

# 6 trends that potential sponsor banks should consider

Sponsor banking is rapidly reshaping the financial landscape, as banks forge partnerships with established corporations and fintechs to unlock new, non-interest income revenue streams, accelerate deposit growth, and diversify their client base in an increasingly competitive market.

In 2026, the U.S. embedded payments market has moved past the “early adopter” phase and into baseline infrastructure. Projections indicate that by the end of this year, embedded finance will facilitate over **\$7 trillion in transaction value** – accounting for more than **10% of all U.S. financial transactions**.<sup>1</sup>

As community financial executives ponder the resulting sponsor bank opportunity, here are 6 related trends to factor into your strategy.

## 1. an infrastructure pivot

The era of launching “flashy” neobanks is cooling in favor of back-end infrastructure. The neobank boom has slowed, but the fintech market is still projected to reach \$66.8 billion this year.<sup>2</sup>

- **The Statistic:** The U.S. accounted for **\$56.6 billion** in fintech investment in 2025 alone, representing nearly half of all global fintech funding.<sup>3</sup>
- **The Takeaway:** The money is flowing into “infrastructure-first” fintechs – companies that need robust bank partners to handle the plumbing.



## 2. embedded finance is a mainstay

U.S. consumers now expect financial services to be integrated into their favorite apps (think Uber, Amazon, Shopify).

- **The Statistic:** The embedded finance market in the U.S. was estimated at **\$115.66 billion in 2025**, with a steady climb toward **\$139.9 billion by 2030**.<sup>4</sup>
- **The Takeaway:** Sponsor banks are the “invisible” engines behind this growth, earning low-risk fee income and deposits while brands handle customer acquisition.

## 3. rising instant expectations

U.S. sponsor banks are increasingly judged on their ability to support real-time rails like FedNow<sup>®</sup> and RTP<sup>®</sup>.

- **The Statistic:** With more than 1,600 institutions participating in FedNow and nearly 1,200 on the RTP network, instant payments are becoming the standard for U.S. payroll and treasury.<sup>5</sup>
- **The Takeaway:** If a sponsor bank only offers traditional ACH, they are becoming obsolete for the next generation of fintechs.

## 4. personal lending: fintechs take the lead

Fintechs are no longer just “disruptors” – they are the primary originators for certain U.S. loan types.

- **The Statistic:** Fintech lenders accounted for nearly 50% of new account balances for personal loans by the end of fiscal year 2024, with total U.S. balances reaching **\$253 billion** early last year.<sup>6</sup>



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- **The Takeaway:** Sponsor banks provide the balance sheet or the “origination-as-a-service” that fuels this massive lending engine.

## 5. the sponsor bank supply problem

The number of sponsor banks is not keeping pace with the growing demand for embedded payments.

- **The Insight:** While 70% of community banks express interest in supporting embedded payments,<sup>7</sup> only 41% of banks offer embedded finance solutions.<sup>8</sup>
- **The Opportunity:** 10% of U.S. financial transactions (\$7 trillion) will be processed by embedded payment platforms this year and embedded finance revenue is expected to surpass \$51 billion.<sup>9</sup>

## 6. regulatory scrutiny: the 3% club

The FDIC is hyper-focused on consumer harm. While 97% of FDIC-supervised institutions maintain satisfactory compliance ratings, the “Level 3” (high severity) violations are often concentrated in third-party partnerships.<sup>10</sup>

- **The Trend:** New 2025-2026 guidance emphasizes that banks cannot “outsource” their responsibility. Regulators now expect “Safety, Auditability, and Modularity” as standard features in a bank’s tech stack.<sup>11</sup>
- **The Solution:** Jack Henry™ Payments Orchestrator solves this problem through a logical sub-ledger integrated directly into the financial institution’s core (no side-core needed), ensuring reconciliation is completed in real time at the transaction level reducing regulatory expenses. The institution’s core system is thus the single source of truth for all payment activity on fintech programs and control rests squarely with the financial institution to ensure proper oversight.



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# the new embedded payments reality

For vertical SaaS and marketplaces, embedding payments is no longer a “value-add” – it’s the primary driver of net-new revenue, often outstripping core subscription income. The time to become a sponsor bank and seize the opportunity is now!

## unlock the possibilities

[Learn how to seamlessly embed payments](#)

for both your corporate clients and innovative fintechs.

For more information about Jack Henry, visit [jackhenry.com](https://jackhenry.com).

### sources

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