Tech to win in the payments business

Entering Q2 of the 21st century

spell

Intro

At Spell, we've spent years helping payment businesses launch, scale, and evolve their tech — sometimes from scratch, sometimes by replacing legacy setups never built to keep up with today's market. As a result, we're already trusted to deliver over 90 million payments worth 10 billion euros annually.

We've worked with payment businesses in fast-moving environments all around the globe. We've worked with banks, electronic money & payments institutions, ISOs, and tech entrepreneurs building entirely new fintech layers in this highly competitive and rapidly shifting global environment.

We believe infrastructure isn't just a technical decision. It's a strategy. And this is our honest take on how to approach it right.

This payment executive's guide reflects the general concepts we figured out during our projects that are necessary to help payments businesses and experts stay competitive and operate in the most efficient way.

It's not a sales pitch, it's not a silver bullet, but a clear-eyed look at what it takes to scale a payments business in 2025 without burning millions, locking yourself into one-size-fits-all tech, or trying to build every feature in-house yourself.

Executive's guide

Rising expectations

The only constant thing in payments is that everything changes

Even as competition grows, the market for new payment services remains wide open — and the motivations behind launching them are increasingly strategic. Today, we see four clear forces driving new entrants into payments:

Entrepreneurs are riding the fintech momentum, aiming to build infrastructure-light, seller-first solutions that challenge legacy payments businesses in underserved verticals.

Enterprises are internalizing payment operations to gain control over acceptance rates, customer experience, and costs — rather than being bound by external processors' limitations.

Niche-focused players targeting specific industries, regions, or payment behaviors, solving gaps that generalist payment companies often overlook or underserve.

Former referral-based businesses, like ISOs and seller aggregators — are evolving into full-fledged payment services to capture more margin and deliver a better integrated product.

As a result, the economics of payments are shifting — and fast. Margins are getting thinner. Businesses are getting smarter. Access to the underlying infrastructure is becoming more open than ever before.

Market processors once protected their edge with "secret" card scheme connections. Now even Visa and Mastercard offer APIs meeting modern standards. It's no longer about access — it's about who moves faster, builds smarter, and controls their know-how.

"Democratization of access is redefining who gets to compete."

New payment services no longer need massive capital or exclusive personal connections and technical knowledge.

What they need is:

- Lean tech and infrastructure that can go live in months, not years.
- Teams that understand how to prioritize know-how, instead of vanity development.
- A product mindset that delivers value and experience.

This shift is why we continue to see new payment companies launching — and winning. From niche-focused platforms to embedded commerce flows, the field is wide open, but the bar is high.

The days of getting away with a basic hosted checkout and a single acquirer are over. What's expected now is multi-method logic, orchestration, digital compliance, operations speed, and seller's control — all out of the box.

This is where expectations start, and it's where this whitepaper starts: by unpacking what modern payment infrastructure must support — and what's no longer optional. What used to be a closed ecosystem with hidden connectivity is now being rebuilt for accessibility, speed, and control.

This push for technical independence has opened the door for a wave of innovation — faster, cheaper, and more flexible ways to move money & goods:

"The game isn't just about moving 'money-train' anymore — it's about how fast and efficiently you can build the rails, and how much of them you need to control."

Buy Now Pay Later models exploded during COVID and continue expanding into new verticals.

Open Banking payments are being promoted as cost-effective, secure alternatives to traditional card flows.

Dynamic Pricing strategies that include instant discounting, method-specific surcharges, and real-time payment scoring are emerging to replace one-size-fits-all pricing.

In the UK, Open Banking payments doubled in 2023, with adoption accelerating across France, Germany, and the Nordics. In Brazil, Pix now accounts for over 40% of online payments. And in Poland, BLIK — a mobile bank-to-bank payment system — handled over 1.2 billion payments in 2024, highlighting the rapid shift toward real-time account-based payments across Europe. These aren't isolated phenomena. They're part of a broader global shift — and it's particularly noticeable in Europe.

With PSD2 already in place and PSD3 on the way, European regulators are laying the groundwork for a more open, resilient financial system. One that's not entirely dependent on global card networks. In addition to SEPA Instant, payment initiation services, and national-level pushes toward API standardization, the region is actively building its infrastructure independence. Every few years, a new wave hits.

And every time it does, payment businesses and experts are left asking:

"Can we support this — or must we rebuild again?"

That's the core challenge.

Replatforming every time the market moves isn't just expensive — it's unsustainable.

You can't plan for every trend, while technical research that allows such a level of freedom requires an unlimited amount of time.

