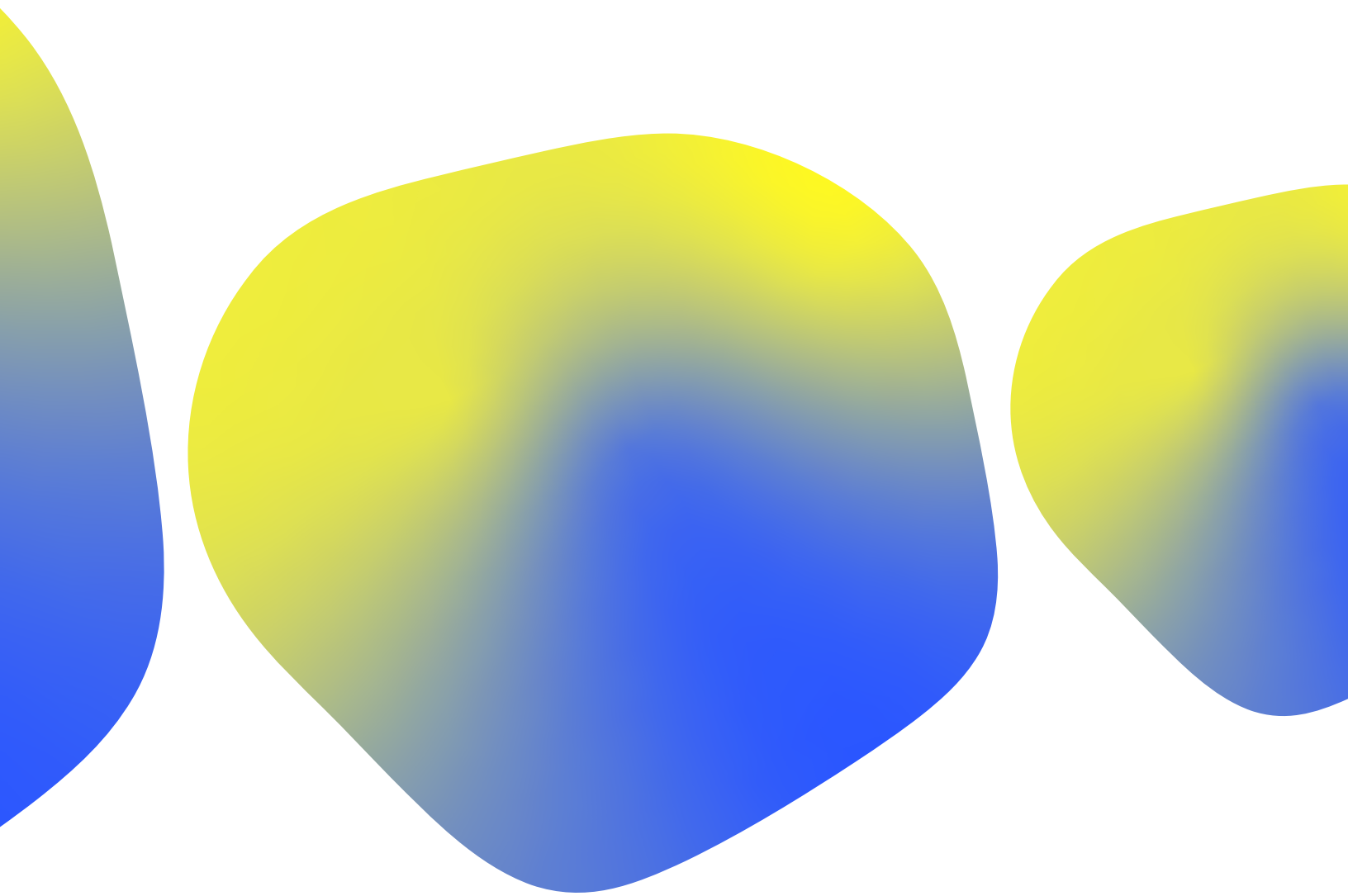
AI AND FINANCIAL TECHNOLOGY:
EXISTENTIAL THREAT OR GENERATIONAL OPPORTUNITY. SPEED WILL DECIDE.



AI will be embedded in enterprise Financial Technology for the industry's largest institutions

AI presents a transformational opportunity for product and TAM expansion as vertical software moves from selling tools to selling work

Motive believes that well-positioned Financial Technology has the potential to penetrate a 10x monetization opportunity through capturing AI

THE NEXT TECHNOLOGY REVOLUTION

We are at the beginning of the next technology revolution.

ChatGPT reached 100M users in fewer than two months, the fastest technology to do so in history. Anthropic added over $20 billion in annualized revenue in Q1 alone and is currently adding over 1 million users per day[1]. This is an unprecedented pace of technology adoption and monetization.

