



Third Call for Proposals - Provisions

1. Theme of the Third Call for Proposals

As part of Milano Hub's activities to support the digital evolution of the Italian financial market, this Call for Proposals is dedicated to the following theme:

“Instant payments – and, more generally, digital payments – as enablers of innovation for banking, financial and insurance services and products, with particular regard to the need to ensure:

- efficiency and speed of value transfers, including through the use of dedicated settlement infrastructures and the capabilities offered by open banking; in this regard, it notes the possibility of easy and immediate use of instant payments at the Point of Interaction (e.g. e-commerce portals, points-of-sale-PoS, tax and contribution payments) and in payments between people (P2P);*
- security and resilience against cyber and operational risks, including with regard to the ability to detect and prevent new forms of fraud;*
- traceability of transactions as well as the authentication of those involved, including in relation to developments in digital identity management;*
- interoperability with other payment services, through the use of Application Programming Interfaces (APIs) based on shared standards;*
- financial inclusion, transparency and consumer protection, including in relation to privacy profiles (GDPR);*
- ability to adapt to future operational contexts determined by rapid technological evolution.”*

The digital payments industry is experiencing great development, thanks to the spread of new technologies capable of making the sector more efficient, secure and competitive and strengthening its role as a catalyst for innovation for the entire banking, financial and insurance sector.

Market dynamics are reflected in the evolution of regulatory initiatives at the European and non-European level, among which the European Commission's proposal on instant payments, adopted by the EU Council last February 26.

Technological developments, integration between public and private solutions and platforms, and the availability of dedicated settlement infrastructures may stimulate the development of new tools and services for the end user (citizens and businesses) aimed at fully exploiting the potential offered by instant and digital payments.

This dynamic of innovation in the consumer world finds application with particular regard to operations at the ‘point of interaction’ (e.g. payments on e-commerce portals, ‘checkout’ payments at commercial establishments, tax and contribution payments) and in exchanges of currency between people (P2P-type payments), opening up to a multiplicity of use cases still largely unrealized.

Another potential development perspective is represented by software solutions for managing business processes, both in transactions between companies (B2B), for example related to the supply of goods/services, and in operations with customers (B2C) both remotely and in proximity. The products

currently available on the market could be integrated with new payment functionalities, capable of expanding the array of services offered while simultaneously increasing their efficiency.

The potential of such a scenario calls upon all players in the payment chain, especially intermediaries, technology providers, and scheme operators.

In this context, the Third Call for Proposals intends to support projects and ideas that aim to develop the most innovative elements of instant and digital payments and to exploit their potential, while also encouraging the dissemination of best practices among market participants.

Participation in the Third Session is governed by the provisions contained in these Call for Proposals' Provisions as well as in the Rules for participation in Milano Hub (hereinafter 'Rules'), published on the Bank of Italy's website in the section dedicated to Milano Hub.

2. Who can participate

The following categories of individuals (hereinafter referred to as "Participants"), whether Italian or foreign, are allowed to participate, exclusively on an individual basis, and apply for one of the following areas of operation according to the category to which it belongs:

- A) Fintech Area: natural persons, non-bank/non-financial undertakings (e.g. technology solution providers);
- B) Innovation Area: banking, financial and insurance intermediaries;
- C) Research & Development Area: universities, research institutes, sector association, other bodies.

Italian entities must be registered in the ordinary section or in the special section of the Register of Companies. Foreign entities must be registered in a similar register in their home countries, if there is one. Failure to comply with the provisions of this Section will result in the exclusion of the Participant.

3. How to participate

Application forms and all other supporting documentation listed in Section 4 (Application process and supporting documents) of this Call for Proposals may be submitted from 3 p.m. CEST on 19 June 2024 to 3 p.m. CEST on 24 July 2024 by e-mail to the shared mailbox: application@milanohub.bancaditalia.it. Applications submitted after this deadline and/or received via any other channel than the one specified or with partial and/or incomplete documentation, except for the additions allowed under the Rules, will be rejected. The mailbox will send an automatic reply confirming receipt of the application, without prejudice to the Bank of Italy's subsequent evaluations also with reference to the timeliness and completeness of the applications.

