



ATLAS  
BY BNP PARIBAS

## CASH MANAGEMENT

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Italy, the euro zone third-largest economy with a population of 58,9 million, will see an economic growth of 0.7% in 2024, the International Monetary Fund (IMF) expects. It is expected to accelerate over the following two years, cumulatively by more than 2 per cent. Economic activity is projected to be supported primarily by consumption, driven by the recovery in real disposable income, and by exports, due to the increase in foreign demand. Inflation is expected to remain low at 1.1 per cent in 2024 and 1.6 per cent in 2025 and 2026, on the condition that no significant tensions will arise on energy commodity and financial markets.

The GDP growth projections are slightly higher for 2025 and 2026, mainly owing to the impact of the expansionary measures set out in the medium-term fiscal-structural plan, and of the assumption of more favourable financial conditions. Still, as regards the debt-to-GDP ratio, the IMF's expectations are for an increase to 136.9% in 2024 and 138.7% in 2025, compared to 134.6% in 2023.

The measures introduced under the National Recovery and Resilience Plan (NRRP) should to provide an economic boost. Exports are projected to decline over 2024 and to gradually grow again over the next two years, owing to reviving foreign demand. The current account balance of payments is set to improve further, close to 1.5 per cent of GDP in 2026. Employment is expected to continue to grow over the three-year horizon at a slower pace than observed in 2023. The unemployment rate, which averaged 7.7 per cent in 2023, is projected to fall to 6.7 per cent on average in 2024 and to 6.3 per cent in the two years following.

Overall, the Italian commercial sector is characterised by family-owned companies that offer particular specialisation, often grouped into "industrial districts". However, most Italian firms are small and suffer from weak productivity, which made them particularly vulnerable to the coronavirus crisis. Investment is structurally low and Italy's integration in global value chains remains limited.

## Summary

## BNP Paribas presence

Italy is one of BNP Paribas' 'home' markets, and is the fourth largest bank in the country with comprehensive capabilities for all customer segments. BNP Paribas is a leader in corporate banking in Italy, with 46 business centres, and more than 70 people specifically dedicated to cash management services. The bank also provides a complete service offering in trade finance across 5 trade centres. Corporate customers include Italian companies of all sizes, together with Italian subsidiaries of foreign companies. These organisations are attracted to the bank's strong balance sheet, depth of domestic and international products and services, including proximity services across Italy, international footprint and commitment to service quality.

## Currency

### Currency

- Italy uses the euro (EUR).

### Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: EUR per USD	0.9040	0.8873	0.847	0.893	0.88

Source: IMF, International Financial Statistics, July 2021.

### Central Bank

- The Italian central bank is the Banca d'Italia ([www.bancaditalia.it](http://www.bancaditalia.it)).
- Banca d'Italia is a member of the European System of Central Banks (ESCB) and operates certain activities, such as issuing currency, under the authority of the European Central Bank (ECB – [www.ecb.europa.eu](http://www.ecb.europa.eu)).

### Bank Supervision

- In November 2014, the ECB, via the Single Supervisory Mechanism (SSM), assumed responsibility for supervising the financial stability of banks operating within the euro zone. However, while the ECB has final supervisory authority over all banks operating within the euro zone, it will only directly supervise those banks classified as 'significant' under the terms of the SSM (115 significant banking groups have been recognized to date). 'Less significant' banks will continue to be supervised by the national supervisory authority, i.e. the Banca d'Italia.
- The Italian Securities and Exchange Commission (CONSOB – [www.consob.it](http://www.consob.it)) regulates the securities sector.



## Bank accounts

### Resident / non-resident status

- A company is generally considered resident in Italy if its place of effective management is located there.

### Bank accounts for resident entities

	Within ITALY	Outside ITALY
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.

### Bank accounts for non-resident entities

	Within ITALY	Outside ITALY
Local Currency	Permitted without restriction, fully convertible.	Permitted without restriction, fully convertible.
Foreign Currency	Permitted without restriction, fully convertible.	<ul style="list-style-type: none"><li>• Account opening and management is relatively straightforward in Italy, subject to standard know your customer (KYC) and compliance requirements. Please contact your BNP Paribas relationship manager for more information.</li></ul>

### Lifting fees

- [Lifting fees](#) are applied on payments between resident and non-resident bank accounts.

