by Erik Howell, Emilia Cavallini, and Kateryna Efros, 17 September 2026

European Banks Are Missing Out on the Accounting SaaS Opportunity

The Problem: Why Banks Lag in the SMB Segment

Small and medium-sized businesses (SMBs) are a highly lucrative customer segment for banks: their demand for credit is consistently high, they tend to purchase bundled financial services that are quick and easy to buy, and revenue margins are strong.

Yet, traditional banks struggle to serve SMBs effectively: i) high acquisition costs due to reliance on physical branches and traditional digital marketing, ii) chronic underinvestment in modern SMB products, digital front-ends, and self-service capabilities, and iii) tripping over their own feet on execution.

As a result, European banks are steadily losing share to fintechs and SaaS platforms that offer more integrated, user-friendly, and quick and easy-to-buy financial solutions.

Investment Thesis: Accounting SaaS as Distribution Channel for Banking

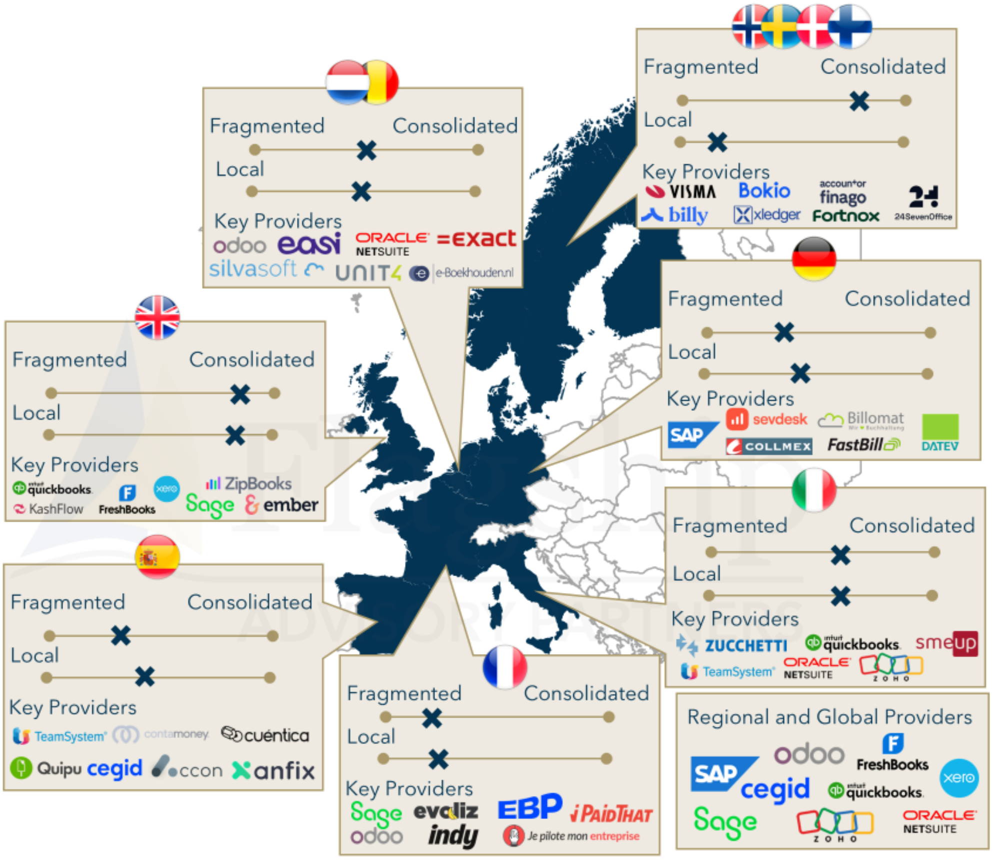
In mature markets (especially the US and UK), vertical SaaS has emerged as the dominant distribution model for reaching SMBs, clearly surpassing banks in e-commerce payments acceptance, and gaining ground rapidly at the physical point-of-sale.

Continental Europe remains at an earlier stage of this evolution, largely due to its geographic fragmentation and the smaller scale of its domestic SaaS platforms. However, the structural logic remains compelling, and the same transformation will inevitably unfold.

Within this landscape, accounting SaaS stands out as the backbone of SMB financial management, as it is the hub through which nearly all financial data flows, making accounting SaaS the ideal anchor for embedded financial services.

The European accounting SaaS market is fragmented, localized, and served by relatively small software providers. However, most European countries have three to four sizable providers with meaningful market share in the country, as Figure 1 shows.

Figure 1: Accounting Platform Landscape in Europe
(non-exhaustive; analysis of 100+ providers; SME focus)



