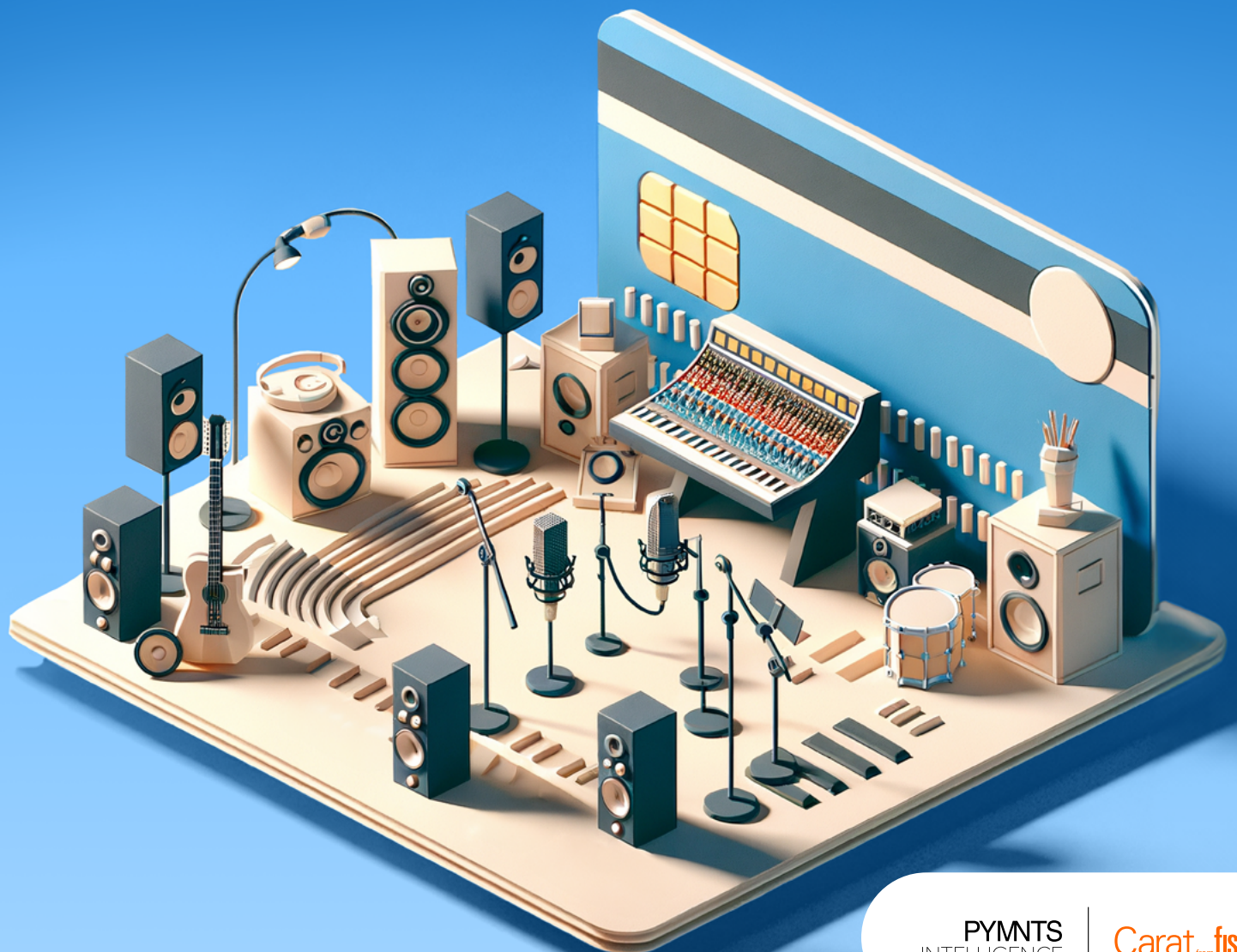


THE EMBEDDED FINANCE ECOSYSTEM MEDIA AND TELECOM EDITION

February 2024 Report



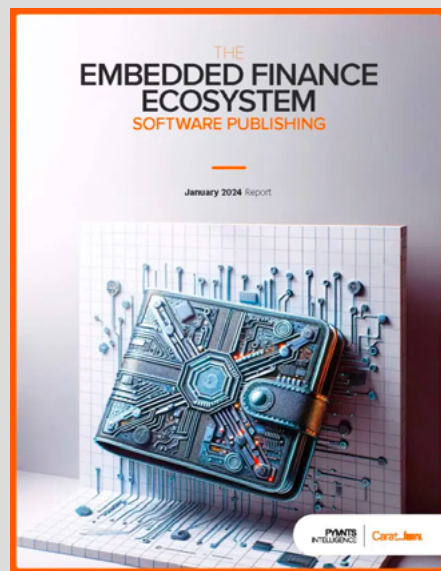
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The Embedded Finance Ecosystem: Media and Telecom Edition was produced in collaboration with Carat from Fiserv, and PYMNTS Intelligence is grateful for the company's support and insight. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

TABLE OF CONTENTS

What's at Stake	04
Key Findings	06
Conclusion	22
Methodology	23

WHAT'S AT STAKE

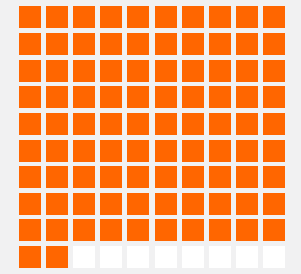
Businesses in the media and telecom segment are eager to expand their embedded finance offerings. Payment facilitators (PayFacs), independent software vendors (ISVs) and marketplaces alike display strong appetites for a wide range of embedded finance innovations, including digital wallets, loyalty programs, business credit cards and more. These players indicate keen interest not only in onboarding brand new features and products but also in enhancing those they already offer.

PYMNTS Intelligence's latest study reveals that marketplaces in the media and telecom space have particularly robust demand for embedded finance. Among these businesses, 92% indicate high levels of interest in loyalty and rewards program innovations, and 85% say the same about digital wallet innovations. Adopting these and other embedded finance features is not without its challenges, though. For example, the data shows that many players in this sector struggle with regulations and

compliance as well as decision-making in the context of financial innovation.

These are just some of the findings revealed in The Embedded Finance Ecosystem: Media and Telecom Edition, a PYMNTS Intelligence and Carat from Fiserv collaboration. This edition examines the growing role of embedded finance in the media and telecom segment, building on insights from a survey of 282 executives working at PayFacs, ISVs and marketplaces conducted from May 10, 2023, to Aug. 25, 2023.

92%



Share of marketplaces with strong interest in loyalty and rewards program innovations

KEY FINDINGS

Key players in the media and telecom sector — PayFacs, ISVs and marketplaces — show strong interest in embedded finance innovations, particularly loyalty programs and digital wallet features.

Operational enhancement is the leading innovation priority for ISVs and marketplaces in the media and telecom sector.