To fund the demand, capital expenditure of Hyperscalers has spiked past 2% of US GDP[2]. This is double the same metric at the peak of the dot-com era and, if sustained, on par with the largest infrastructure builds in recent history: railroads, highways, electrification.

AI has the potential to transform many aspects of how humans live and work, and particularly their interaction with technology.

Across the investment spectrum, there is a laser focus on the implications of AI. Public commentary has focused on the threat AI poses to existing software. Coined the "SaaS-pocalypse," there is a prevailing narrative that AI presents an existential risk to the category.

Since the start of 2026, ETFs for public software companies have fallen by ~17 percent[3], erasing all the gains since the launch of ChatGPT.

The IGV Tech-Software ETF has sold off heavily relative to the S&P since the start of 2026.

1 Anthropic Press Release, April 6, 2026
2 Apollo Academy, How Much Is $646 Billion? Feb 22, 2026
3 IGV performance, YTD 2026, FACTSET, March 30, 2026

CUMULATIVE SOFTWARE PERFORMANCE SINCE JANUARY 1, 2025

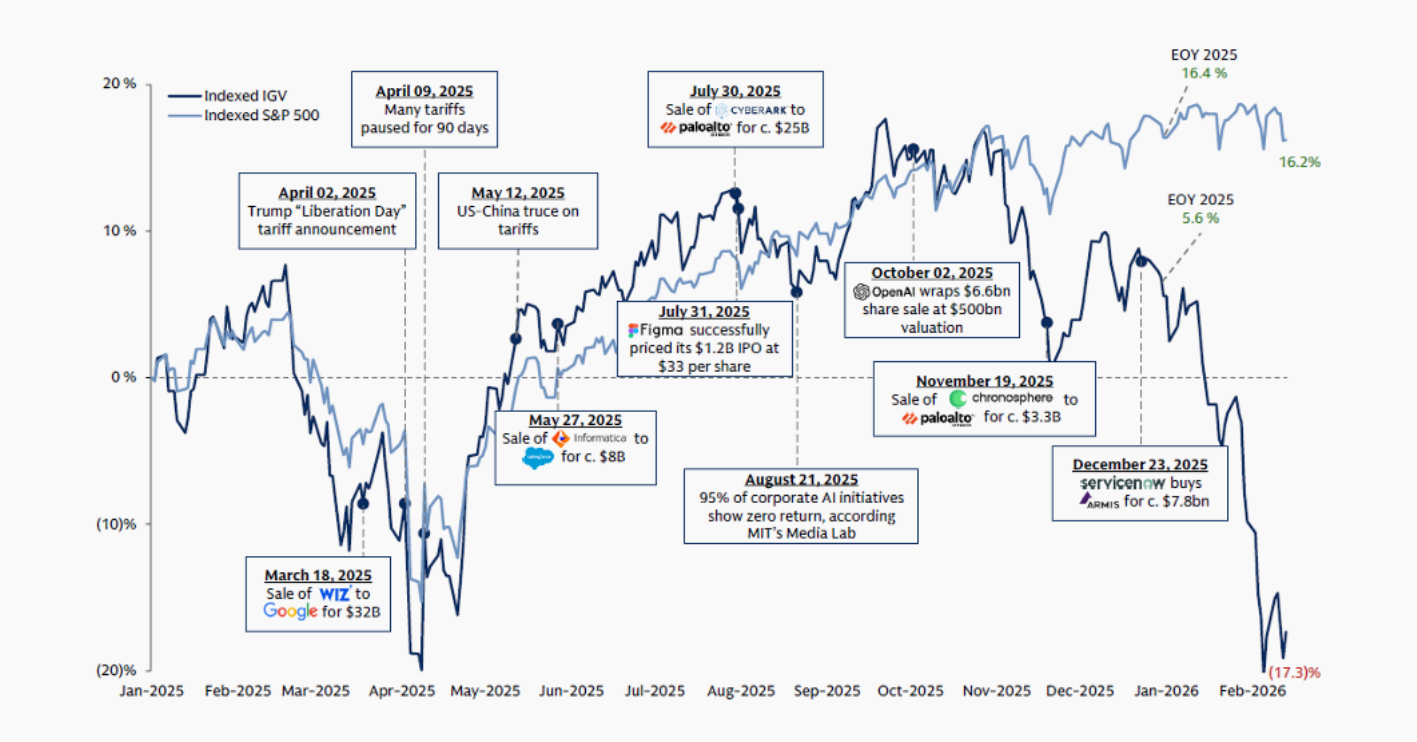


Fig.: Source: FactSet: market data as of 13 February 2026

The selloff is driven by investors repricing the terminal value of software. The thrust of the analysis centers on four primary risks:

- **Cost of code development** — Software has historically been expensive and time-consuming to build. As the marginal cost of developing code collapses to zero, where are the moats?
- **Pricing model redundancy** — Software is often sold on a per-seat basis. If software is doing the work, what does this mean for seat numbers and pricing models?
- **Disintermediation / stack compression** — Software has historically owned user attention. If the interaction and workflow layer becomes agentic, how necessary does software remain and in what form?
- **Margin compression** — Software today targets 70%+ gross margins. Incorporating the cost of inference, training and related spend, "AI-native" platforms target 50–70%. Can this cost profile be absorbed?

