

Reimagining financial infrastructure through open source

By [Ashish Aggarwal](#)

As global fintech investors, we often discuss trends shaping the industry across markets. These trends frequently converge into several high-level themes:

- The continued growth of embedded finance, with vertical SaaS platforms moving beyond payments into broader financial services, including potentially obtaining their own licenses
- The explosion in the volume of digital transactions for PSPs, along with the challenges of managing the continued fragmentation of payment methods at checkout
- Fintechs (consumer and B2B) evolving to become platforms akin to “super apps” by launching new products/features to drive growth and retention
- Incumbent financial institutions playing catch-up by investing heavily in new experiences for customers

What underpins these trends? It’s the innovation taking place atop aging financial infrastructure — often coded decades ago and now struggling to meet modern demands. While the ecosystem has managed to deliver by layering on legacy and home-grown solutions, increasing market complexity and growing customer expectations have exposed significant structural inefficiencies.

These constraints result in tangible business impact, including delayed product rollouts, missed revenue opportunities, and escalating operational costs. Furthermore, companies grapple with ensuring scalability while maintaining regulatory compliance.

At PayPal Ventures, we believe that future-proof financial infrastructure is fundamental to unlocking the next wave of growth and innovation across commerce and financial services. That’s why we’re thrilled to announce that we co-led Formance’s \$21M Series A funding round partnering with Portage, along with friends at Y Combinator, Hoxton Ventures, and AXC.

Introducing Formance – open-source financial primitives platform

Founded in 2021, [Formance](#) provides an open-source, developer-first financial primitives platform, with the objective to help platforms and fintechs build and manage complex financial flows.

Formance addresses this complexity directly via its a programmable ledger: a real-time system of record that provides detailed visibility into every transaction. It acts as a virtual data layer, enabling businesses to build complex money flows and products, and streamline reconciliation, with any type of financial partner.

Their approach appeals to developers and engineering teams within these businesses who benefit from Formance’s flexibility, open-source integration, and ease of customization.

From our ongoing conversations with platforms and fintechs, it is evident that the home-grown and legacy ledgering solutions are struggling to keep up with the demands of modern commerce. In most instances, Formance is often the first external ledgering solution that these businesses are consuming. Clients have managed to overcome the “build versus buy” dilemma thanks to the unique open-source and programmability led approach by Formance.

Formance has removed the barriers for platforms to build, embed, and scale tailor-made financial features and products, versus having to struggle with managing payment operations or streamlining financial workflows.

While a lot of innovation and value creation has happened (and continues to) at the payment acceptance layer, we believe there is a greenfield opportunity to help such businesses build sophisticated and tailor-made financial products and applications.

This is just the beginning of what we see as a multi-year transformation. We believe there is a tremendous opportunity to develop a programmable software layer that simplifies the design and management of internal financial data flows, enabling businesses to operate with efficiency and flexibility.

We're excited to join [Anne-Sybille Pradelles](#), [Clément Salaün](#), and the entire Formance team on this journey.

If you're a business interested in using Formance's open source and programmable ledger:
<https://www.formance.com/>