

Arizona Desert Summit

Leveraging Embedded Finance in Your Organization

September 29, 2022

Scott Hogate
SVP, Treasury Solutions Advisor
PNC Bank, N.A.
Scott.Hogate@pnc.com
714-292-7284 mobile





Review the Embedded Finance Industry Landscape



Understand how embedded finance can assist you with offering your customers great experiences while also developing new revenue streams



Explore how embedded finance can transform your organization's treasury functions, leading to increased operational efficiencies

Embedded Finance

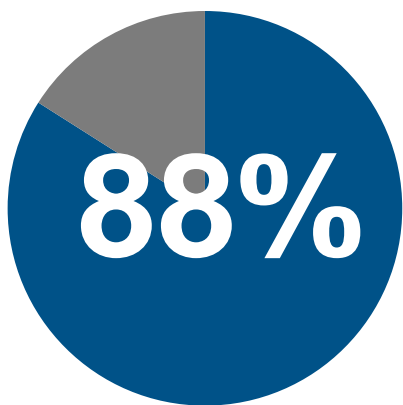
Review the Embedded Finance Industry Landscape

Embedded Finance

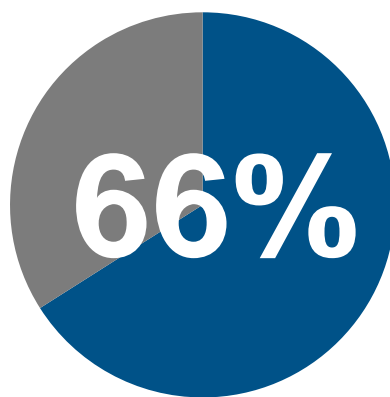
Customers and Employees are Demanding More! – Are You Ready to Deliver?

Customers and Employees are Demanding More...

Integrated, Connected Experiences

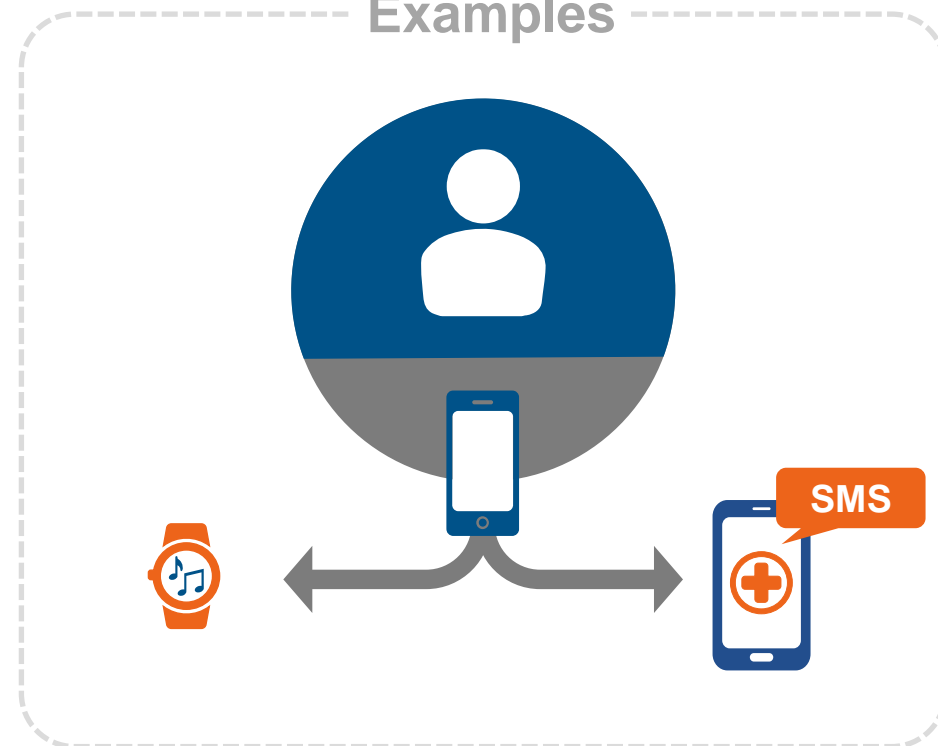


of customers expect companies to accelerate digital initiatives¹



of organizations that make EX a high priority see a positive impact on profitability²

Examples



1: Salesforce 4th Edition State of the Connected Customer 2: Harvard Business Review Marketing Technology an Integral Part of your Employee Experience Strategy

What does “Embedded Finance” really mean? (choose one)

- A. Implant firmly and deeply within something else so it becomes an ingrained or essential characteristic of it.
- B. The concept of integrating financial services – such as banking, payments processing, and lending – into non-financial digital experiences.
- C. I have a sleeping bag/cot in my office.

