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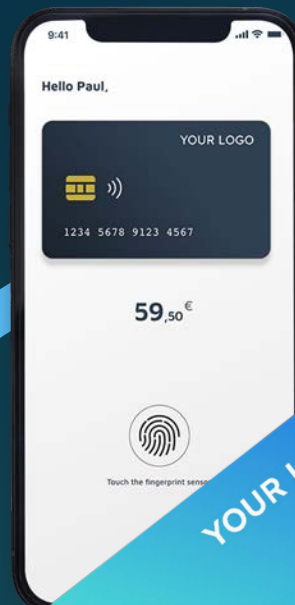
ENABLE CREATIVE BANKING

Embedded finance

5 reasons to embrace it

The payment revolution is underway.

With embedded finance solutions, businesses can quickly add payment features into their value chain. Whether they are a B2B (business-to-business), B2C (business-to-consumer) or B2B2C (business-to-business-to-consumer) company, embedded finance is now the starting point for developing new services.

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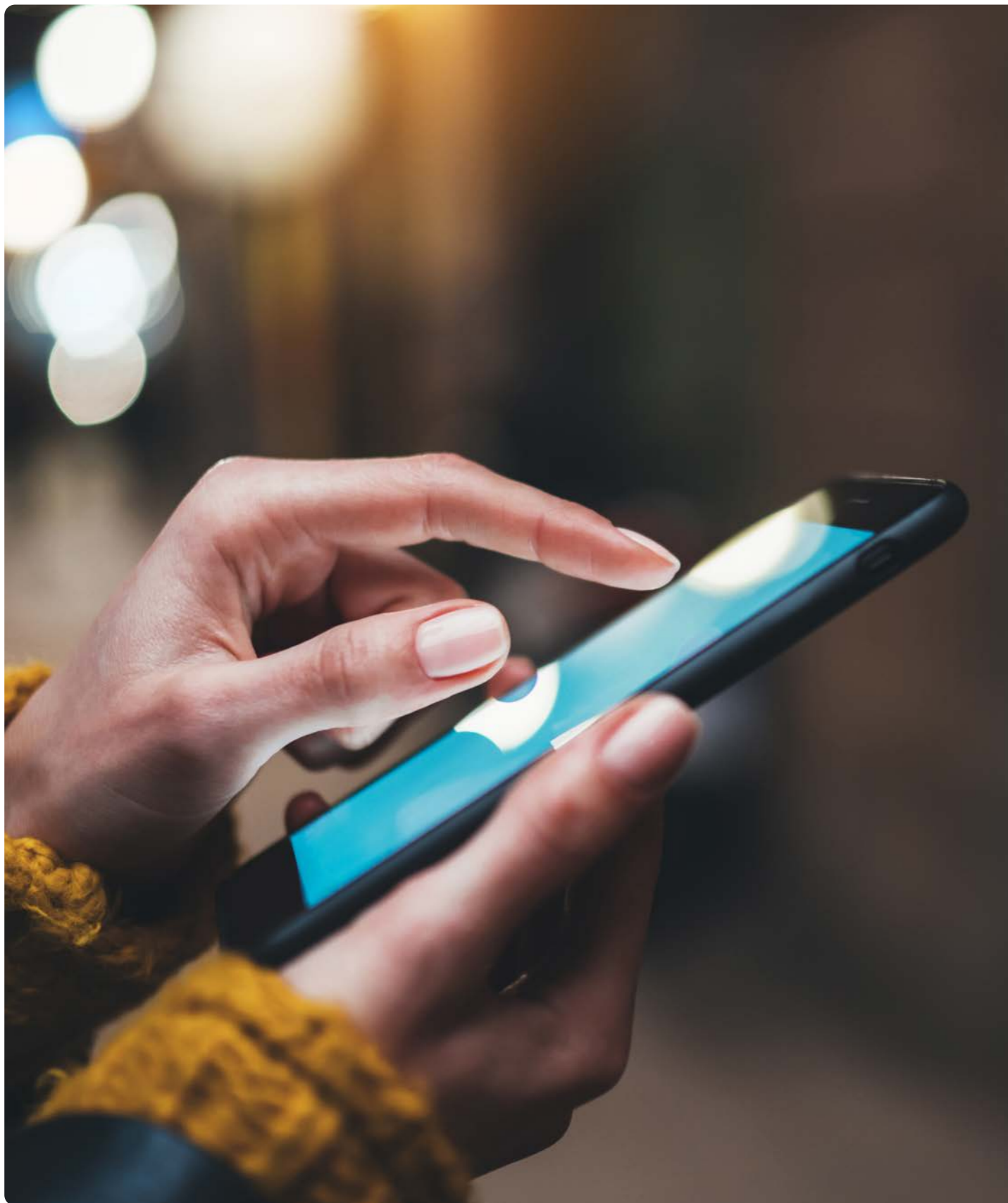
Foreword

The payment revolution is already underway.

New paradigms have emerged amid the pandemic. To safeguard their businesses during the various lockdowns, brands have had to swiftly roll out robust and secure digitised payment solutions. To help them in that process, they have been able to leverage the expertise of electronic money institutions, whose technology has enabled them to quickly integrate payment features into their value chain.

Today, the payment revolution is underway. It comes in response to two demands: for businesses, there is a need for solutions that are easy to integrate in their apps and which are compliant with regulations. On the consumer side, the integration of solutions simplifies the buying journey by making each transaction more seamless and intuitive. Data-sharing no longer appears to be a barrier, as long as it offers commercial advantages in return. Beyond retailers, fintechs seem to be expediting their service proposals nowadays, thanks to the possibilities offered by BaaS (banking-as-a-service) platforms. Whether they are B2B (business-to-business), B2C (business-to-consumer) or B2B2C (business-to-business-to-consumer) companies, embedded finance is now the starting point for developing new services.

Treezor, a French pioneer in the field of BaaS, has been committed to supporting businesses and fintechs since 2016 by providing them with agile solutions and as few operational hurdles as possible. In this white paper, Treezor takes you behind the scenes of embedded finance. Retailers, fintechs or traditional stakeholders in the banking industry, whoever you are, this white paper
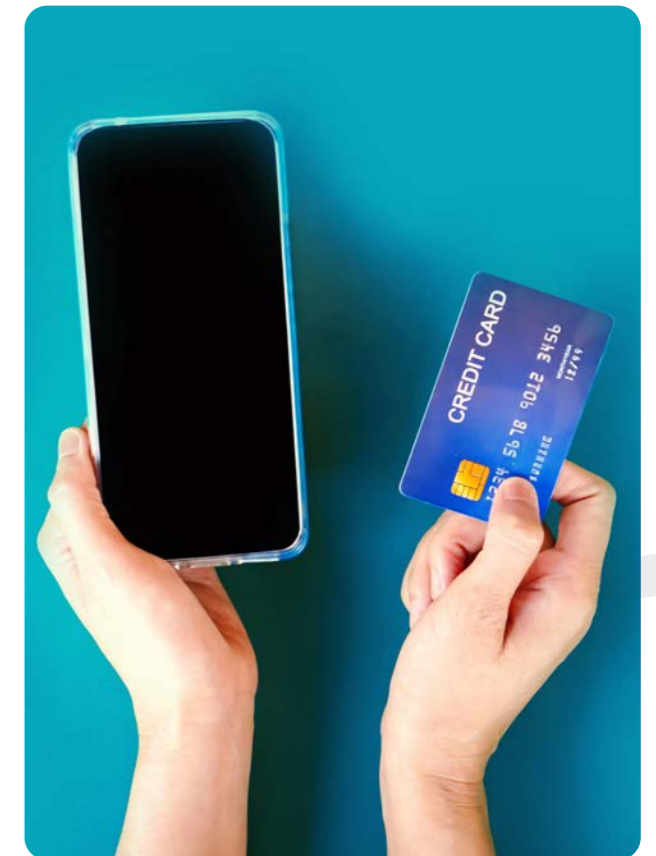
will delve into the various aspects of embedded finance: from operational deployment to market analysis and customer data optimisation.

Our approach has been to ask businesses who already use a BaaS solution to tell us about their own experiences, to give you a good idea of the wide range of advantages offered by an embedded finance solution and insight into the innovations they are developing. Embedded finance is constantly evolving and the sheer breadth of opportunities is immense. According to US private equity firm Lightyear Capital, the revenues generated by embedded finance solutions are set to increase tenfold over the next five years.