### Legal framework

- Global deed of assignment of future receivables valid for 24 months or single assignments.
- Assignment to public debtors should be certified by a notary and notified by public officer.

### Product specifics

- **DISCLOSED / UNDISCLOSED**

Both solutions are offered. Undisclosed programmes with financing only for well-rated companies.

- **RECOURSE / NON-RECOURSE**

Both solutions are offered. Non-recourse represents the majority of total volume.

- **STRUCTURED PRODUCTS**

Reverse and maturity factoring are available. Factoring + securitisation solutions together with BNPP Securitisation team.

- **EXPORT / IMPORT**

Membership of FCI (Facilitating Open Account - Receivables Finance). Two Factors system is used for all countries that are eligible under country risk policy of BNP Paribas.

- **CONCENTRATION REQUIREMENTS**

No concentration policy on recourse programmes. In non-recourse, a homogeneous group of debtors is required.

- **MAX. PREPAYMENT %**

100%.

- **CREDIT COVER %**

100%.

- **USUAL FUNDING PERIOD**

For the private sector on average 90-120 days, in certain cases up to 180 days. For public sector generally longer.

- **OFF-BALANCE SHEET SOLUTIONS**

Quite a number of off-balance sheet solutions are offered to mainly large/quoted clients.

- **INVOICE TRANSFER**

Data can be transferred electronically via an IT platform called Mediana.

- **ON-LINE APPLICATIONS**

Clients can check the balance of their accounts via Ifi Mediana web site.

- **DELAYED DUNNING**

This is not a general service but it is available.

- **DATA FACTORING**

Not applicable.

- **CURRENCIES OF FINANCE**

All major currencies are possible.

## BNP Paribas Cash Management Capabilities

### Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	✓
Virtual accounts	●
International incoming transfers	✓
Card acquiring	✓

### Payments



Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	✓
Domestic outgoing transfers	✓
Commercial cards	✓
Virtual cards	●
International outgoing transfers	✓
SWIFT gpi	✓
Real-time international payments through BNP Paribas' network	●
Card issuing	✓

## Channels

Local e-Banking	✓
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

Payments & collections

## Market overview

Electronic credit transfers are most commonly used by companies to make supplier and payroll payments, although some smaller businesses continue to use cheques. Payment card use is increasingly rapidly, with cards (especially debit cards) the most widely used payment instrument by volume. In 2020, the government promoted the use of cashless payments for in-store payments with 10% rebates for users of cards or mobile apps for payments. Known as the Italia Cashless, the scheme, part of the government's plan to modernise payments in the country, was suspended in June 2021. Contactless card transactions account for more than half of all in-store card payments.

The CBI (Customer to Business Interaction) Consortium, established by the Italian Bankers' Association (ABI) has introduced a multibank digital signature standard as well as XML-based standards for SEPA credit transfers and direct debits, the electronic exchange of invoices, invoice financing, and structured statements. Banks are required to offer the CBI Consortium online banking platform. Over one million companies use CBI Consortium electronic banking standards.

Digital banking services are increasingly available and widely used, particularly mobile banking services.

## Payment Systems

TARGET 2-BI	Type	<ul style="list-style-type: none"> <li>Real-time gross settlement.</li> <li>Italian component of the pan-European <a href="#">TARGET2</a> system.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>81 direct, 33 indirect.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>High-value and urgent EUR-denominated domestic and cross-border credit transfers.</li> <li>Net obligations from BI-COMP.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>07:00–18:00 CET, Monday to Friday.</li> </ul>
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>Payments are cleared and settled in real time.</li> <li>Interbank payment cut-off time = 18:00 CET.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li><a href="#">TARGET2</a> is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December.</li> </ul>
HAM	Type	<ul style="list-style-type: none"> <li>The Banca d'Italia's Home Account Module (HAM) is the real-time gross settlement system for domestic transfers.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>78 direct.</li> </ul>
	Transaction types processed	<ul style="list-style-type: none"> <li>Domestic EUR-denominated credit transfers.</li> </ul>

