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SMB acquiring: The platform takeover

Why most traditional acquirers will lose the *SMB* merchant relationship by 2030

By 2030, the majority of SMB acquiring revenue will flow through software platforms. Traditional acquirers that fail to act within the next 18–24 months will be relegated to commodity infrastructure providers, processing transactions for platforms that own the merchant relationship and capture the economics.

This is not a gradual shift. It is a structural reordering of the merchant acquiring value chain, and the window for incumbents to respond is closing faster than most boardrooms appreciate.

SMBs account for over 99%[1] of US businesses, generate roughly $3.5 trillion to $4 trillion[2] in gross payment volume, and contribute $20 billion to $23 billion[3] in acquiring revenue, approximately two-thirds of total US acquiring revenue. These are not small accounts in aggregate; **they are the center of gravity for the industry.**

Yet the players capturing this value are changing. For decades, banks and legacy processors controlled SMB distribution through merchant accounts, bundled financial services, and direct sales forces. That model is being dismantled not by competitors offering better rates, but by software platforms that have made payments invisible inside the workflows SMBs already use to run their businesses.

The question is no longer whether software platforms will dominate SMB acquiring. It is *how quickly, and what role, if any, traditional acquirers will retain.*

The *shift* underway: From transaction processing to platform ownership

The US merchant acquiring ecosystem is converging. What was once a clearly segmented market—banks offering merchant accounts, fintechs delivering software-led solutions, and networks providing rails—is collapsing into a single competitive arena, where every player is building toward the same goal: an integrated commerce platform.

This convergence is being driven by three forces:

Payments are moving inside software
Vertical SaaS providers, marketplaces, and payment facilitators (PayFacs) are embedding payment acceptance directly into operational workflows. The SMB does not choose an acquirer and then bolt on software. They choose software, a restaurant management platform, an e-commerce builder, or a field services tool, and payments come with it. The acquirer becomes invisible.

The barriers to becoming an acquirer have collapsed
PayFac-as-a-Service infrastructure, cloud-native processing, and network-enabled frameworks now allow software platforms to assume acquiring functions without building full payments infrastructure. The capital and regulatory hurdles that protected banks have eroded. An ISV can go from zero to processing payments in weeks, not years.

Value has migrated from processing to orchestration
Transaction authorization and settlement are commodities. The economics of acquiring are shifting to value-added services, lending, analytics, loyalty, payroll, and treasury management bundled into the platform that owns the merchant relationship. Processing a transaction is a commodity and is worth basis points. Owning the merchant and merchant life cycle is worth multiples of revenue.

Who wins, who loses: A candid *assessment*

Most industry analyses present every player as having "strengths and challenges." That framing obscures the reality. There are structural winners and losers in this transition, and the outcomes are becoming predictable.

Software platforms and fintech acquirers: The structural winners

Fintech acquirers, vertical SaaS providers, ISVs, and marketplaces are converging on a single model: a software-first commerce platform that embeds payments into the tools SMBs use every day. They are winning for reasons that are difficult for incumbents to replicate:

They own the workflow. Payments are a feature, not the product. An SMB using a restaurant management platform does not think about its acquirer; it thinks about its software. Switching payment processors is trivial; switching the platform that runs the business is not. This creates stickiness that is very difficult for a bank sales force to match.

They control onboarding. Sub-merchant onboarding through a PayFac takes minutes. Traditional merchant account setup through a bank takes days or weeks, involves paper applications, and requires manual underwriting. For an SMB owner with no dedicated finance team, this is not a minor friction but a dealbreaker.

They monetize beyond payments. Flat-rate or subscription pricing on the payment itself is often a loss leader. The real margin comes from premium software tiers and embedding lending, cash flow management, analytics, and other financial services. This gives platforms an economic model that traditional acquirers, reliant on interchange and basis-point margins, cannot match.

Their vulnerabilities are real but manageable. Rising regulatory scrutiny on PayFac models, margin pressure from growing competition among platforms, and dependence on sponsoring banks for settlement infrastructure—none of these are existential. All of them are being actively addressed through regulatory engagement, consolidation, and infrastructure investment.

Bank acquirers and legacy processors: The window is closing

Banks retain genuine advantages including institutional trust, regulatory standing, existing deposit relationships, and the ability to bundle acquiring with treasury, lending, and commercial cards. These matter! But they are not enough to offset the structural disadvantage banks face in SMB acquiring, and the evidence is mounting:

Banks are losing the distribution battle. SMBs increasingly discover and adopt payment acceptance through the software they use, not through a banking relationship. When a salon owner signs up for a scheduling platform that includes payments, the bank's acquiring offering never enters the conversation.

