

The Nexi logo is displayed in white lowercase letters within a large blue circle. A smaller teal circle overlaps the bottom right of the blue circle. The background of the top half of the page is a photograph of a man in a grey suit and light blue shirt holding a tablet, standing in front of a modern building with large windows.

nexi

WHITE PAPER

Riding the future of payments

As the payments market is changing rapidly, financial institutions need to stay competitive and adapt to new demands.

How should they innovate to keep up?



Riding the future of payments

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1. Payments market evolution

The payments market is undergoing a significant transformation, presenting challenges for financial institutions to stay competitive. This change is driven by several major trends.

Technological advancements are fundamentally reshaping payment architectures throughout the entire value chain, prompting institutions to carefully consider the adoption of cloud-based solutions to enhance scalability and adaptability. Customers are seeking more streamlined and seamless payment experiences, whether online or in physical stores. While financial institutions are responding with integrated solutions, they often encounter increased operational costs in the process.

Meanwhile, new regulations and standards, like PSD Evolution, Request To Pay adoption, and Instant Payments, are reshaping the payments landscape, pushing towards real-time payments and exerting a significant influence on banks' operational models.



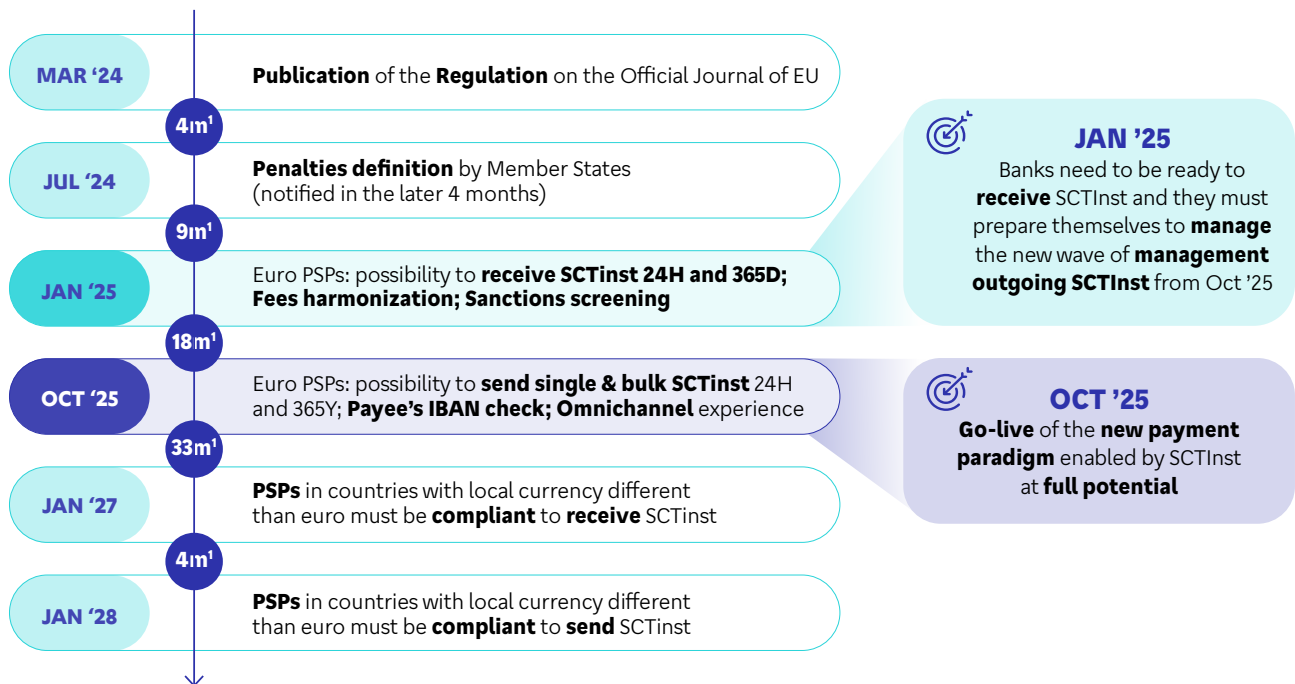
HOW THE NEW REGULATION'S ON INSTANT PAYMENTS REQUIREMENTS REDEFINE BANKS' P&L

	AS IS Issues		TO BE Requirements
SCT ADOPTION	Not all PSPs offer the outgoing and incoming SCTinst	>	INSTANT AS THE NEW STANDARD All psp providing regular euro credit transfer must provide "in" and "out" euro SCTinst ¹
OMNICHANNEL EXPERIENCE	SCTinst only on selected channels	>	OMNICHANNEL EXPERIENCE Customer interfaces must also allow the submitting of orders for SCTinst
