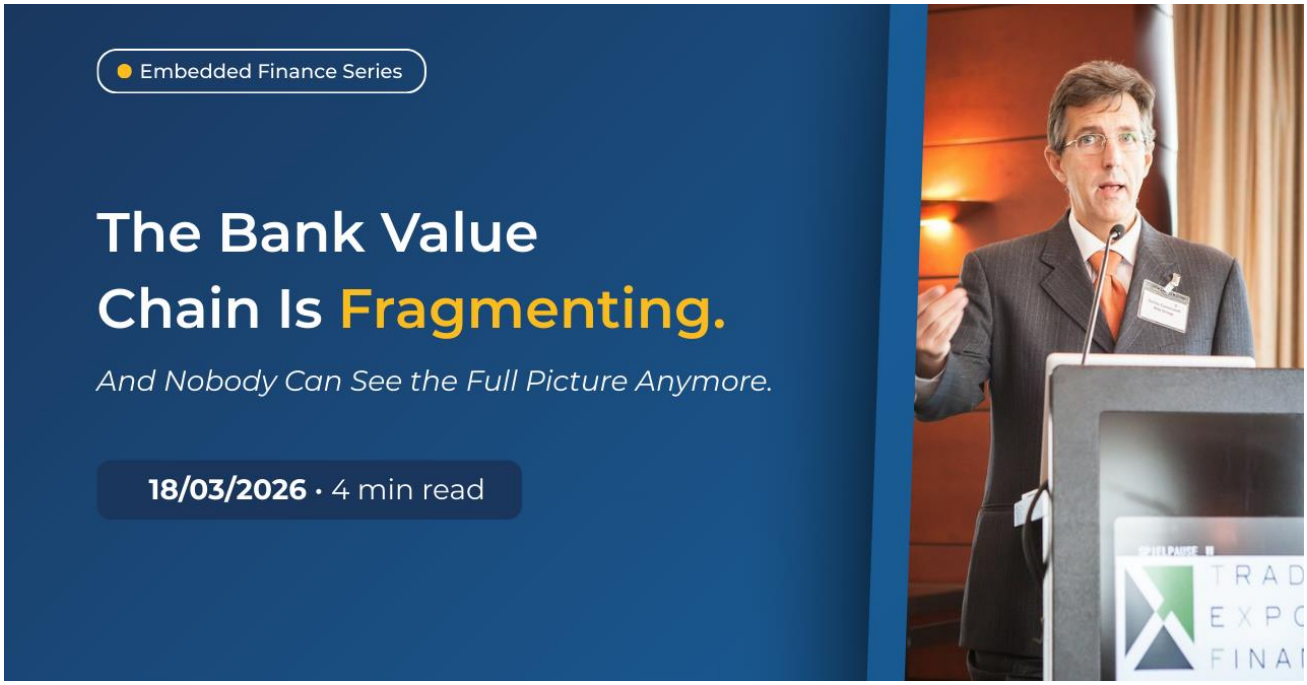

The Bank Value Chain Is Fragmenting. And Nobody Can See the Full Picture Anymore.

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A compliance officer at a Dutch bank told me something recently that I haven't been able to stop thinking about.

"We approved a lending product last year. Everything checked out. Fully compliant."

I asked her what happened.