Happy reading!

What is embedded finance?

Embedded finance can be defined as a set of technical tools for non-financial businesses to provide their customers with financial services. In practice, these businesses call on third parties, such as Treezor which integrates its own technology into their solution. It only takes a few months for the financial features to be integrated into the customer journey.

The BaaS (Banking-as-a-Service) partner provides its licenses and core banking and ensures compliance with regulations. Qonto, that has become a fintech unicorn, is one of the pioneers in the sector and that was able, thanks to Treezor's solution, to quickly launch its offer and thus conquer market share.

In the beginning: the first integrated payment solutions

To understand how embedded finance works, let's go back to its beginnings. Back in the 1930s, Ford had already devised the first "automotive bank". As the financial services were integrated directly in the automaker, customers were able to pay for their vehicle through the latter. Later on, other brands would integrate financial services to facilitate the buying journey, including superstores and online retailers who were the first to establish financing solutions. When the Internet arrived on the scene, everything picked up pace. **Loyalty cards became digitised and gained new services,** such as consumer credit and payments in instalments. **The development of embedded finance would then accelerate, driven by the development and mainstream roll-out of apps available on smartphones**. This paved the way to BaaS providers, which would enable the integration of financial services directly on retailers' digital platforms.

In Europe, the PSD2 – revised Payment Services Directive – which entered into force EU-wide on 13 January 2018 particularly set the stage for the BaaS model to emerge. This directive requires banks to open their ecosystems up to third party providers. Open Banking, with the implementation of APIs (application programming interfaces), now allows communication between the programs of banks and third-party providers. **As such, banking data can now be retrieved by other financial stakeholders, especially fintechs**. If customers want to transfer their accounts to new financial players, this process is now easier. With the large-scale roll-out of digital tools, consumer practices across the board are being overhauled.

A versatile and diversified ecosystem

The digital revolution has spawned new practices. It is now fairly common for a purchase to be carried out directly on a smartphone. This really is a high-stakes issue for brands, who don't want to be putting consumers off with overly complex customer journeys.

Financial services and payment solutions directly integrated into apps are experiencing strong growth in this context.

There are now many Banking-as-a-Service providers worldwide. Their solutions combine a technical solution (core banking), bank services (particularly with the option of issuing plastic and virtual payment cards) and a regulatory license. These can thus easily and directly be used by all market services (online retailers, fintechs, sale of services, etc.) who transfer regulatory responsibility to a third-party provider. This is the case for the French company Treezor, as well as the UK-based Railsr, and German provider Solaris.

With white-label payment services in mind, BaaS providers support companies in their growth. As key stakeholders in the payment sector, they position themselves alongside fintechs, startups and large corporations to provide them with turnkey solutions. Some fintechs, after expanding thanks to a third-party regulatory license, subsequently choose to become payment institutions themselves. The company Shine is a case in point, as it has just obtained its license from the ACPR, France's banking regulator. Although responsible for regulatory compliance, they continue to partner with BaaS providers which can support them regarding technical aspects and core banking.

On a final note, some stakeholders have developed their own solution for managing transactions in-house. Uber is one such example, as it has deployed its own payment solution within its app. Fully integrated payment makes the buying process much easier, especially via an instant payment option. The US ride-hailing giant has gone a step further by making payment cards available to some drivers who had previously been remote from the traditional banking system. For that, Uber harnesses a BaaS solution powered by Green Dot and Barclays (Source: ProcessMaker article from 04/05/2021).

A booming market

The roll-out of digital technology is proving to be a game-changer for consumer habits. The pandemic has accelerated the movement: **for the vast majority of consumers, transactions are now no longer done in a physical store, nor even on a computer, but directly from a smartphone**. Online purchasing surged throughout Europe in 2020 and 2021. And far from waning as the pandemic has eased, the phenomenon is expected to grow further over the years to come. As such, according to data published by the French Federation of e-commerce and online sales (Fevad), online sales of products and services in France soared by 15.1% in 2021 to €129.1 billion. The e-commerce turnover for all European countries combined amounted to €757 billion for 2021 (Source : https://ecommerce-europe.eu/). On top of these figures we need to add B2B transactions coming from "neobanks" for professionals or new HR and expense report management solutions which are rapidly rising nowadays.

"Effortless payment increases the purchase conversion rate."

The different dimensions of embedded finance

BaaS solutions open up a broad spectrum of possibilities

If a BaaS solution enables any stakeholder to quickly integrate a core banking option, achieve regulatory compliance and issue payment cards, embedded finance gives businesses that use it a whole host of other advantages.

Better customer knowledge

Whenever a new account is opened, there are regulatory requirements to verify the identity of the account holder: this is known as the **KYC (Know Your Customer)** process. There are innovative solutions available with that in mind, which do not hamper the registration process and also comply with local regulations, via fully online video-based verification.

The benefits of setting up a BaaS solution include more than merely streamlining the regulatory verification processes. Thanks to a seamless registration journey, the KYC procedure not only ensures the security of customer onboarding, but can also collect data about customers and consumers. Businesses will then be able to use this invaluable information to promote products and services in connection with their customers' expectations. A BaaS solution combined with use of the services of identity verification platforms like Onfido, Ubble, IDNow, Webhelp, Vialink or Ariad Next can enhance the performance of the KYC process and make it more seamless.

More efficient payment and collection solutions

BaaS solutions can also streamline money transfers. **With the establishment of the Single Euro Payments Area (SEPA), payments within the EU have become as efficient and safe as national payments**. This is in addition to the framework of the PSD2, which enables the exchange of banking information. Against this backdrop, APIs that are easy to embed on a BaaS platform will make it possible to add services for end users.

Accordingly, thanks to more seamless transactions, new services are emerging, including automated savings apps, automated recurring billing software (such as Zuora or Chargebee) and automated invoice management tools for businesses (such as Libeo). Other providers, such as Checkout or Adyen, have designed business-tailored solutions for accepting payments, especially in the e-commerce sector. These ensure instant transactions and the possibility of handling foreign currencies.

A host of innovations to come

By streamlining the registration journey and facilitating transaction flows, BaaS solutions make it easy to roll out new financial services. This is setting the stage for new fintechs and new offers to emerge.

One fintech for example, October, is a lending platform which provides SMEs with financing solutions by putting businesses looking for funding in touch with investors. Businesses using Alma, meanwhile, can give their customers the option of paying in instalments, a solution which empowers retailers to significantly increase their turnover. The potential for rolling out innovative solutions by leveraging embedded finance is clearly demonstrated. US private equity firm Lightyear Capital thus estimates that **the embedded finance market could generate USD 230 billion in revenue by 2025, versus USD 22.5 billion in 2020, which equates to an annual growth of around 40% between now and 2025.**

Sectors which could swiftly drive up their revenues thanks to BaaS solutions include payment services as well as wealth management, insurance and consumer loan specialists.

#1

Enhance the customer experience

Become more efficient by providing end customers with financial services via a BaaS platform, thanks to intuitive, seamless apps which they are now accustomed to using on a day-to-day basis. This is how a company like Uber, for instance, has managed to offer a seamless payment journey which is fully transparent for users. The integration of seamless payment systems in customer journeys has an immediate effect on user loyalty: **effortless payment increases the purchase conversion rate.** Uber's app might be one of the first in the world to have used embedded finance modules, but nowadays the vast majority of apps feature a payment component.

Every newcomer on the tech market can henceforth increase their value proposition by embedding finance into their customer journey. One such example is Leeto, a platform providing solutions for employee representative bodies. "Although the payment part isn't the core feature of our offering, **it is a key aspect of our value proposition.** In this way we can set ourselves apart with very strong added value," Arthur Reboul, CEO of Leeto, explains. He adds: "We have noticed tremendous interest in our solution since we introduced the payment account. **In three months, we have registered twice as many new customers as during our first two years!** The payment account really does make life easier for employee representative bodies."