Embedded Finance

Definition

What is embedded finance?

Embedded finance refers to the integration of financial services – such as banking, payments processing, and lending – into non-financial digital experiences with the goal of streamlining processes and placing banking services directly where and when they are needed.

Who is offering embedded financial services?

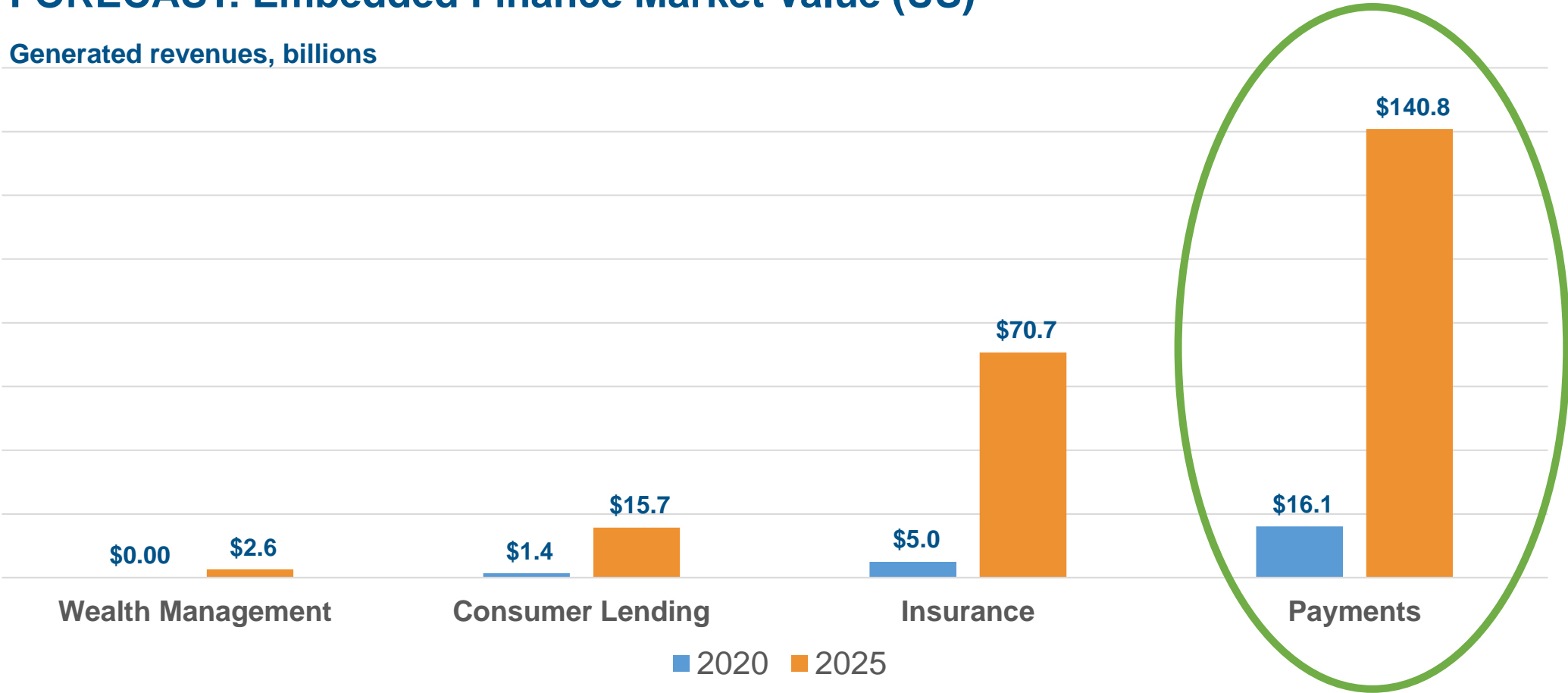
Companies of all types and levels of maturity are offering financial services integrated in their offerings through digital wallets, integrated payments, and immediate lending opportunities aimed at retaining customers and increasing customer lifetime value.

Embedded Finance

Potential Market Opportunity

FORECAST: Embedded Finance Market Value (US)

Generated revenues, billions

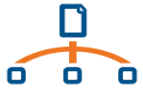


\$230B Embedded Finance market by 2025 – 10x increase from 2020!

Forecast Source Lightyear Capital 2020

Embedded Finance

Market Drivers¹



**Demand for
integrated
experiences**



**Rise of
openness**



**Fintech
threat**



**New revenue
models**



**Adoption of
technology
capabilities**



**Growing
trust in
'other'
financial
companies**

¹: Adopted from 'What the embedded-finance and banking-as-a service trends mean for financial services', McKinsey & Company, March 1, 2021

What do my customers want?