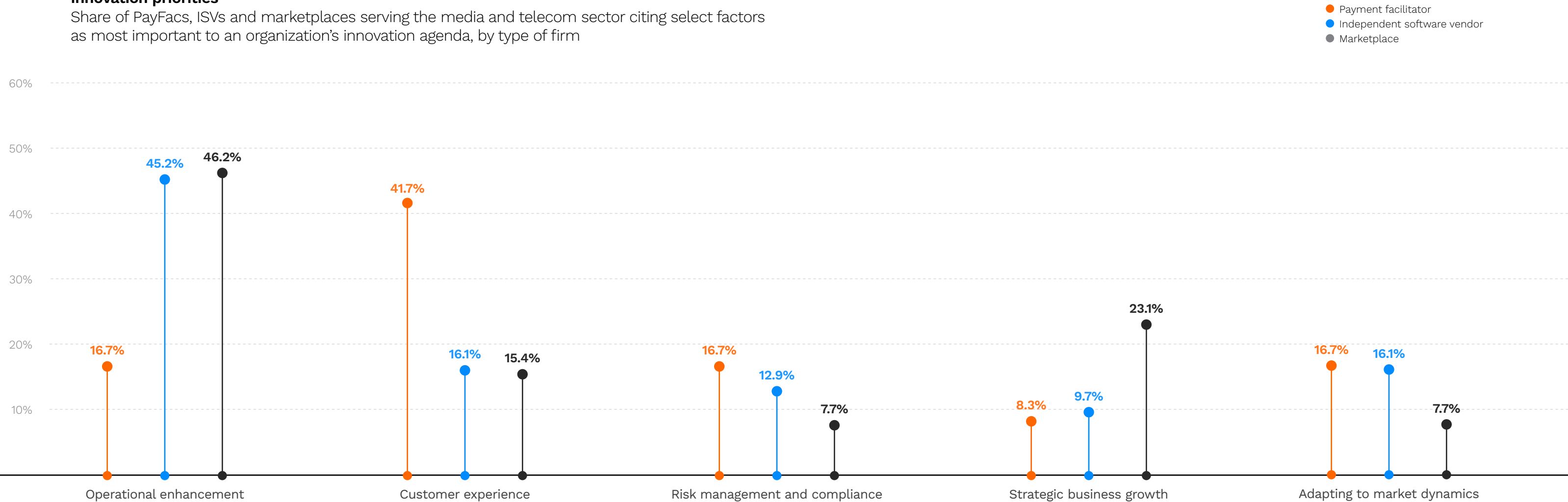
ISVs and marketplaces in the media and telecom sector widely prioritize operational improvements, such as faster transaction processing, above other innovation opportunities. Among those surveyed, 45% of ISVs and 46% of marketplaces place operational enhancements at the top of their innovation agenda. This suggests businesses across the media and telecom space recognize the importance of streamlining and automating processes to boost efficiency and deliver smooth customer experiences.

The innovation agenda for PayFacs in the media and telecom space differs substantially, however. They are most likely to rank customer experience as their top innovation priority, with 42% doing so. This makes sense because PayFacs deliver embedded finance and other payment solutions to end-user businesses, making them especially customer-focused.

FIGURE 1:

Innovation priorities

Share of PayFacs, ISVs and marketplaces serving the media and telecom sector citing select factors as most important to an organization's innovation agenda, by type of firm



Source: PYMNTS Intelligence

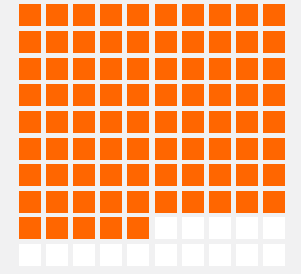
The Embedded Finance Ecosystem, February 2024

N = 56: PayFacs, ISVs and Marketplaces that serve the media and telecom sector, fielded May 10, 2023 – Aug. 25, 2023

Marketplaces in the media and telecom sector show especially strong demand for loyalty programs and digital wallets, with high levels of interest among ISVs and PayFacs as well.

Key players in the media and telecom space show strong interest in innovating a variety of embedded finance features. These range from basic embedded payments acceptance to tailored credit products, such as buy now, pay later and business credit cards. This offers a cautionary note to any firms thinking of sitting on the sidelines while their competition moves forward.