Stronger customer loyalty has also been observed at Skipr, the corporate mobility solution. This equips the employees of its corporate customers with payment cards for settling all mobility expenses. Three years after founding Skipr, **"the payment card has become a cornerstone of our offering,"** Arnaud Biebuyck, CFO of Skipr, tells us, pointing out that: "Right from the launch, we needed **robust and flexible technology** that could easily fit into our customer journey." The BaaS solution has thus enabled Skipr to quickly build payments into its service range.

> Like Leeto and Skipr, all sorts of innovations would be incomplete today without an embedded finance solution. Thanks to the payment module added directly to an app, innovative business founders can now provide their customers and users with an all-in-one solution. A feature that is far from inconsequential. The CEO of Leeto and CFO of Skipr are unequivocal: for them, payments are now a key feature of their value proposition.

leeto

"The payment account is a key aspect of our value proposition."

Arthur Reboul, CEO of Leeto

Leeto was launched in 2018 with a powerful idea in mind: simplify the day-to-day tasks of employee representative bodies in French companies ("CSE" in French).

The platform comprises various modules aimed at supporting elected employee representatives: managing the operating budget and employee benefits, direct communication with staff, etc. In 2020, a payment account was built into the platform. "It was a major leap forward," Arthur Reboul, Leeto's CEO, explains.

Less than

24 hours

to open an account entirely online

What is the significance of the BaaS solution in Leeto's offering?

Leeto has been designed to support employee representatives with all of their tasks. The platform comprises two interfaces. One is reserved for elected employee representatives, with tools for managing cash-flow, accounting and communicating with staff.

The other interface is for the company's employees. They can find all of their employee benefits there, for instance. The scope is broad and poised to expand further in the future. **The payment part isn't the core feature of our offering, but it is a key aspect of our value proposition.** In this way we can set ourselves apart with very strong added value. Indeed, we are the very first platform to have introduced payment accounts into our offering.

Was it time-consuming to add a payment solution to the Leeto platform?

We had been in contact with Treezor since starting up in 2018. That said, we started by developing our offering before integrating the payment module. In 2020, we were ready and that's when we added Treezor to our offering. The solution was operational very quickly and, in my opinion, this is why it is interesting to rely on a company that is an expert in its core business.

Since 2020, Leeto has provided elected employee representatives with two accounting lines: one for the operating budget and the other for employee benefits. For union representatives, this feature has been an undeniable leap forward. This becomes clear when you bear in mind that opening a bank account with a traditional bank is no easy matter for an employee representative body. Lots of supporting documents are required and bank advisers are seldom up to speed with the specifics of how an employee representative body is run. It therefore takes between three and nine months to open an account in a traditional bank. To tackle this problem, **we provide the option of opening an account online in less than 24 hours. Union representatives are issued a virtual payment card for settling operating expenses.**

For employees, we enable ultra-fast reimbursement of expenses via the employee benefits account. Employees using their benefits, such as to pay for gym memberships, are able to report this via the Leeto platform. Thanks to SEPA payments, reimbursements are automated and carried out in just a few hours. This is another significant improvement for employees who used to have to wait a few weeks for the reimbursement.

What customer feedback have you had about this feature?

We have noticed tremendous interest in our solution since we introduced the payment account. Accordingly, in three months, **we have registered twice as many new customers as during our first two years!** The payment account really does make life easier for employee representative bodies. This feature fully aligns with their needs. All of the features are combined within a single platform. Now their bank adviser is similar to their employee representative body or accounts adviser. Elected employee representatives can be more efficient as a result, by devoting more time to managing substantive issues.

"We are the very first platform to have introduced payment accounts into our offering."

**Arthur Reboul,
CEO of Leeto**

skipr

"The payment card is a cornerstone of our offering."

Arnaud Biebuyck, CFO of Skipr

"We are not a "neobank", but our solution does require the use of payment methods. "

Arnaud Biebuyck,
CFO of Skipr

Founded three years ago, Skipr is a platform for businesses looking to set up a flexible and sustainable mobility policy for their staff. It provides teams with plastic and virtual payment cards for paying for all of their travel expenses. Employees can also use Skipr's MaaS (Mobility-as-a-Service) app to help them plan their journeys from point A to point B by combining public transportation, carsharing and personal vehicles. As a committed advocate of greener mobility, Skipr provides businesses with dashboards showing the CO_2 footprints of their staff. To implement its solution, Skipr called on Treezor for its BaaS solution and Mastercard payment cards. Arnaud Biebuyck, CFO of Skipr, tells us about how the embedded finance solution was chosen and works in practice.

Who is the Skipr solution for? What are the solution's specific features?

Skipr operates in the B2B sector. We believe that separate transport passes no longer meet employees' needs nowadays. With Skipr, employees can allocate their mobility budget however they want. Such an option has become even more invaluable now that travel habits have changed since the pandemic. Remote working has called commuting into question. Mobility has become more diverse, with employees switching between urban transport and private transport. **Skipr's goal is to support businesses in embracing more sustainable forms of mobility by showing the CO_2 footprint of their staff's journeys**. We currently operate throughout France and Belgium and are intending to expand globally starting 2024.

Why did you choose Treezor's solution?

We are not a "neobank", but our solution does require the use of payment methods. Right from the launch, we needed robust and flexible technology that would easily fit into our customer journey. The API-driven BaaS solution is a tech solution rather than a banking solution. **We chose Treezor for various reasons.** First, because Treezor is a provider authorized by the French regulator (the ACPR) with an excellent track record in Europe and is a dependable choice. Furthermore, Treezor's acquisition by Société Générale brings added reassurance, not least for our corporate customers. And, as the icing on the cake, **Treezor's proposal was the most competitive.**

"We needed robust and flexible technology that would easily fit into our customer journey."

Arnaud Biebuyck,
CFO of Skipr

How does Treezor's solution fit into your offering?

The payment card is a cornerstone of Skipr's offering. Our customers are companies, many of which have subsidiaries abroad. Very often, they start by rolling out Skipr's solution in one country with plans to expand to other countries later on. **Thanks to Treezor, we are in an ideal position to be able to support our customers in all the countries they operate in.** So if a company decides to adopt Skipr for their workforce in France, they know they have the future option of rolling out the same solution in other European countries. That's the strength of Treezor's solution: it is "passportable" throughout Europe.

#2

Better understanding of your market and your customers

While the KYC regulatory requirement might appear tedious for fintechs eager to get their solutions quickly off the ground, it is also a sign that the BaaS solution used is dependable and robust.

Right from the outset, Treezor has made conformity compliance its trademark. This commitment was strengthened in 2019 when Treezor was acquired by Société Générale. Treezor doesn't make any compromises when it comes to the regulatory requirement of verifying customers' identities. That said, the BaaS platform strives to streamline the KYC verification processes with its teams through innovations that keep the customer journey moving fluidly. For the fintech, the data collection happens seamlessly and does not require them to intervene. **"We collect data about the transactions and payments carried out by our customers. This data is collected by the Treezor embedded finance module. This way, we are able to concentrate on our added value: coming up with alternative solutions for our customers and solutions for offsetting their carbon footprint,"** says Kamel Nait-Outaleb, founder and CEO of OnlyOne.

Over and above the regulatory aspects, the KYC process is an incredible source of information for businesses. "Treezor collects all of the banking data for us. We are able to use this data **to tell our customers what the carbon footprint of their purchases is**. Based on this carbon footprint, we suggest alternative solutions for lowering their impact.

With the Treezor module we can also collect KYC data to enable us to subsequently promote products and services more in line with our customers' expectations," adds Kamel Nait-Outaleb.

By integrating financial and banking services, data can be collected about customer profiles and their consumer habits. New services can be developed based on the analysis of such data too.

"Banking data is a way of characterising the additional products or services our users might need, such as insurance or premium card options. It is a way of providing more services in response to our customers' expectations."

**Tristan Leteurtre,
President of Mooncard**

The analysis of banking data - far from being incidental - can generate new revenue sources. "Banking data forms the starting point of our value-added offering," Tristan Leteurtre, president of Mooncard further clarifies. It can be harnessed to improve the range of services more in line with users' expectations and pave the way to new solutions that cater to their needs.

only●ne

"The data collected by Treezor empowers us to concentrate on our added value."