Legacy infrastructure is a drag, not just a cost problem. Modernizing core acquiring systems is a multi-year, capital-intensive process. Meanwhile, cloud-native competitors ship features weekly. The gap widens every quarter. Banks that frame this as a technology investment cycle underestimate how quickly merchant expectations are being set by consumer-grade software.

The partnership play is necessary but insufficient. Many banks are pursuing fintech partnerships and ISV relationships to extend distribution. This is the right instinct, but it often positions the bank as plumbing, providing settlement and compliance infrastructure while the partner captures the merchant relationship and the higher-margin economics.

Payment networks: Adapting from a position of strength

Networks occupy a unique position. They do not acquire merchants directly, but their infrastructure is essential to nearly every acquiring model. Their relevance is secure in the near term, but three challenges are reshaping their strategic calculus:

- **Alternative payment rails are eroding card volume.** RTP, FedNow, ACH, Pay by Bank, and A2A transfers are gaining traction for SMB transactions. Every dollar that moves to a non-card rail is a dollar that bypasses network interchange economics.
- **Closed-loop ecosystems are a disintermediation risk.** Major technology platforms and some banks are building proprietary payment ecosystems that reduce or eliminate network involvement. This is a slow-moving threat, but it's directionally significant.
- **Networks are evolving into enablers of the new commerce stack.** PayFac-as-a-Service frameworks, managed PayFac models, tokenization infrastructure, and merchant-centric data tools all extend network relevance beyond card rails. Networks that successfully position themselves as platform enablers, rather than just card transaction facilitators, will maintain economic participation even as card mix shifts.

Banks will retain the top of the SMB market, businesses with complex treasury needs, multi-location operations, and deep banking relationships. But they will permanently lose the long tail of smaller SMBs to platform-native acquirers. The window to meaningfully contest this outcome is 18–24 months. After that, switching costs on the platform side will lock in current trajectories.

The 3 plausible scenarios for 2030

As these trends play out, we present three plausible future scenarios for the SMB acquiring landscape.

Most likely

Scenario A: Platform dominance

Software platforms capture 60%–70% of SMB acquiring volume. Banks retain complex, high-value SMBs but lose the mass market permanently. Payment networks evolve into infrastructure-as-a-service providers supporting both card and non-card rails. The acquiring value chain inverts: Platforms set economics, and processors compete on cost and reliability.

- **Key characteristics:** Payments are invisible, embedded in vertical software. AI-driven onboarding, risk scoring, and merchant servicing are standard. Subscription and revenue-share pricing models replace per-transaction fees for most SMBs. Embedded lending, analytics, and treasury tools are the primary margin drivers.
- **Why we believe this is most likely:** The pattern is already visible. The prevalent SMB-focused ISVs and SaaS platforms today are not just growing, they are compounding advantages in merchant lock-in, data, and adjacent services. The banks are not pushing back with anything close to equal weight.

Possible but requires aggressive action

Scenario B: Bank resurgence

A subset of large bank acquirers successfully modernize infrastructure, build or acquire vertical software capabilities, and reassert distribution control through integrated banking-plus-payments platforms. Banks reclaim 40%–50% of SMB acquiring by offering what platforms cannot: deep financial services integration, credit access, and regulatory certainty.

- **What it would take:** Aggressive technology investment in the next 12–18 months, willingness to cannibalize legacy revenue, focused M&A targeting vertical SaaS providers, and organizational restructuring to operate at fintech speed. Most banks are not prepared for this level of disruption to current operating models.
- **Why we rate this as less likely:** The required pace of transformation exceeds what most bank governance structures can deliver. Partial efforts like partnerships, API layers, and digital portals are necessary but will not reverse the distribution shift at the long tail.

Least likely

Scenario C: Fragmented ecosystem

Neither platforms nor banks achieve decisive control. The market splinters into hundreds of niche vertical solutions, regional processors, and hybrid models. SMBs face integration complexity, inconsistent experiences, and higher total cost of ownership.

- **Why we rate this as least likely:** Platform economics strongly favor consolidation. The cost of building acquiring infrastructure is falling, but the cost of building a competitive merchant ecosystem including software, data, financial services, and distribution is rising. This dynamic favors a few dominant platforms over a fragmented field.

What should the banks do?