	Operating hours	<ul style="list-style-type: none"> <li>• 07:00–18:00 CET, Monday to Friday.</li> </ul>
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>• Payments are cleared and settled in real time.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• HAM is closed on all TARGET2 holidays.</li> </ul>
BI-COMP	Type	<ul style="list-style-type: none"> <li>• Multilateral <a href="#">net settlement system</a>.</li> </ul>
	Participants	<ul style="list-style-type: none"> <li>• 58 direct.</li> </ul>
	TRANSACTION TYPES PROCESSED	<ul style="list-style-type: none"> <li>• Truncated cheques and bankers' drafts.</li> <li>• Niche payment instruments outside of the scope of SEPA (e.g. MAV, Bollettino Bancario and RIBA direct debits).</li> <li>• ATM and POS payments.</li> </ul>
	Operating hours	<ul style="list-style-type: none"> <li>• BI-COMP does not have official operating hours.</li> </ul>
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> <li>• Cut-off times depend on which bank is effecting the payment.</li> <li>• Settlement time depends on the bank and payment instrument but is a minimum of two days.</li> <li>• The net settlement of legacy payment instruments and SEPA direct debits (SDDs) takes place at 12:00 CET.</li> </ul>
	System holidays	<ul style="list-style-type: none"> <li>• BI-COMP is closed on all <a href="#">TARGET2</a> holidays.</li> </ul>

## Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax, benefit and treasury payments.
- Low-value SEPA credit transfers (SCTs) can be settled via STEP2 or via correspondent banking networks. Participants in BI-COMP can clear payments bilaterally with participants in clearing systems in Austria (Clearing Service International for SCTs) and the Netherlands (equensWorldline Clearing and Settlement System for SEPA direct debits and SCTs).
- Approximately 400 banks in Italy participate in the SEPA credit transfer scheme.
- The niche paper-based MAV (*Mediante Avviso*— a paper-based giro issued by the creditor's bank) and *Freccia* (*Bollettino Bancario* – a paper-based giro issued by the creditor) remain outside of the scope of SEPA and are not affected by the SEPA end date regulation.
- High-value and urgent domestic and cross-border (within the euro zone) credit transfers can be settled in real time via TARGET2-BI.

- High-value and urgent cross-border payments can also be settled via the Euro Banking Association's EURO1 system. Thirteen banks in Italy participate directly in EURO1.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds. There are around 320 SCT Inst participants in Italy.
- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new 24/7 service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies. Nexi's platform for instant credit transfers is the first in Italy to be integrated with TIPS.

## Direct debits

- Direct debits are used for regular payments, such as utility bills.
- SEPA direct debits can be settled via STEP2.
- The RIBA (*Ricevuta Bancaria*), a non-preauthorised direct debit, remains outside of the scope of SEPA migration and is not affected by the SEPA end date regulation.

## Cheques

- The cheque remains a popular payment instrument for consumers and small companies. However, its use is in decline. In 2019, cheque volume and value fell 12% and 8.4% respectively, to 134 million transactions, with a value of EUR 375.2 billion.
- All Cheques are truncated and processed as electronic items by BI-COMP.
- However, it can take up to a week for funds to be credited to the beneficiary, due to the bank practice of taking extra 'float' days.

## Card payments

- Card payments are the increasingly popular, especially for retail transactions.
- There were 59,418 million debit cards and 15.3 million credit cards in circulation at the end of 2020.
- Bancomat/PagoBancomat is Italy's national debit card scheme.
- Visa V Pay debit cards are issued by five Italian banks.
- Debit card payments are settled through BI-COMP.
- Domestic Nexi credit cards are issued in conjunction with Visa and MasterCard. Nexi credit card payments are cleared by EquensWorldline.
- Some banks also offer their own proprietary credit card in conjunction with Visa and MasterCard.
- Contactless card technology is available in Italy. Contactless payments account for over half of all in-store card payments.
- All cards issued are SEPA-compliant with EMV chips.

## ATM/POS

- There were approximately 40,462 ATMs in Italy at the end of 2020.
- There were 3.42 million POS terminals in Italy at the end of 2020.
- All payments through the Bancomat (ATM) or PagoBancomat (POS) network are settled through BI-COMP Rete Dettaglio.
- All ATMs and POS terminals are EMV-compliant.