Kamel Nait-Outaleb, founder and CEO of OnlyOne

In April 2021, OnlyOne, a fintech providing an eco-friendly payment account for individuals, arrived on the French market: a firmly committed banking service which gives individuals the opportunity to measure, understand and reduce their carbon footprint via an eco-coach specially developed for this purpose. Kamel Nait-Outaleb is the founder and CEO of OnlyOne. He tells us about his startup which relies on Treezor's BaaS solution.

> "We were able to move forward quickly with Treezor's solution. We got our offer up and running in 6 months."
>
> **Kamel Nait-Outaleb,**
> **founder and CEO of OnlyOne**

How did OnlyOne come about? What was the reasoning behind your choice of BaaS partner?

OnlyOne was created in 2018 with a very different model to that adopted by traditional banks. **Our goal is to make banking more ethical and have a positive impact.** To that end, we have developed an algorithm for measuring carbon footprints, so that each of our customers can estimate the impact of their purchases and be given alternative solutions. We came up with OnlyOne back in 2018 after studying the revised Payment Services Directive (PSD2) and ensuing BaaS and SaaS services. It soon became clear that a BaaS (Banking-as-a-Service) solution was most suitable in our case. Indeed, it would have taken us much longer to obtain a banking license for ourselves. We then researched the existing offers on the market, not just in France but also in Europe. In France, Treezor was hands down the most innovative. What's more, **we wanted to be able to offer our customers a French IBAN, virtual cards and recycled PVC plastic cards.** Finally, other fintechs like Qonto and Shine were already using Treezor's services. This was reassuring for us. All these reasons convinced us to choose Treezor as our partner.

Could you have developed the same service via a traditional bank?

I think it would have been much more challenging. First of all because we are positioned as an alternative banking service and the traditional banking giants are often criticised for their environmental impact today. So it would have been a challenge to use traditional models to provide an innovative service. Not only that, but it would certainly have slowed down our time to market. We were able to move forward quickly with Treezor's solution. We got our offer up and running in six months.

What data is collected through the BaaS solution?

We collect data about the transactions and payments carried out by our customers. This data is collected by the Treezor embedded finance module. In this way, we are able to concentrate on our added value: **coming up with alternative solutions for our customers and solutions for reducing their carbon footprint.** Accordingly, Treezor collects all of the banking data for us. We are able to use this data to tell our customers what the carbon footprint of their purchases is. Based on this carbon footprint, we suggest alternative solutions for lowering their impact.

> "It soon became clear that a BaaS solution was most suitable in our case. It would have taken us much longer to obtain a banking license for ourselves."
>
> **Kamel Nait-Outaleb,**
> **founder and CEO of OnlyOne**

What are the next steps for OnlyOne?

As of March 2022, our customers can scan their receipts from purchases. Each purchase is thus assessed according to a product life cycle assessment. By the end of 2022, we expect to be able to go further by also suggesting alternative purchases based on the scanned receipt. For example, if a purchase has a particularly high carbon footprint, we will suggest alternative products to our customers. Finally, **our aim at some point in the not too distant future is to become a payment institution and credit institution. This is in no way incompatible with continuing to use Treezor's solution.**

mooncard

"Banking data forms the starting point of our value-added offering."

Tristan Leteurtre, President of Mooncard

Founded in 2016, Mooncard is the leading French specialist in corporate payment cards. With a customer portfolio of 4,500 companies, the fintech now operates throughout Germany, Belgium, Spain, Italy and the Netherlands. Its solution combines a payment card with software solutions for simplifying and expediting the management of expense reports and corporate expenses. Such an innovation would not have been possible without a BaaS solution. Tristan Leteurtre, President of Mooncard, tells us why.

> "With an embedded finance solution, we can process data in real time."
>
> Tristan Leteurtre, President of Mooncard

Which type of customer has Mooncard been designed for? How does embedded finance help you in delivering your solution?

Mooncard is a solution for all businesses that manage their expense reports manually. We are convinced that, in the future, employees will no longer have to pay for professional expenses using their personal payment card. **By combining a payment method with a management software, Mooncard saves staff and finance directors alike a lot of time.** This solution could never have come about without BaaS. This is because, with an embedded finance solution, we can process data in real time. When an employee pays for something with their Mooncard payment card, a notification asks them to scan their receipt. If we operated through a traditional banking solution, we would have to wait until the transaction had gone through - so two to three days - before sending the employee a notification.

How do you use Treezor's solution?

We contacted Treezor in 2020 about part of our offering. We had already signed a partnership for the payment card part with another BaaS provider when we launched Mooncard. But **we wanted to enhance the finance part of our offering with a robust KYC process and by providing our customers with French IBANs. Treezor also has a virtual IBAN solution available which facilitates reconciliation.** We chose Treezor for all of these reasons. It only took three to four months for Treezor's solution to be up and running in our systems.

Data collection and analysis are central to your value-added offering. In what way does the BaaS solution enable you to collect data?

The banking data collected forms the starting point of our value-added offering. **The more detailed the data, the less users are required to provide supporting documents.** We are also able to cross-link data. For instance, if an employee decides to sync their calendar with their payment card, a transaction made in a restaurant in Lille will instantly be assigned to the Lille-based project. The same applies for mobility payments, which are directly categorised as such in the company's back office.

4,500
business clients

> "It only took 3 to 4 months for Treezor's solution to be up and running in our systems."
>
> Tristan Leteurtre, President of Mooncard

Can you then leverage knowledge of users' practices to offer them other products and services?

Yes, absolutely. Banking data is a way of characterising the additional products or services our users might need, such as insurance or premium card options. It is a way of providing more services in response to our customers' expectations. Incidentally, we have forged a partnership with Air France KLM's Flying Blue loyalty programme, so that Mooncard holders can be offered cashback in Miles. For some businesses, this helps to build loyalty among their workforce.

#3

More efficient and productive organisation
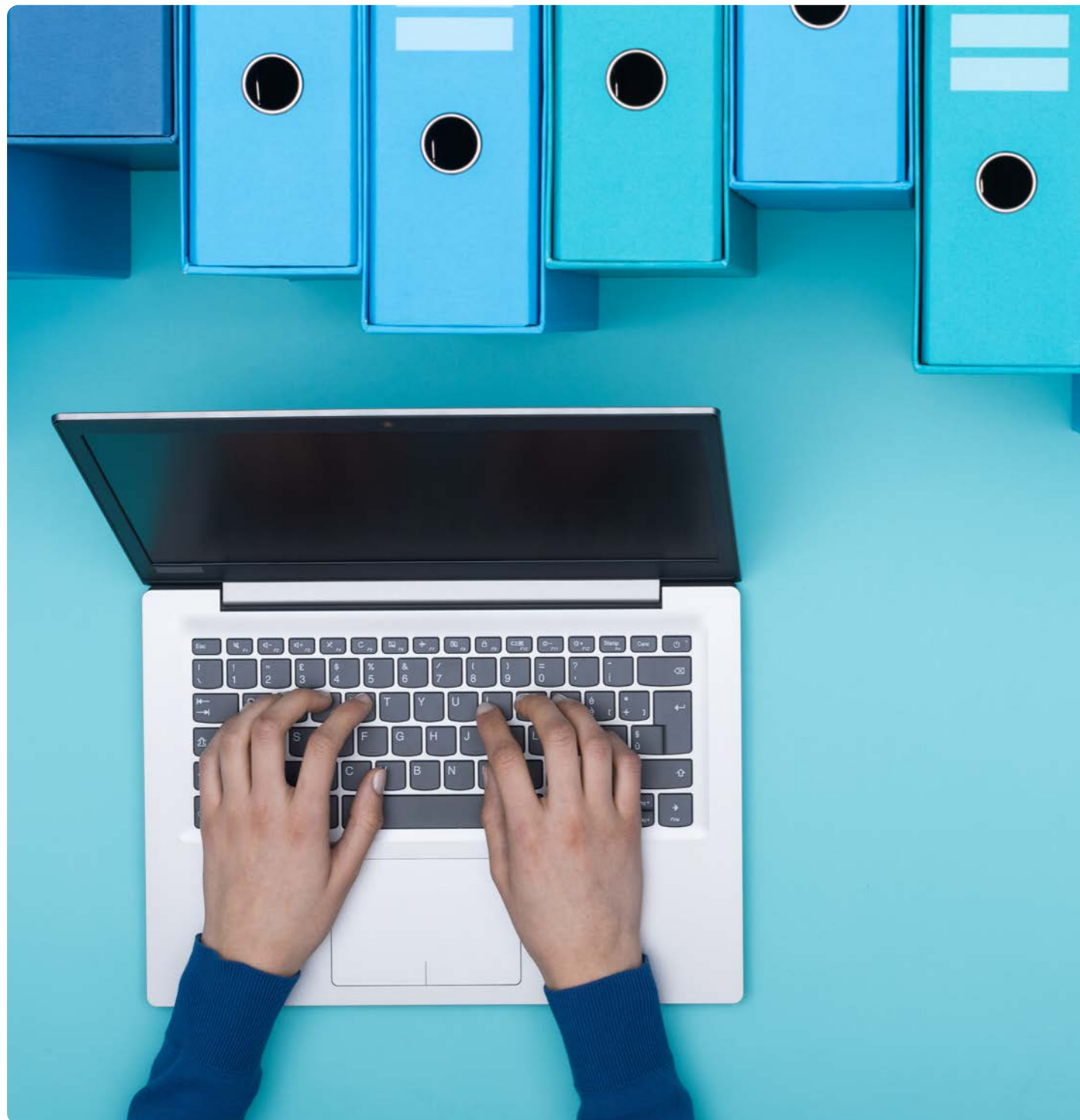
The digitisation of businesses is underway. Whatever their size or business sector, every business now uses digital tools. These are not only for the attention of end customers, but also for internal use with HR or cash-flow management platforms. By integrating financial services, companies can increase their efficiency through, for example, ERP automation and the integration of management systems for staff. All business lines are concerned: from finance departments digitising their cash-flow management reports to marketing departments producing scores of their campaigns, not forgetting customer service departments using AI in their modelling.

