



Embedded Finance Investments Climb Despite Rising Risks and Uncertainty

Oct 15, 2026

New study from Green Dot and Wakefield Research finds more than nine in 10 leaders plan to increase investments despite growing uncertainty around security, regulation, agentic AI and more

PROVO, Utah--(BUSINESS WIRE)--Oct. 15, 2026-- Embedded finance is now a core growth strategy for U.S. companies, and leaders are doubling down despite rising risk and uncertainty, according to new research from [Green Dot Corporation](#) (NYSE: GDOT) and [Wakefield Research](#). Nearly nine in 10 (89%) embedded finance decision-makers say banking-as-a-service (BaaS) and embedded finance are a "moderate" or "strong" driver of their companies' growth and competitiveness, and 91% plan to increase embedded finance investments over the next three years. At the same time, 74% say the risks of offering embedded finance have increased over the past two years.

"Embedded finance is creating meaningful opportunities for companies to grow, differentiate and deepen customer relationships, but those opportunities come with real responsibility," said Renata Caine, senior vice president and general manager, embedded finance at Green Dot. "With AI agents moving into fraud and identity, regulatory expectations evolving, and data security top of mind, the companies that win will be the ones building on a foundation of trust, compliance and clear accountability."

The findings, published in "[Embedded Finance: Smarter, Faster, Higher Stakes](#)," show a market that has moved past experimentation. The study surveyed 250 decision-makers responsible for embedded finance, spanning both BaaS providers and the companies that embed financial services. Highlights from the survey follow, with more detail in the full white paper.

Embedded Finance Continues Gaining Ground as a Growth Lever

Nearly nine in 10 leaders (89%) say BaaS and embedded finance capabilities are a moderate (55%) or strong (34%) driver of growth and competitiveness. Beyond new or recurring revenue (54%), leaders say embedded finance helps them differentiate from competitors (49%), attract new customers (47%) and reduce churn (44%).

Commitments are broad and steady. Three-quarters (75%) of leaders plan to moderately increase embedded finance investments over the next three years, and 16% plan a significant increase, while less than 1% plan to cut back. Leaders also see their partners keeping pace: 78% say BaaS providers have become better at meeting their industry's specific needs over the past two years.

Risks Are Rising, From Fraud to Regulation to Integration

Nearly three in four leaders (74%) say the risks of offering embedded finance, from regulatory scrutiny to fraud prevention, have increased over the past two years. Nearly all (97%) report at least one major barrier to integration, led by data security and privacy concerns (52%), uncertainty over current and future financial regulations (43%), and the technical complexity of integration (43%).

While 87% of leaders are concerned that an unpredictable regulatory landscape will hinder their organization's ability to innovate with embedded finance, most see opportunity in evolving rules. Nearly two-thirds (64%) view open banking and data portability requirements, such as the Consumer Financial Protection Bureau's (CFPB) Section 1033 rule, as primarily an opportunity rather than a challenge.

Accountability Remains Unresolved

Leaders have yet to reach consensus on who should make customers whole when fraud or financial loss occurs through an embedded finance product. Forty-two percent say the brand and its bank or BaaS partner should share responsibility equally, 32% say the brand should be primarily responsible, and 23% say the bank or BaaS provider should be. Adding to the complexity, 29% say most of their end users have minimal or no understanding of which entity holds their money.

That uncertainty is shaping how leaders evaluate partners. When assessing the stability and trustworthiness of a BaaS or embedded finance partner, leaders weigh seven factors nearly equally (42% to 46% each): operational reliability and uptime, balance sheet strength, independent audits and certifications, clarity of fund custody and FDIC insurance, fraud and anti-money laundering (AML) controls, contract transparency, and regulatory standing and charter status.

The Stakes Are High with Agentic AI

As AI agents play larger roles in financial experiences, leaders expect them to start with the functions that protect customers and platforms. Fraud monitoring (36%) and identity verification/know-your-customer (KYC) (34%) top the list of financial functions leaders expect to be driven primarily by AI agents, followed by payments (30%) and budgeting (24%).

"Leaders are right to see embedded finance as a powerful growth lever, but growth cannot come at the expense of trust," continued Caine. "The most successful partnerships will be built on a clear understanding of risk, strong compliance and customer protections, and a shared commitment to delivering financial experiences that are secure, reliable and useful."

The survey was conducted by Wakefield Research between Sept. 3 and Sept. 21, 2026, among 250 decision-makers at the director level or above who are knowledgeable about and make decisions on embedded finance. The margin of error for the total sample is plus or minus 6.2 percentage points. This is Green Dot's third annual survey exploring how senior industry leaders view the evolution of embedded finance.

To learn more and [download the full white paper](#), visit [greendot.com/arc](#).

About Arc by Green Dot

Arc is the embedded finance platform featuring all of Green Dot's secure banking and money processing capabilities designed to fuel value, loyalty and growth for consumers and businesses. Arc by Green Dot powers some of the world's most trusted brands and thousands of other businesses with seamless, secure and useful financial tools and experiences.

Integrated with Green Dot Bank, Arc provides partners with leading FDIC-insured banking products and tools, plus regulatory and compliance expertise, oversight and support. The Arc platform is cloud-based, modular and scalable by design – configurable to meet a wide range of business needs and goals, and flexible to adapt as our partners grow. Arc's end-to-end banking services are powered by enterprise-grade APIs and offer partners access to comprehensive customer support, fraud protection, the largest retail deposit and ATM network in the U.S., and much more. For more information, visit greendot.com/arc.

About Green Dot

Green Dot Corporation (NYSE: GDOT) is a financial technology platform and registered bank holding company that builds banking and payment solutions to create value, retain and reward customers, and accelerate growth for businesses of all sizes. For more than two decades, Green Dot has delivered financial tools and services that address the most pressing financial needs of consumers and businesses, and that transform the way people and businesses manage and move money.

Green Dot delivers a broad spectrum of financial products to consumers and businesses through its portfolio of brands, including: GO2bank, a leading digital and mobile bank account offering simple, secure and useful banking for Americans living paycheck to paycheck; the Green Dot Network ("GDN") of more than 90,000 retail distribution and cash access locations nationwide; Arc by Green Dot, the single-source embedded finance platform combining all of Green Dot's secure banking and money processing capabilities to power businesses at all stages of growth; rapid! wage and disbursements solutions, providing pay card and earned wage access services to more than 7,000 businesses and their employees; and Santa Barbara Tax Products Group ("SBTPG"), the company's tax division, which processes more than 14 million tax refunds annually.

Founded in 1999, Green Dot has managed more than 80 million accounts to date both directly and through its partners. Green Dot Bank is a subsidiary of Green Dot Corporation and Member of the FDIC¹. For more information about Green Dot's products and services, please visit greendot.com.

¹ Green Dot Bank also operates under the following registered trade names: GO2bank, GoBank and Bonneville Bank. All of these registered trade names are used by, and refer to, a single FDIC-insured bank, Green Dot Bank. Deposits under any of these trade names are deposits with Green Dot Bank and are aggregated for deposit insurance coverage up to the allowable limits.

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Source: Green Dot Corporation