

Big Tech in Fintech:

How Amazon and Google are battling to own transactions

While Amazon and Google have reeled in their efforts to offer their own financial services, they continue to embed themselves in the digital financial ecosystem.

Big tech won't be your next bank — but they'll play a part in most of your transactions.

After nearly a decade of big tech companies venturing into launching their own financial products, the major players have now pulled back.

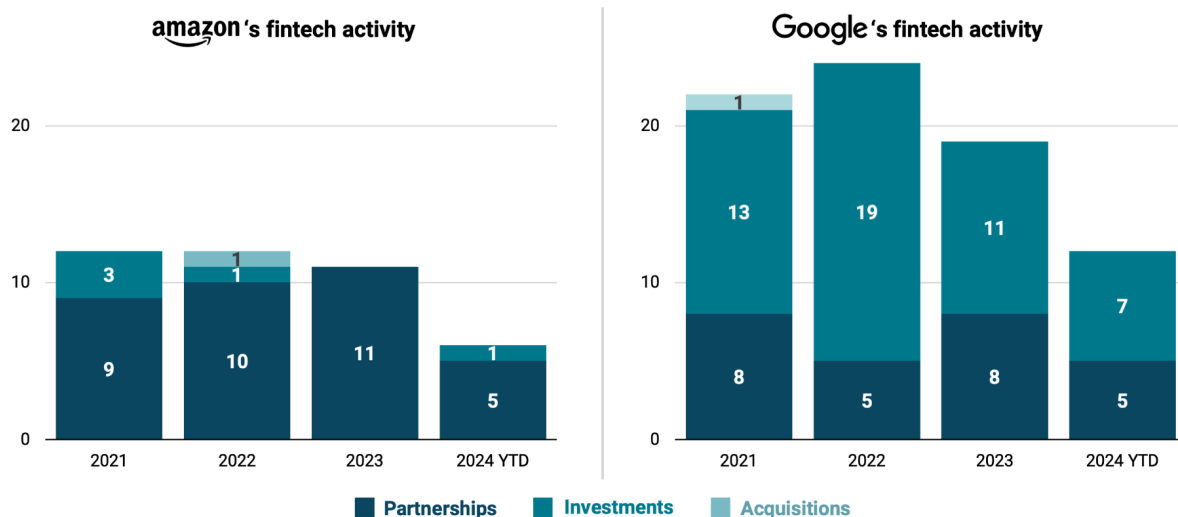
Google scrapped its plans to offer bank accounts in 2021. Amazon closed most of its cashierless checkout stores in 2023. And in June 2024, Apple discontinued its Pay Later installment payments service just 1 year after its launch.

While all 3 companies are still offering some of their core financial tools — e.g., Amazon Pay, Buy with Prime, and Just Walk Out; Google Wallet; and Apple Pay — they have largely shifted to roles as tech providers, embedding themselves in financial transactions on others' platforms and broadly supporting advances in financial infrastructure.

[Amazon](#) and [Google](#) stand out in this area. Both are using partnerships and investments to reach customers across more geographies and to support a wider range of financial services. Their relationships offer them not only new paths to reach customers and drive revenue, but also more profitable growth and new ways to collect consumer data.



Amazon and Google maintain external relationships as they turn away from their own financial products



Source: Company and investor profiles for Amazon (Amazon, Amazon Alexa Fund) and Google (Google, CapitalG, Google Ventures, Gradient Ventures).
Data as of July 2024.

