

The Payments Shifts Redefining Service-Based SMBs

Powering Growth

How Service SaaS Platforms Win with Embedded Finance



adyen

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The service economy is thriving, with SMBs in wellness, beauty, hospitality and field services turning to vertical SaaS platforms that fit their workflows. Yet many still rely on fragmented payment solutions like standalone terminals, paper invoices, manual reconciliation, and outdated integrations.

Embedded payments are quickly becoming the norm — boosting growth, improving cash flow, and deepening customer relationships. This report explores the payment challenges SMBs face and how vertical platforms are uniquely equipped to solve these needs through embedded finance.

Globally, there are over 93 million Service Industry businesses that are projected to grow between 8-10% CAGR from 2024 to 2030.

“Legacy provider platforms and infrastructure is outdated and lacks flexibility for modern tech-based sales channels.”

SVP

Software Payments

Industry-specific Challenges & Needs

While each service vertical has unique workflows and customer expectations, common issues include payment friction, manual processes, and missed opportunities to deliver modern, seamless experiences.

Field Services (e.g. HVAC, plumbing, electricians)

Simplifying payments for mobile contractors

Who they are: Independent contractors and small teams—plumbers, electricians, appliance repair, lawn care—often working solo, or subcontractors.

Customer types: Sole proprietors, subcontractors, and SMBs with small office staff and distributed field agents.

Top payment methods: Credit/debit cards, ACH, pay-by-link, and increasingly, instant payouts.



Credit/debit cards are the most prevalent payment method, with checks and cash maintaining a large use percentage among field service providers.

36%

Card Payments

26%

Checks

23%

ACH/EFT/Other

15%

Cash

Field service SMB pain points:

- **Delayed payments:** Manual invoicing slows cash flow.
- **High fees:** Card-not-present (CNP) or mobile POS solutions are costly.
- **Hardware friction:** Portable terminals are expensive and unreliable.
- **Subcontractor payouts:** Managing split payments is complex.
- **Financing materials:** Contractors often pay for supplies out of pocket.

Field service SMB needs:

- **Mobile-first payments:** Accept Tap to Pay or Pay by Link—no hardware required.
- **Split payouts:** Automate payments to subcontractors.
- **Embedded financing:** Offer capital for supplies or deposits.
- **Instant payouts:** Speed up access to funds.
- **Low-Cost hardware options:** Low-cost terminals for jobs that need them.

Beauty & Wellness (e.g., salons, spas, fitness studios)

Streamlining payments for service-first, multi-channel businesses.

Who they are: Salons, spas, fitness studios, barbershops, and wellness providers offering a blend of services, memberships and retail.

Customer types: From sole booth renters to franchise operators and fast-growing SMB chains.

Top payment methods: Debit/credit cards, mobile wallets, ACH, and gift cards—used across in-person, mobile, and online channels.

Consumer payment preferences:

33%

Online card payment

32%

In person (cash or card)