These risks are real and every software business will need to address them. However, the impact will not be felt equally. What is not yet calibrated are the risks and opportunities across sector and sub-sector.

Vertical software that sits within gated financial and business networks and holds proprietary data is fundamentally different from thinner horizontal software that by design is fast to integrate, simple to use and light on customization.

We believe AI will widen the fan of outcomes for software. For vertical platforms that can leverage existing moats, move fast and capture the intelligence layer, AI can deliver transformational upside potential. AI will enable

HIGHLIGHT

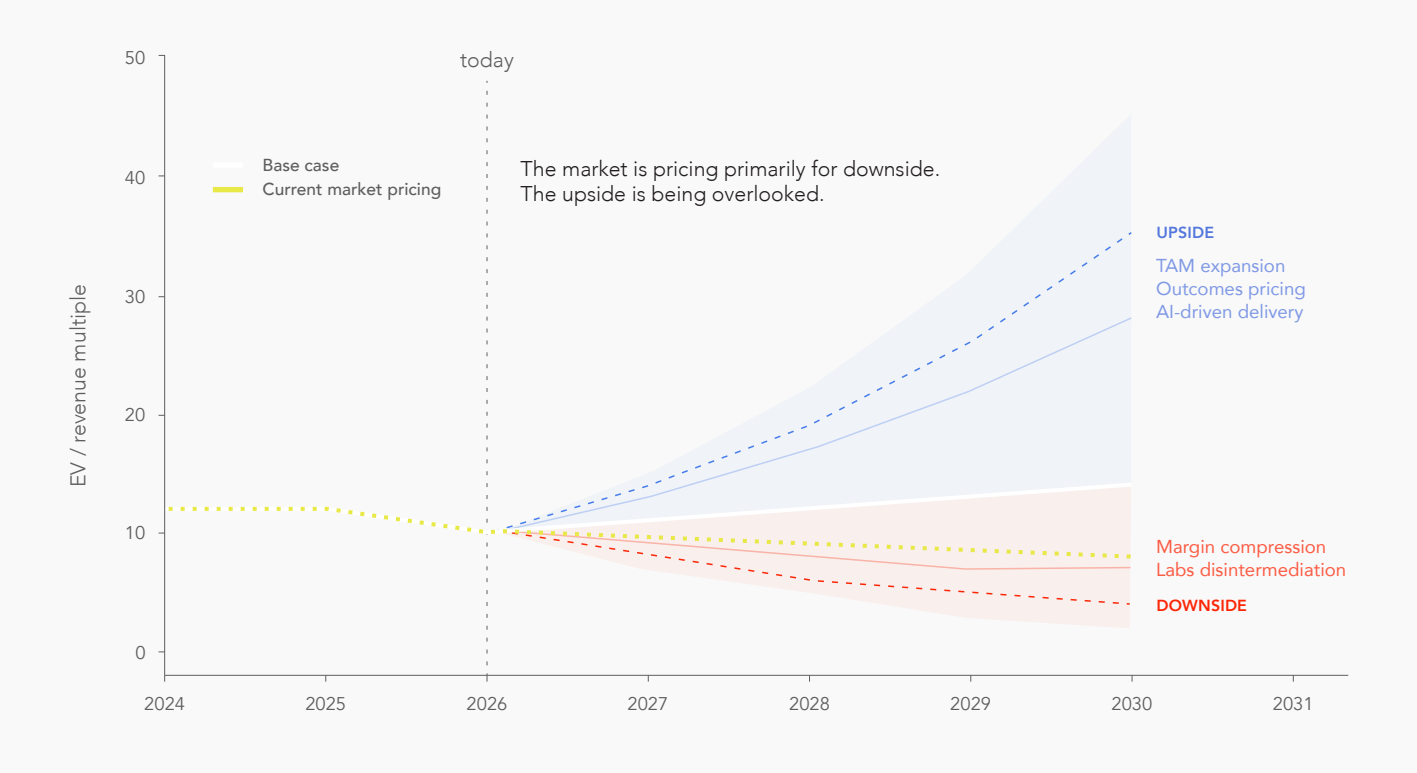
The four risks driving the software selloff are real, but they are not distributed equally. Vertical software embedded in regulated financial networks, holding proprietary data and running critical workflows, operates under entirely different conditions than horizontal tools designed for speed and simplicity. The market has not yet made this distinction, and that's the mispricing.

faster product development cycles, TAM expansion from software penetrating into labor budgets, and materially increased operating efficiency across the core business.

