



## **The future of B2B payments**

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# The Italian Banking Association

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The Italian Banking Association (ABI) is a voluntary non-profit organization that **represent, look after and promote the interests of its member banks and financial intermediaries.**



ABI undertakes initiatives for the orderly, stable and efficient growth of the banking and financial sector, in a competitive outlook consistent with Italian and European Union law.

**Our members** represent, directly or indirectly, all the Italian credit companies or those operating in Italy and the most significant part of the financial intermediaries.

# Introduction: definitions and principles

**Need to preliminary define the perimeter.**

**The “B2B” market is wide and varied** in terms of economic sectors (financial, food, metal, etc.) and size (from micro to large enterprises). **This entails diverse needs from users.**

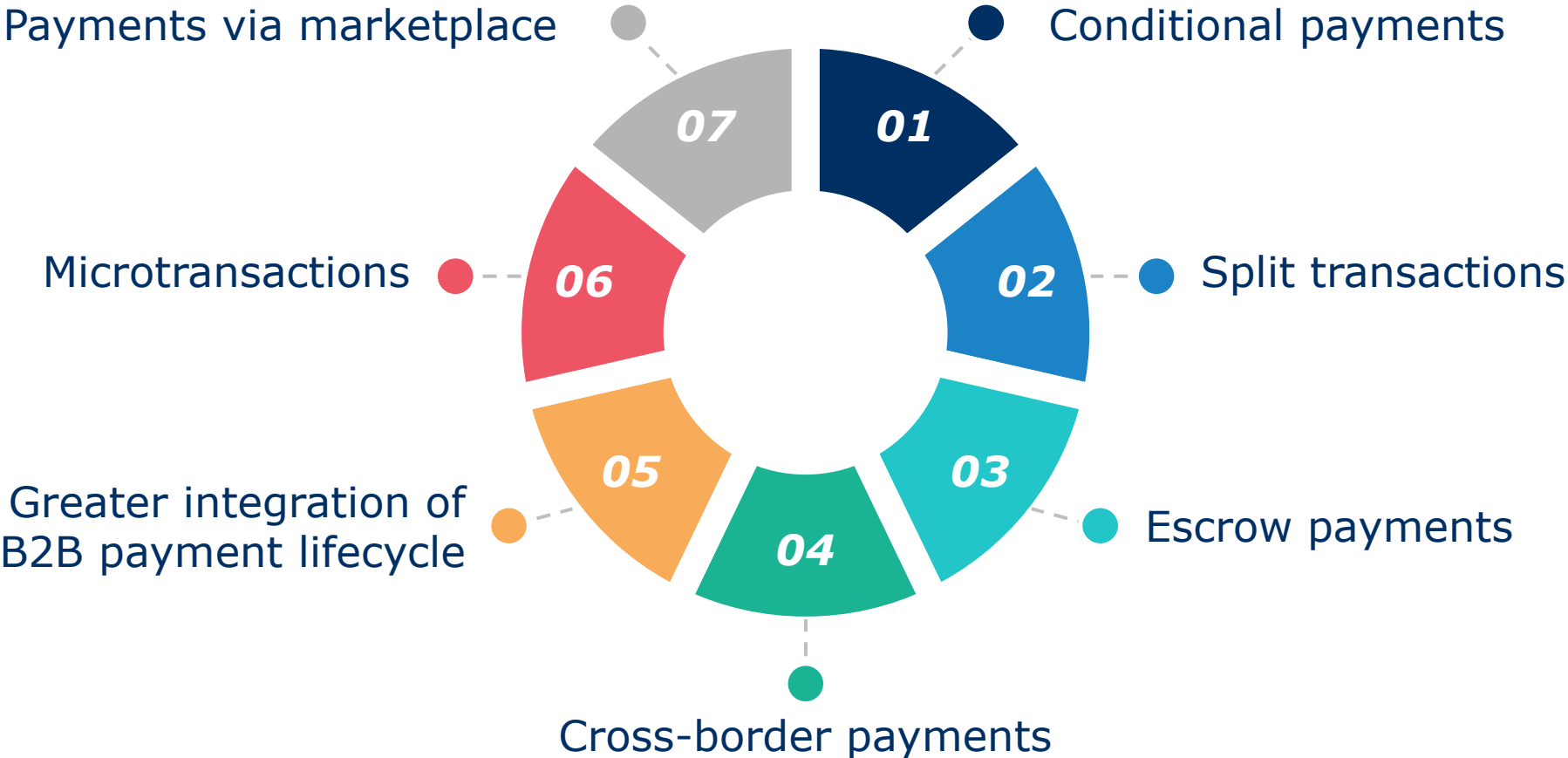


It is essential to **share high level objectives and principles between public and private actors.**

Once these pillars have been defined, they will have to be used as a **guidance for the direction of the work.**

# B2B use cases currently not, or not adequately, addressed

A lot of **progress** made/about to reach full fruition (instant, SRTP) in the market but **room for improvement**, recognizing the specifics of the business sector.



# Instant Payment



## Full deployment of instant payments + SEPA Request-to-Pay (SRTP) can:

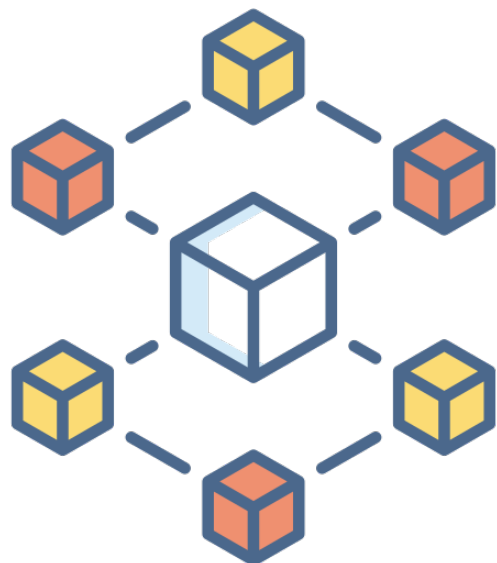
- Enhance companies' **internal processes**, improve **reconciliation** and **cash flow management**, reduce **operational costs**, allowing the offer of better services.