17%

By a mobile app when
joining/booking

27%

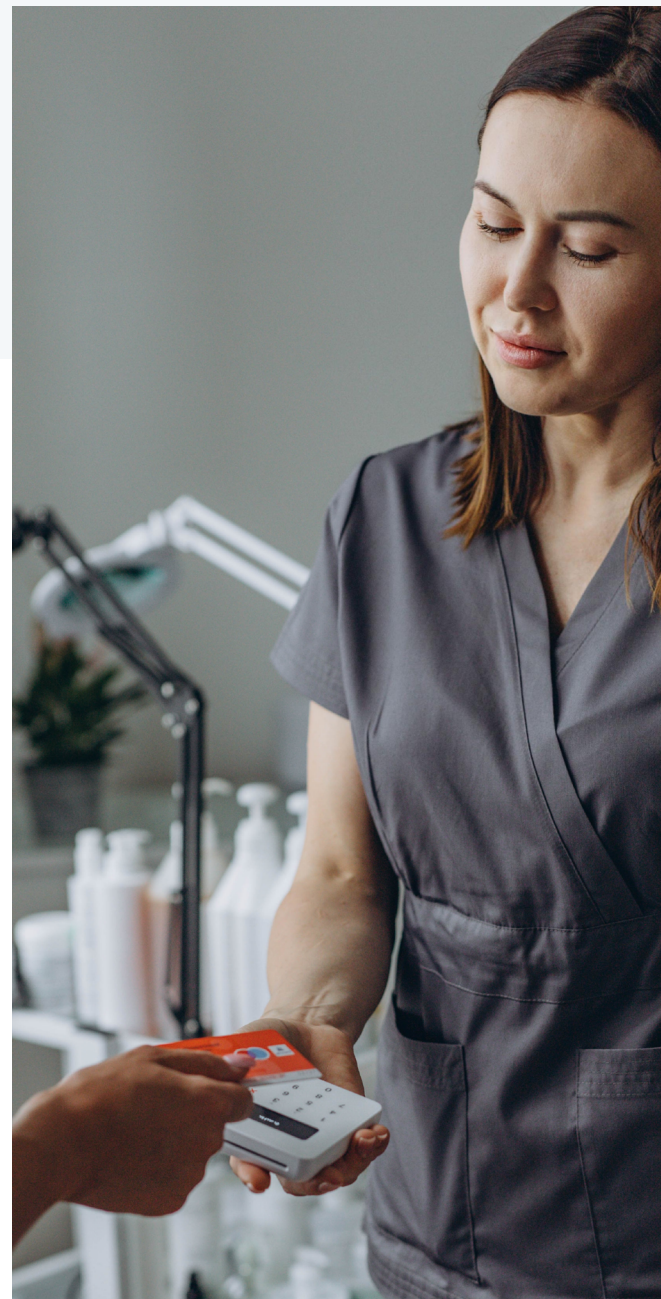
Direct debit

14%

By mobile wallet

13%

Over the phone card payment



Health & beauty SMB pain points:

- **Membership complexity:** Managing recurring billing, suspensions and cancellations are cumbersome.
- **Disjointed systems:** Payments often aren't integrated with scheduling, causing friction at checkout.
- **Tipping/disbursements:** Splitting among staff or independent providers is manual and error-prone.
- **Manual sales flows:** Services, classes, products, and food require different payment set ups.
- **Security burdens:** Storing credentials and CNP transactions increase PCI compliance risks.

Health & beauty SMB needs:

- **Integrated billing:** Automate membership with full control over renewals, cycles and freezes.
- **Omnichannel payments:** Accept payments anywhere with unified reporting and reconciliation.
- **Flexible tipping:** Support for regional norms and use cases like chair rentals or pooled tips.
- **Split transactions:** Route payment to the right stylist, therapist, or subcontractor, instantly.
- **Low-cost, mobile tools:** Enable solo providers to accept payments without bulky hardware.
- **Data-driven loyalty:** Use payment data to drive rebooking and personalized promotions.



Customer experience = ease and convenience

- Convenience is the top priority
- Make health and wellness easy to access services
- Be present on the right channels and respond fast
- Deliver a frictionless customer journey
- Convert high-intent customers faster with seamless solutions

Hospitality (e.g., entertainment, ticketing, and amusement)

Seamless, cashless and connected: powering every guest interaction

Who they are: Family entertainment centers, amusement and water parks, museums, aquariums, zoos, arcades, adventure parks. They offer a mix of ticketing, memberships, rentals, concessions, and retail.

Customer types: Single-site operators, expanding franchises, nonprofit institutions, and large-scale entertainment brands.

Top payment methods: Credit/debit cards, mobile wallets, gift cards, ACH, and international/local payment methods—accepted in-person, via kiosks, RFID wristband, and mobile app or online.

While traditional Visa and Mastercard payments still dominate (between 70-90%),

Digital wallets are steadily becoming a preferred option, with higher total amounts (43.5%) compared to traditional payment methods.



Hospitality SMB pain points:

- **Disconnected systems:** Ticketing, concessions, retail, and membership often operate in silos.
- **Membership headaches:** Recurring billing and access rights for seasonal or tiered memberships are hard to manage.
- **Cross-border complexity:** FX fees and multi-currency payments margin and efficiency.
- **Training burden:** High staff turnover makes multi-system training hard.
- **Revenue splits:** Manual management of partner or franchisee payouts is time-consuming.
- **Rising guest expectations:** Consumers expect fast, contactless options everywhere—kiosks, mobile, online.

Hospitality SMB needs:

- **Unified payments infrastructure:** Centralize all revenue streams from—ticketing to concessions—online and on-site.
- **Global-ready tools:** Accept local and international payments, with built-in FX and DCC (Dynamic Currency Conversion).
- **Automated revenue sharing:** Streamline franchise and partner revenue payouts with embedded sub-merchant features.
- **Flexible hardware:** Branded terminals and self-service kiosks that work across formats.
- **Instant payouts & capital access:** Fast settlement and embedded financing for seasonal cash flow needs.



Payment trends in the entertainment, ticketing, and amusement industry to improve the consumer experience include

Digital payment solutions (higher purchase amounts) and innovative payment technologies such as RFID wristbands, mobile wallets, cash to card kiosks.

The Benefits of Embedded Payments

Enhancing Customer Experience, Streamlining Operations

For service businesses, the payment moment plays a critical role in shaping the overall customer experience.

Whether paying for a haircut, an entertainment trip, or a repair job, a smooth and simple checkout process can leave a lasting impression. But, too often, this moment introduces friction. Clunky terminals, confusing online portals, and outdated invoicing workflows disrupt what should be a seamless conclusion to the customer journey.

Embedded payments allow SaaS platforms to transform that experience. By integrating payments directly into essential tools like booking, scheduling, and point-of-sale systems, these platforms deliver fast, flexible, and professional payment flows—without requiring users to switch between systems or rely on third-party tools.