Even if you're hitting today's sales targets or efficiency benchmarks, your platform still needs to be ready to absorb what's next — whether that's new payment methods, regulatory shifts, checkout UX trends, or entirely new business lines and processes.

Blind spots

Where PayTech infrastructure falls short

Over the last few years, we've spoken with hundreds of market players — from ambitious startups to well-established organisations — and a clear pattern has emerged as certain blind spots keep showing up again and again.

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1 Reinventing the wheel

One of the most common mistakes we see is trying to build everything in-house from day one — payments API and feed, seller dashboards, smart routing & cascading layers, digital onboarding.

On paper, it looks like a strategy for long-term control. In reality, it usually leads to massive delays in the go-to-market process, blown budgets, and teams getting stuck trying to stabilize basic operations rather than growing the business. Instead of launching in a few months, projects often drag on for over a year, just to deliver features that mature platforms already treat as basic must-haves.

Meanwhile, competitors using modular and white-label components go live, start onboarding sellers, and take their market share.

2 Going too wide, too fast

Tech choices reflect strategy — or expose its absence.

Many payment businesses try to address multiple seller verticals and geographies simultaneously: SaaS, gig economy, e-commerce, subscription platforms — each with different requirements for authentication, checkout, settlement, and regulations.

What are some of the problems?

- Core features stretch thin, and none of the verticals get best-in-class service.
- Seller onboarding timelines explode & support burdens grow exponentially.
- Routing logic becomes impossible to optimize.

What actually works today is going deep into a vertical, a region, or a specific client — for example:

Klarna

Klarna started as a niche player Buy Now Pay Later for online retailers in Sweden.

toast

Toast created a restaurant-first payment terminal with an embedded loyalty program.

fresha

Fresha built tailored payments for salons and barbershops.

3 Struggling to find talent

Tech quality is directly tied to the skills of the people building it.

But in payments, the hiring pool for experienced engineers, compliance architects, fraud experts, and product leads is extremely thin — and expensive. Many startups realize too late that building decent core platforms and orchestration engines, compliance flows that work and reduce noise, or PCI-DSS compliance stacks isn't just "backend engineering" — it's deep domain expertise.

The hiring reality means even well-funded companies struggle to maintain pace against more experienced competitors.

What powers success?

A checklist of a competitive PayTech

This isn't a list of features. It's a selection of capabilities that sets the foundation for scale and resilience.

If you're missing even a few of these elements, your ability to compete long-term is already compromised.

Flexible pricing engine

Pricing isn't just "flat fee per payment." Especially in B2B or platform models, payments businesses need to:

- Set different pricing per client business segment and risk profile
- Charge different fees depending on payment region, method, volume, etc.
- Split margins with counterparties

Tech should allow you to create & tune your own business model, not limit one.

Intelligent cascading & deep routing

Let's be honest - in 2025, the words "payment routing" won't surprise anyone anymore – It's basically the first thing most payment professionals expect from a decent orchestration provider.

But nowadays, basic routing logic isn't enough.

