul style="list-style-type: none"> <li>London, UK</li> </ul>	<ul style="list-style-type: none"> <li>London, UK</li> </ul>	<ul style="list-style-type: none"> <li>Florida, US</li> </ul>
<b>Products Offered</b>	<ul style="list-style-type: none"> <li>BaaS</li> <li>Data Management</li> <li>Finance Management</li> <li>Reward Management</li> <li>Market Intelligence</li> </ul>	<ul style="list-style-type: none"> <li>Embedded Finance</li> <li>Digital Banking</li> <li>Payment Cards</li> <li>Virtual Ledger</li> </ul>	<ul style="list-style-type: none"> <li>Credit Cards as a Service</li> <li>Buy Now Pay Later</li> <li>Embedded Finance</li> <li>BaaS</li> </ul>	<ul style="list-style-type: none"> <li>Cards</li> <li>Wallets</li> <li>BaaS</li> <li>Spend Management</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>USD 14.7 Mn (2021)</li> </ul>	<ul style="list-style-type: none"> <li>USD 12.6 Mn (2021)</li> </ul>	<ul style="list-style-type: none"> <li>USD 6.5 Mn (2020)</li> </ul>	<ul style="list-style-type: none"> <li>USD 5.0 Mn (2019)</li> </ul>
<b>Key Differentiating Factors</b>	<ul style="list-style-type: none"> <li>Offers personal and business finance management services, carbon footprint insights, cashback reward management, and market intel</li> </ul>	<ul style="list-style-type: none"> <li>Provides access to payment schemes such as SWIFT and SEPA</li> </ul>	<ul style="list-style-type: none"> <li>Multiple subscription models as per client's requirement, allowing them to use product as prototype, enter the market with minimal viable product, and scaling</li> </ul>	<ul style="list-style-type: none"> <li>Offers white-label Crypto debit cards</li> <li>Offers no-code APIs, which are easily customizable and integrated to other apps</li> </ul>
<b>Key Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>Raised around USD 10.1 Mn in March 2021 to develop green banking products</li> <li>In March 2021, partnered with Visa to accelerate its expansion in APAC</li> </ul>	<ul style="list-style-type: none"> <li>In July 2021, partnered with Paysafe, a global payments platform to launch integrated omnichannel banking services</li> <li>In Feb 2020, partnered with Visa to expand globally</li> </ul>	<ul style="list-style-type: none"> <li>Railsr, recently rebranded itself from Railsbank, which is now focused on product expansion and recently expanded into Rewards-as-a-Service</li> <li>In 2021, raised USD 70 Mn for geographic expansion plans</li> </ul>	<ul style="list-style-type: none"> <li>Focus on partnering with other fintech and non-banking corporations</li> <li>In 2020, Hydrogen received an investment from EML Payments to diversify and expand their clientele and offer innovative product offerings</li> </ul>