## Electronic wallet

- There were 31.9 million multi-purpose pre-paid cards in circulation at the end of 2020.
- There were 21.9 million Postepay pre-paid cards in circulation at the end of Q1 2021. Postepay cards are offered by the Italian Post Office in conjunction with Visa and MasterCard. They can be used at ATMs and POS terminals. There are eight million Postepay Evolution cards, which are issued with an IBAN.
- Mobile payment schemes such as Samsung Pay, Google Pay, Apple Pay, Garmin Pay and Nexi Pay are also available.

Short term investments

## Market overview

## **Interest payable on credit balances**

- Interest-bearing current accounts are permitted for resident and non-resident companies.

## **Demand deposits**

- Demand deposits are permitted for resident and non-resident companies.

## **Time deposits**

- Time deposits are available in EUR or major foreign currencies for terms of one night to one year.

## **Certificates of deposit**

- Certificates of deposit (CDs) are not commonly used in Italy.
- CDs can be denominated in EUR, GBP, USD or CHF, for terms ranging from three months to five years.
- CDs can be issued paying fixed or floating interest.
- CDs with a term greater than 18 months cannot be redeemed before the expiry of the first 18 months.
- There is no secondary market.

## **Treasury (government) bills**

- The Italian Ministry of Finance's Treasury department issues Treasury bills (*Buoni ordinari del Tesoro* – BOTs).
- BOTs can be purchased online or through intermediaries. Terms are typically three, six or 12 months. There is an active secondary market.
- *Buoni obbligazionari comunali* are issued by regions, provinces and municipal authorities.

## **Commercial paper**

- The *cambiale finanziaria* is typically issued with maturities ranging from three months to one year.
- The minimum investment is EUR 50,000.
- Large Italian companies offer commercial paper outside Italy
- Italian companies can invest in Eurocommercial Paper.

## **Money market funds**

- Money market funds are available in Italy.
- The minimum investment is EUR 25,000.

## Repurchase agreements

- Repurchase agreements (pronti contro termine – PCTs) have become popular in Italy.
- Maturities range from one week to three months, although 60% of PCTs have a spot-value date.

## Banker's acceptances

- Banker's acceptances are not commonly used in Italy, but maturities of between three and 12 months are available.

## BNP Paribas Trade Finance Capabilities

### Trade payments

Documentary credits	✓
Documentary collections	✓

### Guarantees

Bank guarantees	✓
Standby letters of credit	✓

### Supply chain management

Receivables	✓
Payables	✓



Inventory	✓
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## Trade channels

Connexis Trade	✓
Connexis Supply Chain	✓
SWIFTNet Trade for Corporates	✓
Connexis Connect	✓
Connexis Guarantee	●
SWIFTnet Supply Chain	●

- BNP Paribas is recognised as a market leader in trade finance in Italy. Its Global Trade Solution (GTS) team in Italy includes over 40 highly skilled trade finance experts based in Milan, Rome, Bologna, Florence and Naples, offering a full range of traditional and innovative tailor-made solutions to Italian corporations (both large corporations and SMEs), and multinational corporations doing business in Italy.
- In 2013, BNP Paribas launched an initiative to enable all BNP Paribas corporate clients to access the CIB platform. This includes supply chain management solutions and a fronting offer to enable BNPP corporate clients to participate in important international contracts where BNP Paribas acts as arranging and fronting bank for guarantee facilities.

## International trade

## General trade rules

- As a member of the EU, Italy follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

## Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA. The EU and the UK are discussing their future trading relationship, following the UK's departure from the EU.

## Imports / exports

Imports	Crude petroleum	Cars	Packaged medicines	Natural gas	Refined petroleum	
Primary Import sources	Germany (16.0%)	France (9.0%)	China (7.0%)	Spain (5.0%)	Netherlands (5.0%)	Belgium (5.0%)
Exports	Packaged medicines	Cars and vehicle parts	Refined petroleum	Valves	Trunks/cases	Wine
Export markets	Germany (12.0%)	France (11.0%)	USA (10.0%)	UK (5.0%)	Spain (5.0%)	Switzerland (5.0%)

## Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	453,707	491,177	532,948	513,843	470,634
	- services USD m	100,444	112,710	123,108	122,168	87,626
Imports	- goods USD m	389,869	429,379	478,799	446,538	393,319
	- services USD m	104,126	116,898	126,636	123,165	93,029
Current account as % GDP		+ 2.5	+ 2.6	+ 2.7	+3.5	+ 4.2

Source: IMF, International Financial Statistics, July 2021.



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