Taken together, AI presents one of the greatest monetization expansion and value creation opportunities since the category's inception.

The AI transition will hit software categories differently. As well as downside risk, there is transformational upside to capture.

AI WIDENS THE FAN OF OUTCOMES FOR VERTICAL FINTECH SOFTWARE



Source: Motive Partners analysis, indicative only

AGENTIC AI IN ENTERPRISE ENVIRONMENTS: THE SOFTWARE OPPORTUNITY

Implementing agentic AI at scale within enterprise environments remains a complex undertaking.

Foundation models are powerful intelligence layers; they can reason, write code, summarize research and complete defined tasks. What foundation models have not yet solved for are the hard-to-obtain domain inputs: proprietary data, access to financial and business networks, native embedding in workflows, robust compliance and auditability and the risk, governance and review gates critical to enterprise operation.

This is what vertical software provides to operate at scale today, LLMs require a context-rich harness: a domain layer that can deliver all the additional inputs required to act autonomously and with precision.

BUILDING ON MOATS: APPLYING AGENTIC AI IN FINANCIAL SERVICES

Financial services is one of the most domain-rich and network-driven industries of all verticals today. The infrastructure software that serves the sector is complex, deeply embedded and highly customized to the domain.

Core systems average ~20-year tenures, with enterprise financial technology platforms operating at ~95% gross revenue retention and ~120–150% Net revenue retention.4 These metrics are built on moats. We believe these moats are the key that unlocks opportunity in this new era. AI will test some and strengthen others; however, all remain a durable base from which to address the AI opportunity today.

HIGHLIGHT

Foundation models are powerful generalists, but what they have not yet solved for is the enterprise domain layer: proprietary data access, regulatory-grade audit trails, network connectivity, and the governance architecture that allows autonomous action inside institutions managing trillions. Vertical software already provides this and it is the harness AI needs to operate at institutional scale.

95%

Enterprise fintech retains ~95% of base revenue and grows accounts over 20+ year tenures.

Industry intimacy — Enterprise financial technology platforms deliver critical infrastructure to thousands of institutions and millions of users daily. Each interaction informs product development and tunes the system to customer needs. This embedded IP is extremely hard to replicate and compounds with AI: more domain data produces better models, which attract more usage. This moat deepens.

Customer trust — Financial technology must operate near error-free, with near-zero downtime or miscalculation. Customer trust is earned over years of operation. An incorrect number or decimal point has consequences. There are areas where rapid prototyping can create viable solutions; Financial Services infrastructure is not one of them.

Switching hurdles — Financial services infrastructure software is not a tool that can be swapped at whim. Vendors run critical workflows end-to-end as systems of record, workflow orchestrators and auditable repositories of proprietary data, transactions and decisions. Displacing an incumbent, even with a free alternative, is extremely challenging. AI may lower some migration friction over time, but the regulatory and operational switching costs remain.

Network effects — Financial services is a network-based industry. The more participants on a platform, the more powerful it becomes. Software is the collaboration point between front, middle and back office, between trader and compliance, between buy-side and sell-side. For AI to operate agentically, connectivity and context are essential. Network depth will become more important, not less.

Platforms that can successfully leverage these moats can become the intelligence and execution layer for AI-driven workflows.

HIGHLIGHT

Each of these moats predates AI by decades. Industry intimacy, customer trust, switching costs, and network effects were built through years of institutional operation and cannot be replicated by a foundation model entering the market today. AI does not weaken them; it raises their strategic value, because agentic systems cannot function in enterprise finance without the context, connectivity, and compliance infrastructure these moats represent.

HIGHLIGHT

The market opportunity for AI-enabled fintech is not the current software budget. It is the labor and professional services spend adjacent to it, a figure running 10x to 26x larger across major financial institutions. Software is shifting from selling tools that support human work to delivering the work itself, and even at modest penetration, this represents the largest TAM expansion in the category's history.

THE 10X TAM EXPANSION OPPORTUNITY: FROM SELLING TOOLS TO DELIVERING LABOR

Agentic AI will enable software to move from delivering tools to delivering work.

If captured within software, LLMs expand the TAM into the 'rest' of the work, while also offering improved delivery and margin across their current offering.