SANCTION SCREENING	Each transaction is checked individually	>	ASYNCHRONOUS SANCTION SCREENING EU sanctions lists must be checked at least once a day
IBAN CHECK	IBAN Check services not mandatory on Instant payments	>	SERVICE FOR PAYEE'S IBAN CHECK Identify mismatch between the payee's name and IBAN specified by the payer
FEES	Price of SCTinst typically higher than standard SCT	>	FEES HARMONIZATION Charge of SCTinst must be the same applied for SCT

¹If the PSP offer multiple (bulk) euro credit transfer, the PSP must offer multiple (bulk) instant euro credit transfer too.

As a result, Payment Service Providers (PSPs) are tasked with managing the upsurge in transaction volumes, necessitating the implementation of robust fraud prevention systems to uphold transaction security and integrity.

THE OFFICIAL ROADMAP OF THE NEW REGULATION

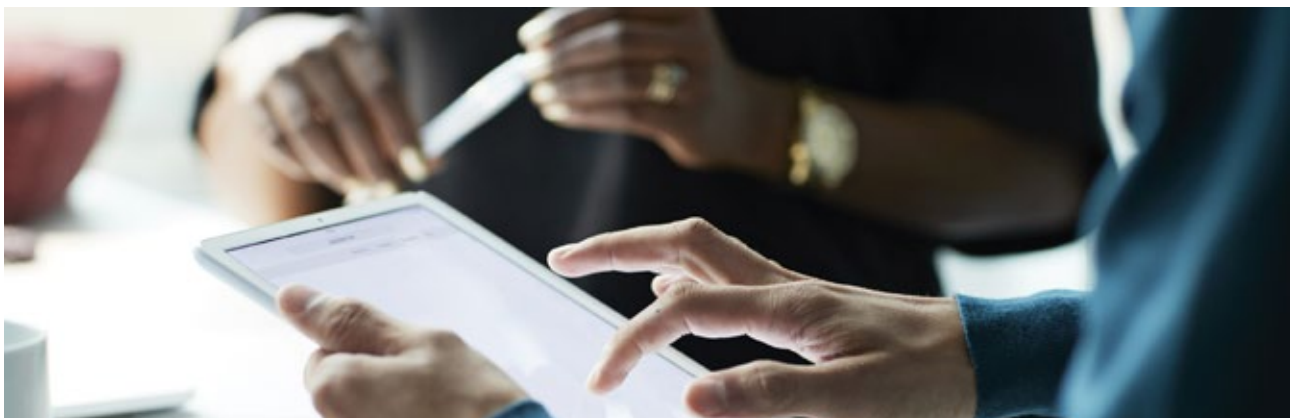


Effects of Rising Instant Volume on Traditional Anti-Fraud Systems

Rising transaction volumes, propelled by changes in payment methods and new use cases, mandate the upgrading of core fraud prevention systems. Current systems struggle with effective monitoring and detection, underscoring the importance of enhancing anti-fraud systems to uphold card payment performance. This involves implementing real-time online controls and fraud prevention mechanisms.

New regulations mandate anti-fraud detection, including the IBAN-check service to spot mismatches between payee names and specified IBANs. Achieving this balance necessitates coordinating IT infrastructures, applications, access points, processes, and compliance protocols. The goal is to ensure security and reliability across all payment channels in a dynamic environment.

The primary challenge is aligning systems and processes to provide consistent, secure, user-friendly experiences while optimizing time and costs.



2. Addressing changes

The strategic solution to address these challenges is a modern payment platform equipped with state-of-the-art technology.