How can financial services remove friction?

Digital Platforms

eCommerce
Payment
Platforms

Cloud-based
Accounting
Software

POS Solutions

Buy Now, Pay
Later (BNPL)

Merchant
Marketplaces

Alternative
Lending
Solutions

Embedded Finance

Helping Clients Meet Their Business Needs – Financial Institutions approach to Embedded Finance



APIs

Allow **clients to create** custom experiences for their teams or customers



Receivables



Payables



Verification
Services



Reporting

- APIs facilitate the sharing of data and functionality between different applications, enabling powerful combinations of services to deliver innovative experiences
- Imagine new experiences and build your own platform using bank APIs



Connectors

Provide clients with **pre-built** connections that make their platforms more efficient



ERPs, Treasury
Workstations, and
Accounting Systems



Industry-Specific
Financial Systems



Other Financial
Applications

- Connectors allow you to work seamlessly and conveniently while operating within your own ERP/Application environment.
- Getting started with an integration can be as easy as running a plug-in that takes 20-30 minutes to configure

Transforming your Customer's Experiences

Understand how embedded finance can assist you with offering your customers great experiences while also developing new revenue streams.

Transforming Your Customers' Experiences

Integrating Bank Solutions into Your Customers' Experiences with APIs

Benefits of APIs



Highly Reliable

APIs are built once and used by many. This approach eliminates the need for client specific APIs, providing high quality products for all to integrate with.



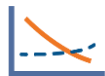
Open Standards

APIs are standards-based. Allowing a standard adopted by many allows for inter-operability with systems.



Clear Specifications

APIs provide a framework for clear inputs and outputs to allow developers to code efficiently.



Predictable Outcomes

API documentation details all responses, and this predictability allows for responses to be handled programmatically by API developers.

83% of companies consider APIs to be a critical part of their business strategy.¹

Example Use Cases

Customer Payment Platforms



Flexibility to create your own experiences with APIs

Payment Account Verification



Help reduce risk by verifying a payee's bank account status and ownership.

Payment Account Tokenization



Securely store bank and credit card account details with your bank.

Bi-directional Wallets



Streamline the customer experience for incoming and outgoing payments through a single channel.

Incoming Payments



ACH



Credit / Debit
Cards

PayPal

Automate initiation of payments from your customers.

