

eBay takes significant step into financial services with embedded lending product

Article

eBay launched a lending product for its 300,000 UK-based small and medium-sized business (SMBs) sellers on Wednesday, named Capital for eBay Business Sellers (CEBS), [per](#) Finextra.

CEBS is being offered in partnership with embedded finance platform [YouLend](#), which is backed by institutional investors like Allianz Global Investors, and allows SMBs to apply for loans through eBay UK's platform and access funding between £500 (\$641.18) to £1 million (\$1.3 million). The lending application process should take only minutes and funds will often be distributed the same day as the application.

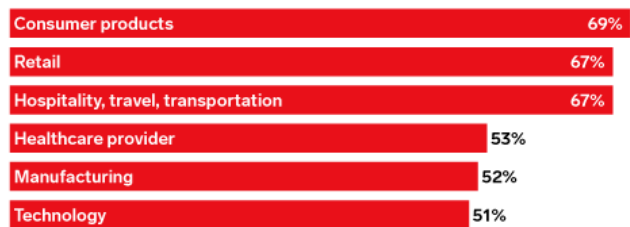
eBay's lending product is a natural evolution, given the existing SMB financing gap and the ecommerce giant's wealth of customer data.

- **Despite unprecedented stimulus funds in the UK, SMBs are still struggling to access capital.** [Thirty-one percent](#) of small businesses in the UK are at risk of going out of business due to a lack of capital. Additionally, [vast stimulus funds](#) that have been pumped into the economy to fuel recovery are seemingly not reaching some SMBs: A third of small businesses' loan applications have been rejected by the government, per an eBay survey.
- **eBay can leverage its seller data to inject capital into its SMB customers through lenders.** eBay can proffer its vast troves of customer data and its existing relationships with them to help lenders, like YouLend, more accurately assess borrowers' creditworthiness. More accurate credit risk assessments—that take into account factors like sales volumes and operating longevity—can help address the [high amount](#) of SMB loans applications that are rejected by bank lenders.

The embedded finance space is heating up, and big tech firms will likely roll out new products to increase their platforms' attractiveness—presenting partnership opportunities for fintechs that provide accounting solutions. [Amazon](#) supplemented its long-standing small business credit line through a partnership with Goldman Sachs in 2020, while [Shopify](#) brought its merchant capital scheme to the UK in March 2020. Big tech firms like eBay will continue to expand their financial services offerings in the near future to fulfill a broader array of sellers' needs and, most importantly, keep users on their platform. This could be a boon for fintechs that offer accounting solutions—like US-based [Pilot](#)—as they can strike partnerships with big tech companies to supplement their financial services repertoire. This will help big tech firms boost their platforms' attractiveness by offering their SMB customers third-party solutions, such as cash flow tracking and bookkeeping—accounting functions SMBs [struggle](#) to carry out internally and are also underserved in by accounting firms.

Coronavirus Impact: SMB Owners Worldwide Struggling to Keep Their Business Afloat, by Industry, Aug 2020

% of respondents



Source: Salesforce, "Small & Medium Business Trends Report," Oct 27, 2020

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