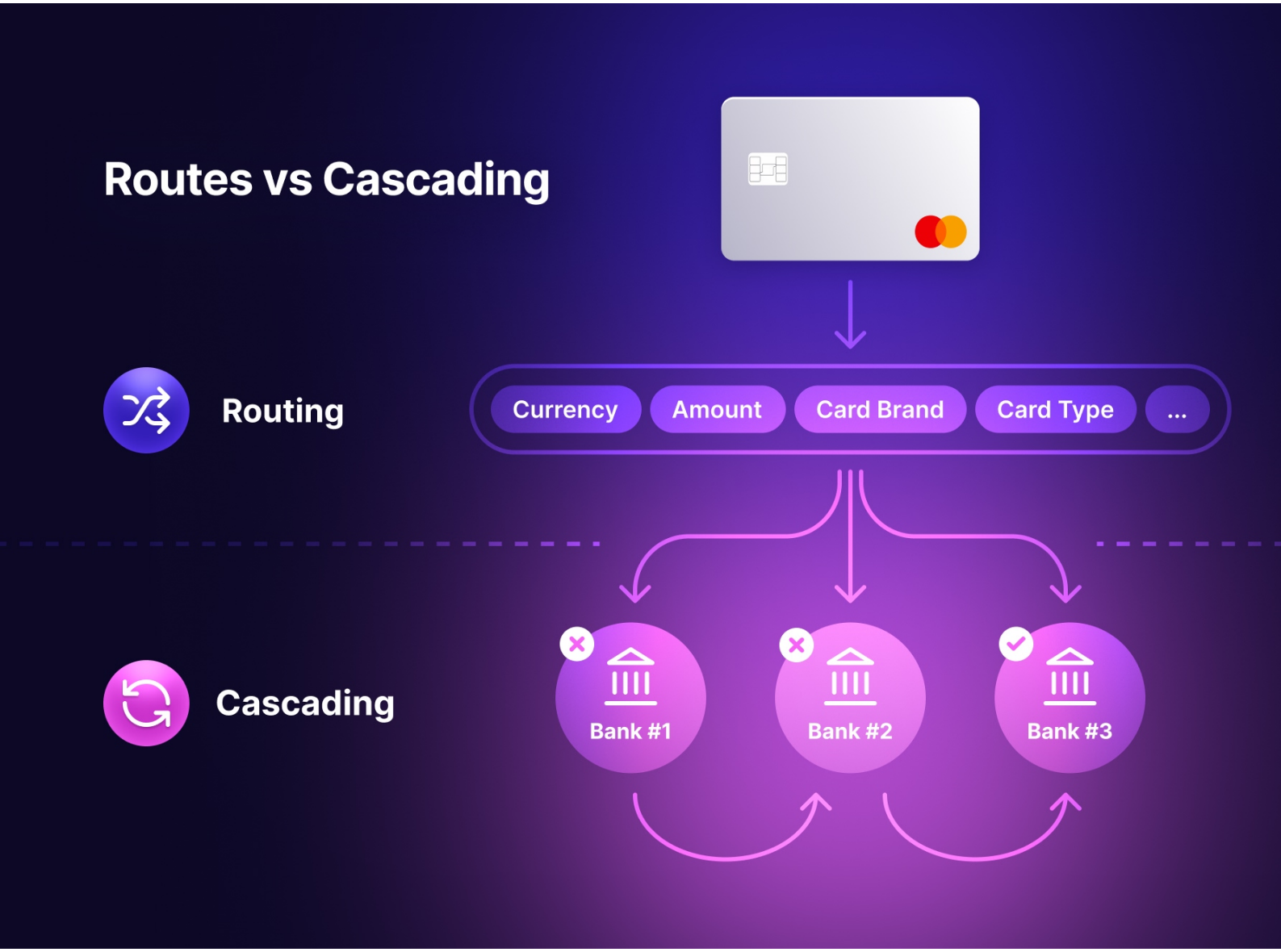
Real routing means depth.

And depth means every retry and payment decision is based on:

- Currency and payment method
- Seller-specific risk profiles
- Buyer-specific parameters like Card BIN, IP, etc.
- Payment amount, device type, and even geo
- Availability of the payment channel

Many payment businesses stop at a simple method failover, and quietly lose approval rates at scale. They build routing trees that look fine at launch but can't adapt to issuer behavior shifts, seller specifics changes, or geo-specific optimizations.

Today, routing isn't just about fallbacks. It's about finding the most cost-efficient paths with the least resistance — in real time, every time — using the broadest set of live signals possible.



However, even the most efficient routing logic can encounter limitations, and some payments will still be declined. But not all declines are final. Many are soft, and with the right retry logic, they can still convert.

That's where intelligent cascading takes over. What separates platforms isn't whether they allow a retry — it's how intelligently they do it.

Most platforms today offer basic cascading: if one payment channel declines, retry with another, or fall back to a second method. At a surface level, that improves approval rates and reduces abandonment — and it's been standard practice for years. But cascading only works well if it inherits the same routing intelligence.

Embedded onboarding

Getting sellers live shouldn't take weeks of back-and-forth. Modern platforms embed the complete onboarding journey into a single platform, allowing clients to sign up, submit required information, and activate payment services without switching between emails and shared folders or separate compliance tools within one flow that is seamlessly connected with the back-office operations that are required to get the client account live.

Everything lives in one place. No infinite email threads. No scattered links. No delays.

Revenue generating tools

Processing payments already isn't enough. Modern payment platforms win by giving sellers the tools beyond what they expect. Common high-impact additions include:

Invoicing
Issue payment requests without third-party tools — useful for automating recurring payments and managing subscriptions.

Subscriptions
Manage recurring billing natively inside the platform.

Sales Links
This feature enables sellers to create product-specific payment links and QR codes for cross-channel sales.

These aren't "nice to have" anymore — they're core parts of seller expectations and noticeable add-ons to low-risk payments business revenue sources.

Operations management

Scaling operations isn't just about adding more people — it's about ensuring the right people are doing the right things, at the right time, without managerial overload.