Outgoing Payments



ACH

Zelle



RTP



Direct to Debit



Wire



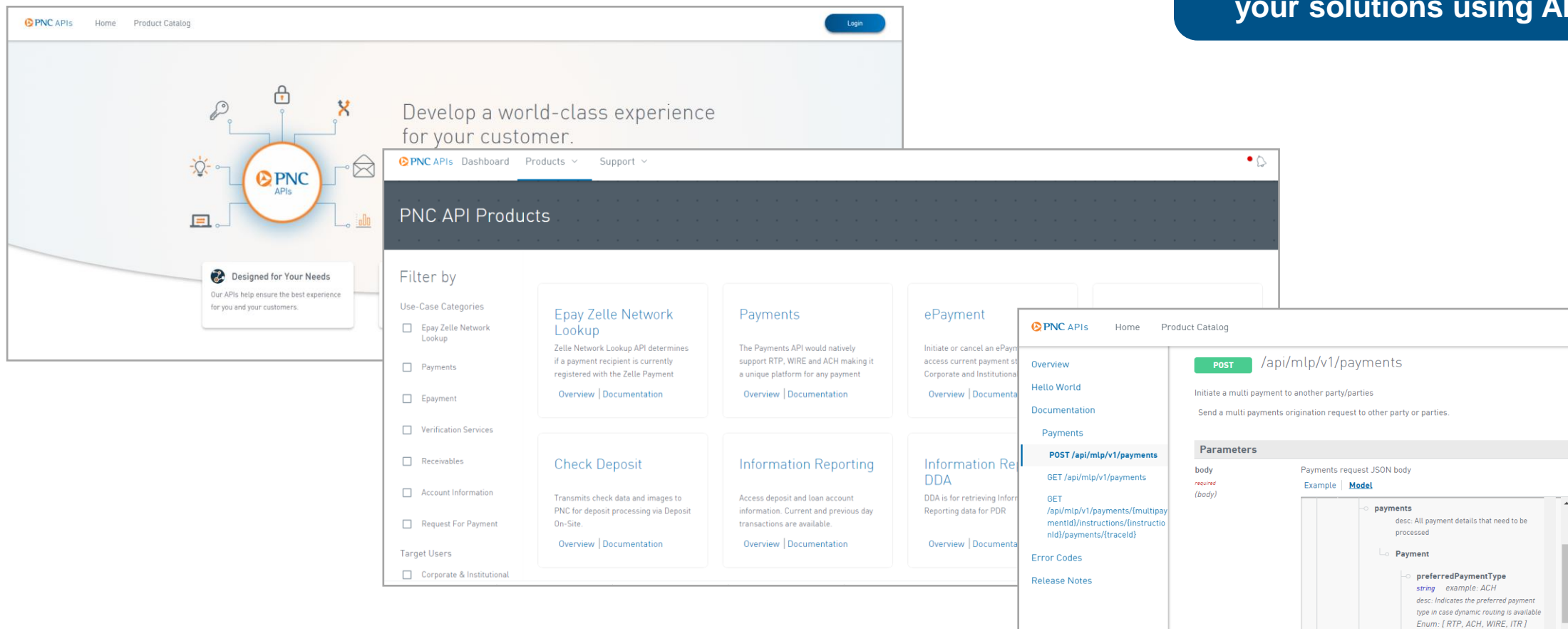
Virtual Cards

Automate payments to consumers and businesses.

Getting Started – Accessing the Bank’s API Developer Portal

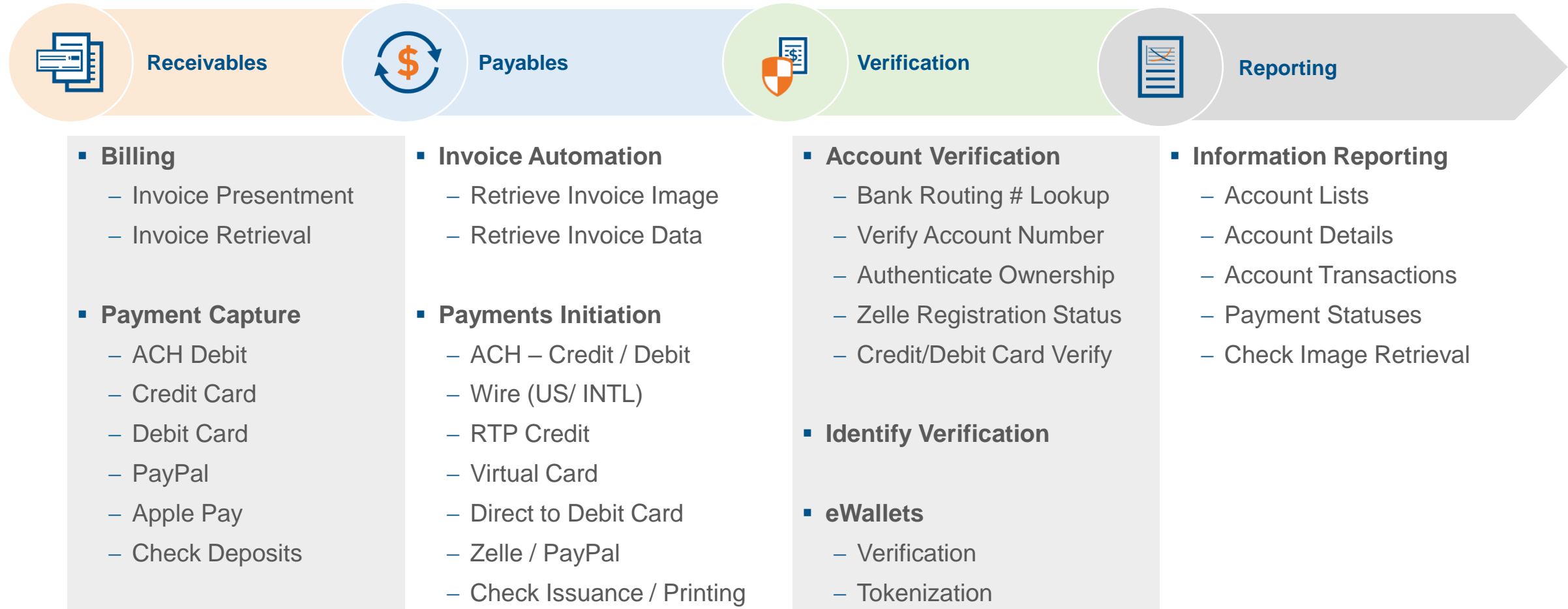
1. Review API Developer Portal
2. Connect
3. Build
4. Launch

Developer Portals allow you to learn about, test, and deploy your solutions using APIs



Transforming your Customer's Experiences

What else are people building with their bank's APIs?



APIs allow **clients** to **create** custom experiences for their **teams** or **customers**.

Transforming your Organization's Treasury Functions

Explore how embedded finance can transform your organization's treasury functions, which can help lead to increased operational efficiencies.

