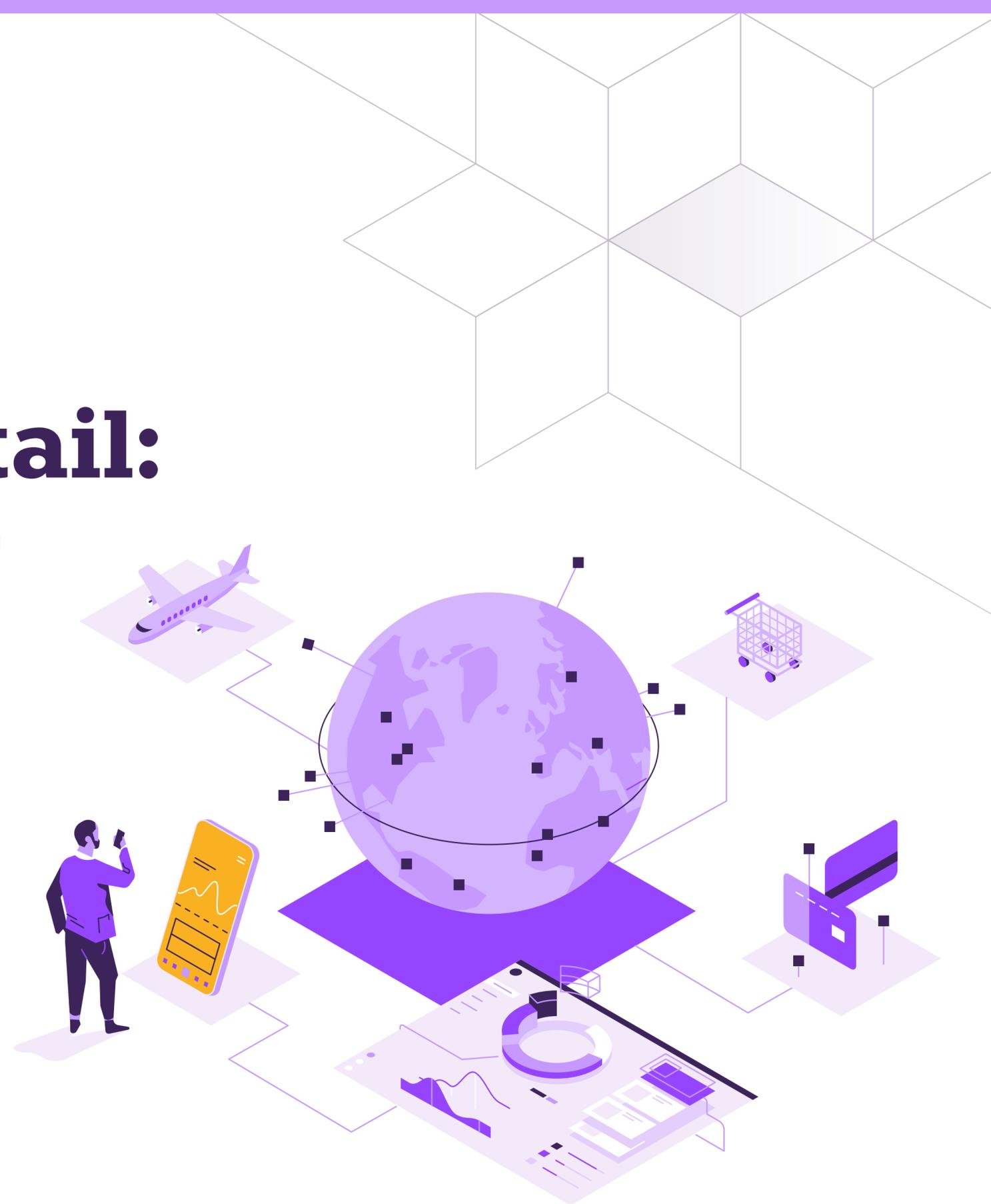




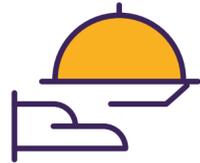
E-book

Bridging Finance & Retail: The power of Banking- as-a-Service

Leading UK retailers report positive revenue impact from the use of embedded finance in NatWest Boxed & BCG's latest study.