85%



Share of marketplaces with strong interest in digital wallet innovations

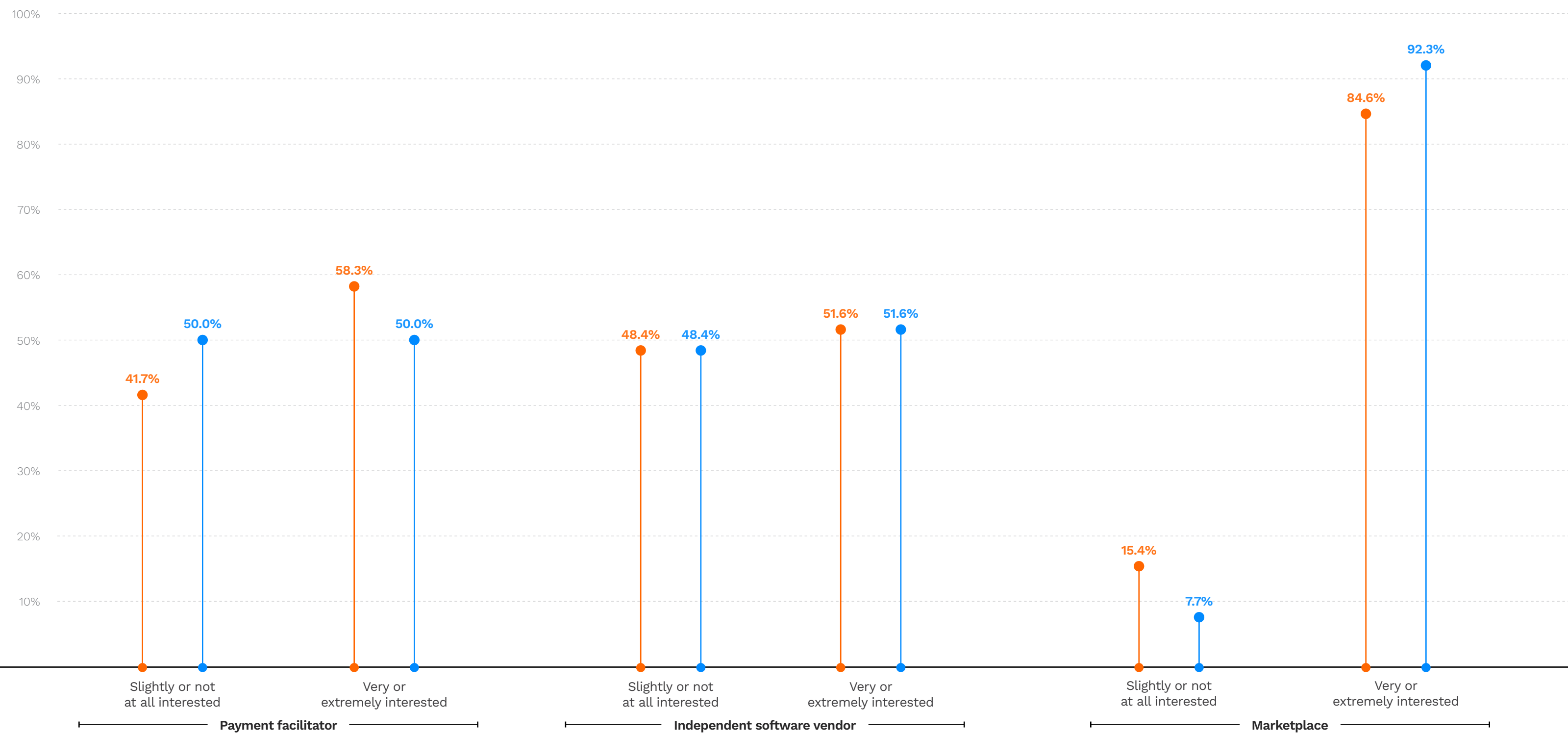
Two features stand out for having especially high demand among marketplaces in the sector. Ninety-two percent of marketplaces are very or extremely interested in loyalty or reward program innovations, and 85% say the same for digital wallets. Over half of PayFacs and ISVs also indicate high levels of interest in innovating in each of these areas.