Organisational procedures across the board are therefore being redefined as digitisation gains ground. Companies are moving towards more flexible management systems that can be adjusted in real time. This manageability is largely powered by embedded finance modules which can be seamlessly integrated into apps. Thanks particularly to the development of BaaS platforms, this is how "neobanks" have emerged.

> "Shine is a fintech that has grown thanks to Open Banking, following the two European Payment Services Directives, PSD1 and PSD2."

**Raphaël Simon,
Managing Director of Shine**

All over Europe, new banking providers are challenging traditional banks on their markets. These new institutions provide financial services with low-cost solutions for individuals and professionals. We could cite Qonto as one such example, which offers an account alternative for professionals, and became a unicorn in 2022.

Thanks to BaaS platforms, end users can now be offered solutions with many built-in management tools. This is the case with Shine, whose solution encompasses a business account, accounting tools, insurance and payment cards, which are particularly effective turnkey solutions for entrepreneurs. "Partnering with a BaaS solution enabled us to launch quickly, without having to set up the necessary internal tools for risk coverage because we operated under Treezor's banking license," explains Raphaël Simon, Managing Director of Shine. He further points out that "In Europe, the Payment Services Directives have opened up tremendous opportunities for companies which have been able to quickly get off the ground thanks to BaaS solutions."

SHINE

"When a fintech grows,
it makes sense to want to bring
a part of the technology in-house."

Raphaël Simon, Managing Director of Shine

Since 2017, Shine has marketed bank accounts and payment cards for professionals and businesses. Right from the beginning, the fintech used Treezor's solutions: banking license, core banking, payment cards and technology. Shine now has more than 100,000 customers. To drive forward its growth, the "neobank" has become a payment institution and secured a license from the French regulator (the ACPR). What about the partnership with Treezor? Raphaël Simon, Managing Director of Shine, explains.

100,000+

business clients in France

What was your initial thought when choosing a provider at your solution's launch?

Shine is a fintech that has grown thanks to Open Banking, following the two European Payment Services Directives, PSD1 and PSD2. Back in 2017, the BaaS solutions market was still fairly young in Europe. We wanted to work with a French provider so as to give our customers French IBANs and Treezor was the sector leader. Lots of other fintechs were already using its services. **Treezor's turnkey solution, which particularly included a payment card and accounts, won us over straight away.** The services' cost was also competitive. Partnering with a BaaS solution enabled us to launch quickly, without having to set up the necessary internal tools for risk coverage because we operated as an agent under Treezor's license as a payment institution. In Europe, the Payment Services Directives have opened up tremendous opportunities for companies which have been able to quickly get off the ground thanks to BaaS solutions.

In July 2021, you were awarded your license from the French regulator, the ACPR. Is this a game-changer for your business?

Yes, absolutely. **We have just reached the milestone of 100,000 customers in France**, and now we are really aiming to expand further in France and beyond. Indeed, when a fintech grows, it makes sense to want to bring its core banking in-house. This will make it more agile and responsive and empower it to set up specific solutions in line with its customers' requirements.

Being a licensed payment institution means we can have more specific processes and end-to-end control over our operations. That said, such a license requires significant internal investment. The risks are now our responsibility and we are accountable to the regulatory authorities. **Our teams have grown: 45 members of Shine's 230-strong workforce are now focused on financial security.**

How does this license impact the partnership forged with Treezor?

We have renewed our partnership with Treezor for several years! We are continuing to partner with Treezor especially for our payment cards because we are not a Mastercard Principal Member but Treezor is. The card aspect aside, we have also reinforced our partnership with Treezor regarding the technical and information system aspects too. **Today more than ever, Treezor is a Provider of Outsourced Essential Services (PSEE in French) for our business.** Today, this is a significant challenge for both of us and Treezor's teams are currently upgrading their information systems to better meet the needs of Shine and other regulated institutions.

Shine and Treezor are now part of the same group: Société Générale. Does this fact make it easier to develop projects together?

When we chose Treezor as our service provider in 2017, we were still both independent companies. Treezor was acquired by Société Générale in 2019, and Shine has been part of the group since July 2020. This acquisition has not changed our partnership. Ultimately, for Treezor I think we're just another customer. From our point of view, Treezor is still an essential partner. Our common ties with Société Générale have simplified the auditing requirements between entities however, that's for sure.

"Treezor's turnkey solution, which included a payment card and accounts, won us over straight away. The services' cost was also competitive."

Raphaël Simon,
Managing Director of Shine

#4 New revenue sources

Adding financial services to a digital solution or app opens up new opportunities. Payment cards and credit solutions are potential new revenue sources for a fintech or business.

One of the major strengths of embedded finance is the interoperability of solutions, whereby new services can be added to a system.

Aware of this strong potential, Treezor integrated the Franfinance API into its one-stop shop offer, which now means it can provide its customers with a consumer credit option.

A BaaS platform forms the building blocks of Pixpay, a payment solution for teenagers. "Today, just 26% of teens have their own payment card. Given the inflexibility of the banking system in France, traditional banks have little to offer this age range. And yet, practices are evolving: we really do think that, **in 5 years' time, most teenagers will have their own payment card,**" Caroline Ménager and Nicolas Klein, co-founders of PixPay, tell us. **The growth of embedded finance has thus disrupted markets previously served by banks and is ushering in new value propositions.**

"We are targeting fintechs and corporates looking to provide a turnkey credit offer to their own clients, but who are not yet big enough to develop this business activity themselves."

**André Gardella,
CEO of Treezor**

For users, these solutions not only simplify day-to-day activities but also represent new revenue sources, such as through round-up savings which has gained significant traction in recent years.

PIXPAY

"In 5 years' time, most teenagers will have their own payment card."

Caroline Ménager & Nicolas Klein, co-founders of PixPay

Founded at the end of 2019, PixPay provides payment cards for teenagers. Each card is linked to two apps: one for the teen user and the other for their parents, who can top up their child's account and have an overview of all transactions. With its solution, PixPay also seeks to help teenagers learn how to manage money by giving them more independence. Three years after its launch, PixPay has 100,000 users in France and now operates abroad too. Let's hear from Nicolas Klein and Caroline Ménager, co-founders of Pixpay.

What is your position on the market?

Today, just 26% of teens have their own payment card. Given the inflexibility of the banking system in France, traditional financial institutions have little to offer this age range. And yet, practices are evolving: we really do think that, in 5 years' time, most teenagers will have their own payment card. Digital technology is already embedded into their routines and the pandemic only increased online practices further. Incidentally, we've noticed that the average age of teenagers using PixPay is going down. Our average user is now 14-and-a-half years old.