- Innovate the entire business chain towards **enhanced digitalisation of processes** and improved security through **electronic identity**.



The B2B payments sector, has gone through many innovations, driven also by **valuable partnerships between banks and FinTechs** that have allowed to bring to the market new payments and credit solutions, often better fitting businesses' needs.

# Beyond instant – DLT to enable innovation

Looking forward, ABI believes that **Distributed Ledger Technology (DLT)** are necessary to provide truly innovative features and propose new services, allowing for full programmability functionalities



Example: **M2M (Machine to Machine) communication in programmable environments built on DLT and smart contracts**, enabling autonomous interactions, data sharing, and transaction execution under human supervision.



DLT could **stimulate change to the entire market paradigm**, by introducing a more distributed model than the traditional centralised ones. This is achievable only if the DLT is effectively distributed (wholly or partly), without compromising the Eurosystem control over the whole platform.

# Central bank and private market

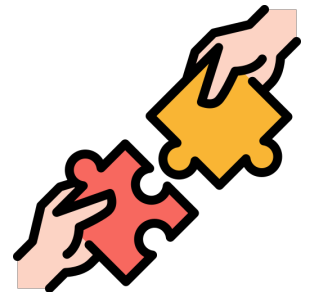
The focus should not be on asking if central bank money is more suitable for specific use cases than commercial bank money, instead it is key to:

Design the **division of roles and responsibilities** between the central bank and private actors, in line with their respective mandate.

Figure out the **infrastructure** needed to cope with present and future value-added services.



The **central bank should provide the foundational infrastructure**, while the **market takes the lead in developing value-added services**. This way, the market can build on that solid foundation to create tailored solutions that meet evolving demands.

