

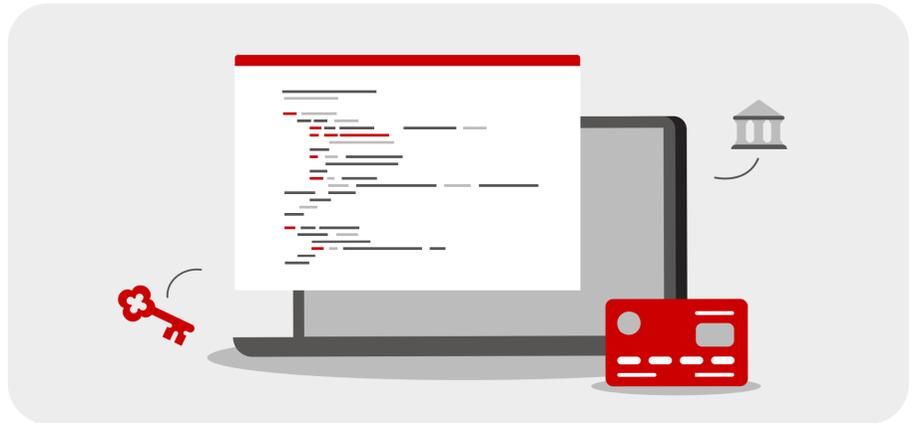
The Potential of Embedded Banking

WHAT IS Embedded Banking?

'Embedded Banking' refers to the inclusion of financial services into nonbank companies' products or software, or as part of a bigger bundle of services.

In the case of your company, it may indicate that your company offers different financial solutions to your merchant customers alongside your software solutions.

This reduces complexity for both merchants and the consumers they serve.



USE CASES

Embedded Banking solutions are applicable across a variety of verticals served by software vendors. For example:

 <p>B2B SOFTWARE VENDORS</p> <p><i>offer cash flow management options to help their SMB clients reconcile their invoices and bills</i></p>	 <p>REAL ESTATE SOFTWARE VENDORS</p> <p><i>use virtual account management to manage deposits and payouts for hundreds of tenants or clients</i></p>	 <p>HEALTHCARE SOFTWARE VENDORS</p> <p><i>offer financing options providers can display to consumers at the point of sale</i></p>	 <p>RIDE-SHARING APPS</p> <p><i>offer their drivers savings accounts where they can deposit their checks</i></p>
--	---	--	--

Why Does Embedded Banking Matter for Your Platform?

- 1 Consumer Expectations are Shifting**
 The COVID-19 pandemic accelerated the transition of many services online, necessitating the need for streamlined checkouts prioritizing easy access to payments via mobile device and other digital tools. Consumers paying via mobile options also spend more.
- 2 Easier Integration of Financial APIs**
 The proliferation of APIs allow for the seamless integration of banking services into software vendors' offerings, enhancing the usage of these options.
- 3 Embedded Solutions Increase Customer Loyalty**
 Consumers are getting more comfortable paying for their food within delivery apps or enrolling in installment plans from the retailer through which they buy a product – the convenience afforded through these options provides a better value proposition.
- 4 Embedded Banking Can Add New Revenue Streams for Your Company**
 Through referral partnerships and embedding banking solutions into software, software vendors may derive new revenue.

TSG and KeyBank partnered to conduct a study of 205 software vendors to ask about their understanding, use, and plans for Embedded Banking solutions. The following trends emerged from the data:

<p>28%</p> <p>of software vendors reported they were not very familiar with Embedded Banking</p>	<p>Software vendors serving certain verticals reported greater than average demand for Embedded Banking solutions from their merchant clients</p> <table border="0"> <tr> <td>Childcare Software</td> <td>Property Management Software</td> </tr> <tr> <td>Hospitality Software</td> <td>Restaurant Software</td> </tr> <tr> <td>Pharmacy Software</td> <td>Veterinary Software</td> </tr> </table>	Childcare Software	Property Management Software	Hospitality Software	Restaurant Software	Pharmacy Software	Veterinary Software
Childcare Software	Property Management Software						
Hospitality Software	Restaurant Software						
Pharmacy Software	Veterinary Software						

Embedded Banking is rapidly becoming a **'must have'** for any software vendor looking to improve the loyalty, experiences, and retention of their merchant clients, and many are moving toward embedded solutions

<p>24% of software vendors who do not currently have Embedded Banking capabilities report Embedded Banking is on their company's current roadmap</p>	<p>91% of software vendors with some type of Embedded Banking solution agreed it was very important or extremely important to their company today</p>
---	--

Getting Started with Embedded Banking Can be Difficult – It's Important to Find the Right Institution to Work With.

For any software vendor looking to explore embedded solutions, it's important to consider the following:

- | | | | |
|--|--|---|--|
| <p>Do they have accessible, useful APIs to facilitate Embedded Banking options?</p> | <p>Will their offerings provide a good user experience for your merchant clients?</p> | <p>Do they offer quality customer support?</p> | <p>How experienced are they in the banking space?</p> |
|--|--|---|--|

KeyBank's full suite of Embedded Banking tools and services, built on flexible APIs, empowers platform growth through payments, treasury, and risk management.

To learn more about KeyBank's Embedded Banking solutions, visit key.com/embeddedbanking