Embedded Payments: 2026 Market Report

Payments monetised inside software is how small merchants are acquired now. US independent software vendors booked **$16 billion** of payments revenue in 2025, up from $6.5 billion in 2020, roughly **60%** of the acquiring revenue available from small and medium enterprises (McKinsey & Company, January 2026). About 90% of US merchants run an ISV solution against a 23% European average. The channel won. The valuations it earns do not agree: Windsor Drake's 17-company screen carries a **2.8x** median EV/Revenue on prices of 18 August 2026, an interquartile range of 2.5x to 5.2x, and a constituent range of **0.8x to 13.8x**.

That dispersion is not growth and it is not margin. Across the nine constituents that publish a gross profit line, gross margin correlates with EV/Revenue at **0.06** and revenue growth at **0.33**. What sorts the screen is how much of the payment the platform owns, because ownership decides how payment revenue is recognised, and recognition decides what the multiple is measured against. A platform that refers merchants to a processor keeps 30% to 50% of processing revenue, booked net. A payment facilitator keeps 70% to 90%, booked gross (McKinsey, January 2026).

Toast and ServiceTitan are the controlled case. They grew **23.1%** and **24.6%** last quarter, 1.5 points apart. On revenue they trade **3.0x** apart, at 2.7x and 8.1x. On gross profit they trade **12%** apart, at 10.2x and 11.4x. The gap is recognition: payments are 81.9% of Toast's revenue and 22.3% of ServiceTitan's. A seller benchmarked on the wrong denominator concedes the range before the first meeting.

Windsor Drake calls the structure **The Attach Ladder**. Four rungs of payment ownership, from referring a merchant to a third-party processor up to owning the payment and the financial services beside it. Each rung roughly doubles the economics retained and changes the accounting at the same time. This report sets out what each rung retains and trades at, the public attach-rate benchmarks, who is buying and at what price, and what to do before a process opens. The facilitator spread stack sits in The PayFac Economy report.

What do embedded payments companies trade at in 2026?

The screen is 17 listed companies with material embedded payments exposure, from Lightspeed at 0.8x to Shopify at 13.8x. Five further constituents that sell to the ladder rather than sit on it are reported as enablers, at a 2.6x median. Card networks are excluded: they set the rules of the rail rather than attach to software.

Read the two correlations together. Margin structure does not move the multiple here. Growth moves part of it. Rung position, and the recognition basis that arrives with it, move the rest. The median is a starting point, because the constituents do not measure payment revenue the same way.

What is The Attach Ladder, and which rung are you on?

Four rungs describe how much of the payment a platform owns, and the rung sets the economics retained, the liability carried and the accounting applied.

Table 1. The Attach Ladder: Economics and Multiples by Rung

Rung	What the platform owns	Revenue retained	Recognition	Median	Range
1. Refer	Introduces the merchant	30% to 50%	Net	2.8x	2.7x to 8.1x
2. Wholesale	Prices on another licence	The spread it sets	By contract	1.8x	0.8x to 2.7x
3. Registered payfac	Merchant of record, underwrites sub-merchants	70% to 90%	Gross	3.2x	2.7x to 13.8x
4. Full stack	Payments plus lending, payroll, banking	70% to 90% plus financial services	Gross or net	6.8x	1.9x to 12.9x

Source: Retention bands from McKinsey & Company, January 2026. Multiples are Windsor Drake computations, prices of 18 August 2026.

Rung medians run **1.8x, 2.8x, 3.2x and 6.8x**, a 3.9x spread. Inside rung three alone the spread is 5.1x, from Toast at 2.7x to Shopify at 13.8x, wider than between any two rungs. Climbing raises what a platform keeps. It does not raise the reported multiple, because it also changes the denominator.

Rungs one and two: payments additive to a software multiple

At rung one the platform books only its share, so the software optics survive. ServiceTitan's usage line reached **$226 million** against $752 million of subscription, and it still screens as software at a 70.9% gross margin. The ceiling belongs to the processor. Rung two is the reversible middle, where payfac-as-a-service prices payments without registering. Stripe Connect starts at 0.25% plus 25 cents per payout for platforms setting their own pricing (Stripe, August 2026). Payabli raised $28 million in June 2025 and Rainforest $29 million in September 2025 to serve it. Here the contract, not the licence, sets the recognition.