The value becomes clear in the details. A client books a massage online, pays at the front desk, and leaves a tip—all within the same app. A technician completes a job, sends a payment link and receives funds within minutes. A guest at a family entertainment center uses one stored card to pay for food, tickets, and merchandise. These moments may seem small, but collectively they create a consistent, modern experience that strengthens a business' reputation.

Today's customers also expect flexibility—recurring billing for memberships, tipping for individual service providers, or splitting payments between services and retail products. Embedded payments simplify these scenarios behind the scenes while keeping the front-end experience smooth and intuitive.

When businesses get the payment experience right, customers are more likely to return. Frictionless payments encourage rebooking. Faster checkouts increase satisfaction. The easier it is to pay, the more often customers come back.

For SaaS platforms, embedded payments present a powerful opportunity. They not only eliminate operational pain points but also elevate the quality of service their users provide every day. By enabling better experiences, platforms help their users succeed—and when they do, everyone wins.

Embedded payments enable companies outside of traditional financial services organizations to offer payments solutions within their digital platforms. Thirty percent (30%) of non-financial services platforms that recognize payments as a catalyst for growth cite enhancing the customer experience and increasing retention as top strategic objectives.

Beyond Payments

The Rise of Embedded Financial Products

Once platforms embed payments, they unlock the ability to deliver a broader range of financial services. For service businesses, this means they can do more than just accept money—they can now manage, move, and utilize it more effectively.

At a basic level, embedded financial products give small businesses greater control over cash flow. Many service providers face unpredictable income cycles: a salon may have slow days between busy weekends, a contractor might front the cost of materials before getting paid, and a seasonal attraction could need early capital to gear up for peak periods. Traditional banks often fall short of meeting these needs. However, platforms that understand the rhythm of their users' businesses—through real-time transaction data—are well-positioned to step in.

Working capital is a prime example. With embedded capital products, platforms can offer funding based on actual processing volume—no need for lengthy credit applications or flawless financial statements. Businesses can use the funds for payroll, restocking, or marketing campaigns. And because the capital lives within the software they already use, it's easy to find and simple to access.

Embedded accounts offer another big opportunity. Many small businesses lack a dedicated business bank account or juggle finances across disconnected tools.

By embedding business accounts directly into their platforms, SaaS providers help users receive payouts, pay suppliers, and manage balances—all in one place. This streamlines operations, eliminates transfer delays, and ensures real-time data sync.

Disbursement options are also becoming increasingly important for businesses that need to pay tips, reimburse staff, or cover contractor expenses.

Platforms can issue branded cards linked to business accounts, giving users more control over spending, real-time visibility into transactions, and the ability to generate interchange revenue. This boosts convenience for businesses and unlocks recurring financial benefits for platforms.

The global fintech lending market reached a valuation of approximately \$150 billion in 2023, with projections suggesting it will surpass \$250 billion by 2028. In 2023, 75% of small businesses applied for loans through fintech platforms, citing faster approval times as a key driver. Consumer confidence in fintech platforms surged, with 82% of users reporting satisfaction with the speed and convenience offered.

Why use embedded card systems for disbursements?

- **Convenience:** Recipients can use the cards anywhere that accepts card payments, covering everything from every shopping to paying bills.
- **Enhanced security:** Cards offer greater protection than checks, which are more vulnerable to loss, theft, or fraud.
- **Real-Time tracking:** Businesses can monitor transactions instantly, improving oversight and accountability.
- **Financial inclusion:** Cards provide access to funds for people who don't use traditional banking services.

These products do more than streamline operations—they improve the overall experience of running a service business. With quicker access to funds, seamless payments and account management built into the same platform they use for scheduling and checkout, owners can stay focused on their customers.

For platforms, offering embedded financial services enhances deeper engagement, improves retention, and creates new revenue streams. More importantly, it repositions the platform as a financial partner—not just a place to book appointments or take payments.



Conclusion

How Adyen Powers the Future of Service SaaS

Service businesses are evolving fast. Customers now expect seamless, personalized experiences, while business owners need tools that work harder and smarter. Service SaaS platforms are rising to the challenge—not just managing bookings or schedules, but becoming the financial foundation of entire industries.

Embedded payments are driving this shift. They remove friction, improve cash flow, and elevate the customer experience. When platforms go further—offering embedded capital, business accounts, and payout tools—they unlock even more value. That's how platforms become essential partners, not just service providers.

This is the moment for vertical SaaS platforms to lead.

At Adyen, we've built a single financial technology platform that combines payments, embedded financial services, and global banking infrastructure. Our partners gain fast, reliable money movement, a broad range of in-person payment options, and scalable tools—all with minimal complexity. With our platform and banking licenses, we help platforms launch faster, serve better, and grow without limits.

The platforms that embed financial services at their core will shape the future of service industries. We're here to help you build that future.



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Adyen (ADYEN:AMS) is the financial technology platform of choice for leading companies. By providing end-to-end payments capabilities, data-driven insights, and financial products in a single global solution, Adyen helps businesses achieve their ambitions faster. With offices around the world, Adyen works with the likes of Meta, Uber, H&M, eBay, and Microsoft.