ABI Associazione Bancaria Italiana

Fintech: Spunta, 100 banks operating on the sector blockchain

In Italy it is fully operational the Italian banking sector blockchain. Since October, around 100 banks have been operating on Spunta, the nodes network. The third group of banks have entered into operation, using interconnected nodes in the bilateral accounts' reconciliation. In this way, the technological infrastructure of nodes is working for the banking sector and for Italy. The latest addition of banks has entered into operation, on top of the 23 operational since May and the initial group of 32 that started in March. Spunta Banca DLT (Distributed ledger technology), the project promoted by ABI and coordinated by ABI Lab, is fully operational for the interbank reconciliation process. As of today, around 100 banks have access daily to their own nodes to manage this interbank process, that moved from a traditional slow and labour intensive exchange of telephone calls and messages to a solution that leverage a frontier technology that streamlines and automates the reconciliation of transactions.

Spunta, the banking industry blockchain in Italy, is being followed with great interest by other European banks. It is under study to create of an international working group to set out the requirements to match the characteristics of the 'nostro' and 'vostro' account processes across different countries and therefore to extend the application across the European banking sector.

Additionally, in Italy there are many further usage potentials within the banking sector, as well as expanding the network of nodes to other industries to generate a seamless relationship with their banks.

Spunta's partners
The project promoted by ABI, coordinated by ABI Lab - the banking research and innovation center promoted by the Italian Banking Association (ABI), for the application of a blockchain to the interbank reconciliation process, sees the commitment of technical partners NTT Data and SIA, in addition to R3 with the Corda Enterprise platform.

Blockchain - Distributed ledger technology (Dlt)
The blockchain, also intended as distributed ledger technology (DLT), allows a large database to be spread and distributed on multiple nodes, i.e. on multiple machines connected to each other. This allows to think and design the relation and exchanges between the participants in a different way. With the Spunta Banca DLT project, the Italian Banking Association has effectively brought blockchain to Italian banking through an infrastructure for banks operating in Italy that will also be able to host other applications in the future. With Spunta's blockchain, banks have a way for possible future developments.

Interbank reconciliation

The new application verifies the matching of correspondent accounts that involve two different banks. The interbank reconciliation procedure in Italy is linked to processes traditionally carried out by the back office and are aimed at reconciling the transaction flows that generate accounting entries in the mutual accounts in Italy and at managing pending transactions. Up to now, reconciliation was based on bilateral registers with a low level of standardisation and operating processes that were not very advanced. The implementation of a blockchain-based process using Distributed Ledger Technology (DLT) for interbank reconciliations in Italy makes it possible to automatically detect non-matching transactions using a shared algorithm,

standardises both the process and the single communication channel, and provides a comprehensive view of the transactions among the interested parties. As a consequence, the principles of the new Spunta envisage full visibility of the transactions and those of the counterparty; rapid management of the flows with daily, rather than monthly, reconciliations; shared rules for the symmetrical reconciliation of transactions between counterparty banks; and the integrated management of communications and processes in the event of an imbalance.

The update of the Agreement for keeping mutual accounts between banks has allowed for the adoption of the new method across the entire sector from March. After the first migration wave in March, a group of banks entered into production in May. Now, in October, a new group of banks became operational on Spunta.

Some figures about Spunta
Thanks to the algorithm for information matching, discussed and agreed by the workgroup of banks, the automatic match rate is 97,6%.
Starting from March 1st, the Spunta infrastructure processed 204 million transactions related to the 55 banks migrated in the first two waves. The time required to complete the processing is about one hour per night. By the end of the year, the number of processed transactions is expected to exceed 350 million.
If this application will be applied to more complex cases, working at its full capacity, it was estimated that the infrastructure would be able to manage a total volume of 8.4 billion transactions. As term of comparison, Bitcoin's blockchain in the entire 2019 managed 117 million transactions.