Platform Connectors

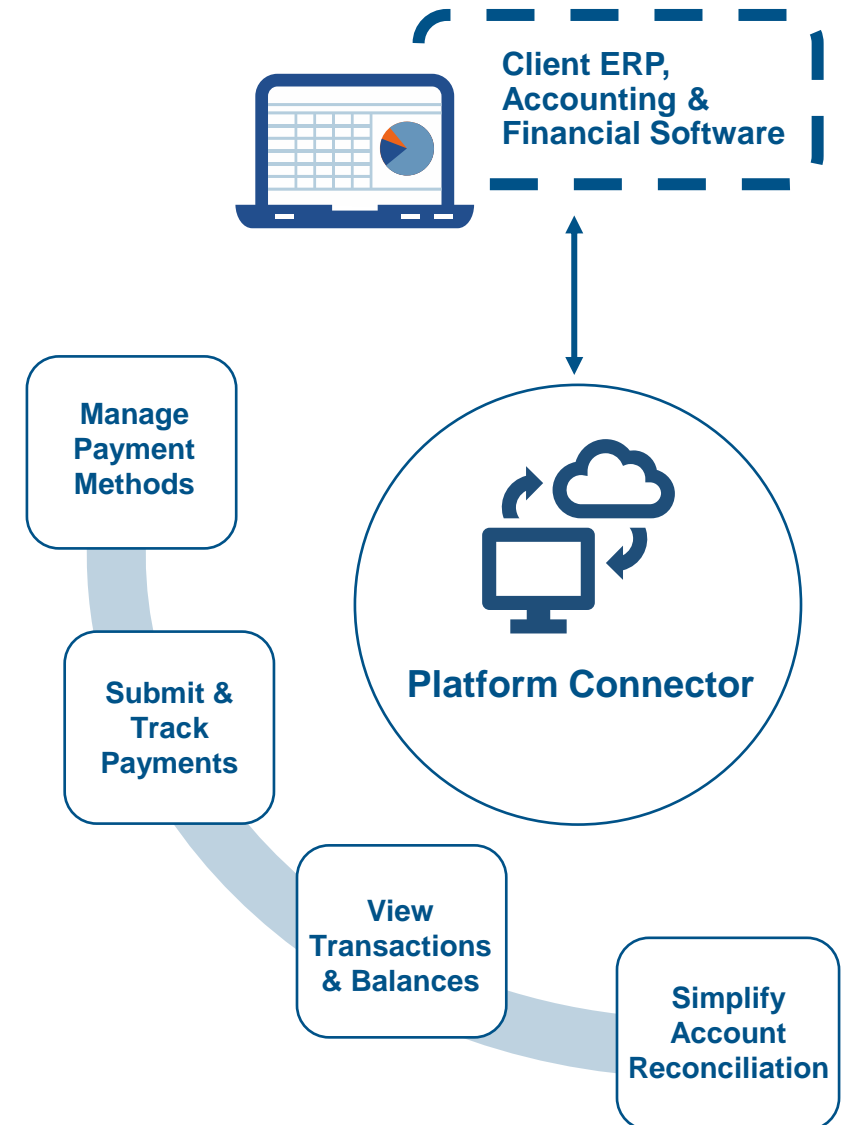
Overview

What is a Platform Connector?

- A Platform Connector is a reusable integration to a platform
- Platform Connectors can provide a channel to deliver process improvements as well as contextual Embedded Finance experiences to clients within the systems they use everyday
- Connectors are quick and easy for clients to implement (days instead of months) and can help provide ongoing benefits like efficiency gains and cost avoidance

How is a Connector different than an API?

- A Connector can be built using APIs, files, or other technology
- A Connector does not take deep technical knowledge to implement



Transforming your Organization's Treasury Functions

Platform Connectors – A Deeper Look

Embedded Experience

▪ Manage Payment Methods

- Ability to set default payment methods and processing defaults for things like grouped payments and emailed remittance

▪ Submit and Track Payments

- Same-Day and Next Day ACH
- Check Print & Mail Outsourcing with Positive Pay
- Wires
- Virtual Card

▪ View Transactions and Balances

- ERP embedded visibility of account balances and transaction details

▪ Simplify Account Reconciliation

- Automated integration into bank statement matching modules for simplified reconciliation

Simplified Integration

▪ Connect your System Directly to your Bank

- Easily connect to a sandbox to test functionality
- No need for custom files or establishing transmissions

▪ Install and Configure

- Minimal to no technical resources required
- Enhancements are easily deployed

Connectors Can Make it **EASY** to Implement Automated and Efficient Processes

Transforming your Organization's Treasury Functions

Embedded Banking Experience – What can this really look like?*

Payment Initiation

ORACLE NETSUITE

Search

Help Feedback David Enick PNC Bank - Demo Account - 00: Controller (PNC Demo Role 1)