For example, we at Spell are automating this with an innovative ticketing system that:

- Automatically generates tasks when specific platform actions occur e.g., a new account verification request, payment limits triggered.
- Embeds one-click decision tools directly inside each ticket, so account managers can approve, decline, or apply pricing/rules presets without reentering data.
- Distributes workload automatically across teammates based on role & responsibility.
- Prioritizes the queue using custom logic and machine learning, making sure urgent tasks don't get buried under routine ones.

Modern payment infrastructure

How to build without burning millions

When starting a payment business, one of the most important decisions you'll make is how to approach infrastructure. It's not just a technical question — it's strategic. How fast can you launch? How much can you control? What do you need to build yourself?

Payment businesses usually take two common paths: building in-house or adopting white-label tech. Each comes with trade-offs, and the right choice depends on goals, resources, and long-term vision, while Spell came up with an offer that benefits all.

In-house payment gateways

Advantages

- Complete control over tech

Developing your own gateway gives autonomy over tech stack, code, and IP — enabling customization and flexibility as needs evolve.

- Capitalized investment.

While the control and customization of in-house payment gateways are appealing, they come with substantial costs, time commitments, and operational risks.

Challenges

- Significant development costs and risks

Building a payment gateway from scratch demands investment in development, security, and compliance — costs that can be unaffordable for smaller teams.

- Talent acquisition and operational complexity.

Building and maintaining a payment gateway necessitates a team with specialized skills in areas like software development, cybersecurity, and regulatory compliance. Recruiting and retaining such talent can be challenging and costly.

- Extended time to market

Developing an in-house gateway can be lengthy, delaying market entry and risking missed opportunities or slower response to demand.

- Redundant development efforts

Many functionalities required in a payment gateway are available through existing solutions. Recreating them can lead to unnecessary expenditure of time and resources.

- Scalability challenges

As payment volumes grow, the gateway must scale accordingly. Ensuring the infrastructure can handle increased loads without compromising performance or security adds a layer of complexity.

SaaS payment gateways

Advantages

SaaS payment gateways serve as a natural solution for most of the drawbacks of in-house systems:

- Freedom from talent dependencies.
- Focus on the unique selling proposition.
- Super low development costs.
- Proven built-in scalability.
- Rapid go-to-market timeline.

Challenges

However, while SaaS payment gateways also come with two potential downsides:

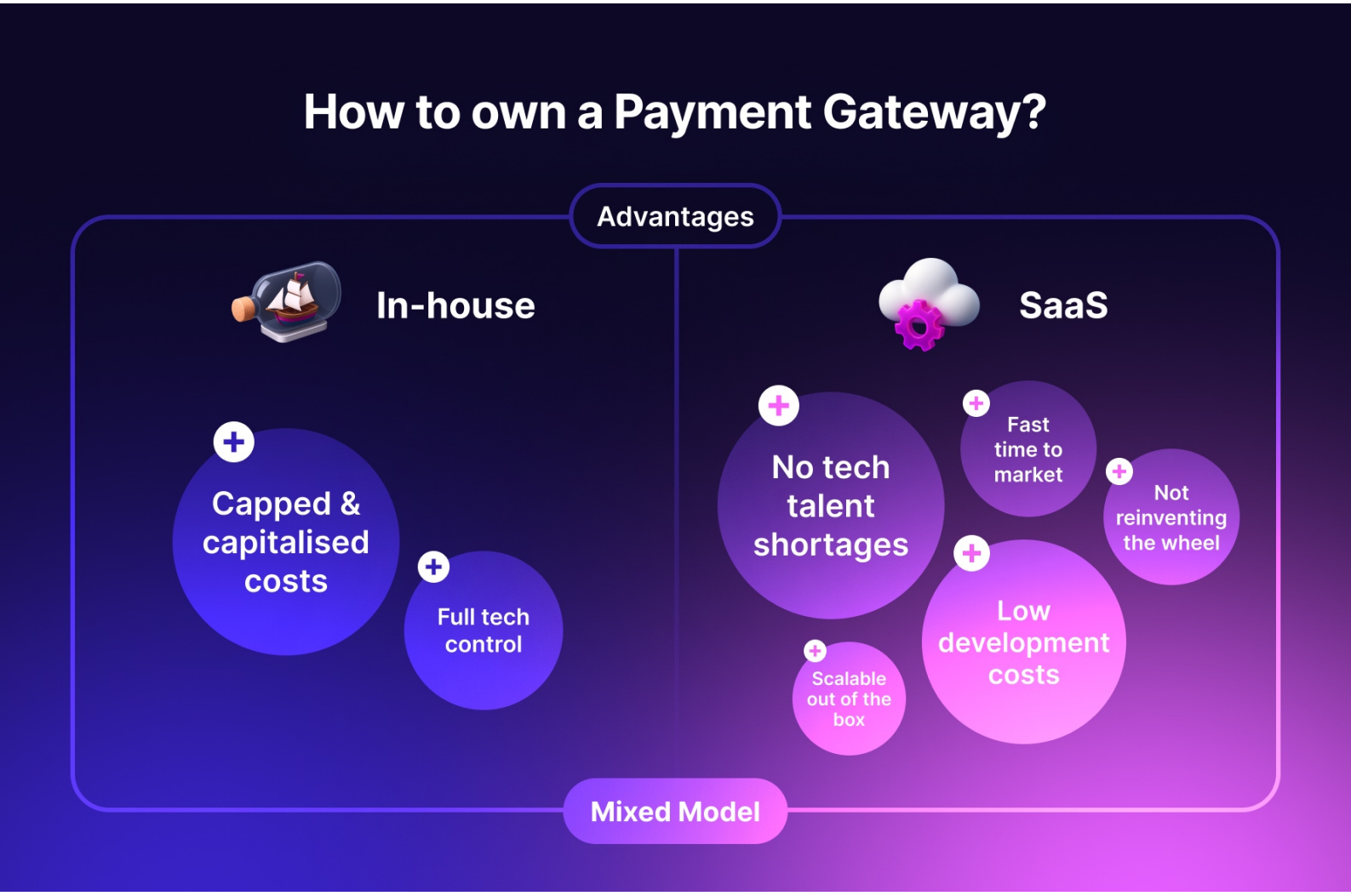
- Dependence on the vendor’s service levels and capacity.
- Uncontrolled and non-capitalized costs.