Executive summary



Banking-as-a-service (BaaS) is reshaping the retail industry. With developments in cloud-native technology and product innovation converging, retailers are increasingly offering financial services and embedding them into customer journeys.



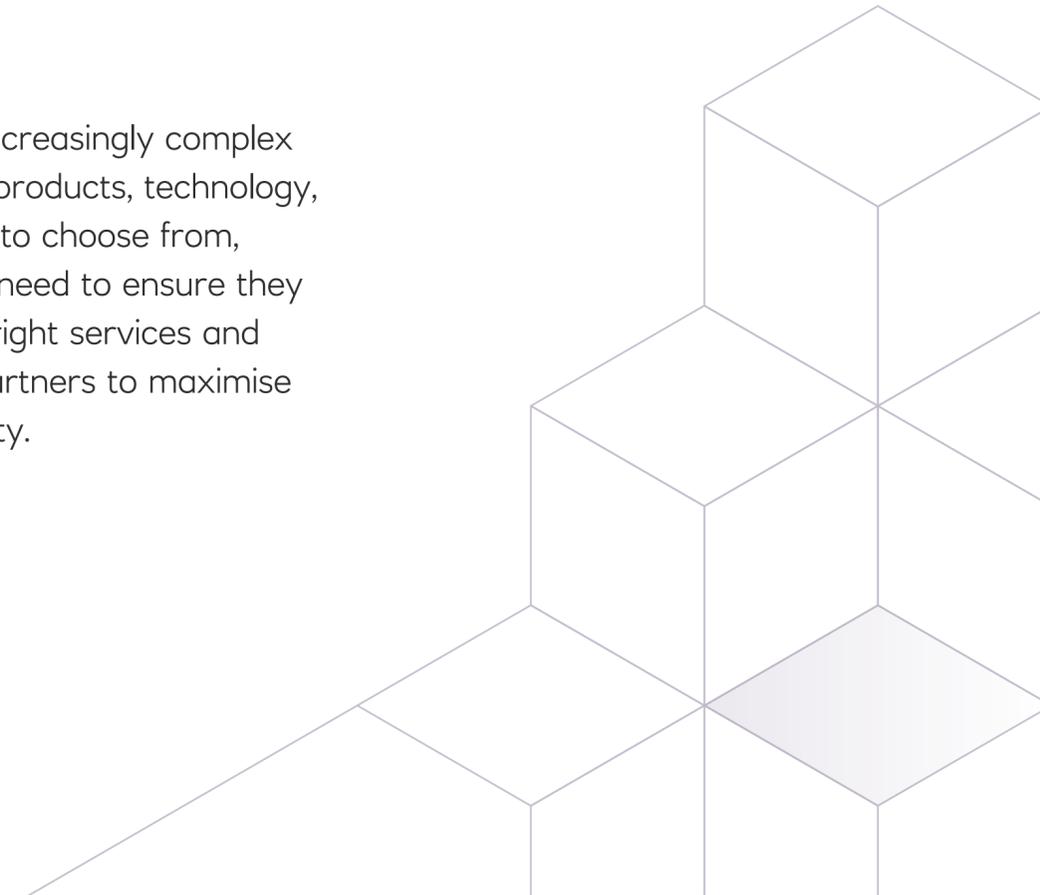
With a BaaS provider, we believe that any retailer can provide financial services too – and the results have already been significant.



Retailers have reported a ~5–12% boost in conversion rates, ~15–30% increase in average order values and ~4–7% incremental revenue growth overall by embedding finance.



But with an increasingly complex landscape of products, technology, and suppliers to choose from, retail leaders need to ensure they focus on the right services and technology partners to maximise the opportunity.



The rise in Banking-as-a-Service and drivers of change

What is Banking-as-a-Service?