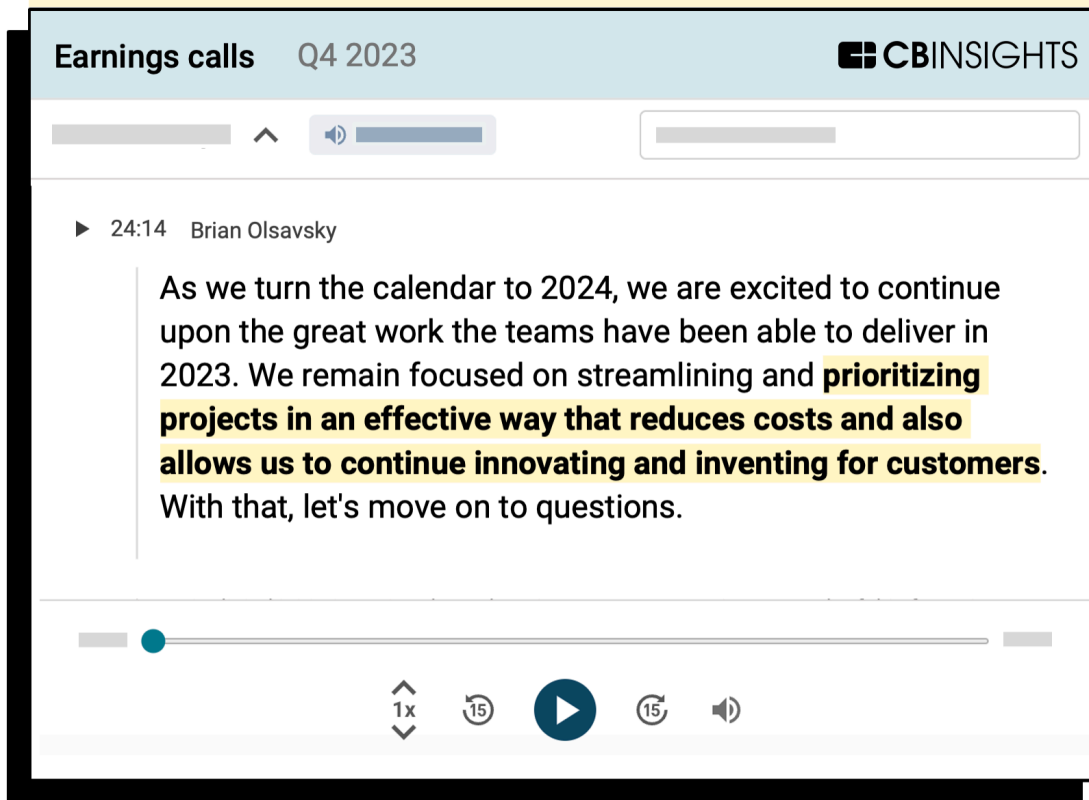
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We mined CB Insights data on Amazon's and Google's investments, acquisitions, and partnerships, as well as patents and earnings transcripts, from January 2021 to July 2024 to explore how the companies are reengineering their fintech strategies to make moves in the space.

Amazon

Amazon's shift away from scaling its own fintech products reflects its narrowing strategic focus. The company has had to cut some of its losses, from closing its non-grocery brick-and-mortar stores to subleasing its distribution centers.

Amazon CFO emphasizes the need to find profitable and sustainable pathways to growth



Source: CB Insights – [Amazon Q4'23 earnings transcript](#)






As a result, the company is forging more external relationships that connect its services with new platforms and revenue opportunities.

Global fintech activity gives Amazon footholds in growth markets

One approach Amazon is taking to find growth: build business in fast-growing international markets.

India arguably remains Amazon's primary focus outside its core markets like the US, but the company is also venturing into emerging markets like Latin America and the Middle East and North Africa (MENA).

Amazon's activity across key growth markets

India			Mexico	Egypt
 भारतीय रिज़र्व बैंक Reserve Bank of India India's Central Bank	 Plans to invest additional \$15B into India by 2030, particularly via AWS	 Led Series C round for small business loan provider	 Partnership to offer buy now, pay later (BNPL)	 Backed corporate minority round for BNPL provider
Received payments aggregator license, giving Amazon Pay more functionality 2024	2023	\$10M 2021	2024	\$10M 2022

Source: CB Insights – [Amazon's business relationships, investments, and news mentions](#)

In emerging markets, in particular, investing in and partnering with local companies is necessary to build relationships and support Amazon's integration with global regulations and currencies.

Selling checkout tech to boost profits and get access to consumer data

Amazon is expanding the sale of its in-store contactless and cashierless checkout solutions, Amazon One and Just Walk Out, to other merchants.

The move follows rocky ventures into physical retail, tech-enabled and otherwise. In November 2023, the company announced it would close its 2 apparel stores. This followed the closure of 9 of its Amazon Go cashierless checkout stores earlier in 2023, as well as shuttering 68 stores across the US and UK in 2022.

Instead, it's now focused on bringing its cashierless tech to a range of commercial spaces, including those beyond retail — like restaurants ([Panera](#)), colleges ([University of Pittsburgh](#)), arenas ([Seattle Seahawks](#)' Lumen Field), and hospitals ([Candler Hospital](#)).

Amazon opens first Just Walk Out cashierless checkout store in a hospital

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1/11/2024

Client

St. Joseph's/Candler hospital system is first hospital to open Amazon Just Walk Out store on site

The St. Joseph's/Candler system is opening a Just Walk Out tech-enabled store in Candler Hospital in Savannah, GA.

- Hospital staff can link employee badges with payroll accounts and scan their badges on the way into the stores to pay. Visitors can shop at the store using credit/debit cards or mobile wallets.
- Morrison Healthcare, which runs food service at hospitals, operates the Just Walk Out store.

Insights generated by combining CB Insights data and AI

Source: CB Insights – [Amazon business relationship insights](#)

The deals offer the retailer a new revenue source and are more than a simple vendor-client software relationship, as deploying the tech in non-Amazon stores involves significant buildout.