Activities Billing Box Files

PINACLE® | PNC

Customers Vendors Payroll and HR Financial Reports Analytics Documents Setup Payments Fixed Assets

Open Bills Failed Bills

Pay Refresh

PAYMENTS

1...88 PAGE: 1/1 TOTAL: 88

	DUE DATE	BILL NUMBER	REFER	VENDOR NAME	ORIG. AMT.	DISC. AMT.	AMT. DUE	TO PAY	CURRENCY	PAYMENT METHOD	
<input type="checkbox"/>	2/2/2022	1262		Electronic Supply	Glenn's Electronic Supply	4,146.40	0.00	4,146.40	4,146.40	USA	Check
<input type="checkbox"/>	2/2/2022	1266		ABC Supply	ABC Supply	3,375.00	0.00	3,375.00	3,375.00	USA	ACH
<input type="checkbox"/>	2/2/2022	1268		ABC Supply	ABC Supply	4,275.00	0.00	4,275.00	4,275.00	USA	Check

Balance Reporting

ORACLE NETSUITE

Search

Help Feedback David Enick PNC Bank - Demo Account - 00: Controller (PNC Demo Role 1)

Activities Billing Box Files

PINACLE® | PNC

Customers Vendors Payroll and HR Financial Reports Analytics Documents Setup Payments Fixed Assets

Balances & Transactions

Refresh

ACCOUNT CURRENCY PREVIOUS DAY LEDGER BALANCE PREVIOUS AVAILABLE BAL

1000 - Checking (x0000 (Demo Data))	USD	999,065.69	725,823.37
1002 - Savings (x0002 (Demo Data))	USD	725,823.37	1,000,000.00
1004 - Payroll (x0001 (Demo Data))	USD	511,323.36	611,323.36

Transaction Reporting

ORACLE NETSUITE

Search

Help Feedback David Enick PNC Bank - Demo Account - 00: Controller (PNC Demo Role 1)

Activities Billing Box Files

PINACLE® | PNC

Customers Vendors Payroll and HR Financial Reports Analytics Documents Setup Payments Fixed Assets Statistical Analysis

1000 - Checking (x0000 (Demo Data))

PREVIOUS DAY BALANCES INTRADAY BALANCES

Filters

Refresh Export

SETTLED DATE	DESCRIPTION	CUSTOMER REFERENCE	BANK REFERENCE	BAI CODE	AMOUNT	POST DATE	DETAILS
4/14/2022 4:00:25 pm	ACH payment	096759e87b0c4790e9a5a8d562c0306	429869c36c284d8b5e680c2a9d7a4	231	(294,986.37)	4/14/2022 4:00:25 pm	View
4/14/2022 4:00:25 pm	ACH payment	346db742373542c0b489c935e95a4ad	e759a0149414411694241d230c7ba	141	(597,518.08)	4/14/2022 4:00:25 pm	View
4/14/2022 3:00:30 pm	Wire payment	0d782c1e81b4a6a7534025e5d3db7	44dc2b06603421f9a134805c366711b	294	334,999.72	4/14/2022 3:00:30 pm	View
4/14/2022 3:00:30 pm	ACH payment	1c1772460444e41a91d226b19d479e	9ab437973e84d66ac3519477370aef7	747	894,446.20	4/14/2022 3:00:30 pm	View
4/14/2022 2:00:33 pm	Wire payment	eda8685839940ac7807250998b0b5bd	84d6b6c430d40c399ac70c531082789	239	(319,479.21)	4/14/2022 2:00:33 pm	View
4/14/2022 2:00:33 pm	ACH payment	a7bc30196a5407a87389754535a96c4	157028968f04d9a8a8cf4a0309a47	274	(734,904.73)	4/14/2022 2:00:33 pm	View
4/14/2022 1:00:41 pm	Wire payment	096c9d1c0b84d61820c930d7961d05	a5970679fb4f46aa8e631ea015ba65d	210	972,131.06	4/14/2022 1:00:41 pm	View

Transforming your Organization's Treasury Functions

Can automation from Embedded Finance solutions like connectors translate into cost avoidance?

