



# Integrating financial technology solutions for complete payment modernization

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An organization's decision to invest in modernizing its payments ecosystem often comes down to whether it's more costly to stick with the status quo or to change. Because change can be complicated, some companies modernize some aspects of their systems while keeping others as is. For example, they may take steps to modernize their accounting but continue to handle invoicing and payments manually. Such manual handling can keep data silos and inefficiencies in place, resulting in errors, inconsistencies, lack of visibility, and difficulty accessing up-to-date financial information.

Advances in technology are addressing concerns with embedded banking solutions that provide an end-to-end experience with a minimal amount of disruption or upskilling required. Innovations like enterprise resource planning (ERP) Plug-Ins, accounts payable (AP) automation, and application programming interfaces (APIs) are making it easy and seamless to modernize payment systems and leave those manual processes behind.

In this article, we look at the benefits of modernizing payment systems by integrating ERP Plug-Ins, APIs, and AP automation. We also outline implementation strategies to

help finance departments achieve efficiency and innovation by adopting financial technology.

## Understanding the role of ERP Plug-Ins

A modernized organization has access to all the right data at the right time, so teams can act quickly, develop more accurate forecasts and reports, and potentially make better decisions. One of corporate finance's key tools for its modernization effort is integrating ERP software.

ERP systems are not specific to banking, and many organizations already have this technology in place to

oversee functions such as inventory management, shipping, and employee management. An ERP's data integrations function like a wheel, with plug-ins serving as spokes and the ERP itself as the hub. KeyBank ERP Plug-Ins enable clients to pull account information such as balances and transactions into their reconciliation module, while also allowing them to submit payments to KeyBank through their accounts without having to leave their ERP systems.

Without KeyBank's ERP Plug-In, clients can spend substantial amounts of time and effort manually reconciling accounts, issuing payments out of a treasury management solution, and fixing errors from manual vendor payments. KeyBank's ERP Plug-In addresses these issues by automatically sending balance and transaction information over a data connection directly into the ERP.

KeyBank's ERP Plug-In is easy to use. Connection to a client's ERP accounting system can be made in less than an hour to allow for instant automation of payments, cash management, and reconciliation.

## The transformative impact of AP automation

Accounts payable automation software integrates with ERP systems and allows organizations to issue supplier payments from anywhere and automate reconciliation, vendor management, expenses, and invoice processing. By taking over manual tasks like capture, coding, routing, and fraud detection, AP software greatly increases efficiency.

Traditional accounts payable processes rely on manual data entry, which is prone to errors. AP automation, on the other hand, uses artificial intelligence (AI) and optical character recognition (OCR) to speed up and digitize that process. Paper-based processes require physical signatures and extended approvals. Meanwhile, electronic routing uses sophisticated workflows, digital signatures, and automated two- or three-way matching. This allows for better error handling, data documentation, and reporting — while facilitating additional payment modalities.

AP automation breaks down data silos within finance departments by connecting various areas (like procurement, travel, and expense) and creating a more integrated and transparent system for managing financial data and processes. Clients can achieve end-to-end visibility tracking and connected approval workflows by joining together AP automation with an ERP. Once that foundation is in place, organizations can implement the same rules and hierarchies across different areas, leading to stronger data integrity, consistency, and trust.

*“By providing actionable analytics, AP automation can help organizations move beyond the, ‘What happened?’ phase. Instead of wondering how many invoices were processed, whether invoices got paid on time, or if late-payment penalties were accrued, AP automation breaks down silos to reveal trends and models to forecast future events. Organizations can then answer the question of what invoices are likely to be delayed based on past invoice exceptions. Once a client gains those insights, they can understand cash flow issues and create strategic new workflows for different vendor types.”*

— **Brian Tarble, Vice President of Product, AvidXchange**

## The power of APIs in payment integration

An application programming interface, or API, allows two or more computer programs to communicate. For example, in a search for flights on a travel-booking website, the flight details that appear aren't stored by that website. Instead, they use APIs that “call” the relevant information from databases maintained and updated by the individual airlines.

APIs are not a new concept, but using them to automate and streamline financial transactions is. The application of APIs in banking and corporate finance over the past few years has been enabled by digital transformation in banking and advances in financial technology. The traditional way of triggering disbursements, for instance, is to send a file once a day that includes all the information the bank needs to execute those payments. With APIs, that transmission happens in real time.

APIs are a superior method of providing security and enforcing roles. Organizations can use APIs to develop user roles and grant differing levels of access. With these roles, a finance department administrator can have access to top-level data to be able to make decisions and oversee the business.

An organization can then grant more general access to lower-level data for people in other departments, or even for customers. For example, a finance department that provides daily reports may still receive queries from clients for whom the information in the reports is insufficient. If the department is able to provide a system that enables clients to log in and see their information in real time, that reduces servicing requests, frees up resources, and improves efficiency and profitability. APIs offer an elegant method of deciding what's organizational data versus what's consumers' data, and can leverage that data and permission appropriately.

## Enabling the future of finance

Many organizations that have taken steps to modernize their payment ecosystems still have gaps in their capabilities that can lead to higher costs, lower efficiency, and increased security and compliance risk. Embedded banking solutions like APIs, ERPs, and AP automation can close these gaps and help companies optimize their transaction handling.

Financial technologies such as payment APIs, ERPs, and AP automation are examples of embedded banking solutions and services that help clients grow and scale by enabling them to build new solutions. This one-stop-shop aspect of procuring these solutions from a bank, rather than having to work with a third-party vendor, is game-changing.

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