FIGURE 2:

Interest in digital wallet and loyalty program innovations

Share of PayFacs, ISVs and marketplaces serving the media and telecom sector citing select levels of interest in innovating digital wallet solutions or loyalty and rewards programs

● Digital wallets
● Loyalty or reward programs



Source: PYMNTS Intelligence

The Embedded Finance Ecosystem, February 2024

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Relatively few players in the telecom and media segment currently offer installment plan options or business credit cards, but many are highly interested in doing so.

Many PayFacs, ISVs and marketplaces in the media and telecom sector have a strong appetite for adding new embedded finance features into their platforms and products. Data suggests embedded finance adoption will ramp up in this space and underscores the need for businesses to quickly adapt to keep up with the competition.

One such standout is installment plans. Just 25% of PayFacs currently offer installment plans, but 33% more are very or extremely interested in beginning to offer innovations in this area. Some ISVs (9.7%) and marketplaces (23%) are highly interested in adding their first installment plan features.

Business credit cards represent another embedded finance product with low rates of current adoption but high levels of demand. Most notably, 46% of marketplaces indicated they do not currently offer businesses credit cards but are very or extremely interested in innovations in this category, while one-third of PayFacs and one-quarter of ISVs said the same.

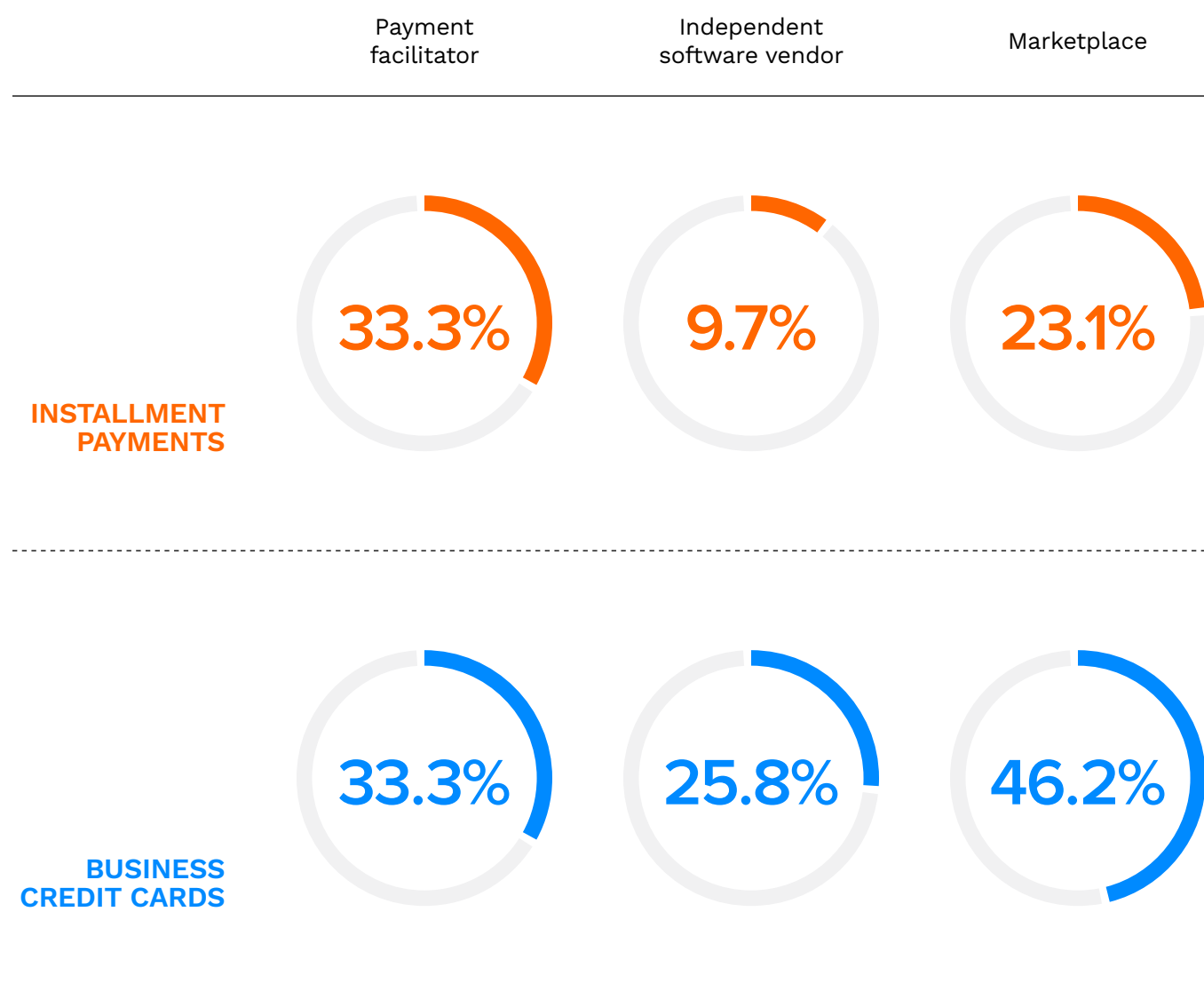
33%

Share of PayFacs that do not currently offer installment plans but are interested in doing so