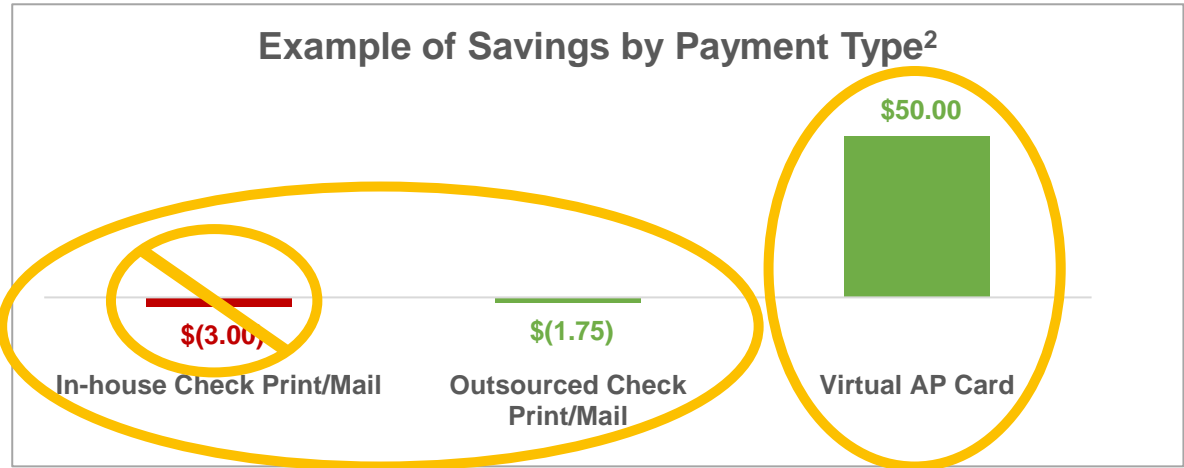
Automating the Payment Process



Cost Avoidance Example³

Payment Automation Savings: \$1.16
x Payments: 10,000
Savings Potential = **\$11,600**
or ~ **30%**

Expanding Payment Options and Outsourcing



Cost Avoidance Examples³

Outsourced Check Print Savings: \$1.25
x Checks: 5,000
Savings Potential = **\$6,250**
or ~ **41%**

Virtual AP Card Savings: \$53.00
x Virtual AP Card Payments: 200
Savings Potential = **\$10,600**



Embedded Finance Market Potential is ***Large and Growing***



Embedded finance can assist you with offering your customers great experiences while also developing new revenue streams



Embedded finance can transform your organization's treasury functions, leading to increased operational efficiencies



Thank you!

Questions?

Standard Disclosure

These materials were prepared for general information purposes only and are not intended as legal, tax, accounting or financial advice, or recommendations to buy or sell securities or currencies or to engage in any specific transactions, and do not purport to be comprehensive. Under no circumstances should any information contained in these materials be used or considered as an offer or a solicitation of an offer to participate in any particular transaction or strategy. Any reliance upon any such information is solely and exclusively at your own risk. Please consult your own counsel, accountant or other advisor regarding your specific situation. Any views expressed in these materials are subject to change without notice due to market conditions and other factors.

daily pay and Powered by daily pay are trademarks of Daily Pay, Inc. All right, title and interest in and to Daily Pay Inc.'s trademarks and Daily Pay content in these materials remain with Daily Pay, Inc.

PNC, PNC Bank, ACHIEVEMENT, PINACLE, Working Cash, ActivePay, Global Trade Excellence, Midland Loan Services, Enterprise!, CMBS Investor Insight, Portfolio Investor Insight, Borrower Insight, Shared Servicing, PNC Riverarch Capital, PNC Erievew Capital, Solebury Capital, Solebury Trout, TEMPUS TECHNOLOGIES, Forecast and Forsite are registered marks of The PNC Financial Services Group, Inc. ("PNC").

RTP is a registered mark of The Clearing House Payments Company LLC.