Supporting small businesses via financial services partnerships

Amazon is working with online lenders and other financial services companies, including insurance providers, to support small businesses and especially the merchants selling on its platform. Its lender relationships with players like [Parafin](#) and [Lendistry](#) enable Amazon to offer financing to small- and medium-sized businesses.


Parafin
11/1/2022
Licensor

Amazon partners with Parafin to offer merchant cash advances to US sellers

- Amazon has launched a merchant cash advance service for US-based sellers provided by Parafin, aiming to give accessible capital with flexible repayment tied to sales.
- The program allows sellers to borrow from \$500 to \$10M with a fixed capital fee, no interest, and payments due only when sales are made, enhancing sellers' cashflow management.

Insights generated by combining CB Insights data and AI


lendistry
9/29/2022
Partner

Amazon expands partnership with Lendistry focused on providing loans to underserved SMEs

- After a 1-year pilot, Amazon and online lender Lendistry have expanded Amazon Community Lending, which provides short-term loans to US-based sellers on Amazon's platform, aiming to enhance access to capital for underserved SMEs.
- Since its inception, Amazon Community Lending has extended over \$35M in loans to more than 800 sellers, surpassing its initial \$10M target set during the pilot phase.

Insights generated by combining CB Insights data and AI

Source: CB Insights – [Amazon business relationship insights](#)

Looking ahead, Amazon will connect more proprietary solutions with external platforms to broaden its reach

Amazon is linking its proprietary digital commerce technology with other platforms to expand its influence – and side-step the risk and cost involved in developing and launching its own fintech solutions.

Amazon CEO notes value of new business lines and payments platform partnerships to grow customer reach

The screenshot shows a video player interface for an earnings call. At the top, it says 'Earnings calls Q3 2023' and 'CBINSIGHTS'. Below this is a progress bar and a volume control icon. The main content area displays a quote from Andy Jassy at 12:58. The quote is: 'We're seeing progress in a number of our investments that **expand our ability to serve more consumers and sellers and their e-commerce missions.** ...Both consumers and sellers are excited about Buy With Prime, which enables third-party sellers with direct-to-consumer websites to offer Amazon Prime members the same fast payments and delivery options they receive on Amazon.com.' Below the quote is a video player control bar with a play button, a 1x speed selector, and a 15-second skip button.

Earnings calls Q3 2023 CBINSIGHTS

▶ 12:58 Andy Jassy

We're seeing progress in a number of our investments that **expand our ability to serve more consumers and sellers and their e-commerce missions.** ...Both consumers and sellers are excited about Buy With Prime, which enables third-party sellers with direct-to-consumer websites to offer Amazon Prime members the same fast payments and delivery options they receive on Amazon.com.

Source: CB Insights — [Amazon Q3'23 earnings transcript](#)

Much like its relationships with other retailers that buy its unattended checkout technology, Amazon is partnering with consumer-facing platforms to expand the footprint of its other digital payment solutions.

Amazon's platform partners expanding digital payments reach


Company	Date	Amazon solution
Meta	November 2023	Facebook & Instagram users can connect accounts with Amazon checkout
Shopify	August 2023	Buy with Prime at checkout


EVgo	August 2023	Cars with Alexa can use Alexa to find charging stations and pay
BigCommerce	January 2023	Buy with Prime at checkout


Google

Similar to Amazon, Google continues to hone its strategic bets to invest more efficiently in broad-reaching initiatives, particularly AI.

Alphabet emphasizes moderating expense growth to make room for investments in AI

 Earnings Insights

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Q2 FY 2024

Alphabet's AI-powered search and cloud hit milestones, while Waymo gets \$5B boost

Alphabet's Q2 2024 earnings call revolved around the company's aggressive push to integrate generative AI capabilities across its products, headlined by enhancements to Google Search and accelerating traction for its AI-powered Cloud offerings.

CFO Ruth Porat emphasized Alphabet's focus on **'durably reengineering' its cost structure through actions like product prioritization, organizational streamlining, and infrastructure optimization** to create capacity for the significant AI investments.

Insights generated by combining CB Insights data and AI

Source: CB Insights — [Alphabet earnings insights](#)

As a result, rather than creating its own financial products and services, Google is expanding its existing platforms' connections with financial services and is investing in financial infrastructure via its venture arms.

Elevating Google Wallet to connect across finance, identity, and more

Google relaunched Google Wallet in 2022, transforming Google Pay from a mobile payments app to a comprehensive digital wallet.

The company continues to expand Wallet's role beyond payments, developing more entry points for interactions with Google's other services. This also gives Google a route to more consumer data, which can contribute to its efforts to personalize services from search to advertising.