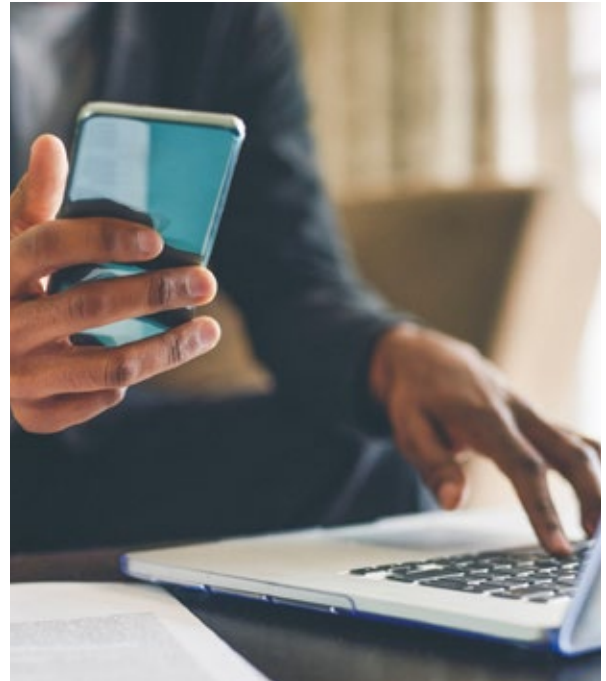
A progressive outsourcing solution based on Software as a Service (SaaS) infrastructure has emerged as a strategic approach for sustainable growth and up-to-date product development.

Benefits of a SaaS Solution

SaaS solutions offer cost savings by streamlining regulatory compliance and providing access to dedicated competence centers for technology, innovation, and security. This eliminates the need for extensive in-house investments while ensuring high-quality services. SaaS also centralizes payment flows, saving staff time and reducing the number of interfaces and systems requiring management.

Flexible rules engines enable quick integration of new features, simplifying compliance and speeding up the launch of innovative payment services. SaaS platforms support product evolution, offering value-added services and expanding capabilities for more payment options and faster processing, improving the customer experience.

Partnering with specialized payment providers offers unique expertise and technology that enhance security, compliance, and processing times. The scale of a specialized partner, with competence centers focused on technology, innovation, and security, is critical for optimizing IT investments and improving operational efficiency.



3. Pioneering the future of payments

Payment Hub by Nexi is a cloud-native, modular platform designed to meet the evolving needs of banks and payment institutions. This platform processes domestic and cross-border payments based on several key principles.

Nexi leverages a cloud-native architecture for scalability, resource optimization, and economies of scale. Its APIs enable swift integration with internal and external applications, while microservices facilitate efficient workflow management and flexibility, compliant with ISO 20022 standards.

Payment Hub integrates seamlessly into core systems, supporting rapid product innovation and enabling banks to adapt quickly to market demands without disrupting existing operations. The model of progressive and selective outsourcing provides flexibility, allowing banks to retain control over critical functions.



COMPLETE COVERAGE OF THE KEY FEATURES OF A TOP NOTCH PLATFORM



A top-tier expertise to enhance your payment processes.

BEST-IN-CLASS SAAS MODULAR SOLUTION

Nexi offers a best-in-class SAAS modular solution that ensures end-to-end processing of domestic and cross-border payments.

With a focus on cost-saving, security, and reliability, Nexi's platform delivers seamless payment processing solutions.

SIANET BY NEXI

Leveraging the power of SIANET by Nexi, institutions can benefit from a bundled solution that combines the Payments Hub solution with SIANET infrastructure.

This integration enhances efficiency and effectiveness in payment processing.

WIDE FUNCTIONAL COVERAGE

Nexi's platform provides wide functional coverage across all payment rails, including SEPA, Target2, and Cross Border payments. Integrated with relevant value-added services such as Fraud Prevention, AML, and Embargo, Nexi ensures comprehensive coverage of the payment value chain.

PROVED EXPERIENCE

Nexi boasts a proven track record in managing complex projects for the financial community. From EBA Clearing to Bancomat, Open Banking Globe Platform to PagoPA Platform, Nexi has demonstrated its expertise in delivering successful outcomes for its partners.



4. About Nexi

We are the European PayTech with the scale, capacity and proximity to provide the simplest, fastest and safest payment solutions to People, Businesses and Financial Institutions.

#1 in Card Processing

in terms of the number of cards managed and the overall value of the processed transactions.

#1 in Acquiring

in terms of the number of Merchants served and the overall value of transactions handled.

OVER
10,600
PAYMENT
EXPERTS

OVER
1,000
TOP FINANCIAL
INSTITUTIONS

~ 17bn
ACH TRX MANAGED

~ 2.9m
MERCHANTS
SERVED

~ 140m
CARDS
MANAGED

~ 300+
BANKS SERVED
IN PAYMENT
PROCESSING

Discover more on our website nexigroup.com



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