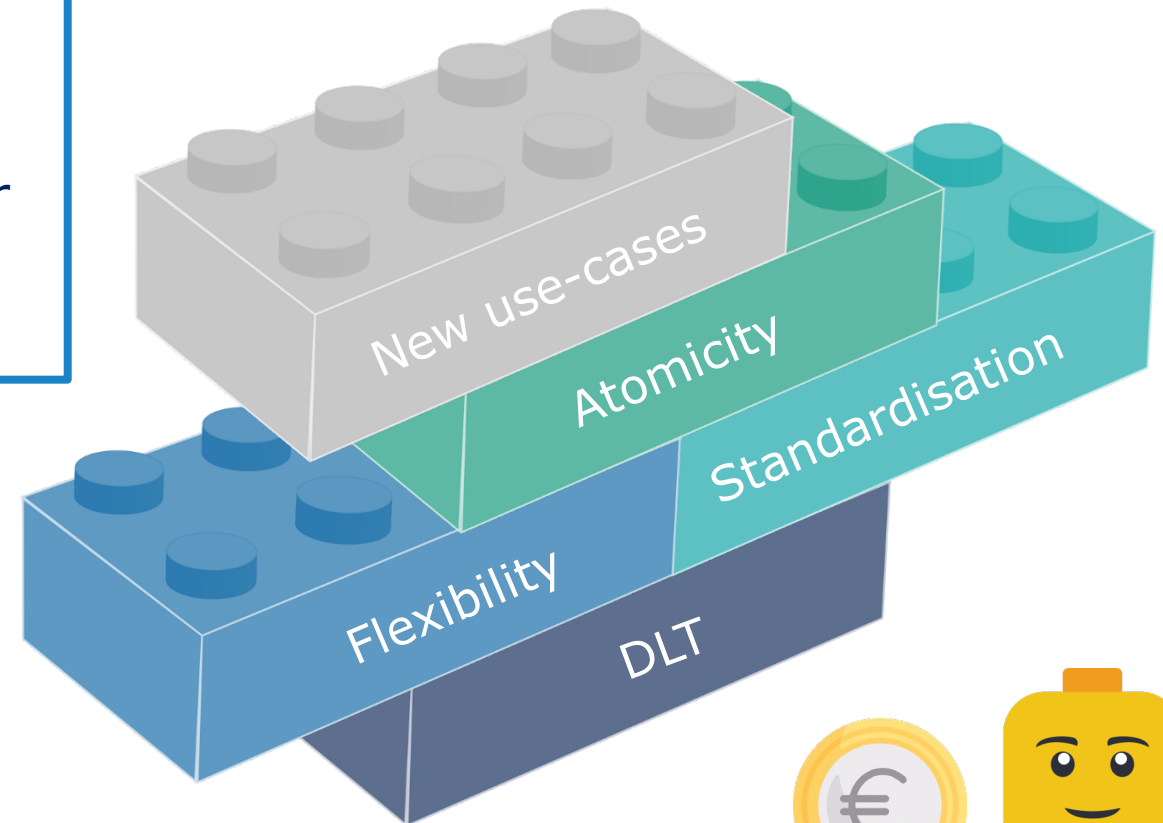


# Money Lego

The challenge posed by the digitalisation of central bank money can represent an **opportunity for innovation if the settlement model** and essential design choices ensure that such a platform is apt for the digital age.

If this platform is conceived as a mouldable raw material, suitable for use by intermediaries as a foundation for building next generation services, then **it will bring real added value to the economy and citizens**, respecting competition in the market and without jeopardising private innovation.

**What it needed to enable programmability**



**aka smart contract...**



# Synergies at the level of central bank money infrastructure



To minimise public and private investment in the payments sector, ABI believes that the **B2B market should be served with one of the two other infrastructures currently under investigation by the Eurosystem** (the retail digital euro and the wholesale CBDC), without therefore creating a third one specifically dedicated to this market.