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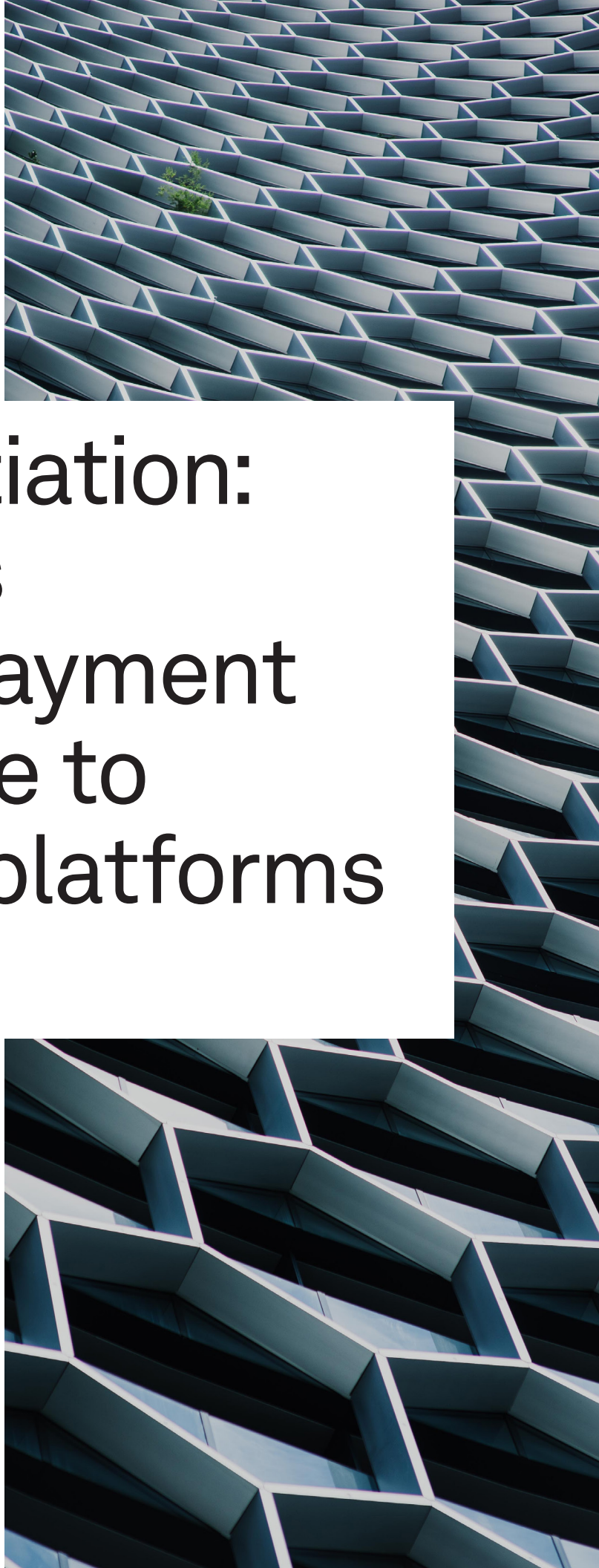
Coverage Initiation: NMI provides embedded payment infrastructure to power SaaS platforms and ISOs

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Introduction

Network Merchants — better known as NMI — provides embedded payments infrastructure to independent sales organizations, SaaS vendors, banks and payment facilitators. The vendor has more than 4,000 relationships across these types of channel partners that give it a reach to over one million small to medium-sized businesses. Here we provide an overview of NMI and its capabilities.

THE TAKE

NMI has long been known for offering a white-label payment gateway that provides partners with significant deployment flexibility and ecosystem connectivity. It complements this with a back-office toolset that is unusually deep for a gateway provider. Targeted acquisitions have played an important role in expanding the vendor's capabilities, more recently evolving it into a modular, full-stack payments platform. Through the 2024 launch of NMI Payments, the vendor is now positioned as an end-to-end partner for SaaS vendors and independent sales organizations (ISOs) looking to bring an embedded payments offering to market under their own brands.

Context

NMI was founded in 2001 and has headquarters in Schaumburg, Illinois. The vendor has several private equity backers, each with deep payments industry experience. Francisco Partners acquired a majority stake in 2017, with Great Hill Partners retaining a significant holding; in 2021, Insight Partners joined as a strategic investor. The vendor employs roughly 400 staff across the US and in Bristol in the UK. It processes more than \$440 billion in payment volume annually and handles upwards of 5.8 billion transactions.