If you are a bank acquirer:

- **Decide which SMB segments you will fight for and which ones you will concede.** Identify the verticals where your banking relationship creates genuine differentiation whether it is multi-location businesses, specific industries, or businesses with complex treasury needs. Concentrate resources on your strength segment there instead of trying to serve all SMBs with a single acquiring proposition.
- **Acquire or build vertical software capabilities in your chosen segments.** Partnerships are a bridge, not a destination. If you do not own the software that SMBs use daily, you do not own the merchant relationship.
- **Rebuild onboarding from scratch.** If your merchant onboarding takes more than one day, you are losing deals to platforms that do it in minutes.
- **Stop treating acquiring as a stand-alone P&L.** The economic model for SMB acquiring is shifting to platform economics. Payments revenue will decline as a percentage of total merchant relationship value. Restructure your organization and incentives to accommodate the more holistic value model.

If you are a fintech acquirer or software platform:

- **Invest in regulatory infrastructure now.** Regulatory scrutiny on PayFac models, embedded lending, and data practices is intensifying. The platforms that build compliance as a core competency will survive consolidation. Those that don't will become acquisition targets at distressed valuations.
- **Deepen your relationship through embedded financial services.** Payment processing margins will compress. The differentiation is in lending, treasury, analytics, and operational tools that make your platform indispensable. Every financial product you embed increases switching costs.
- **Prepare for M&A, as a buyer and as a target.** Consolidation is coming. Platforms with strong merchant bases and thin product suites will be acquired. Platforms with deep capabilities will acquire them. Know which one you are and plan accordingly.

If you are a payment network:

- **Accelerate your multi-rail strategy.** Card-only economics are a shrinking base. Networks that facilitate RTP, A2A, digital currency, and open banking alongside card rails will remain central. Those that defend card exclusivity will lose relevance, as alternative rails scale.
- **Position as the trust and security layer for platforms.** As software platforms become the primary acquirer interface, networks can differentiate on tokenization, fraud intelligence, and compliance infrastructure. This is a services play, not a volume play.
- **Enable, do not compete with, platform acquirers.** PayFac-as-a-Service, managed PayFac frameworks, and developer-friendly APIs are the right strategy. Networks that try to own the merchant relationship directly will find themselves in a fight they cannot win.

Key takeaway

The SMB acquiring market is not experiencing incremental evolution. It is undergoing a structural transfer of merchant ownership from financial institutions to software platforms. The economics, the distribution channels, and the merchant expectations have all shifted. What remains is the question of how quickly the incumbents recognize this, and whether they act with the urgency the moment demands.

The winners will not be the players with the best processing infrastructure or the lowest basis-point pricing. They will be the platforms that **orchestrate the merchant life cycle,** from onboarding to daily operations to financing to growth, inside a single, software-driven experience. Everyone else processes transactions for them.

Glossary of ***key models***

MODEL	DESCRIPTION
PayFacs	Payment service providers that aggregate sub-merchants under a single master merchant account, managing underwriting, payment capabilities, disputes, reporting, settlement, and compliance on their behalf.
PayFac-as-a-Service	Turnkey infrastructure model enabling ISVs or platforms to function like a PayFac using pre-built APIs, risk tools, and onboarding workflows provided by a specialized provider.
Managed PayFac	Hybrid model where a third party manages infrastructure, risk, and compliance functions, allowing the platform to operate as a PayFac without building from scratch.
Marketplaces	Digital platforms connecting sellers to buyers (e.g., retail, food delivery, travel) that handle payments on behalf of sellers, typically acting as the merchant of record.
ISVs	Independent software vendors embed payment acceptance into their platforms (e.g., business management tools, vertical POS systems) and partner with acquirers or PayFacs for processing.
ISOs	Independent sales organizations licensed to sell merchant accounts on behalf of acquiring banks, connecting merchants with acquiring infrastructure and services.

Source: Deloitte analysis based on project experience

Endnotes

1. US Chamber of Commerce, "Small Business Data Center," accessed June 2026.
2. Nilson report; Credit Suisse, The Question 3.0 report; SMBs account for approximately 25%–35% of total US acquiring volume.
3. Credit Suisse, The Question 3.0 report; The Strawhecker Group (TSG), "The $58 trillion pie," 2024; approximately 70% of acquiring revenue originates from SMBs.

Authors

Deloitte works with acquirers, networks, and platforms navigating this transition, from market strategy and product design through operational transformation and regulatory readiness. To discuss the implications for your organization, contact our Payments team.

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