Rungs three and four: payments as the business

Rung three carries the best economics and the widest internal dispersion. Toast runs **259 bps** gross and 59 bps net of processing costs on $60.7 billion of Q2 2026 volume; Shift4 runs **102 bps** of gross revenue less network fees on $61 billion. Shopify recognises payments gross and still clears **13.8x**, on 33.7% growth. The rung constrains the denominator; it does not fix the multiple.

Rung four carries the highest median in the screen at **6.8x**, set by Adyen at 12.9x on net revenue, Corpay at 6.8x, and Block at 1.9x on gross revenue and 4.1x on gross profit. Adyen runs **16.2 bps** net on EUR 803.8 billion of H1 2026 volume, a different basis entirely from Toast's 259 bps gross. Lending and banking bring capital requirements and usually a licence, narrowing the strategic list and widening the sponsor one.

Why does Toast trade at 2.7x revenue and ServiceTitan at 8.1x?

Not because one grew faster. The pair is matched on growth, and the gap collapses when the denominator changes.

Table 2. Toast and ServiceTitan, Matched on Growth

Measure	Toast, rung three, gross	ServiceTitan, rung one, net
Revenue growth, most recent quarter	23.1%	24.6%
EV/Revenue	2.7x	8.1x
EV/Gross Profit	10.2x	11.4x
Payment revenue line	$5,572M of $6,804M	$226M of $1,014M
Payments share of revenue	81.9%	22.3%
Gross margin on that basis	23.0% on financial technology	70.9% company margin
Take rate	259 bps gross, 59 bps net on $60.7bn	Usage booked net of interchange

Source: SEC filings and earnings releases, Q2 2026; Windsor Drake computation.

Toast's subscription gross margin is 75.6% and its payments gross margin 23.0%, and it publishes both on the face of its accounts. The lesson is procedural: publish payment gross profit separately. That is the number a buyer prices on, and it is buildable in a quarter but not in diligence.

What is a good payments attach rate for a vertical software platform?

Attach rate is the one operating metric that means the same thing at every rung, which is why it travels further than revenue.

Table 3. Payments Penetration, Most Recent Reported Quarter

Platform	Measure	Level
Shopify	Payments share of GMV, $78.1bn facilitated	68%, from 64%
Lightspeed	GPV as a share of GTV, $11.3bn on $25.7bn	44%, from 40%
Fiserv	Value-added services share of Clover revenue	25%, from 24%
ServiceTitan	Usage revenue as a share of total revenue	22.3%
Toast	Payments bundled, so volume per location is the proxy	259 bps on $60.7bn

Source: SEC filings and earnings releases, Q2 2026; Windsor Drake computation.

Shopify's move from 64% to 68% took facilitated volume from $56.6 billion to $78.1 billion, growth of 38%. Raising penetration on the base you already have is the cheaper revenue. Vertical software adoption reached 59% of US SMEs in 2024 from 50% two years earlier, and over 50% of North American ISVs offered embedded payments by 2025 (Boston Consulting Group, September 2025). Offering payments is no longer the differentiator; the rung is.

Who is buying embedded payments companies, and what have they paid?

The instructive transactions of the last eighteen months were software strategics buying payments, not processors buying software.

Table 4. Payments-Attached Software Transactions Since Mid-2025

Transaction	Announced	Consideration	Multiple	Basis
Xero / Melio	June 2025	US$2.5bn upfront, up to US$3.0bn	13.4x	Annualised revenue US$187M; 16.3x FY25 revenue US$153M
Thoma Bravo / Olo	July 2025	Take-private, 65% premium	5.0x	Trailing revenue, net of $428M cash
TPG with Corpay / AvidXchange	May 2025	Sponsor with a strategic	4.1x	Trailing revenue
Deluxe / Celero Commerce	June 2026	$625M cash	3.1x revenue, 11.2x EBITDA	2025 revenue above $200M, 28% adjusted EBITDA margin
Francisco Partners / Weave	18 August 2026	$650M, $7.40 per share	2.2x	Trailing revenue, 34% premium to the 17 August close

Source: Acquirer announcements and target SEC filings; Windsor Drake Exit Index, queried 19 August 2026.