For instance, in addition to storing transit cards, proof of vaccination, and other digital passes, Google is focusing on bringing more private documents to the Wallet. Users in Colorado, Arizona, Maryland, and Georgia are among the first to be able to store their driver's licenses in the app.

In 2023, Google also partnered with [Humana](#) to digitize health insurance ID cards.

Google continues to expand the features available on Google Wallet, making it a broader digital identity tool



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Humana

6/1/2023

Partner

Google works with Humana to develop digital health insurance cards for Google Wallet

Google is developing a digital version of Humana's health insurance cards that members can save to their Google Wallet digital wallets.

- These "private passes" require users to verify their identities via fingerprint, PIN, or other methods in order to add, view, or use the passes in Google Wallet.
- Users in the United Kingdom will be able to save their National Insurance Numbers to their Wallets.

Insights generated by combining CB Insights data and AI

Source: CB Insights — [Google business relationship insights](#)

One potentially rich user dataset could be loyalty and rewards data. In May 2024, Google launched a Google Pay feature that highlights users' opportunities for credit card rewards at checkout, allowing them to choose the card that offers the best value.

The introduction of this feature follows Google's and GV's recent investments in US- and India-based loyalty tech companies.

Google's recent investment targets in loyalty tech

Company	Date	Company description
Checkmate	May 2023	E-commerce rewards browser extension that finds and applies discounts and coupons
Twid	August 2022	Rewards-based payments network

Google Wallet is also part of the company's higher-level strategy to make its products more accessible and interoperable across systems. To this end, the company joined the [OpenWallet Foundation](#) in August 2023. The organization, which is backed by the Linux Foundation, aims to create open-source software for interoperable digital wallets that can work with each other and meet overarching standards.

Meanwhile, Google's venture arms support FinServ automation and infrastructure

As Google builds on its existing products' fintech connections, its venture arms – [GV](#), [CapitalG](#), and [Gradient Ventures](#) – are also investing in companies building infrastructure for financial services.

Since 2022, these 3 investors have backed a combined 15 companies building automation and development solutions in financial services. (Note that CapitalG invests for financial returns, rather than for strategic alignment with Google.)

FinServ companies recently backed by Google's venture arms

Company	Date	Investor	Company function
Gynger	June 2024	Gradient Ventures	SaaS payments automation
Forge	June 2024	Gradient Ventures	Spend management
Monzo	March, April 2024	CapitalG, GV	Digital banking
Toku	April 2024	Gradient Ventures	Recurring payments
Vault	May 2023	Gradient Ventures	Digital banking for businesses

Notably, in spring 2024, both CapitalG and GV invested in Series I rounds for UK-based [Monzo](#). While the digital bank stands out from most of the venture firms' other financial infrastructure investments, Monzo's goals to create an end-to-end, digital financial platform align with Google's and Alphabet's aim to enable digital experiences across platforms and devices.

Meanwhile, Gradient Ventures, which invests in AI startups, has turned its attention to B2B payments digitization. In June 2024, the venture arm joined a \$20M Series A round

led by PayPal Ventures for [Gynger](#), which makes an AI-powered embedded payment system for SaaS buyers and sellers. Gradient also participated in a 2022 seed round for Gynger.

Looking ahead, Google’s patents aim to enable more efficient and seamless payments

With an eye toward digital experiences, Google’s patent filings offer signals on where Google could next expand its payments and wallet infrastructure.

Several of its patents granted in the last 4 years feature technology to enable seamless and efficient payments.

Patents					CBINSIGHTS	
Application Date	Grant Date	Title	Related Topics	Status		
2/6/2023	7/16/2024	Hands-free transactions with voice recognition Conducting hands-free transactions comprises a server at a payment processing system, a us...	Payment systems, Payment service providers, Mobile payments, Banking technology and Contactless smart cards	Grant		
9/13/2021	5/7/2024	Payments in communication systems Users of a communication system can initiate electronic payments during a communication se...	Payment service providers, Payment systems, Videotelephony, Online payments and Electronic funds transfer	Grant		
11/2/2020	2/28/2023	Facial profile password to modify user account data for hands free transactions An account management system establishes an account for a user. The user enters user accou...	Payment systems, Contactless smart cards, Debit cards, Banking technology and Mobile payments	Grant		

Source: CB Insights – [Google patents](#)

One solution, which won a patent in May 2024, would [make payments possible within a range of communications platforms](#), including audio and video conferencing, social networks, and instant messaging.

A user could initiate a payment with a “signal” such as “\$” or “I owe you” in a text, or else with an image of a banknote, and the system would then automatically determine who the recipient of the payment should be.

Deploying – or even selling – a solution like this one would give Google yet another way to connect with customers across its and others’ ecosystems.