

At 19.3 % of CAGR | Banking-as-a-Service Market Set to Reach USD 22.6 Billion by 2032- Analysis of Recent Trends & Demand

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NEW CASTLE, DELAWARE, UNITED STATES, June 25, 2024 /EINPresswire.com/ -- Allied Market Research published a report, titled, "[Banking-as-a-service Market](#) by Component (Platform and Service), Type (API-based Bank-as-a-service and Cloud-based Bank-as-a-service), and End User (Banks, Fintech, and Others): Global Opportunity Analysis and Industry Forecast, 2023-2032. According to the report, the global banking-as-a-service industry generated \$4 billion in 2022, and is anticipated to generate \$22.6 billion by 2032, witnessing a CAGR of 19.3 % from 2023 to 2032.

Banking-as-a-service (BaaS) is an end-to-end approach that facilitates FinTech companies and other third party organizations to connect with a bank's system employing APIs. This helps organizations to build innovative financial services upon the provider bank's regulated infrastructure while enabling open banking services. In addition to this, various industries such as e-commerce, travel, health, telecom, and retail are using banking-as-a-service platform to boost business sales. Moreover, banking-as-a-service is mostly driven by the larger trend of digital transformation in the banking industry. Banking-as-a-service industry helps traditional banks and financial institutions to improve their digital services, optimize operations, and stay competitive in the ever-changing financial market. Now a day, traditional banks and financial institutions are adopting digital strategies.

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Prime Determinants of Growth

Banking-as-a-service makes it possible for financial services to be unbundled, which permits the development and provision of specialized services. This encourages innovation and competition in the financial sector by meeting the needs of specialized markets and customers. Furthermore, banks expand their offers internationally without having to have a physical presence due to banking-as-a-service, which helps to facilitate the globalization of financial services. Customers who need foreign financial services would especially benefit from this. Moreover, the creation of

customer-centric solutions is made possible by banking-as-a-service. Banks can improve the overall client experience by providing individualized and customized financial goods and services through the use of APIs and open banking platforms. In addition, one important factor is the cooperation between fintech businesses and traditional banks. Banking-as-a-service makes it easier for fintech companies to collaborate with banks so they can offer cutting-edge financial services and solutions by using their infrastructure and regulatory compliance.

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COVID-19 Scenario

- The pandemic highlighted the financial services industry's need for flexibility and creativity. In order to quickly integrate digital solutions and improve their service offerings, several traditional banks resorted to BaaS providers and fintech partners.
- In addition, the move to remote work brought cloud-based and API-driven solutions to the forefront of prominence. With their flexible and API-focused platforms, banking-as-a-service providers were in a good position to help banks adjust to the demands of remote work.

The platform segment to maintain its leadership status throughout the forecast period

By component, the platform segment held the highest market share in 2022, accounting for more than two-thirds of the global banking-as-a-service market revenue. This is attributed to the fact that a variety of banking services are provided by banking-as-a-service (BaaS) service providers, enabling enterprises and financial institutions to contract out non-core banking tasks. Services including account administration, payments, compliance, and risk management are included in this. Businesses are able to concentrate on their core capabilities by outsourcing such functions, driving their high share in the banking-as-a-service market. However, the service segment is projected to manifest the fastest CAGR of 21.4% from 2023 to 2032, This is attributed to the fact that the scalability of BaaS platforms, enterprises, and financial institutions modify their banking offerings in response to changing market demands. BaaS solutions are appealing to a variety of companies due to their scalability and flexibility, particularly those that are growing or have fluctuating transaction volumes.

The API-based bank-as-a-service segment to maintain its leadership status throughout the forecast period

By type, API-based bank-as-a-service segment held the highest market share in 2022, accounting for more than three-fourths of the global banking-as-a-service market revenue, and is estimated to maintain its leadership status throughout the forecast period. This is attributed to fact that its ability to facilitate seamless integration, foster innovation, and enable efficient collaboration between financial institutions and third-party developers, leading to enhanced customer experiences and a broader range of financial services. However, the Cloud-based Bank-as-a-

service segment is projected to manifest the fastest CAGR of 22.0% from 2023 to 2032, this is attribute to its scalability, cost efficiency, and ability to provide agile and customizable banking solutions, allowing financial institutions to quickly adapt to changing market demands and deliver innovative services.

The banks segment to maintain its leadership status throughout the forecast period

By end user, the banks segment held the highest market share in 2022, accounting for around half of the global banking-as-a-service market revenue, and is estimated to maintain its leadership status throughout the forecast period. This is attributed to the fact that in the financial sector, traditional banks enjoy a long history of trust and credibility. Owing to the trust created during years of operation, customers, particularly businesses, frequently choose to do business with established banks. Banks looking to enter the BaaS area take advantage of this confidence to get a sizeable portion of the market. However, the fintech corporation/NBFC segment is projected to manifest the fastest CAGR of 21.5% from 2023 to 2032, this is attribute to their agile, technology-driven approaches, offering innovative and user-friendly financial solutions that cater to evolving consumer needs more quickly than traditional financial institutions.

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Europe to maintain its dominance by 2032

By region, Europe held the highest market share in terms of revenue in 2022, accounting for more than one-third of the global banking-as-a-service market revenue. This attributed to the fact that the consumers in Europe have typically been among the first to use financial innovations such as digital banking. BaaS providers who serve both new, digitally native businesses and established financial institutions have grown as a result of this need. However, the Asia-Pacific region is expected to witness the fastest CAGR of 22.6% from 2023 to 2032, and is likely to dominate the market during the forecast period, owing to the a considerable proportion of people in Asia-Pacific primarily use smartphones to access financial services, making them a mobile-first society. Consumer tastes in this region are well aligned with BaaS, which places a strong premium on digital and mobile capabilities.

Leading Market Players: -

Banco Bilbao Vizcaya Argentaria

Block, Inc.

Bnkbl Ltd

ClearBank Ltd

Green Dot

MatchMove Pay Pte Ltd

Solaris SE
Starling Bank
Stripe, Inc.
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