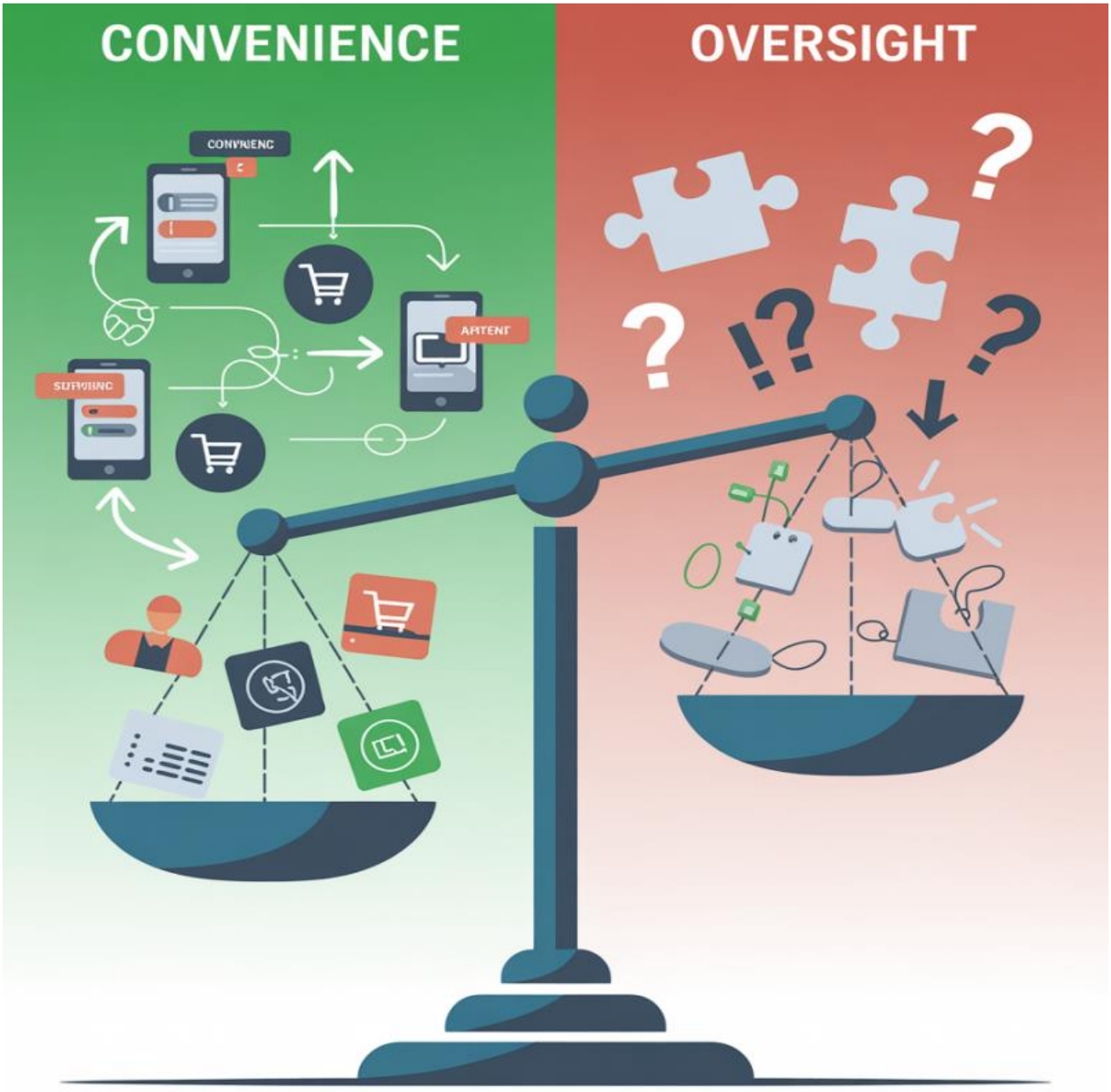
"Six months later, we found out the customer acquisition, the credit assessment, and the data handling were all being done by three different companies. None of them had a direct relationship with us."

She paused.

"We're the regulated entity. We're on the hook. And we didn't even know who was touching the customer."

That's embedded finance in 2026. And I think most people are underestimating what it means.

Convenience is winning. Oversight is losing.



Let's start with what's working. Because something clearly is.

Customers love embedded finance. You book a flight and buy trip cancellation insurance in the same app. You shop online and choose installment payments without leaving the checkout page. You get a loan offer inside your accounting software based on your own invoice data.

The financial service shows up exactly when and where you need it. No switching platforms. No separate applications. No friction.

From the customer's perspective, this is brilliant. And adoption is growing fast. But here's what's happening underneath that smooth experience.

The value chain is breaking into pieces nobody can track

De Nederlandsche Bank published an analysis on this that I think deserves more attention than it got. Their finding was straightforward but significant: embedded finance is extending the financial value chain in ways that make accountability very difficult to trace.

And when I look at what's happening across European markets, I see exactly what they're describing.

Think about a single embedded lending transaction. The customer acquisition happens on a platform. The credit assessment might be handled by a separate fintech. The data processing sits with another provider. The balance sheet risk stays with the bank.

Four different entities. One transaction. And the bank that's ultimately accountable often has the least visibility into what's actually happening.

That's not a theoretical concern. That's a structural problem.

Regulators are noticing. And they're shifting priorities.

I've been working in and around European banking regulation for 25 years. And I can tell you – the wind is shifting.

For a long time, regulators were broadly supportive of embedded finance. Innovation. Financial inclusion. Better customer experience. These were good things.

But the complexity that fragmentation introduces is now causing regulators to prioritize control over encouragement.

