



The End Of Google Plex Yet Embedded Banking Continues

by [Steve Brown](#)  [technology](#) [digital banking](#) [competition](#)

Summary: Google has announced it is ending its embedded banking experiment, Google Plex. But with many other big nonfinancial brands making forays into the space, and embedded finance startups receiving over \$4B in investment this year alone, it seems likely that embedded banking is here to stay. We explore what this could mean for community financial institutions.

Did you know that around 20K “recordable” earthquakes occur every year? The largest recorded earthquake to hit the United States struck Prince William Sound, Alaska with a magnitude of 9.2 in March 1964. Structural damage hit several Alaskan cities, totaling up to \$400MM and 131 people lost their lives.

While not causing quite the same amount of disruption, Google Plex certainly had the potential to rock the financial services industry, including community financial institutions (CFIs). For this reason, it was surprising that in early October, Google announced the abandonment of Google Plex and its plan to offer checking accounts to users. We suspect that the benefits of partnering, rather than competing, with established financial institutions, along with the banking industry’s commercial and regulatory challenges, played a role in this abrupt u-turn.

Other big tech companies have already made forays into [embedded banking](#) or embedded finance, yet success has been limited to date. Uber put its Uber Money digital wallet on hold in mid-2020, while Amazon’s banking offering is yet to materialize. Further, [Facebook’s long-awaited digital currency](#) has undergone a massive rebrand and restructure — and we’re still waiting for it to launch.

Embedded banking disruption continues

Still, this doesn’t mean CFIs can afford to sit back and relax. All sorts of nonfinancial companies, including those from the worlds of software, retail, auto manufacturing, insurance, and logistics, are moving into the embedded banking space. Apple has enjoyed modest success with its credit card, which it launched in partnership with Goldman Sachs. Meanwhile, Walmart, IKEA, and Mercedes are all starting to offer banking-related services. At the same time, the likes of PayPal, Square, and many other neobanks continue to expand their offerings. With [embedded finance startups benefitting from \\$4.25B of investment YTD](#), Google’s exit from the arena may perhaps simply be opening the way for another player to step up.

Is it time for CFIs to embrace embedded banking or not?

1. **Customers want seamless banking.** Customers are increasingly seeking smarter, more accessible, and integrated digital banking experiences. Insider Intelligence estimates that the number of “digital-only” bank account holders will increase by around 80% by 2025; many of these will be people who are happy to access their banking services through nontraditional financial brands. In fact, analysts suggest that [“embedded finance is estimated to have a \\$3.6T market value in the US alone.”](#)

2. **CFIs reap benefits.** It's not just customers who can benefit from embedded banking — savvy CFIs stand to gain too. By partnering with a nonfinancial big tech company, institutions could potentially be able to harness the power of an established digital brand with relatively little disruption. This could help CFIs expand their geographical reach, gain many more account holders, and improve their competitive edge. Further, a big tech partnership may provide a more seamless and user-friendly experience than that of a bigger traditional bank's in-house digital offering.

Embedded banking is an evolving landscape. While it may not be the right time for many CFIs to join, some may explore this space through partnerships or collaborations. However your institution decides, we will keep you updated on the developments.

COMMERCIAL LOAN GROWTH AND FLOATING RATE ASSETS

Does your institution need [fully-funded, senior secured floating-rate loans](#) to diversify your portfolio? Learn about our C&I Loan Program to meet your loan growth objectives.

ECONOMY & RATES

Rates As Of: 11/01/2021 05:34AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.05	0.01	-0.04
6M	0.07	0.02	-0.02
1Y	0.15	0.00	0.04
2Y	0.52	0.02	0.39
5Y	1.22	0.03	0.85
10Y	1.59	0.03	0.66
30Y	1.98	0.04	0.33
FF Market	FF Disc	IQER. (Interest on Excess Reserves)	
0.08	0.25	0.15	
SOFR	Prime	OBFR. (Overnight Bank Funding Rate)	
0.05	3.25	0.07	

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.