FIGURE 3:

Interest in adding installment plan and business credit card innovations

Share of PayFacs, ISVs and marketplaces serving the media and telecom sector that do not currently offer installment payments or business credit solutions and are very or extremely interested in innovating them



Source: PYMNTS Intelligence

The Embedded Finance Ecosystem, February 2024

N = 56: PayFacs, ISVs and Marketplaces that serve the media and telecom sector, fielded May 10, 2023 – Aug. 25, 2023



Data suggests embedded finance adoption will ramp up in this space and underscores the need for businesses to quickly adapt to keep up with the competition.



Regulation and compliance — and a lack of resources — are the biggest innovation challenges for ISVs and marketplaces in the media and telecom sector.

Innovation brings not just rewards but also challenges — businesses in the media and telecom sector face a range of difficulties in bringing innovations to market. Regulation and compliance represents the issue most commonly named as the biggest challenge for both ISVs and marketplaces, at 35% and 31%, respectively. Conversely, just 8.3% of PayFacs identified

this as their greatest obstacle, highlighting their expertise in this area.

Lack of resources is another frequently cited challenge. For PayFacs in the media and telecom space, this tops the list, as it is cited by 33%, nearly twice the cross-industry average of 17%. Other notable issues include the complex internal decision-making processes, which ranked second among marketplaces, and lack of good data to inform decisions, cited by 8.3% of PayFacs and 23% of marketplaces. Overall, the data confirms that