"Under the European regulations, we are able to export our solution."

Caroline Ménager & Nicolas Klein, co-founders of PixPay

What are your KYC obligations?

We are required to comply with the European regulations in terms of checks and security. **Every PixPay account is opened in the parent's name rather than the name of the child.** What's more, parents can decide to run security checks after registering with our solution. Without KYC verification, the payment account is limited to the applicable e-money thresholds, with a maximum monthly amount available of €150 for example. Verification makes it possible to raise this limit. On a final note, this regulatory aspect does not hamper the registration process. Very often, on reading about the features offered by our platform, parents end up opting for the KYC step. Today, nearly 60% of our customers have gone through the full registration process.

How did you go about choosing your BaaS partner?

First of all, we wanted a quick time-to-market. So trying to obtain a license from the French regulator simply wasn't an option. **We wanted a robust solution to cover both the regulatory and technical parts.** We were also looking to partner with a French provider who could guarantee that the funds collected would remain in France. Treezor ticked all the boxes. In six months, the solution was up and running.
In addition, together with Treezor, in 2021 we were able to roll out Google Pay and Apple Pay. These are two highly sought-after services for our users. With PixPay, 20% of payments are carried out through Google Pay and Apple Pay. This is a much higher rate than what is observed in the banking population.

What are your ambitions for growth?

Parents' concerns over the financial education of their children are fairly similar across the EU. **Moreover, under the European regulations we are able to export our solution**. Finally, not many providers on the market currently offer payment accounts for teenagers.

Will you continue to use Treezor's services for your solution outside France's borders?

Yes, we are continuing to work with Treezor. Treezor's solution meets our needs as it encompasses both the technical and regulatory aspects. The system is both robust and scalable. Building on our successful launch in France, we have decided to expand across other European countries, starting with Spain where we already have a foothold.

20%
of payments are made
via Google Pay and Apple Pay

"Treezor's technical and regulatory solution meets our needs. The system is both robust and scalable."

Caroline Ménager & Nicolas Klein, co-founders of PixPay
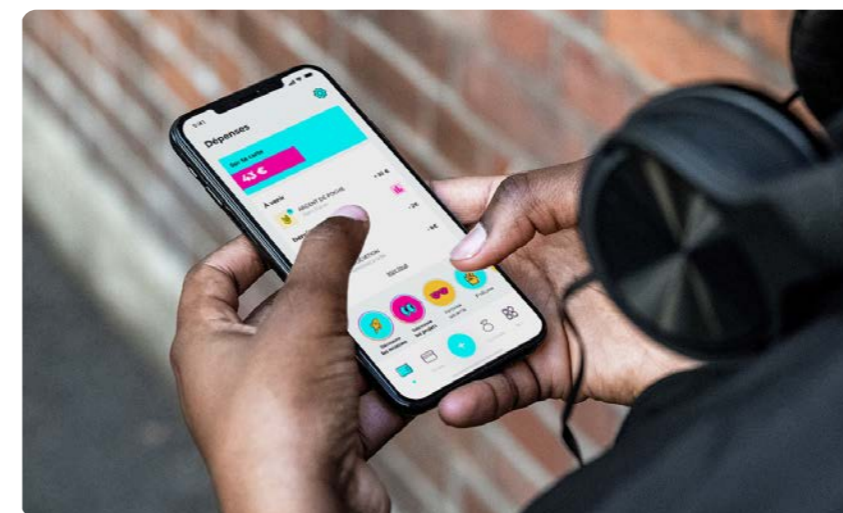
#5

Technology of the future

Embedded finance harbours tremendous opportunities for growth, and not embracing it could mean missing out. Over and above the customer knowledge aspect, BaaS solutions provide fintechs and businesses with new revenue sources. In the current economic context, the first unicorns are incidentally those who tapped into embedded finance tools to accelerate their time-to-market.

"We have been a recognised electronic money institution since April 2021 and a Principal Member of Mastercard since December 2021."

**Quentin Vigneau,
Head of Product Payment of Swile**

Far from being a fixed technology, BaaS platforms are constantly breaking new ground and coming up with new solutions. The payments sector is evolving quickly, and providers right across the board have significant challenges to face, including technology. Growing numbers of fintechs, once sufficiently developed, are choosing to operate under their own license from the French regulator while continuing to use the core banking of a BaaS solution. The unicorn Swile is one such example, as Quentin Vigneau, its Head of Product Payment, explains to us: "We have been a recognised electronic money institution since April 2021 and a Principal Member of Mastercard since December 2021. Treezor now concentrates on services that we aren't looking to bring in-house, namely card processing and the SEPA Gateway. For Swile, Treezor provides the link between issuers and banks for the payment part. This is a major challenge. **So we are working together to enhance the processes and the technology**."

True to its core values, Treezor is constantly improving its solutions, closely in line with its customers' expectations. As such, Treezor is currently working on optimising its core banking to be able to address the concerns of all its customers, be they fintechs, unicorns or large corporate groups. "When our customers bring the regulatory part in-house, there are still two other parts remaining: the technical and the banking aspects. In technical terms, Treezor provides all of its customers with its services, including strong identification and instant payment for example. **Such pooling enables us to make this full range of features available at highly competitive rates**" André Gardella, CEO of Treezor, points out.

Treezor is taking up new technical challenges spurred on by its customers. For La Carte Française, the BaaS platform has successfully delivered an operational solution in just a few days. "We are currently working with Treezor on the roll-out of a new version of La Carte Française. This should be available very soon. Thanks to Treezor's KYC checks, we will be able to 're-identify' cards and thereby raise the caps. This is a crucial stage for our business," explains Charles Huet, co-founder of La Carte Française.

swile

"We are now a recognised financial institution ourselves, and have decided to entrust the critical part of our information systems to Treezor."

Quentin Vigneau, Head of Product Payment of Swile

In 2021, Swile joined the highly exclusive circle of French unicorns. The specialist in digitised meal vouchers has come a long way since its beginnings - rising to become the solution for digitising employee benefits, embedding not just meal vouchers but also gift vouchers, holiday vouchers and travel purchases. Today, Swile provides three tools: an app for employees, a platform for HR and payroll teams, and plastic and virtual payment cards via its partner Mastercard. Although the unicorn is moving up a gear today, it has stayed loyal to Treezor throughout. We talk to Quentin Vigneau, Head of Product Payment of Swile.

30,000
corporate clients in France and South America.

When Swile was founded in 2017, you called on Treezor for the BaaS solution. Why did you make that choice?

What you should bear in mind is that, at the outset, Swile - which was called Lunchr at the time - was primarily seeking to develop a lunch networking platform. This was the idea fronted by the founders who knew very little about the payment world at the time. Back in 2017, Treezor was unquestionably the most innovative provider of BaaS technology in France. The fintech of fintechs was already working with countless other startups. **It was an obvious choice for us: Treezor had the technology package enabling us to go to market immediately**. We were able to get our solution swiftly off the ground on the basis of Treezor's banking license.

In April 2021, Swile secured its own electronic money license. How did this affect your partnership with Treezor?

All fintechs aspire to grow. Today, our volume of transactions and client base are both significant. That's why we decided to bring our core banking in-house and applied for a payment license from France's banking regulator, the ACPR.
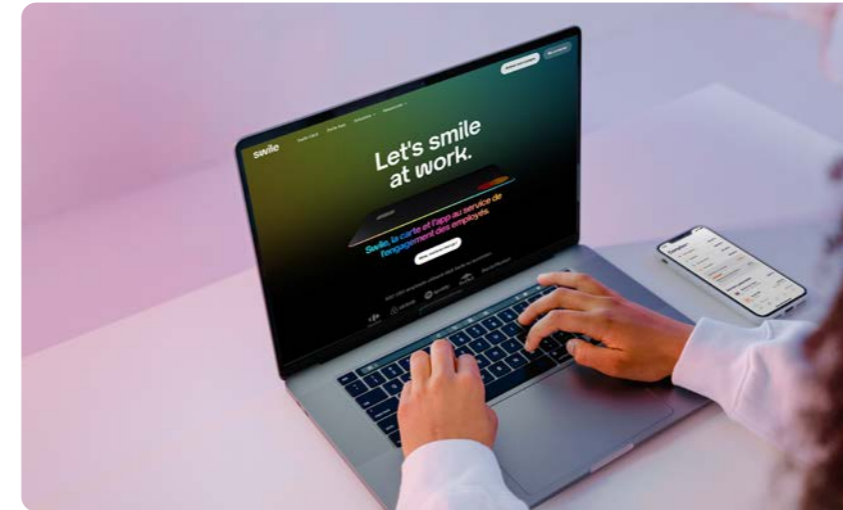
We have been a recognised electronic money institution since April 2021 and a Principal Member of Mastercard since December 2021. These changes in status could have prompted us to end our partnership with Treezor, whose solution is more angled towards fintechs looking for a turnkey solution. But Treezor's teams made us a proposal we couldn't refuse. Treezor now concentrates on services that we aren't looking to bring in-house, namely card processing and the SEPA Gateway (access to the network for making SEPA payments in euros). For Swile, Treezor thus acts not only as the technical bridge between issuers and Mastercard but also as the link between sub-participants and banks for the payment part.