PSD2 opened the door. PSD3 is coming with a very different tone. DORA just started reshaping operational resilience requirements. And every regulator in Europe is asking the same question: when something goes wrong in a fragmented value chain, who is actually responsible?

The answer, legally, is the licensed financial institution. But in practice, that institution may have very limited control over the processes that led to the problem.

AML and fraud controls are getting particularly strained. When the customer journey is outsourced across multiple parties, maintaining consistent know-your-customer processes becomes genuinely difficult. The data flows across entities in ways that reduce transparency rather than enhance it.

And proving operational resilience? When your value chain involves five different companies, each with their own systems, their own vulnerabilities, and their own definition of "secure" - demonstrating resilience to a regulator is a serious challenge.

Now add AI agents to this picture

I want to flag something that I think makes all of this significantly more urgent. AI agents are beginning to participate in financial transactions. Not just supporting decisions. Initiating them. Autonomously.

In a traditional setup, when a transaction goes wrong, you can trace it. You find the person who approved it. You follow the chain. There's a human at every step.

But when an AI agent on one platform triggers a financial event based on data processed by an AI agent on another platform, and the transaction executes through a third, where did the decision actually originate? Which system is accountable? On what basis was it made?

The fragmentation problem that already exists with embedded finance? AI agents will amplify it dramatically. Transaction traceability, which is already hard, becomes nearly impossible. And regulators are not going to accept "we don't know which system decided" as an answer.

This is where tokens start to make practical sense

Now, I want to connect this to something I've been writing about for a while. Because I think it's relevant here in a very concrete way.

If the core problem is that transactions move through fragmented systems and nobody can see the full picture, then the solution has to travel with the transaction itself.

That's exactly what supply chain finance tokens can do.

Think of it as attaching an electronic tag to a financial transaction. As that transaction moves from one system to another, across platforms, across entities, across borders, the token collects and carries information at every step. Who handled it. What was verified. When it happened. What conditions were met.

By the time the transaction is complete, you don't need to go back and reconstruct the story from five different systems. The story is already there. Embedded in the transaction itself.

For a bank that's worried about regulatory exposure across a fragmented partner chain, this isn't an innovation play. This is an accountability tool.

For a regulator asking "can you demonstrate oversight of your entire value chain?" - a token-based audit trail is a very compelling answer.

The fragmentation isn't going away

I want to be clear about something. I'm not suggesting embedded finance is bad. The customer benefits are real. The commercial logic is sound. This model is going to keep growing.

But the fragmentation it creates is a structural feature, not a temporary growing pain. And as AI agents add more autonomous decision-making into an already complex chain, the visibility problem only gets worse.

The banks and fintechs that figure out how to maintain transparency across fragmented value chains - not by fighting the fragmentation, but by building traceability into the transactions themselves - those are the ones that will earn regulatory confidence and win partnerships.

The rest will keep discovering, months later, that they don't know who was touching their customers.

Navigating embedded finance complexity or positioning your fintech for bank partnerships in Europe? This is exactly what I work on. Let's talk.

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About the Author

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Enrico Camerinelli is a Strategic Advisor at Datos Insights specializing in commercial banking, cash and trade finance, and payments. Based in Milan, he brings a strong European focus to the Commercial Banking practice at Datos Insights.

Enrico has been widely quoted by publications ranging from American Banker to the Financial Times. He has contributed editorial content to publications such as Supply Chain Europe, serves as a consulting editor with gtnews, and is the author of Measuring the Value of the Supply Chain, a book about linking financial performance to the supply chain. He has spoken at leading trade shows and conferences in Europe, including Sibos and EuroFinance.

Enrico has extensive experience within his areas of coverage as well as in providing research and consulting services to clients. Most recently, he served as a Senior Analyst with Celent, focusing on the financial supply chain and Single Euro Payments Area (SEPA). Prior to that, he was the European Director and Chief Analyst at the Supply Chain Council, a nonprofit serving the logistics and supply-chain industry. In that capacity, Enrico provided independent research and advisory services as well as business development and budget control for the organization. Before that, he was a Vice President and Research Leader at META Group's Electronic Business Strategies service, tracking trends in supply chain management, product life cycle management, e-procurement, and sourcing. He also spent 10 years working as a supply chain manager at various manufacturing and automotive companies.

Enrico graduated from Università degli Studi di Roma La Sapienza with a degree in Business Engineering. He speaks fluent Italian and English, and is proficient in Spanish.