Today, global software revenue is approximately $675 billion[4]. In Financial Services, for every dollar spent on software, we calculate more than ten are spent on labor[5].

10:1

Financial services spends more than $10 on labor for every $1 on software.

The total addressable spend for well-positioned Financial Technology software platforms encompasses a material portion of labor spend in their category, insourced and outsourced combined.

The addressability of labor spend varies. Low-value tasks and outsourced roles are being impacted first, with knowledge work currently seeing more efficiency gains than outright replacement. If current model development trajectories hold, however, there is little doubt that knowledge work will also be addressed over time. Even assuming only 10% of labor is addressed, the software TAM is doubled.

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4 WIPO, S&P Global Market Intelligence, June 2025

5 Motive Analysis, Derived from 10-K data of four major US banks in North America. Ratios range from 1:10 to 1:26 for derived software to labor and professional services spend. This analysis is illustrative based on a sample of four major US banks; the ratio may vary significantly across institution types, geographies and sub-sectors.

FOUR MODELS OF AGENTIC ADOPTION IN FINANCIAL SERVICES

The financial services market is in the early stages of selecting agentic partners, and we expect four adoption models to emerge.

FOUR MODELS OF AI ADOPTION IN FINANCIAL SERVICES

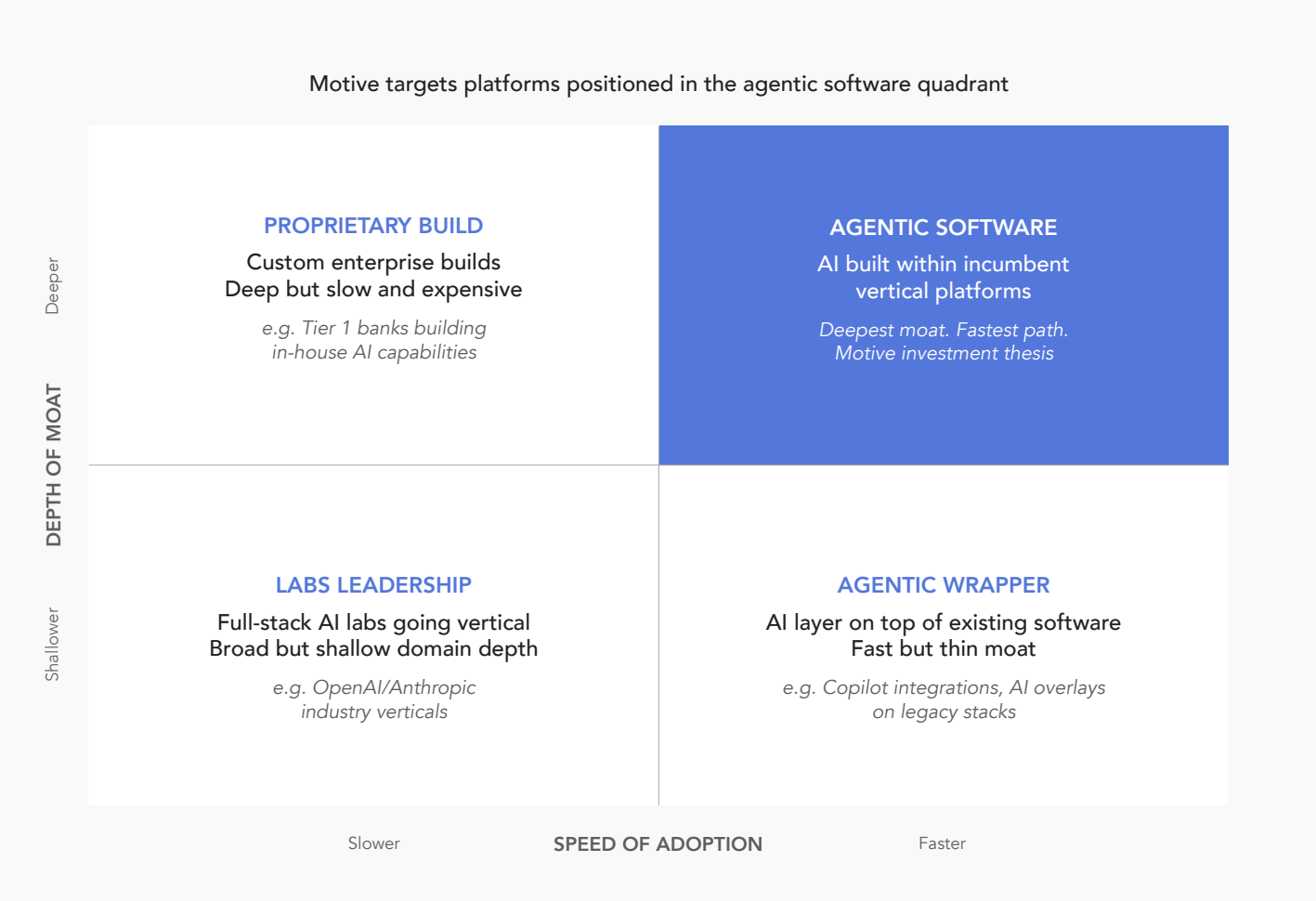

Fig.: Motive Partners AI adoption framework

1. **AGENTIC SOFTWARE** — Agents are built within the software itself, either through incumbent platforms adding agentic capability or through AI-native entrants that displace incumbents who fail to adapt. This provides customers a single vendor relationship while agents operate within the harness of existing governance, IP and network connectivity. Best suited to discrete workflows owned within a single vendor. **AI drives product enhancement and TAM expansion for software. This is the quadrant we believe offers the deepest moat and fastest adoption.**
2. **AGENTIC WRAPPER** — Wrappers bring domain or functional expertise into a pre-trained layer atop existing software, partially disintermediating it. Agents become the intelligence layer much like human users to complete tasks end-to-end. A battleground emerges on workflow ownership between the software layer and the agentic layer above. Higher set-up cost and deeper vendor stack, but capable of orchestrating across multiple vendors for complex workflows. **Software maintains relevance, but risks partial or total disintermediation.**