BaaS allows retailers to partner with technology and/or banking providers to offer financial products and services to end-customers (e.g. BNPL, loans, cards, deposits).

When financial products and services are directly integrated by retailers into the customer journey, it is referred to as 'embedded finance'.

£2.6^{BN}

earned in revenue in UK by retailers using BaaS in 2022

Up to **50%**

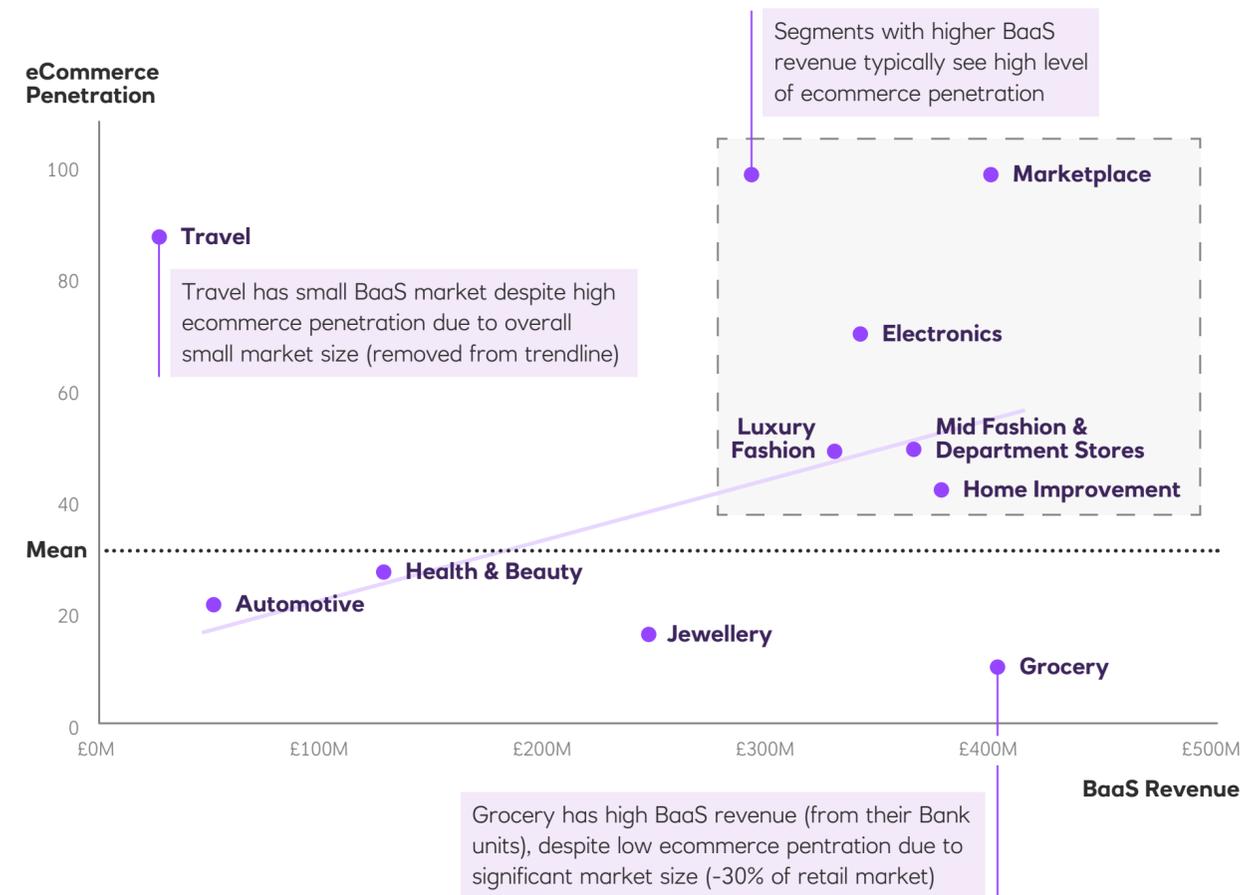
of global banking revenue pool to be earned by non-banks by 2030

Source: BCG analysis

Ecommerce is driving growth

Ecommerce has been a key enabler and driver of BaaS growth, providing a widely adopted channel to reach customers.

