Capital as a Service: Embedded, On-Demand Financing for Canadian Businesses

Who Delivers It, Who Funds It, and What Executives Should Watch in 2026

Capital is increasingly something businesses are offered inside the software and payment tools they already use, rather than something they travel to a lender to request. The label for this shift is "Capital as a Service" (CaaS): financing delivered as an embedded, on-demand, platform-style service, in which a platform owns the customer relationship and a specialist funding partner underwrites, funds and services the credit. For Canadian executives, founders and boards, the questions are practical: where does it work, who is really providing the money, and what are the risks? This note offers a short framework, based on what is publicly known as of August 2026.

1. What Capital as a Service Actually Is

The platform (an e-commerce, payments, accounting or vertical software provider) sees revenue, receivables and cash flow as they happen. That lets it pre-qualify customers and offer an advance at the moment of need, often without a conventional application. Four features define the model:

- Delivery: financing appears inside the workflow the customer already uses, through an API, and moves far faster than a traditional credit process.
- Underwriting: decisions rest on live operating data rather than historical financial statements and personal guarantees.
- Repayment: repayment is tied to the cash flow the capital is advanced against, such as a share of daily sales, a receivable or a specific claim.
- Economics: the platform typically earns a fee or revenue share, while in many models a separate funding partner carries the credit risk.

2. Where It Is Working Today

- Merchant platforms: Shopify Capital funded US$4.2 billion of merchant cash advances and loans in 2025, up from US$3.0 billion in 2024, and now operates in eight countries. The share of deals classed as current at year-end slipped from 93.7% to 91.9%, a useful reminder that volume and performance are different things.
- Infrastructure providers: specialists such as YouLend supply embedded financing to large marketplaces and payment platforms and report more than 370,000 financings to date. Pipe repositioned itself in April 2024 as an embedded capital-as-a-service provider.
- Claim-based financing: advances against tax-credit refunds, receivables and other defined claims are a natural fit. Repayment comes from a specific claim rather than from the borrower's general balance sheet, so underwriting focuses on whether the claim is valid and when it will be paid. In Canada, Easly offers claim-based advances against Scientific Research and Experimental Development (SR&ED) refunds. It meets the four features set out in Section 1—delivery inside the customer's workflow, underwriting from operating data, repayment tied to a defined claim, and a funding partner that carries the credit risk—and is preparing to launch several new products in 2027.

3. Private Credit Is the Engine Room

Platforms rarely want to hold loans on their own balance sheets, so the funding typically comes from institutional capital. The common mechanism is a forward-flow agreement, in which an investor agrees to purchase receivables as the platform's partner originates them. In March 2026, for example, Värde Partners agreed to a multi-year forward-flow facility with YouLend, with potential

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purchases of up to US$225 million of receivables. This is the same abundance of private capital I described in my February note on private credit, now being distributed through software. The Bank of Canada's 2026 Financial Stability Report observes that private credit lending to businesses in Canada remains limited, which suggests Canadian embedded programs will often rely on institutional or foreign funders.

4. Risks to Weigh

- Opacity and complexity: the Bank of Canada notes that private credit is largely untested in a downturn and that layered structures and limited transparency make risks hard to trace. The Financial Stability Board published a report on vulnerabilities in private credit in May 2026.
- Alignment: a platform paid on origination volume may prefer growth to credit quality. Ask who keeps a share of the risk, through retention or a first-loss position.
- Pricing limits: since January 1, 2025, Canada's criminal rate of interest is 35% APR, with fees counted as interest. Commercial loans to non-individual borrowers of more than $10,000 and up to $500,000 are exempt up to 48% APR, and loans above $500,000 face no cap. Small-ticket embedded products sit squarely in the band where design matters.
- Concentration: a business that depends on one platform for both its sales and its financing has tied two risks together.

These risks are real, but they are not unavoidable. Successful embedded platforms with reliable access to capital, whether from domestic institutions or foreign funders, are uniquely positioned to mitigate most if not all of them. A durable funding partner and a clearly disclosed structure reduce opacity. Platforms that retain a share of the risk, or a first-loss position, stay aligned with credit quality rather than origination volume. Established funders can design products that sit within Canada's interest-rate rules. And a borrower that can choose among platforms, or can refinance, is less concentrated in a single sales-and-financing relationship.

5. The Canadian Context

The Consumer-Driven Banking Act received royal assent in March 2026, with the Bank of Canada as supervisor, and draft regulations were published in the Canada Gazette on June 27, 2026. Once operational, the framework will let individuals and businesses share their bank data with accredited providers. That should give Canadian lenders richer underwriting data beyond what the large platforms hold, but the framework is not yet in operation and its timetable depends on final regulations.

Recommendations for Canadian Business Leaders and Capital Providers

1. Evaluate embedded capital like any other funding source: total cost, repayment mechanics, covenants and what happens when sales slow.
2. Ask who the funder is and how durable the funding is, including the term of any forward-flow or warehouse arrangement behind the product.
3. Platforms should keep real alignment with the credit outcome, through retained risk and transparent pricing.
4. Capital providers should underwrite the data and the claim, not only the borrower, and stress-test both.
5. Track regulation: consumer-driven banking, the criminal interest rate and provincial lending rules will shape product design.

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Conclusion

Capital as a Service turns financing from a destination into a feature. The model works best where cash flows or claims are visible, defined and verifiable, and where the funder, the platform and the borrower are clearly aligned. Its success will depend less on how smoothly capital is delivered than on how carefully it is underwritten when conditions change. Executives who understand who is behind the button will be better placed to use it, and to avoid the cases where convenience hides cost.

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Disclosure: The author is an advisor to Brevet Capital, which underwrites and funds Easly’s SR&ED advances in Canada.

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