3. **PROPRIETARY BUILD** — Customers leverage lab capabilities to build bespoke agentic solutions capturing their proprietary IP and workflows. Higher upfront effort, but greater ownership of the resulting capability. **Software maintains relevance, but is partially or totally disintermediated.**
4. **LABS LEADERSHIP** — The AI Labs (OpenAI, Anthropic) build full-stack capability displacing software solutions as they automate workflows end-to-end. This is a real and growing competitive threat: OpenAI and Anthropic are already building dedicated industry vertical sales teams for healthcare, insurance and federal markets. Financial services will follow. **However, enterprise fintech requires regulatory compliance infrastructure, audit trails, integration in established business networks and domain-specific data pipelines that labs cannot easily replicate. The deeper the domain expertise required, the harder the displacement.**

For incumbents, new entrants and the foundation models alike, action is critical.

This is a rare point in time where there is near universal appetite for new solutions. The preceding 12 months have seen enterprise procurement cycles compress, technology budgets increase and internal engagement and delivery capacity required to unlock.

Early investment chased pilots and experiments, and largely underdelivered on return. MIT found 95% of the $30-40Bn of enterprise investment in GenAI to be delivering no measurable return[6]. The main causes of low return were brittle workflows, lack of contextual learning, and misalignment with day-to-day operations. This is what software solves.

Software's domain expertise, customized and tailored workflows and access to proprietary data all support the development and implementation of AI that can tackle the hard domain problems and deliver tangible P&L impact. The scales are currently in software's favor with a real opportunity to build into agentic software.

However, if the software layer moves too slowly, clients and competitors will look to fill the void.

Foundation models are expanding their own enterprise and domain capabilities. OpenAI Frontier and Claude Cowork are building out their own agent orchestration layers, hiring Forward Deployed engineers, and also increasingly acquiring domain-specific talent and capabilities (see OpenAI acquisition of Roi and Hiro). Almost 70% of US businesses in the Finance sector now hold an enterprise subscription to an AI model[7] . They are not sitting idle.

6 MIT, State of AI in Business, June 2025

7 Ramp AI Index, 06/04/2026

HIGHLIGHT

68% of US finance businesses now hold a paid enterprise AI subscription. The institutions are already moving, and if the software platforms serving them don't keep pace, the AI labs, new entrants, and proprietary builds will fill the gap.