Growth separated them, not rung position. Melio compounded fast enough for a software strategic to pay 13.4x; Weave grew 15.5% and cleared 2.2x. The highest print was paid by an accounting software company buying attach into its own base, and Xero cited about 78% of US SMBs wanting accounting and payments in one platform. Their model is your penetration rate applied to their merchant count.

Four buyer types, four different underwrites

Software strategics buy attach into an installed base. Merchant acquirers buy the channel: Shift4's Bambora North America deal, closed March 2026, brought over 500 ISVs and 140,000 merchants. Processors buy back the merchant relationship and underwrite on EBITDA, and Global Payments' Platforms segment produced

$627.5 million of $3,159 million adjusted net revenue in Q2 2026. Payment infrastructure buys capability, as Adyen did with Talon.One and Orb on 1 July 2026. Sponsors buy a payments annuity.

Strategics dominate the count: **136 of 149** classified acquirers in the Windsor Drake embedded payments cohort are strategics, against nine sponsors and four sponsor-backed strategics. Sponsors set the floor and strategics set the ceiling, so a process surfacing only one has conceded the range. Of those 149 transactions, 44 published a price and seven carry enough disclosure to derive a revenue multiple, so the seller who computes those seven sets the reference. Behind the take-privates sits **$1.3 trillion** of dry powder and 32,000 unsold companies worth $3.8 trillion (Bain & Company, February 2026).

What is happening to the pool the attach rate draws on?

An attach rate is a claim on interchange and scheme economics. Both are being repriced while the licensing perimeter is standardised.

Table 5. Legal and Regulatory Action Around Embedded Payment Economics

Action	Status and date	What it moves
Visa and Mastercard interchange settlement	Preliminary approval, Eastern District of New York, 9 June 2026	US credit interchange and steering rights
Regulation II debit cap	21 cents plus 5 basis points; the 2023 proposal to lower it is unfinalised	The floor under US debit economics
Realised US debit interchange	$0.23 covered and $0.51 exempt per transaction, 2024 (Federal Reserve, December 2025)	What a debit mix is worth
Money Transmission Modernization Act	Enacted whole or part by 31 states, 99% of reported activity (CSBS, February 2026)	One licensing standard for platforms moving funds
Payment Services Regulation and PSD3	ECON approved the text 5 May 2026; adoption pending	The European perimeter

Source: Eastern District of New York; eCFR 12 CFR Part 235; Federal Reserve Board; CSBS; European Parliament.

Europe is the underpenetrated half: European ISV payments revenue reached about **$3 billion** in 2025, roughly 30% of available SME acquiring revenue against 60% in the US (McKinsey, January 2026). Boston Consulting Group puts embedded finance at **$185 billion** across North America and Europe with about $32 billion penetrated (September 2025). That is the rung four opportunity, and it is why infrastructure keeps consolidating, with NMI acquiring Dwolla and REPAY acquiring KUBRA for about $372 million in 2026.

What should founders do now?

The listing route is closed to this asset class and the private bid is concentrated. The first half of 2026 was the strongest US listing market in several years, with 65 traditional IPOs raising approximately **$114.2 billion** against 34 raising $14.8 billion a year earlier (PwC, July 2026). That cohort was consumer wallets and digital assets: no vertical software or embedded payments platform completed a US IPO in 2026 through 19 August. The Federal Reserve has held at 3.50% to 3.75%, most recently on 29 July 2026, which removes rates as an explanation here.

A full process runs 12 to 18 months, so the work that decides the number happens first. Classify honestly against The Attach Ladder. Compute payments gross profit separately from subscription gross profit and keep it separate permanently. Measure attach rate on the Shopify basis, your own payment volume over total merchant volume, quarter by quarter, so a buyer extrapolates the trend rather than discounts it. Price the move to 70% to 90% retention on your actual mix, and cost the underwriting, compliance and chargeback exposure registration brings. Then hold software strategics, merchant acquirers and sponsors in tension to the close.

Key takeaways for founders

Six areas decide outcomes here.

1. Know which rung you are on before anyone asks

The Attach Ladder sets your economics and your accounting at once. Rung medians run 1.8x, 2.8x, 3.2x and 6.8x, and the spread inside rung three is 5.1x. The rung decides which number a buyer opens with.

2. Climbing a rung can cut your multiple and raise your value

Registering takes retained processing revenue from 30% to 50% up to 70% to 90% and moves recognition from net to gross. Gross recognition inflates the denominator faster than gross profit. Both effects are real and point opposite ways.