In the event of multiple submissions of the application by the same Participant, only the most recent application will be considered, with the chronological criterion applied.

The Bank of Italy is not liable for any delays due to malfunctions or breakdowns of the IT and internet connections used by Participants, nor it is responsible for any technical difficulties encountered when submitting the application attributable to these systems. Participants are therefore invited to send their application **well in advance of the deadline**.

The Bank of Italy is not responsible for any failure to submit documents required for the evaluation process, as detailed in Section 4 (Application process and supporting documents), including cases of illegibility or lack of information required for the evaluation process.

Requests for clarification may be sent to the shared mailbox: info@milanohub.bancaditalia.it.

4. Application process and supporting documentation

Applications must be submitted, under penalty of exclusion, by filling in the forms listed below, available on the Bank of Italy's website (<https://www.bancaditalia.it/focus/milano-hub/terza-call-for-proposals/index.html>):

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- Application form and personal details (Form A). Please note that the template to be used for an application submitted by a natural person is Form A1;
- Declaration of eligibility and possession of the integrity requirements (Form B). Please note that the template to be used for an application submitted by a natural person is Form B1;
- Project proposal (Form C); please note that you should use a different form for each of the three areas of Milano Hub:
 - Form C1 for the Fintech area;
 - Form C2 for the Innovation area;
 - Form C3 for the R&D area;
- Technological description of the project (Form D) in a maximum of 5 pages.

Participants' are requested to comply with the adherence to the maximum limit given for Form D. **Any excess pages will be excised and will not be evaluated.**

All forms must be completed and signed by the legal representative with a digital signature or with a handwritten signature and submitted, in the latter case, together with a copy of the signatory's valid identity document. In the case of applications submitted by natural persons, the forms must be signed by the person concerned in the same way.

Applications that are incomplete or submitted using documentation that does not comply with the requirements shall be excluded from the selection process, except for the additions allowed under the Rules.

For the purposes of Section 4 of the Rules, the natural person admitted to participate is considered the project contact person for the project they are proposing. For other Participants, the project contact person must be identified within their organization and may be the same as the legal representative.

Participants may withdraw their application by sending a waiver letter signed by their legal representative or, in the case of an application submitted by natural persons, by the same person to **application@milanohub.bancaditalia.it**.

5. Preliminary selection

In the event that more than 80 applications are received in relation to one or more of the Areas referred to in Section 2, the Bank of Italy reserves the right to proceed, for the Area or Areas concerned, with a preliminary selection based on the sole criterion of relevance, as described in Section 6.1(A).

The preliminary selection is carried out by the competent administrative office of the Bank of Italy, which assigns a score between 0 and 10 in relation to the criterion of relevance to each application for the Area concerned, based on the documentation received.

Within the Area for which the preliminary selection is carried out, the Participants for that Area are ranked in descending order according to the score obtained, and Participants ranked in the first 80 positions, as well as any ex aequo in the last qualifying position, go through to the next evaluation phase.

At the end of this phase, each Participant for the Area involved in the preliminary selection will receive notification of the outcome.

If the Bank exercises the option provided for in this Section, for the Area or for the Areas affected by the preliminary selection, the score achieved by each Participant for the relevance criterion contributes to the formation of the overall score, together with those assigned by the evaluation panel for the suitability, value and practicability criteria according to the methodology described in Section 6.2.

6. Project evaluation

Applications will be evaluated by a panel appointed by the Bank of Italy after the deadline specified in Section 3 of this Provisions. The appointment and composition of this panel shall be published on the Bank of Italy's website.

The project evaluation process is detailed in the following Section.

