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Embedded Finance Through a Bank Risk Lens Lens

What We Thought We Were Building vs. What We Actually Learned

A community bank case study from RockPointBank

Banker real talk. Not a sales pitch.

OPENING VIDEO

5-minute documentary montage: expectations, reality, and the bank-wide nature of the work

Meet the team

Embedded finance is a bank-wide effort.

Hamp Johnston

CEO

Strategy & Governance

Patrick Jensen

CFO

Economics & Growth

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Director of Compliance

Risk, BSA/AML & Oversight

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Fintech Operations

Day-to-Day Operations

Jeff Ross

Controller

Accounting & Reconciliations

Jessica Mason

Fintech Operations

Day-to-Day Operations

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What is embedded finance?

Financial products delivered inside a non-bank customer experience.

Accounts

Payments

Debit cards

FedNow send and receive

Customer → Platform → Bank

How RockPointBank is involved

Our role is regulated banking infrastructure, oversight, and accountability.

RockPointBank Provides

- Deposit accounts
- Debit card issuance
- Payment services
- BSA/AML, OFAC & fraud oversight
- Compliance monitoring
- Program control and approval

FinTech Partner Provides

- Online platform
- Marketing & promotion of programs
- Servicing functions
- Customer support through platform / channels
- Program management services

Payment rails matter

Embedded finance sounds simple until you trace how money moves.

ACH

Nacha-governed electronic funds transfers

Debit card networks networks

Card transactions routed through card networks

Wire transfers

Fedwire / similar wire networks

Instant payments

FedNow or similar instant payment systems

A payment may look simple to the customer. Behind the scenes, it touches systems, vendors, controls, reconciliations, and monitoring.

We are doing

- Deposit and savings accounts
- Business debit card services with rewards
- Same Day ACH and FedNow payment activity
- Oversight and monitoring
- Fraud/BSA/AML control framework

We are not doing

- Crypto activity
- Gambling activity
- Adult-content related activity
- Cross-border payments
- Banking without bank oversight

So… what were we actually building?

We thought we were building a

fintech program.

We were really building a

third party risk oversight program.

Strategy	Technology	Operations	Finance
Accounting	Compliance	**Third-Party Risk**	

A small bank with a big strategic question

Embedded finance as a supplemental growth strategy, not a replacement for community banking.

- De novo community bank (approx. $350M in assets)
- Opened during COVID
- One-branch bank
- Core strategy: local businesses and their owners
- **Supplemental embedded finance strategy**

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The opportunity was real

Banks do not look at embedded finance because they want more meetings.

- Deposit growth
- Non-interest income
- Payment activity (interchange)
- Expanded reach
- Digital relevance
- Strategic partners

Recent regulatory actions changed the tone

The point is not to memorize the orders. The point is to recognize the pattern.

Recent enforcement wave

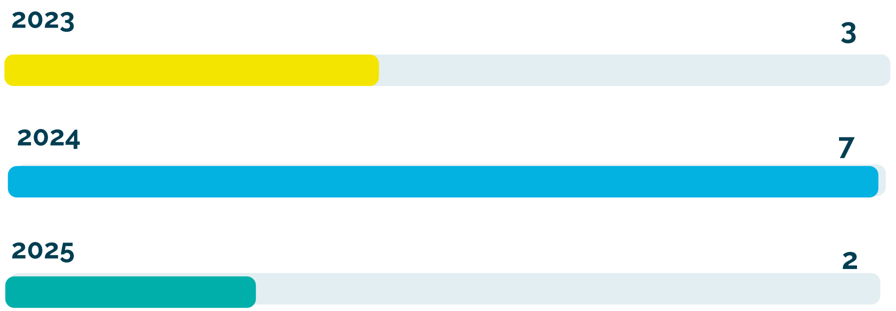
12

Major sponsor bank enforcement actions since 2022

Why the number matters

The pattern became hard to ignore: regulators were repeatedly focused on control, monitoring, and third-party oversight.

By year



Themes that kept showing up

Third-party oversight
Due diligence, monitoring, board reporting

BSA/AML control effectiveness
CDD/CIP, monitoring, SAR processes

Data and visibility
Accurate records, reporting, systems

Operational readiness
Contingency plans, exit planning, staffing

Growth without control is not a strategy

Consent orders and regulatory scrutiny changed the conversation.

It is a regulatory problem waiting for a name.

What the industry showed

- Rapid fintech growth
- Oversight did not always keep pace
- BSA/AML became a major theme

What we decided

- Do not launch first
- Build risk mitigants before go-live
- Take the slower path intentionally

What it meant

- More cost
- More testing
- More time
- More “wait, how does that work?”

Timeline reality

We thought 6 to 12 months……. Reality: year 3.

Plan

6–12 months
months

Core + AML/fraud + launch

Build

More workstreams
workstreams

Data, testing, governance, reporting

Reality

Year 3

Live with first fintech on **8/10/2026**

The delay was not failure. It was risk management.

Build the risk mitigants before the revenue

The slower path was intentional.

- Separate fintech core environment
- Separate AML and fraud monitoring approach
- Data and reporting capabilities
- Human capital
- Vendor due diligence
- Governance and oversight
- Internal control validation

Expensive? Yes. Easy? No. Necessary? We believe so.

This was not one project

It was multiple projects wearing one trench coat.

CEO / Strategy
Governance and direction

CFO
Cost, scale, profitability

Controller
Settlement, GL, reconciliations

IT / ISO
Data, access, security

Operations
Exceptions and workflows

Compliance
Monitoring and control effectiveness

Every area had a different version of the same challenge: can we see it, control it, report on it, and prove it works?

Data became everybody's problem

Data sounds like an IT topic... until everyone needs it.

**If you can’t see it,
you can’t monitor it.**

**If you can’t monitor it,
you can’t manage it.**

- Fraud monitoring
- AML monitoring
- Operations
- Reconciliations
- Audit response
- Partner oversight

Buying the tool is not the same as proving it works

A fraud or AML system is not a control until you know it works.

1. Data flowing →
2. Systems talking →
3. Rules firing →
4. Alerts generated →
5. Reviews routed →
6. Evidence retained

When something goes wrong, nobody is impressed that you bought the monitoring system.

They want to know whether it caught the problem.

Embedded finance is third-party risk management at

Vendors of vendors

Fintech Partner

Core & Ledger

Fraud vendor

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AML vendor

Payment processor

Data dependencies

Operational handoffs

You can outsource activity.
You cannot outsource accountability.

If we started over tomorrow

The practical lessons we would give another community bank.

Do earlier

- Expect it to take longer
- Expect it to cost more
- Build governance before launch
- Invest in technology and people
- Vet fintech partners deeply

Do with clear eyes

- Understand every dependency
- Map data and transaction flows early
- Validate fraud and AML monitoring before launch
- Build operations workflows before volume
- Work with regulators and auditors early

What I do not want you to take away…

What I am not saying

- Embedded finance is too scary
- Compliance owns this
- Regulators are the obstacle
- Vendors are the problem
- Community banks cannot do this

What I am saying

- It can work
- It requires investment
- It requires patience
- It requires the right people
- It requires strong oversight
- It requires honest conversations before launch

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The implementation roadmap ends at launch.

The oversight program begins there.

It took longer than we thought. It cost more than we thought. We would still do it again.

What is keeping your institution from talking about becoming a sponsor bank? bank?

Timeline	Cost	Data	BSA/AML	Fraud
Regulators	Operations	Third-party oversight	Reconciliations	Partner selection

Questions?

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