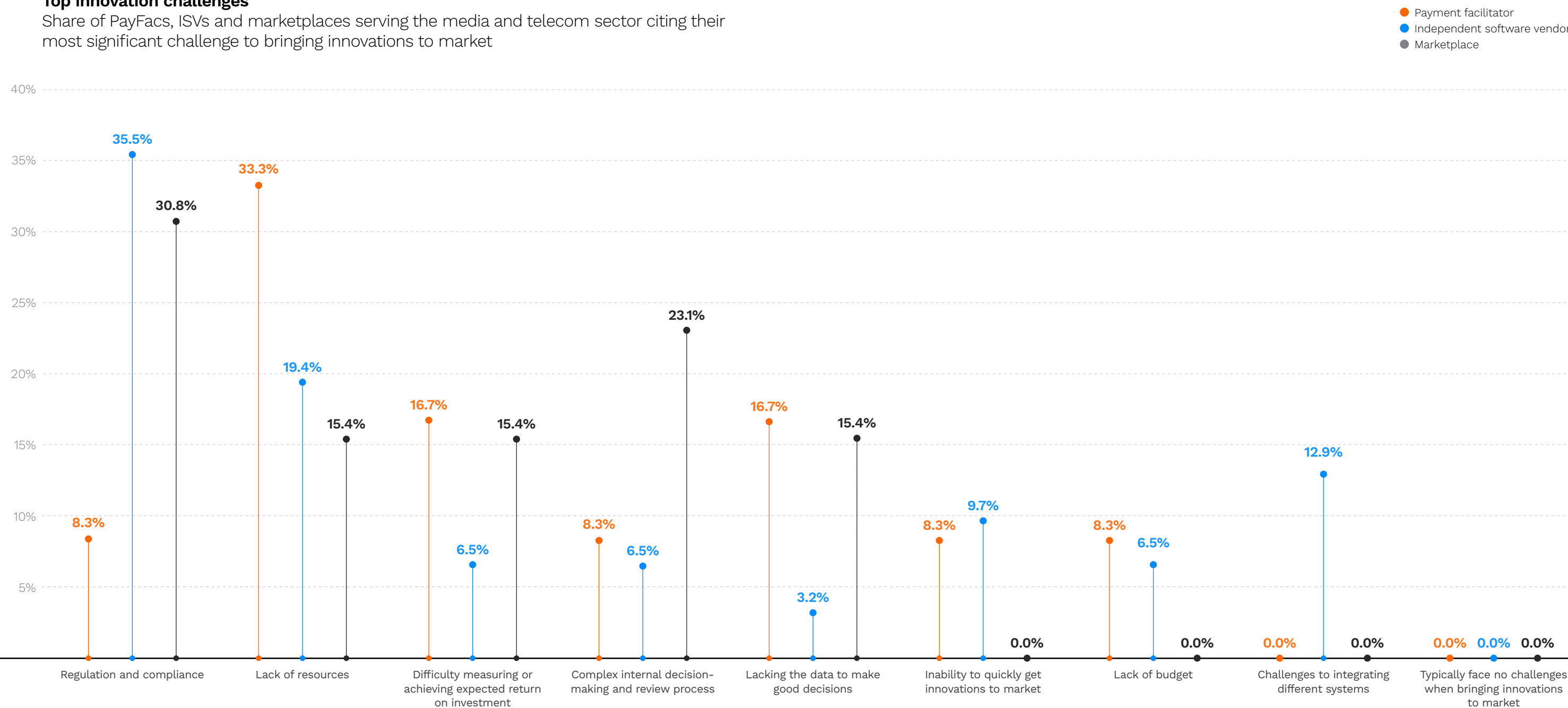
35%

Share of ISVs that cited regulation and compliance as their biggest challenge

FIGURE 4:

Top innovation challenges

Share of PayFacs, ISVs and marketplaces serving the media and telecom sector citing their most significant challenge to bringing innovations to market



Source: PYMNTS Intelligence

The Embedded Finance Ecosystem, February 2024

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CONCLUSION

PayFacs, ISVs and marketplaces in the media and telecom space show a clear appetite for embedded finance innovations — both in adopting new features they do not yet offer and enhancing those they already do. This holds for many embedded finance features, ranging from basic embedded payments acceptance to business credit cards. Marketplaces show particularly strong interest in loyalty programs and digital wallet acceptance, innovations that also hold appeal across PayFacs and ISVs. Adopting new embedded finance innovations can be challenging, however, with regulation and compliance standing out as one of the biggest areas of concern. Embedded finance solution providers can help players in the media and telecom space address these difficulties and smoothly onboard new innovations that satisfy their customers and keep them ahead of the competition.

METHODOLOGY

The Embedded Finance Ecosystem: Media and Telecom Edition is based on a survey of 282 executives working at PayFacs, ISVs and marketplaces conducted from May 10, 2023, to Aug. 25, 2023. This report examines the evolving strategies and innovation priorities PayFacs, ISVs and marketplaces in the media and telecom segment are pursuing as well as the challenges they face.

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