RAMP AI INDEX: SECTOR ADOPTION RATE

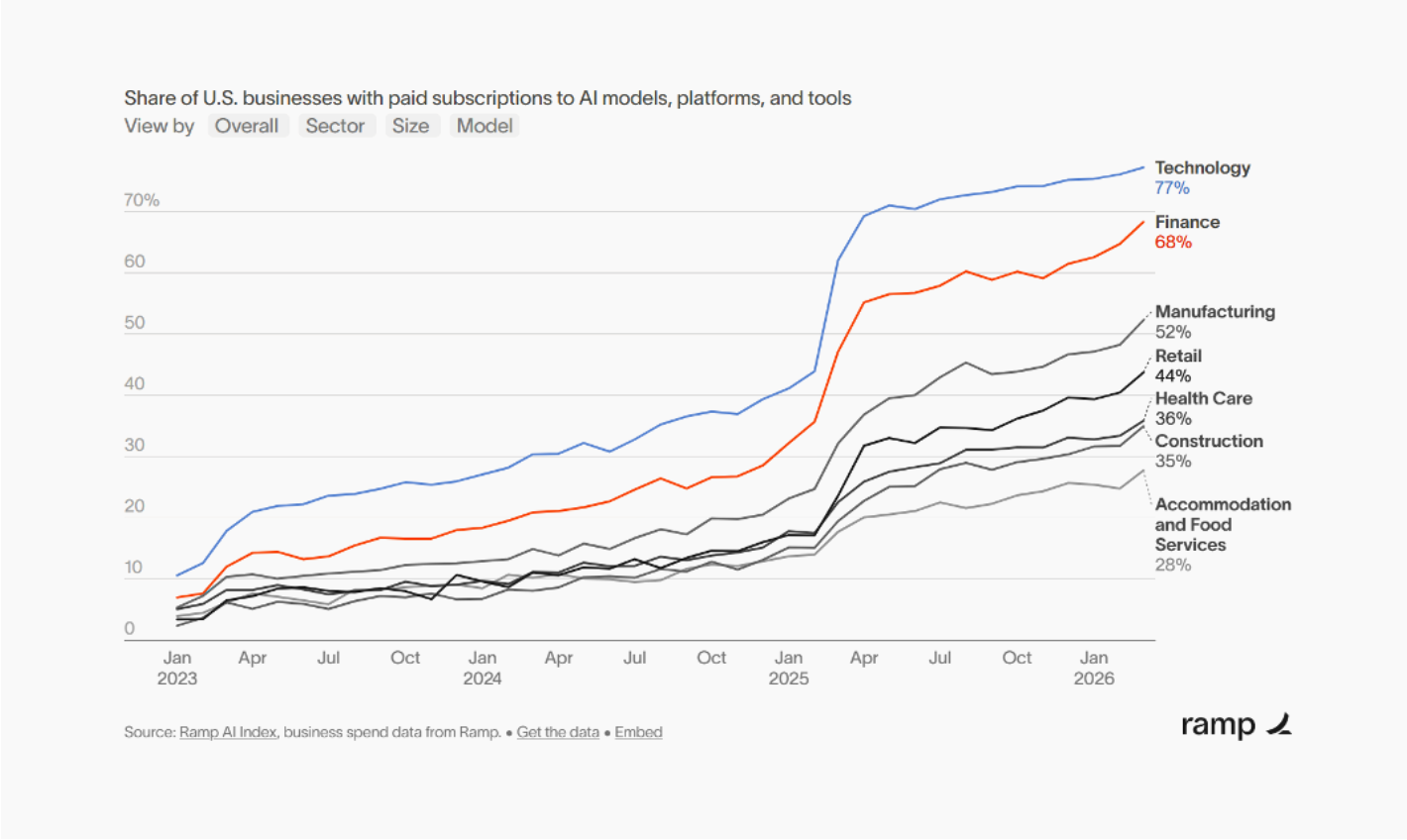

Fig.: Dynamic visual showing the Finance trend line build

CONCLUSION: THE ACTION IMPERATIVE

We believe there is a generational opportunity for well-positioned Financial Technology software that can move at pace.

Defensive moats built on proprietary data access, financial and business network connectivity and deep customer trust grant a material advantage to experienced teams and vendors seeking to become the AI partner of choice for enterprise clients across the sector.

The opportunity is not just to survive the transition, but to capture a significantly larger share of the value chain up into the intelligence layer, delivering a 10x+ TAM expansion opportunity as vendors move from sellers of tools to sellers of work.

This is a re-founding moment. The laws and culture on which the prior era of software was built have changed. Code is trending to free to build. Raw engineering capacity is unconstrained. Pricing is shifting from fixed seats to dynamic outcomes. Intelligence is no longer a scarce human skill.

The teams and platforms that move with speed and conviction to adapt to this new paradigm have the potential to define the next generation of financial technology infrastructure. We believe that those that don't will be rapidly relegated behind the intelligence layer and ultimately risk a drift to irrelevance.

At Motive, our mission is to back and guide the Financial Technology platforms that stand to win from this shift. As a multi-stage domain-specific investor, we see both ends of the market with clarity: the extraordinary talent and velocity entering at the early stage and the scale incumbency advantage, depth of capability and desire for innovation at the later stage.

This dual vantage point is differentiated and increasingly valuable as the AI-driven convergence between early-stage velocity and at-scale incumbency accelerates.

Leveraging our integrated team of Investors, Operators and Innovators, we have been building for this moment. We have the industry, technical and operating expertise to help our portfolio companies and partners navigate this transformation and pursue the opportunities it creates.