Spell’s mixed model: Combining flexibility & control

Recognizing the limitations of both in-house and SaaS models, Spell offers a hybrid approach. Businesses can start with Spell's white-label SaaS platform to quickly enter the market and, over time, develop and integrate proprietary components as needed. This model provides the agility to adapt and grow while maintaining control over critical aspects of the payment infrastructure.

Tailoring the approach to your business needs

Choosing between building an in-house payment gateway and adopting a white-label SaaS solution depends on various factors, including resources, time constraints, and long-term business goals. For many, starting with a SaaS platform offers a practical and efficient path to market. However, as the business evolves, integrating custom-built components can provide flexibility and control. Spell's mixed model facilitates this transition, supporting businesses at every stage of their growth.



For most payment businesses, building a gateway in-house isn't justifiable. Cost, complexity, and time-to-market risks are too high when proven alternatives exist. White-label SaaS like Spell is a natural evolution: build what you sell, launch fast, scale flexibly — and own more later with clarity, not desperation.

"Know what you actually need to own."

Case study

Klix by Citadele

The challenge

Klix.app by Citadele wasn't struggling with capital or market experience — they already had all licenses and operating business power.

The real challenges were:

- Staying competitive in a rapidly evolving space and a shifting market due to the emergence of open banking.
- Expanding the existing online payment processing business with additional tools.
- Fitting all requirements into the size of the local market made it challenging to develop all the required services in-house at the pace the market demanded.

Project specifics

- Launching open banking payments & uniting them with the online and in-store payment business.
- Connecting the platform with the bank's core system to unite account balances and bank payments with the business of online and in-store payments.
- Extending the bank's value proposition with revenue-generating payment tools.

The outcome

Became one of the Baltic's payment market leaders with **x5 growth in the past few years.**

> *"Spell is a great partner to boost your payment offering and business growth. Spell team is always focused on its partners' business growth and has consistently delivered excellent and innovative solutions, which have supported our rapid business expansion in the region. Every day, communication is direct, quick, and result-driven, enabling moving forward quickly and reaching business goals confidently."*

Eduards Timofejevs
Head of Klix by Citadele

Read other case studies
wespell.com/cases/ →

About Spell

Spell is a white-label payment platform provider built for efficiency, scale, and strategy. We help banks, payment & tech businesses around the globe to deliver tailored payment experiences without having to rebuild everything from scratch.

With modular architecture, optimisation-first logic, and flexibility across geos and business verticals, we've helped partners launch new payments brands, modernize existing ones, and fulfil their and clients' needs faster than ever.

We don't believe in the "one-size-fits-all payments business" — We believe in giving you the tools to build the payments business your clients actually need.

If you're ready to move faster, route smarter, and scale without burning millions — Let's talk.

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