Ecommerce penetration drives BaaS revenue growth



Correlation between higher UK ecommerce penetration and higher UK BaaS revenue - suggesting importance of ecommerce-focussed sub-segments

The results: Driving conversion, basket size and long-term engagement

Our market research and interviews with 21 leading retailers in the UK indicates that BaaS and embedded finance could unlock a significant incremental revenue impact, estimated at 4–7%.

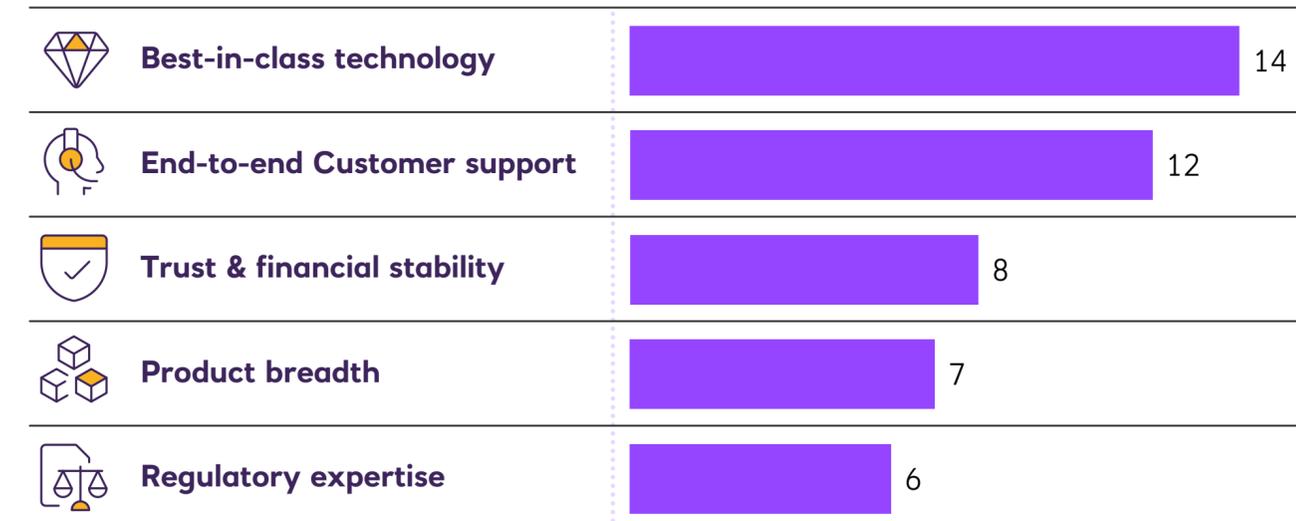
How BaaS boosts retailer revenue

KPIs apply to transactions through BaaS	Fashion	Home Improvement	Marketplaces
	Increased checkout conversion	~10–15%	~5–12%
Increased average order value	~15–30%	~15–40%	~10–15%
Increased repeat purchases	~3–5%	~1–3%	-
BaaS revenue impact (BNPL & Loans, Credit Card, Savings)	4–7%	~3–7%	0.7–1.5%

Key factors to enable successful implementation

Technology platform capabilities and end-to-end customer support functions were identified as the top reasons for choosing a BaaS provider, outweighing the importance of price.

Question: “What was your supplier selection criteria when choosing your BaaS partners”, n=21



“A [BaaS] relationship lives and breathes the brand name so the tailoring of the proposition and the way it’s serviced to the brand is critical...”

Director of Financial Services

Department store



Our report provides a comprehensive guide on harnessing the power of embedded finance

- Read the full report to explore:
 - The revenue potential for retailers from the use of embedded finance
 - The key enablers driving the growth of embedded finance
 - The evolving lending continuum - which products are showing growth potential?
 - What to consider when starting the embedded finance journey
 - The key selection criteria for retailers when choosing a BaaS provider

[Download the full white paper](#)