How does this new partnership work in practice?

We are now a recognised financial institution ourselves, and have decided to entrust the critical part of our information systems to Treezor. There are several specialist providers where the SEPA Gateway and Card Processing are concerned. However, we decided to stay with Treezor for this next stage in our development. This is an exciting challenge not just for us but also for Treezor, which has recently moved to support fintechs who have obtained their banking license. So we are working together to enhance the processes and the technology.

What are your ambitions for growth?

Today, Swile has 30,000 corporate customers across France and South America and is continuing to grow.

la carte française

"Raising the spending caps is a crucial stage for our business."

Charles Huet, co-founder of La Carte Française

> On the multi-store gift card market, a new player entered the scene in France in 2019. In its firm commitment to supporting the local economy, La Carte Française is used to make purchases solely from retailers guaranteeing that at least 70% of their catalogue comprises French-made products. Over and above the identification of partner retailers, the roll-out of gift cards that can be converted into payment cards required the fintech to go through a number of technical hoops. Here is what Charles Huet, co-founder of La Carte Française, had to say about this.

More than
150,000
Made in France products

How does La Carte Française position itself?

We launched La Carte Française in 2019 with the aim of helping people's purchases reflect their good intentions. On a daily basis, lots of citizens claim to support the French economy, but in practice what they say and what they buy don't always match up. This is especially true for companies, whose trade representatives work hard all year to protect jobs in France by giving employees mainstream multi-store gift cards at Christmas. Note that over the Christmas period alone, the gift card market in France is worth €2 billion. Whilst there are admittedly some big players within the sector today, none of them offer cards that promote French-made products. **Our aim is to empower each and every one of us to support the local economy through our purchases**. 380 online stores and 150 physical stores have currently teamed up with La Carte Française, encompassing more than 150,000 French-made products.

How did you go about choosing your BaaS provider?

The first version of La Carte Française was launched in November 2019. At its launch, we contacted a bank, but within a few months the European legislation had become stricter. The first version of our card wasn't "re-identifiable", i.e. there was a name on the card but no KYC checks. As a result, the card was capped at €150. What's more, online sales were limited to €50 per transaction. These were all factors that prompted us to look at other solutions. We were approached by one BaaS provider at this point, but the agreement fell through. In October 2021, with Christmas only a few months away, we still didn't have a solution. That's when we reached out to Treezor who we'd already been in talks with. That's when we reached out to Treezor who we'd already been in talks with. **Treezor made its electronic payment license and its APIs available to us.** It only took a few days for the first version of La Carte Française to be up and running again.

> "In October 2021, with Christmas only a fewmonths away, we still didn't have a solution. That's when we reached out to Treezor who we'd already been in talks with."
>
> **Charles Huet, co-founder of La Carte Française**

What are the next challenges ahead?

We are currently working with Treezor on the roll-out of a new version of La Carte Française. This should be available very soon. Thanks to Treezor's KYC checks, we will be able to "re-identify" cards and thereby raise the caps. This is a crucial stage for our business.

So how does Treezor fit in to all this?
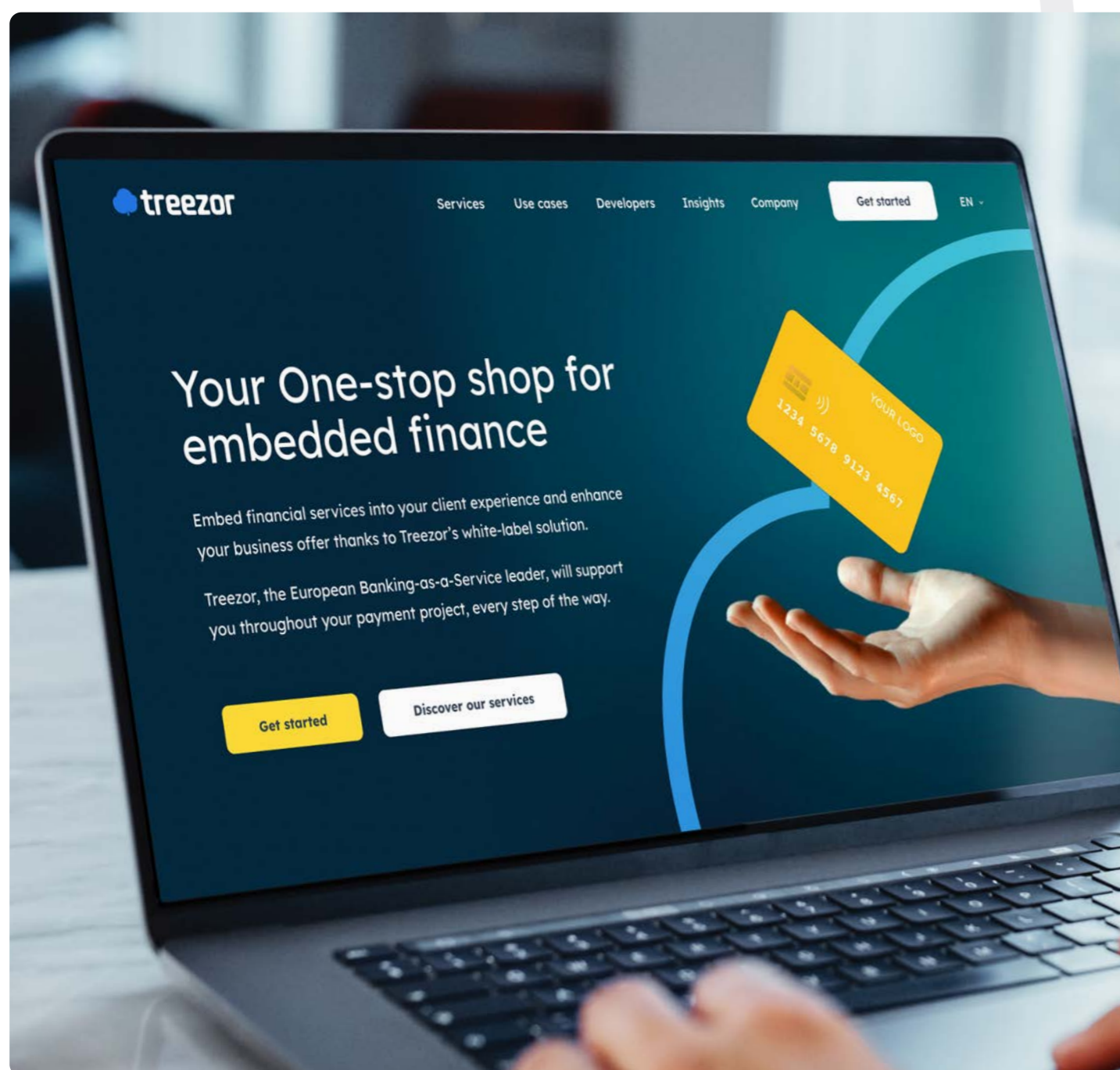
As a broad-based BaaS platform, Treezor expedites its customers' time-to-market

Treezor is an electronic money institution licensed by the French regulator, the ACPR, a Principal Member of the Mastercard and Visa networks and sub-participant of the SEPA network.