> " If you really want to transform financial services, you need to rethink the end-to-end workflow – not just the technology component. Newcomers, with a beginner's mind, sow disruption – incumbents must wake up, adapt and adopt, or die. "
>
> **Rob Heyvaert,** Founder & Managing Partner, Motive Partners, 2017

HIGHLIGHT

The prior era of software was built on expensive code, fixed-seat pricing, and scarce engineering capacity. Each of those conditions has changed. What has not changed is the value of domain depth, institutional trust, and embedded workflow ownership, and the platforms that pair these enduring advantages with conviction and speed of AI adoption will define the next generation of financial technology infrastructure.

ABOUT MOTIVE PARTNERS

Motive Partners is a private investment firm exclusively focused on financial technology and technology-enabled business services companies, investing from early-stage ventures to growth equity and buyout in North America and Europe. The firm invests across five subsectors: banking & payments, capital markets, data & analytics, insurance, and wealth and asset management. Motive Partners applies its proven investor, operator, innovator (IOI) model across its portfolio, combining deep financial technology expertise and proven operational rigor to accelerate growth and value creation. With offices in New York, London, and Berlin, the firm provides differentiated insight, connectivity, and capabilities to create long-term value in financial technology companies.

More information on Motive Partners can be found at www.motivepartners.com.

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MARKET CASE STUDIES

CS1

SS&C TECHNOLOGIES

"Customer Zero" AI automation flywheel

DOMAIN POSITIONING:

SS&C administers over $3 trillion in alternative assets and operates fund administration, transfer agency and insurance workflows for thousands of institutional clients. Its acquisition of Blue Prism gave it proprietary automation infrastructure built on decades of domain process knowledge.

HOW AI WAS EMBEDDED:

SS&C deployed 3,300+ digital workers across its own operations first automating credit agreement processing (95% faster)[9] and NAV reconciliation then commercialized these agents to clients through its AI Gateway platform on top of the existing fund admin business, adding a new high-margin revenue stream.

QUANTIFIED IMPACT:

Internal deployment generates over $200 million in annual cost savings and has been a direct driver of margin expansion. Revenue expansion[10] has not yet been reported.

CS2

STRIPE

AI Payments intelligence suite

DOMAIN POSITIONING:

Stripe processes payments for millions of businesses globally, creating a network-scale data advantage where every transaction trains its models and every merchant benefits from the collective intelligence.

HOW AI WAS EMBEDDED:

Rather than offering AI as a standalone product, Stripe embedded machine learning directly into its existing payments infrastructure — Radar for fraud detection, Adaptive Acceptance for recovering declined transactions, and AI-generated dynamic fraud rules — all operating automatically within the existing integration.

QUANTIFIED IMPACT:

Radar reduced dispute rates 17% year-on-year while industry fraud rose 15%. Adaptive Acceptance recovered over $6 billion in legitimate transactions in 2024. Businesses using the full suite see authorization rate improvements of 2–7%[11].

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9 SS&C, Blue Prism Case Study, SS&C Online Content
10 SS&C, Q1 2026 Earnings Call
11 Stripe Blog, "Using AI to Optimize Payments Performance with the Payments Intelligence Suite, May 15, 2025

CS3

BROADRIDGE

Agentic AI in post-trade operations

DOMAIN POSITIONING:

Broadridge clears and settles over $15 trillion in trades daily and provides communications infrastructure for the majority of North American public companies, with 20+ year client relationships and deep regulatory entrenchment.

HOW AI WAS EMBEDDED:

In January 2026, Broadridge invested in DeepSee and deployed agentic AI across its post-trade BPO operations for 60+ institutional clients, automating unstructured email workflows — classifying communications, retrieving data, drafting responses and prioritizing work by SLA urgency[12].

QUANTIFIED IMPACT:

Too early for quantification.

CS4

KLARNA

AI in customer service; a cautionary counterpoint

DOMAIN POSITIONING:

Millions of daily customer interactions and deep transaction data made customer service an ideal automation target for the buy-now-pay-later platform.

HOW AI WAS EMBEDDED:

An OpenAI-powered assistant handled two-thirds of all chats within its first month. Klarna froze hiring and claimed the AI replaced 700 agents[13].

QUANTIFIED IMPACT:

Cost per interaction fell 40%, resolution times improved 82%[14]. But satisfaction on complex interactions deteriorated, and by mid-2025 the CEO reversed course and rehired human agents[15] — demonstrating that AI delivers efficiency but cannot substitute for the domain layer in trust-dependent environments.

12 Broadridge Investor Relations, Jan 8, 2026
13 OpenAI Case Study, Feb 2024
14 Klarna, Q1 2025 earnings call, May 2025
15 Bloomberg, May 9, 2025