Bank deposit, treasury management and lending products and services, foreign exchange and derivative products (including commodity derivatives), bond accounting and safekeeping services, escrow services, and investment and wealth management and fiduciary services, are provided by PNC Bank, National Association ("PNC Bank"), a wholly owned subsidiary of PNC and **Member FDIC**. Equipment financing and leasing products are provided by PNC Equipment Finance, LLC, a wholly owned subsidiary of PNC Bank. Energy financing is provided by PNC Energy Capital LLC, a wholly owned subsidiary of PNC Equipment Finance, LLC, and by PNC Commercial, LLC (an indirect wholly owned subsidiary of PNC). Aircraft financing is provided by PNC Aviation Finance, a division of PNC Equipment Finance, LLC. Asset-based lending is provided by PNC Business Credit, a division of PNC Bank and PNC Financial Services UK Ltd (an indirect wholly owned subsidiary of PNC Bank) in the United Kingdom. Specialty finance products are provided by Steel City Capital Funding, a division of PNC Bank. Merchant services are provided by PNC Merchant Services Company. Payroll processing services to employees, officers, and directors of third party companies acquired by, or merged into, other third parties are provided by PNC PAID, LLC, a wholly owned subsidiary of PNC Bank. Secure payment gateway services and reporting and payment-processing solutions are provided by Tempus Technologies, Inc., a wholly owned subsidiary of PNC Bank. Wholesale international money transfer services are provided by PNC Global Transfers, Inc., a wholly owned subsidiary of PNC. Direct equity investing and mezzanine financing are conducted by PNC Capital Finance, LLC through its PNC Riverarch Capital, PNC Mezzanine Capital and PNC Erievew Capital divisions. Investment banking and capital markets activities are conducted by PNC through its subsidiaries PNC Bank, PNC Capital Markets LLC (including through its trade name, PNC FIG Advisory), Harris Williams LLC, Solebury Capital LLC, and Sixpoint Partners LLC and Sixpoint Partners Europe Ltd SP Capital Partners, LLC, an exempt reporting investment adviser not currently registered as an investment adviser under the Investment Advisers Act of 1940 and an indirect subsidiary of PNC, provides investment advisory and management services to SP Capital Fund, LP. Services such as public finance investment banking services, securities underwriting, and securities sales and trading are provided by PNC Capital Markets LLC and PNC FIG Advisory. Mergers & acquisitions advisory and related services are provided by PNC Capital Markets LLC, PNC FIG Advisory, Fortis Advisors LLC, Harris Williams LLC, Harris Williams & Co. Ltd., and Harris Williams & Co. Corporate Finance Advisors GmbH. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 8th Floor, 20 Farringdon Street, London EC4A 4AB, UK, registered with the Registrar of Companies for England and Wales (registration number 07078852). Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: hwgermany@harriswilliams.com). Geschäftsführer/Directors: Jeffery H. Perkins, Paul Poggi. (VAT No.DE321666994). Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd, and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business. Equity capital markets advisory and related services are provided by PNC Capital Markets LLC, Harris Williams LLC, Harris Williams & Co. Ltd, Harris Williams & Co. Corporate Finance Advisors GmbH, Solebury Capital LLC and Solebury Trout LLC. PNC Capital Markets LLC, Harris Williams LLC, Solebury Capital LLC, and Sixpoint Partners LLC are registered broker-dealers and members of [FINRA](#) and [SIPC](#). Sixpoint Partners Europe Ltd is a private limited company incorporated under English law with its registered office at 25 Savile Row, 4th Floor, London, W1S 2ER, UK, registered with the Registrar of Companies for England and Wales (registration number 12327421). Sixpoint Partners Europe Ltd is an Appointed Representative of Mirabella Advisers LLP, which is authorized and regulated by the Financial Conduct Authority number 606792. Retail brokerage services and managed account advisory services are offered by PNC Investments LLC, a registered broker-dealer and an SEC-registered investment adviser and member of [FINRA](#) and [SIPC](#). Annuities and other insurance products are offered through PNC Insurance Services, LLC. Neither PNC Bank nor PNC Capital Markets LLC are registered as a municipal advisor under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act"). PNC Bank and certain of its affiliates including PNC TC, LLC, an SEC-registered investment adviser wholly owned by PNC Bank, do business as PNC Real Estate. PNC Real Estate provides commercial real estate financing and related services. Through its Tax Credit Solutions segment, PNC Real Estate provides lending services, equity investments and equity investment services relating to Low Income Housing Tax Credit ("LIHTC"), affordable housing preservation, New Markets Tax Credit ("NMTC") and Historic Tax Credit ("HTC") investments. PNC TC, LLC provides investment advisory services to funds sponsored by PNC Real Estate for LIHTC, HTC and affordable housing preservation investments. Registration with the SEC does not imply a certain level of skill or training. This material does not constitute an offer to sell or a solicitation of an offer to buy any investment product. Risks of each fund, as well as information regarding the investments, risks, and expenses of each fund, are described in the fund's private placement memorandum (PPM) or other offering documents. Please read the PPM and other offering documents carefully before investing.

Important Investor Information – Securities, insurance, foreign exchange, and derivative products are:
Not FDIC Insured. Not Bank Guaranteed. Not A Deposit. Not Insured By Any Federal Government Agency. May Lose Value.

In Canada, PNC Bank Canada Branch, the Canadian branch of PNC Bank, provides bank deposit, treasury management, lending (including asset-based lending) and leasing products and services. Deposits with PNC Bank Canada Branch are not insured by the Canada Deposit Insurance Corporation or by the United States Federal Deposit Insurance Corporation.

Lending, leasing and equity products and services, as well as certain other banking products and services, require credit approval.

PNC does not provide legal, tax or accounting advice unless, with respect to tax advice, PNC Bank has entered into a written tax services agreement. PNC does not provide investment advice to PNC Retirement Solutions and Vested Interest plan sponsors or participants.

©2022 The PNC Financial Services Group, Inc. All rights reserved.