Since it obtained its license as an Electronic Money Institution in 2016, Treezor has stood steadfast beside innovative businesses. Its motto: provide them with all the payment services they need in record time. A broad-based BaaS platform, Treezor unlocks fintechs' capacity to operate swiftly by leveraging its licenses and its API. Thanks to Treezor's solution, which encompasses core banking, regulatory compliance and payment methods, companies can focus on delivering core value-added solutions. This cuts the time-to-market to just a few months. Right from the outset, scores of fintechs have chosen to operate using Treezor's solution, such that **Treezor is often dubbed "The Unicorn Farmer"** on the market. **Just some of the big names in the French tech sector that it has supported include Qonto, Lydia, Swile, Shine, Cashbee and Pixpay**. Innovation in the payments sector is booming. Nowadays in Europe, new offers are emerging on the market for fintechs and large companies looking to disrupt or develop new use cases in fields such as employee benefits, corporate mobility, savings, digital banking, financial management, utilities and social aids that rely on Treezor's embedded finance solution.

Today, Treezor is continuing to support fintechs in their early stages as well as corporates looking to work on a ground-breaking project. The unicorns that have grown with Treezor sometimes go on to obtain their own regulatory license. And yet they still use Treezor's services, for its agile and robust solution.

Methodology: Treezor provides its customers with the support they need

Treezor's solution is reliable and scalable: that's its strength. A technical platform on the basis of which businesses can deliver associated services which generate additional revenues. With that in mind, Treezor has developed a proprietary solution and strives daily to improve its services by adding new innovative features. With Treezor's agile and flexible platform, a wide range of services can be implemented in no time:

• **KYC & Compliance:** risk management, fraud and customer onboarding, and electronic signature

• **Card programs:** plastic and virtual payment card issuing, card processing, and BIN sponsorship

• **Digital banking:** white-label core banking, IBAN, E-wallet, and account keeping

• **Account:** IBAN-identified account management and issuance of virtual IBANs

• **Online acquisition:** online payment method acceptance solution

• **SEPA :** SCT Inst transfers, SCT, and SDD core and SDD B2B direct debits

• **Credit:** revolving credit and amortised loans

• **Interfaces:** mobile app and dashboard

Each of Treezor's customers receives bespoke support, from setup of the tech platform to use of the associated services. In keeping with the core values upheld at Treezor, the "fintech of fintechs", its teams work tirelessly together with customers to enhance their value proposition and bring about new services.

This is how Treezor was able to develop a credit service in partnership with Franfinance for example. Since January 2022, Treezor's customers all have the option of embedding a turnkey amortised loan and/or revolving credit service into their customer journey.

The European BaaS platform is also stepping up its international growth, particularly through the projects of its customers who, building on their success in France, are now expanding across many European countries.

Treezor was established in 2015 by three fintech founders who saw a revolution coming in the world of payments. Ever since, Treezor, who pioneered Banking-as-a-Service and is now a leader in its field, has not stopped optimising its services in close conjunction with its customers. André Gardella, CEO of Treezor, goes back over the history of this company which very quickly became "the fintech of fintechs" and shares Treezor's growth ambitions in France and abroad with us.

> "The more a fintech grows, the more banking services it needs."

André Gardella,
CEO of Treezor

How did Treezor come about?

The idea for Treezor first came about in 2006. At the time, three partners founded a fintech on the model of an online money collection pot. But it wasn't long before they encountered regulatory hurdles: to increase the cap on transactions, the fintech had to become a comprehensive, regulated system. They thus decided to develop a solution for fintechs providing payment services available via API. **After securing their license from the French regulator as an EMI (electronic money institution), Treezor's first solution was launched in 2016. One year later, the payment card was added in partnership with Mastercard.**

Which unicorns has Treezor supported?

The emergence of a provider like Treezor changed the shape of the French fintech landscape. **Don't forget that this set an absolute revolution in motion at the time. By seeing to the technology, regulatory compliance and payment card side of things for innovative businesses, Treezor allowed them to devote their full attention to innovation.** Lots of unicorns owe their status to their partnership with Treezor - Qonto, Lydia and Swile are just three examples. These unicorns were all able to roll out highly disruptive services through a fully customer-centric system. They were able to rival the market's traditional providers with major innovations, such as Swile's all-in-one card delivering a full package of employee benefits. **What all these companies have in common with Treezor is their bold and trailblazing attitude.**

In 2019, Société Générale made a move on Treezor. What motivated this decision?

The decision to acquire Treezor was reached after extensive discussions within the Group. Treezor soon emerged as the top name various business lines were citing for developing new services and building new business models. **Treezor is a pure-play BaaS provider in France and unquestionably the leader on this market**. It should be stressed that, in the acquisition agreement, Treezor remains a legal entity with its own brand and substantial management autonomy. However, in such sovereign matters as compliance or risk management, Treezor is aligned with the Société Générale group's operations.

What advantages has Société Générale brought to Treezor?

Right from the acquisition, we set up an ambitious development plan with major objectives for growth. **At the time of the acquisition, in 2019, Treezor had 40 employees. By the end of 2023, its workforce had grown to 200 employees.** Over and above ensuring compliance, Société Générale also endows Treezor's solution with new services, such as loan solutions via Franfinance and an insurance option via Moonshot. Both of these solutions have just been added to Treezor's API. This means that Treezor's customers are now able to offer new services to their end users. For its part, Treezor provides Société Générale with a new distribution channel and scope to develop projects in tandem with the Group. One such example is Banxup, Société Générale's offering for teens, which would not have been possible without a BaaS solution.

Many of your customers are reassured by French IBANs. In what way is a French-based BaaS solution an asset?

I think that the French-issued IBAN is reassuring when you know about all the French regulations and the way they work in practice. For instance, bankruptcy management or asset freezing mechanisms may be very different from one country to the next - even within Europe. The capacity to manage an IBAN demonstrates that the BaaS provider is able to ensure security in terms of management.
Partnering with a BaaS provider that is regulated by the French banking authority (the ACPR) and, moreover, backed by a major banking group means you have the support of a robust stakeholder. In France, the regulator is extremely vigilant regarding newcomers to the market. Yes, we operate flexibly, but absolutely no compromise is permitted where the regulator's demands are concerned.

Some fintechs have grown to the extent that they now have their own license from the French regulator. Can you still provide them with relevant support? If so, in what way?

When our customers bring the regulatory part in-house, there are still two other parts remaining: the technical and the banking aspects. In terms of tech, Treezor provides all of its customers with a vast range of payment and account management services that is constantly being enhanced - whether in terms of strong identification or instant payment for example. Such pooling enables us to make this full range of features available at highly competitive rates. Then there are the banking services. Thanks to our close ties with Société Générale, we are able to provide customers, within a unified solution, with the full range of banking services they need, including safeguarding accounts and access to the SEPA network.

Apart from fintechs, who else does Treezor have as customers?

We are seeing the market pick up increasing momentum around embedded finance. Major corporate groups are building financial service components into their solutions. Thanks to Treezor's flexible API, we are empowering them to add financial services to their customer journeys. This is a major growth driver for Treezor which, in addition to fintechs, is supporting ever more key accounts. Incidentally, it is often Société Générale's key account teams who, in their advising capacity, refer these customers to Treezor for support in rolling out new solutions.

What are your ambitions for expansion abroad?

The international stage is the second growth driver Treezor has identified. It ties in naturally with the driver concerning corporate customers, since large corporations operate globally, delivering their solutions across several countries. This is why Treezor now operates at a European level, in Germany, Italy, Spain and the Benelux countries. Such international development also benefits our fintech customers which, in the same way as unicorns, can grow at a very swift pace. On a final note, **our expertise is recognised beyond France's borders and we are contacted by European fintechs on a regular basis about the development of their projects**.

Treezor in a nutshell

About us

• Launched in 2016 by two French entrepreneurs

• Mastercard principal member

• Acquired by Société Générale group in 2019

• 1st French Electronic Money Institution authorised for all payment services

• Expansion of the partnership and acquisition of a minority stake by Mastercard in 2022

Key figures

100+
customers

+200 %
growth over the past 3 years

€40 Bn+
processed transactions

3 M+
cards issued

They rely on us

swile

SHINE

Matera

PIXPAY

mooncard

Wonderbox
RÉALISATEUR DE RÊVES

TotalEnergies

sodexo

and many more...

treezor

ENABLE CREATIVE BANKING