Source: Flagship Advisory Partners
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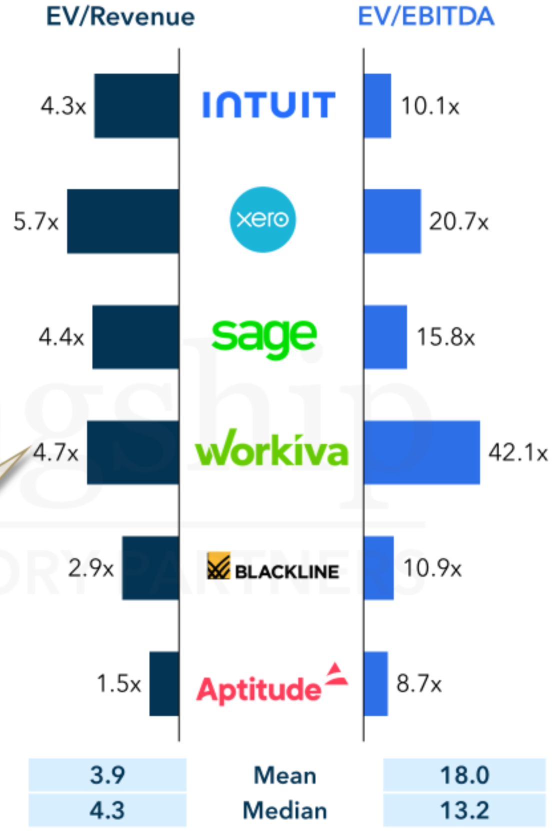
Valuations of European accounting SaaS companies are reasonable, given the limited pool of local buyers and the domestic nature of most platforms. This dynamic creates an attractive entry point for banks seeking to grow in the domestic SMB ecosystem. As Figure 2 suggests, larger and more global SaaS platforms currently trade at median revenue multiples of 4.3x. In contrast, we expect smaller, local European accounting SaaS providers to be valued below this range, offering meaningful potential for value creation.

Figure 2: Office of the CFO Deal Multiples

(select companies and transactions; mean and median over sample; as of 8 Sept 2026)

Company	HQ	Year	Revenue *(in mil €)*	EBITDA *(in mil €)*
VISMA	🇳🇴	2025	€3,168	€1,024
freeagent	🇬🇧	2025	€39	€12
AGERAS*	🇩🇰	2025	€86	€11
cegid*	🇫🇷	2025	€1,069	€350

Companies shown on the right are large, publicly listed players with global operations – not directly comparable to smaller or regional European SaaS peers.



*Cegid acquired Ageras in June 2026, Cegid acquired Shine in November 2025
Source: Flagship Advisory Partners

By acquiring (or partnering with) a leading domestic accounting SaaS provider, a bank could instantly gain preferential access to a large share of the SMB market and achieve several critical objectives:

1. Get a jump on competitors by positioning earlier in the new SMB lifecycle, as SMBs often buy software before bank accounts (or start with a “lite” bank account to get up and running before shopping around for a “full service” bank account);
2. Obtaining a powerful channel with which to reach customers and potentially convert them to primary banking;
3. Obtain relevant touchpoints to sell high-margin “point” products: payment acceptance, commercial cards, cross-border and FX, working capital, etc.
4. Create a compelling and differentiated value proposition (integrated financial services within the workflows of the software save huge amounts of time for the SMB);
5. Create a strong and differentiated hook to drive new customer acquisition vs. competitors; and
6. Obtain a huge base of data that can improve underwriting models, marketing targeting, etc.

The Opportunity: Building an Embedded Banking and Accounting Ecosystem

A bank's acquisition of or partnership with an accounting SaaS provider creates mutually reinforcing value on both sides of the deal.

Embedding banking products into accounting SaaS drives new customer acquisition, improves retention, and solves key SMB pain points. The accounting platform then becomes a powerful distribution channel for a broad suite of financial products, enhancing its functionality and user experience and making it a more indispensable daily tool for SMBs.

Figure 3: Embedded Finance Proposition Opportunity for Banks

Products	Description
Accounts and Payouts	Provide current accounts and payments with automatic booking into the accounting software, saving the SMB significant time and overhead and enabling smooth day-to-day operations.
Payment Acceptance	Offer SMBs payment acceptance products (both for POS and for e-commerce, depending on the vertical) that automatically book revenues and reconciles into the accounting software.
Cross-border and FX	Provide cross-border payouts and FX services, including currency conversion at POS and in e-commerce.
Pre-approved Loans	Offer pre-approved loans, based on recorded accounting turnover and managed via early performance indicators from accounting data, simplifying and accelerating the loan approval process.
Cards	Offer expense management and employee cards that automatically book and reconcile with accounting transactions into the software.
Data Monetization	Feed accounting and invoicing data into credit risk and underwriting models and sharpen the bank's understanding of customer behavior and needs.
Payroll Employee Benefits Investments Insurance	Offer other products in the accounting software platform to enable SMEs to shop for different solutions from an all-in-one platform. The integration also enables automatic reconciliation, analysis, and reporting in the company's accounting.
De-personalized Data Insights	Packaging aggregated cohort or persona-level insights for advertisers, B2B service providers, and data-driven marketing agencies.
Personalized 3rd Party Offers	Using transaction insights to create highly relevant offers and earning sales commissions on conversions.

Higher

OPPORTUNITY

Lower

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With proper safeguards and compliance in place, the combined banking and accounting data can generate new monetization opportunities, as described in Figure 3. Together, these initiatives create a powerful, symbiotic ecosystem: the bank enhances its SMB reach and value proposition, while the accounting SaaS platform gains new growth vectors and monetization.

Why Buy Rather Than Partner

Banks can pursue distribution partnerships with accounting platforms instead of acquisitions, and many have. Ownership is the better answer wherever a bank intends to make embedded SMB finance core to its strategy rather than a side experiment. Acquiring an accounting platform gives the bank control over its own destiny, instead of dependence on a partner's roadmap and commercial priorities. While an acquisition demands real executive commitment and smart execution, it gives the bank the ability to enact the changes it needs to drive results on its own timetable and needs rather than through negotiation. Moreover, compared to the bank's large scale, the deal size of acquiring a domestic accounting software provider is likely to be relatively small and digestible. The core of the investment thesis is therefore: for a (relatively) small outlay, assuming the bank can act boldly, it acquires a new channel and capabilities that transform it from an (arguably) undifferentiated utility to a front-and-center provider to the SMB, thereby giving the bank a much better position to acquire and retain customers.

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