Source: Desk Research

# Key use cases of white-label fintech

## Use Cases



**AlphaPoint**



**Credit Hero**



**SALTEDGE**

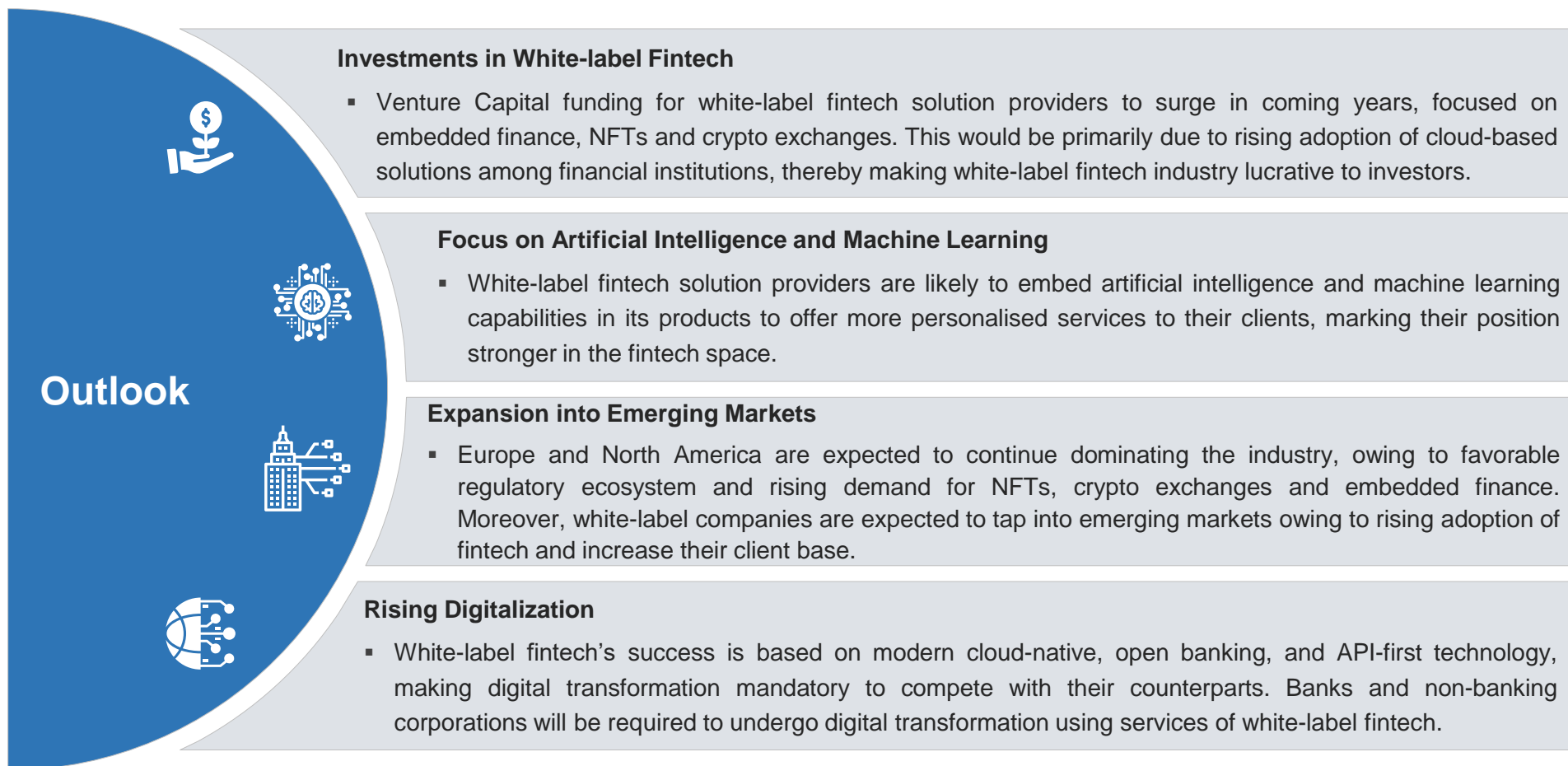
- **Objective:** Banexcoin, a Peru based fintech company which provides exchange platform of cryptocurrencies and fiat money, wanted to encash unmet demand for a crypto marketplace embedded with security and reliability standards.
- **Solution:** AlphaPoint, which offers white-label solutions for trading platforms and wallets partnered with Banexcoin to offer its white-label exchange software that is PCI DSS compliant, maintaining secure environment for transactions.
- **Impact:** The solution allowed Banexcoin to put its branding along with an intuitive exchange interface, 24x7 technical support, and commission-free cryptocurrency deposits.

- **Objective:** Credit Hero, a Hong Kong-based digital lender wanted to automate and ease the KYC process for its customers and make itself more risk resilient
- **Solution:** Salt Edge, a white-label solution provider offered its open banking infrastructure to provide real-time financial data and automatic verification of applicant's identity, income sources, account number, and balance.
- **Impact:** The solution provided operational efficiency along with better risk management and customer experience.

Source: Desk Research

White-label fintech is expected to become mainstream for emerging fintech and non-banking corporations with USD 150–170Bn absolute dollar opportunity lying ahead

## White-label Fintech: Outlook



Source: Aranca Analysis



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across multi-disciplinary domains

**2500+**

Global clients

**120+**

Sectors and sub-sectors  
researched by our analysts

**80+**

Countries where we have  
delivered projects

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