6.1 Scoring based on RELEVANCE, SUITABILITY, VALUE and PRACTICABILITY criteria

Each member of the panel will score the projects, based on the documents submitted, on a scale from 0 to 10 for the relevance and suitability criteria and for each of the value and practicability sub-criteria described in this section (e.g. systemic value and scalability, innovation, etc.).

If the preliminary selection referred to in Section 5 is carried out, the panel will not assign any score in relation to the criterion of relevance for the Area or the Areas concerned.

The final score will be determined by applying the methodology described in Section 6.2.

The evaluation criteria are described below:

- A) **RELEVANCE** which measures how relevant projects are to the theme of this year's Call for Proposals, as described in Section 1;
- B) **SUITABILITY** which measures the consistency of the project with the institutional purposes of the Bank of Italy;
- C) **VALUE** which includes the following sub-criteria:

C.1 Systemic value and scalability

This sub-criterion assesses whether the objectives pursued by the project are valuable¹ for the banking, financial, insurance and payment system as a whole, for companies and customers and for the public administration. This sub-criterion also assesses whether projects are adaptable and applicable to wider contexts.

C.2 Innovation

This sub-criterion establishes whether the projects offer innovative² products/services/processes for banking, financial and insurance activities.

C.3 Completeness

This sub-criterion determines whether the project is generally well defined as regards resources (financial, human, technological and logistical), how it is to be achieved, what objectives it pursues, and any other significant aspect for its area of activity.

C.4 Sustainability

This sub-criterion evaluates the extent to which the project focuses on sustainability according to ESG criteria.

¹ Projects shall be deemed valuable for the banking, financial, insurance and payment system if they add value to it, for example in one of the following ways:

- they benefit end users, e.g. by improving customer experience, inclusion, transparency, enhancing security, or reducing costs for end users;
- they make the system more effective, e.g. by reducing the time required to perform minor operations or by improving the availability and use of information;
- they make regulatory enforcement more effective by streamlining internal processes to fulfil regulatory obligations, improving data management for compliance and reporting purposes, etc.;
- they improve the risk management systems/procedures/processes of banking, financial or insurance operators, optimising costs and internal resources, increasing effectiveness in identifying and/or measuring/managing risks.

² For example:

- does the product, service or process use innovative technologies?
- does the proposed solution differ significantly from what is on the market, if similar products, services or processes already exist?
- does the project use an innovative business model?

D) **PRACTICABILITY** which includes the following sub-criteria:

D.1 Feasibility

The sub-criterion assesses the clarity and completeness of the planned project development over the period of Milano Hub support.

D.2 Measurability

This sub-criterion assesses whether the development of the activities and the expected results possess characteristics that allow for measurability, that is the possibility of effectively monitoring the progress of the work over the duration of the support offered by the Hub to achieve the objectives of the proposed initiative.

D.3 Security

This sub-criterion determines whether the project proposal contains a reliable assessment of the possible exposure to risks (e.g. cyber-attacks, operational risks, etc.) and of appropriate mitigation measures to ensure suitably high security standards.

6.2 Criteria weighting and final score

For the **Fintech Area**, the value and practicability criteria and the average scores for their sub-criteria assigned by each member of the panel are weighted as follows:

VALUE		PRACTICABILITY	
Systemic value and scalability	0,40	Feasibility	0,35
Innovation	0,30	Measurability	0,35
Sustainability	0,15	Security	0,30
Completeness	0,15		

The arithmetic average of the individual scores awarded by the individual panel members for each relevance, suitability, value and practicability criteria is then calculated. For each project, the final score is calculated by adding together the average scores weighted on the basis of different coefficients for each area of Milano Hub, as outlined below.