Over the past several years NMI has widened its capability set through a variety of acquisitions. In January 2022, it bought IRIS CRM, adding ISO-focused portfolio and residual management software; in December 2022, it purchased the payments solutions division of Agreement Express, layering in digital merchant onboarding, automated underwriting and risk scoring; and in October 2023, it acquired the commercial division of Sphere (including the Anovia Payments asset), deepening its underwriting capabilities and enabling independent software vendors and fintechs to now use NMI's platform to create merchant accounts. NMI also acquired USAePay in 2021 to enhance its omnichannel payment capabilities, and in 2018, it acquired Creditcall, a well-known gateway and EMV specialist based in the UK.

While ISOs were the primary focus of NMI up until the turn of the decade, several of these acquisitions have helped deepen its value proposition for independent software vendors and SaaS platforms. The vendor does not sell directly to merchants and instead relies on channel partners using a sell-through motion. Its channel partners serve a diverse mix of merchant verticals, including medical/dental, subscription and membership management, parking, non-profit/charity, education, vending, B2B and bill pay, food & entertainment, transportation and hospitality. Examples of channel partners include Stax Payments, Everyware, SA Systems and Instant Systems.

Product

NMI is perhaps best known for its white-label omnichannel payment gateway that supports e-commerce, in-store, mobile, unattended/vending, virtual terminal, electronic invoicing, pay-by-link and recurring billing transactions. What distinguishes the gateway is its breadth of connectivity: more than 150 certified processor connections, over 300 EMV-certified devices and over 125 pre-built shopping-cart integrations provide partners with significant flexibility. The gateway supports multiple merchant identification numbers (MIDs), meaning partners can onboard and manage more than one MID via a single account. It includes numerous security capabilities, including fraud prevention powered by Kount, point-to-point encryption (P2PE), tokenization and vaulting, remote payment terminal key injection and a payment terminal estate management system. It also

has various integrations, such as Shopify for e-commerce and QuickBooks and Xero for streamlined accounts receivable. Recent enhancements to the gateway include support for network tokens and tap to pay.

In February 2024, the vendor broadened its capabilities with the launch of NMI Payments, a modular, all-in-one payment-facilitator-as-a-service platform that can be thought of as a competitor to Stripe Connect. NMI Payments was brought to life in part through its acquisitions of Agreement Express and Sphere’s commercial division. SaaS platforms and ISOs can use NMI Payments to create an embedded sign-up, onboarding and payment processing experience for their merchants. Partners own the branding through a white-label, embedded deployment and earn a revenue share on each transaction processed. NMI handles the operational complexities and liabilities associated with fraud prevention and merchant underwriting for NMI Payments users. We see a strong market opportunity for software-led payments, with 451 Research’s Voice of the Customer: Macroeconomic Outlook, Business Trends, Payments 2025 survey indicating that 69% of small to medium-sized businesses (under 1,000 employees) agree that they would like their software partners to offer integrated financial products such as payment processing.

NMI also offers merchant relationship management tools for ISOs, in part enabled via its acquisition of IRIS CRM. Merchant Central is NMI’s capability set encompassing lead management and conversion tools, automated onboarding, consolidated merchant reporting and residuals calculation and management. The vendor also offers customizable risk assessment products via its ScanX and MonitorX tools. The former helps ISOs automate and accelerate the merchant underwriting process while the later delivers automated portfolio monitoring to perform risk checks and ensure ongoing compliance.

Competition

We see NMI competing with variety of PayFac-as-a-service specialists and white-label gateway providers that target SaaS platforms and ISOs. Examples of players in this market include Stripe Connect, Adyen for Platforms, Payrix (Worldpay), Finix, CSG Forte, Authorize.net and Tilled. NMI aims to differentiate from these players in several ways, including omnichannel capabilities and the openness of its platform, which it says can provide greater deployment flexibility. Certain competitors also compete specifically with NMI’s merchant relationship management tools, including EverC, G2 Risk Solutions, LegitScript and Gratify. Here, a key differentiator for NMI is its full-stack capability set, positioning it as more of a single-source provider for ISOs.

SWOT Analysis

<p>STRENGTHS</p> <p>NMI has significant payments industry experience and deep ecosystem connectivity across processors, payment devices and shopping carts. Recent acquisitions have turned NMI into a full-stack platform.</p>	<p>WEAKNESSES</p> <p>NMI is a newer entrant in the PayFac-as-a-service segment and still lacks the brand awareness of large rivals like Stripe. The NMI gateway is a less ideal fit for channel partners seeking a global gateway with extensive integrations into local and alternative payment methods.</p>
<p>OPPORTUNITIES</p> <p>The secular rise of software-led payments is expanding NMI’s addressable market as more vertical SaaS providers seek to embed processing and monetize payment flows. The recent addition of tap-to-pay capabilities and network tokens unlocks new value for gateway users.</p>	<p>THREATS</p> <p>As software-led payments continue to proliferate in the SMB segment, this may throttle growth in the ISO channel. The PayFac-as-a-service segment is intensely competitive, with many large and deep-pocketed players.</p>

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