3. Argue on gross profit, not on revenue

Across the nine constituents publishing a gross profit line, gross margin and EV/Revenue correlate at 0.06. Toast and ServiceTitan sit 3.0x apart on revenue and 12% apart on gross profit. Gross profit compares across rungs. Revenue does not.

4. Attach rate is the metric that travels

Penetration of your own payments stack means the same thing at every rung. The public marks are Shopify at 68% of GMV, Lightspeed at 44% of GTV and Fiserv at 25% of Clover revenue. Two years of quarterly attach rate beats a quarter of outperformance.

5. Buyers are software companies now

Xero paid 13.4x annualised revenue for Melio, the highest print in the set, buying attach into its own base. Sponsors paid 2.2x to 5.0x for Weave, AvidXchange and Olo. Strategics are 136 of 149 acquirers and set the ceiling.

6. Bring a denominator a buyer can audit

Payment revenue whose gross profit cannot be separated from subscription gross profit is priced conservatively every time. Toast publishes the split on the face of its accounts. A private platform can build it in a quarter, but not in diligence.

- McKinsey & Company, Decoding ISV maturity, January 2026
- Boston Consulting Group, Embedded Finance, September 2025
- Boston Consulting Group, Global Fintech Report 2026
- Bain & Company, Global Private Equity Report 2026
- PwC, US Capital Markets Watch, Q2 2026
- S&P Global Market Intelligence, private equity exits H1 2026
- Federal Reserve Board, Regulation II interchange data
- Electronic Code of Federal Regulations, 12 CFR Part 235
- Conference of State Bank Supervisors, Money Transmission Modernization Act
- European Parliament, Payment services regulation
- UK Payment Systems Regulator, cross-border interchange review
- US Securities and Exchange Commission, EDGAR full-text search
- Xero, Xero to acquire Melio, June 2025
- Deluxe Corporation, Celero Commerce acquisition
- Weave Communications, Francisco Partners acquisition
- Global Payments, Worldpay completion, January 2026
- Stripe, Connect pricing for platforms

Methodology Note

Framework: The Attach Ladder. A Windsor Drake framework. Constituents are assigned to one of four rungs by how much of the payment the platform owns: refer, wholesale, registered payment facilitator, and full stack including adjacent financial services. Five further constituents that sell to the ladder are reported as enablers. The assignments are the firm's judgement, made from public disclosure, and published so they can be argued with.

Source standard. Every multiple in this report is Windsor Drake's own computation from SEC filings, company earnings releases and closing prices of 18 August 2026. None of it is licensed from a data vendor. Third-party figures carry the institution and the date.

How the multiples were computed. Enterprise value equals market capitalisation plus total debt less cash and short-term investments, using closing prices of 18 August 2026 with balance sheet and trailing twelve month figures from the most recently reported fiscal quarter. The 17 constituents are Adyen, BILL, Blackbaud, Block, Corpay, dLocal, FIS, Fiserv, Flywire, Global Payments, Lightspeed, Marqeta, Payoneer, ServiceTitan, Shift4, Shopify and Toast. Card networks are excluded.

Stated denominator bases. Where a company does not publish a comparable gross revenue line, the basis is stated and applied consistently. Shift4 is computed on gross revenue less network fees, and Marqeta and Adyen on net revenue. Global Payments is computed on annualised Q2 2026 adjusted net revenue, because the Worldpay acquisition completed on 12 January 2026 and the perimeter change makes trailing revenue non-comparable. Adyen reports in euro, carries no borrowings, and its balance sheet cash is merchant float, so it is not netted.

Correlations. Correlations are computed by Windsor Drake across the nine screen constituents that publish a gross profit line, on trailing twelve month figures and closing prices of 18 August 2026. Gross margin against EV/Revenue returns 0.06 and revenue growth returns 0.33. The Toast and ServiceTitan comparison is a matched pair on growth. Toast's payment gross margin comes from its income statement; ServiceTitan reports usage revenue, and its company gross margin of 70.9% is the basis used.

Transaction multiples. Transaction multiples are computed from disclosed consideration and the target's own reported financials, with the basis stated in each case. Counts and acquirer classifications come from the Windsor Drake Fintech Exit Index, queried 19 August 2026 when it held 501 transactions, 149 in the embedded payments cohort.