If the preliminary selection under Section 5 is carried out for the Fintech area, for the criterion of relevance, instead of the arithmetic average of the individual scores given by the individual members of the panel, the score achieved by each project under Section 5 is considered.

$$\text{Final score} = 0.3 * (\text{average relevance score or scored assigned according to Section 5}) + 0.3 * (\text{average suitability score}) + 0.20 * (\text{value score}) + 0.20 * (\text{practicability score})$$

For the **Innovation Area**, the value and practicability criteria and the average scores for their sub-criteria assigned by each member of the panel are weighted as follows:

VALUE		PRACTICABILITY	
Systemic value and scalability	0,60	Feasibility	0,35
Innovation	0,40	Measurability	0,35
		Security	0,30

The arithmetic average of the individual scores awarded by the individual panel members for each relevance, suitability, value and practicability criteria is then calculated. For each project, the final score is calculated by summing up the average scores weighted on the basis of different coefficients for each area of Milano Hub, as outlined below.

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If the preliminary selection under Section 5 is carried out for the Innovation area, for the criterion of relevance, instead of the arithmetic average of the individual scores given by the individual members of the panel, the score achieved by each project under Section 5 is considered.

Final score = 0.3 * (average relevance score or scored assigned according to Section 5) + 0.3 * (average suitability score) + 0.20 * (value score) + 0.20 * (practicability score)

For the **R&D Area**, the value and practicability criteria and the average scores for their sub-criteria assigned by each member of the panel are weighted as follows:

VALUE		PRACTICABILITY	
Systemic value and scalability	0,70	Feasibility	0,50
Innovation	0,10	Measurability	0,50
Sustainability	0,10		
Completeness	0,10		

The arithmetic average of the individual scores awarded by the individual panel members for each relevance, suitability, value and practicability criteria is then calculated. For each project, the final score is calculated by summing up the average scores weighted on the basis of different coefficients for each area of Milano Hub, as outlined below.

If the preliminary selection under Section 5 is carried out for the Research & Development area, for the criterion of relevance, instead of the arithmetic average of the individual scores given by the individual members of the panel, the score achieved by each project under Section 5 is considered.

Final score = 0.3 * (average relevance score or scored assigned according to Section 5) + 0.3 * (average suitability score) + 0.20 * (value score) + 0.20 * (practicability score).

7. Project selection

For the third Call for Proposals, 10 projects will be eligible for support from Milano Hub and divided among the three operational areas listed in Section 2 as follows:

- A) 5 projects for the Fintech Area one of which is reserved in accordance with the following Section;
- B) 3 projects for the Innovation Area;
- C) 2 projects for the Research & Development Area.

If the same score is awarded to several projects (ex aequo) ranked as qualifying on the list, they will all be admitted to the Call for Proposals, even in derogation of the total number of places provided under this Section. In any case, the achievement of a minimum score of 6 or higher is necessary for admission.

In the event that places are not filled in one of the areas of operation, it is at the discretion of the evaluation panel to allocate the unfilled places to projects participating in the other areas of operation based on the scores they obtained.

7.1 Reserve places

In the Fintech Area, subject to the total number of 5 projects that can be admitted (Section 6), one place is reserved for innovative SMEs and innovative Start-ups (hereinafter referred to as 'reserve place holders') that have declared this in their application form and personal details (Form A) and have obtained a minimum score of 6 or higher. For the purposes of this Section, SMEs are companies that meet the requirements of Article 4 of Decree Law 3/2015, converted with amendments by Law 33/2015, Start-ups are companies that meet the requirements of Article 25 of Decree Law 179/2012, converted with amendments by Law 221/2012.

The declaration referred to in this Section must be made in the application form under penalty of disqualification, and its absence is not subject to subsequent regularization or amnesty.

If more than one reserve place holder participates, they compete for the allocation of the reserved place, subject to the application of the minimum score. Reserve place holders also compete with the other

Participants and, therefore, may also become assignees of non-reserved places. In the event of non-participation of reserve place holders, the post referred to in this Section shall remain assignable to the other Participants.

7.2 Outcome communication

As an indication, the admission process is expected to be completed by 31 October 2024. At the end of this process, Participants will be notified of the outcome of the selection and informed of their final score and ranking. The list of eligible projects will be published on the Bank of Italy's website, together with a brief description in compliance with Section 9 of the Rules.