Pilot banks
18 banks / banking groups, representing 78% of the banking world in terms of number of employees, have been part of the project from the very beginning. Up to now, have actively participated in the choices, implementation and testing of the new distributed technology:
Banca Mediolanum, Banca Monte dei Paschi di Siena, Banca Popolare di Puglia e Basilicata, Banca Popolare di Sondrio, Banca Sella, Banco di Desio e della Brianza, Banco BPM, BNL – Gruppo BNP Paribas, BPER Banca, CheBanca!, Crédit Agricole Italia, Credito Emiliano, Credito Valtellinese, DEPObank, ICCREA Banca, Intesa Sanpaolo, UBI Banca, UniCredit.
The project activities involved a community, coordinated by ABI Lab, of over 150 representatives of the pilot banks, from the operators to the management, in addition to the development team, consisting of the partners SIA, NTT DATA and R3, with over 80 people.

On Spunta since October 42 banks
Allianz Bank Financial Advisors, Banca Agricola Popolare di Ragusa, Banca Cambiano 1884, Banca Carige, Banca Cesare Ponti, Banca del Monte di Lucca, Banca del Sud, Banca della Nuova Terra, Banca di Credito Popolare, Banca di Piacenza, Banca Finanziaria Internazionale, Banca Galileo, Banca Intermobiliare di Investimenti e Gestioni, Banca Passadore & C., Banca Popolare del Cassinate, Banca Popolare dell'Alto Adige, Banca Popolare delle Province Molisane, Banca Popolare di Cortona, Banca Popolare di Lajatico, Banca Popolare Etica, Banca Popolare Pugliese, Banca Popolare Sant'Angelo, Banca Profilo, Banca Progetto, Banca Reale, Banca Regionale di Sviluppo, Banca Stabiese, Banco delle Tre Venezie, Banco di Credito P. Azzoaglio, Cassa Centrale Banca, Cassa Centrale Raiffeisen dell'Alto Adige, Cassa di Risparmio di Bolzano, Cassa di Risparmio di Cento, Cassa di Sovvenzioni e Risparmio fra il Personale della Banca d'Italia, Cassa Lombarda, Farbanca, FinecoBank, GBM Banca, Invest Banca, Mediobanca, Sanfelice 1893 Banca Popolare, ViViBanca.

Additional 23 banks on the blockchain from May

Banca del Fucino, Banca del Piemonte, Banca di Cividale, Banca di Imola, Banca Euromobiliare, Banca Generali, Banca IFIS, Banca Popolare del Frusinate, Banca Popolare del Lazio, Banca Popolare di Fondi, Banca Popolare Valconca, Banca Privata Leasing, Banca Sviluppo Tuscia, Banca UBAE, Banca Valsabbina, Banco di Lucca e del Tirreno, Banca Popolare di Bari, Cassa di Risparmio di Fermo, Cassa di Risparmio di Orvieto, Cassa di Risparmio di Volterra, Credito Emiliano, Imprebanca, La Cassa di Ravenna.

32 banks operational since the beginning of March

Banca Akros, Banca Aletti, Banca di Sassari, Banca Fideuram, Banca Mediolanum, Banca Monte dei Paschi di Siena, Banca Patrimoni Sella & C., Banca Popolare di Puglia e Basilicata, Banca Popolare di Sondrio, Banca Sella, Banca Sella Holding, Banco di Desio e della Brianza, Banco di Sardegna, Banco BPM, BNL – Gruppo BNP Paribas, BPER Banca, Cassa di Risparmio di Bra, Cassa di Risparmio di Saluzzo, CheBanca!, Crédit Agricole Friuladria, Crédit Agricole Italia, Credito Valtellinese, DEPObank, ICCREA Banca, Intesa Sanpaolo, Intesa Sanpaolo Private Banking, IW Bank, MPS Capital Services, MPS Leasing e Factoring, UBI Banca, UniCredit, Widiba.

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