



## Machine-to-Machine Payments

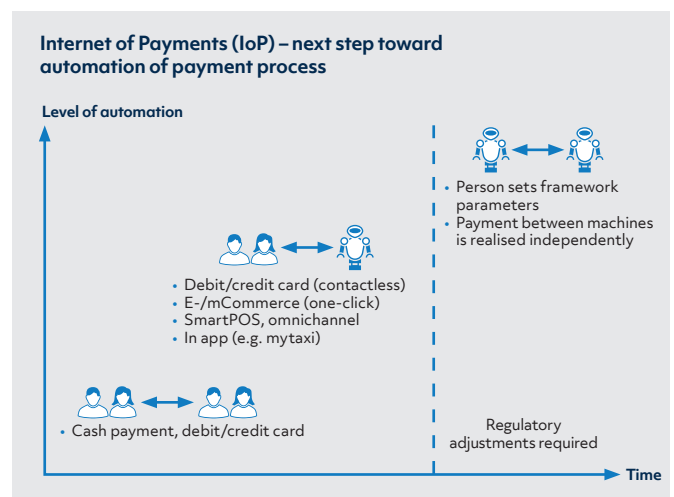
# Internet of Payments inspired by the Internet of Things – invisible next generation payments

Technological and societal developments enable a mass expansion in the connectivity of devices and result in automated payments between machines.

## Introduction

Technological developments pave the path that the payments sector follows sooner or later, after new innovations have been implemented and former payment methods stop being efficient and comfortable enough.

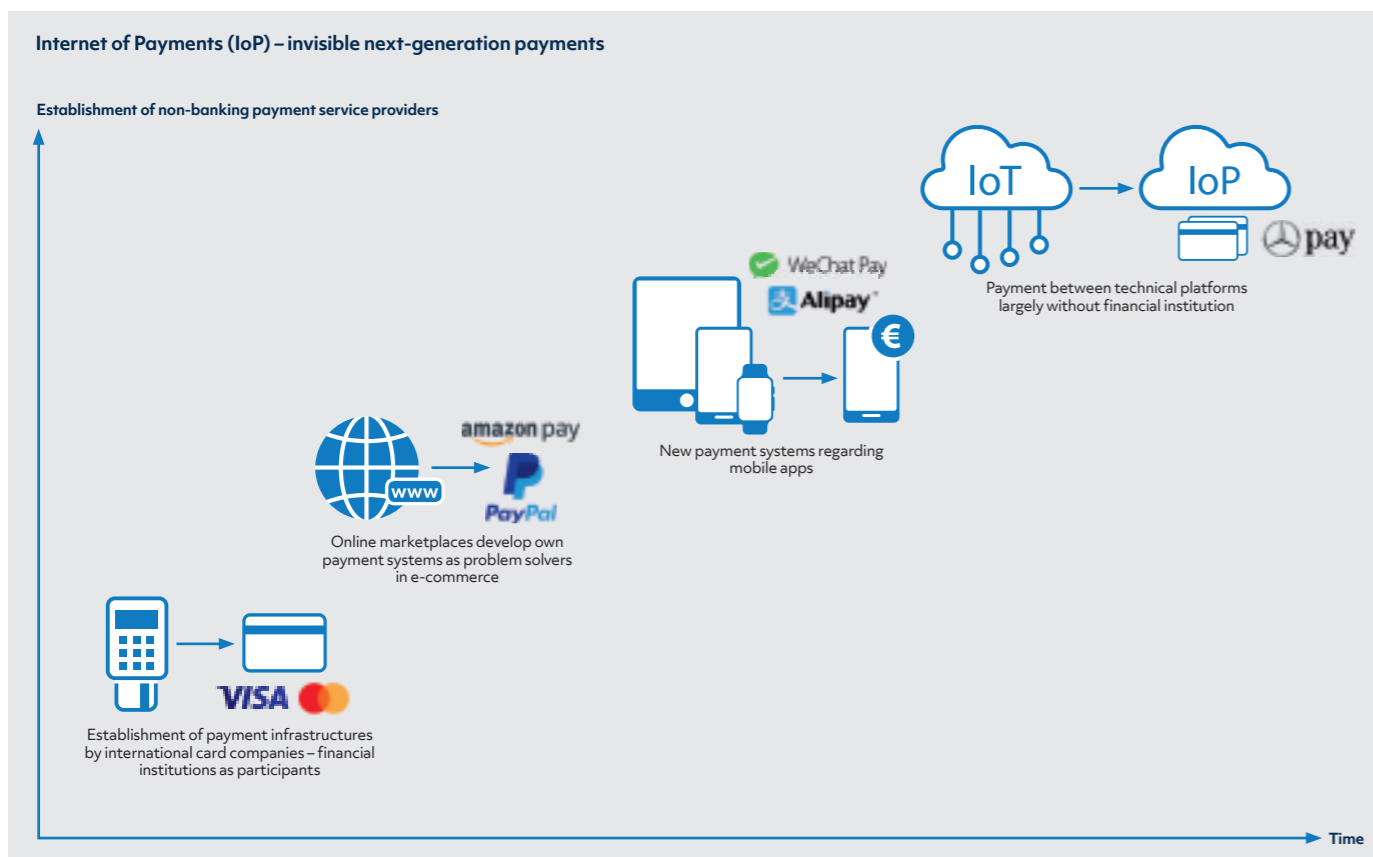
The trend so far has been characterised by the growing connectivity of people among themselves and between people and corporations, especially via computer, smartphones, tablets, wearables. The added connectivity of the devices and the expansion of the previous structures results in new business models and ecosystems. The Internet of Payments will have to meet the need for increased connectivity.





## Machine-to-Machine-Payments

# Internet of Payments inspired by the Internet of Things



## Background

The use of the Internet of Things (IoT) garners massive advantages in efficiency. Additional data create the prerequisite for better and more customer-specific sales as well as more individual pricing. IoT becomes necessary for meeting the customers' demands of increased individuality and flexibility.

Miniaturisation, availability of many new technologies and reduced costs for connectors and sensors have advanced its success. Social developments increase the acceptance of providers and users and make the arrival at the mass market possible. Hundreds of billions of "things" will be connected to an IoT in the future and require the topic of payments for commercial use.

## What does Internet of Payments mean?

Objects/machines (IoT) which are connected to the Internet or another similar structure are able to, with or without the intervention of a person, independently trigger payments at a POS, in e-commerce or between machines via accounts.

These accounts may be accounts of natural and legal entities or accounts to which machines have access to.

Security-related payment methods are executed either by persons based on personal settings or by persons or machines based on (learning) algorithms that continuously evolve.

## Conclusion

Breakthroughs and IoT for the masses – even in combination with AI and data-based business models – will shape the payments of the future. Payment processes will evolve from a man-to-man/man-to-machine relationship to a machine-to-machine relationship.

PPI recognises the need and works toward merging current developments, open questions and possible scenarios in a comprehensive view, placing payments of the future in a connected world.

## Many issues are still open:

- Technologies and standards
- Legal framework
- Use of existing infrastructures and payment services
- Future payment processes
- Development of provider side (payment and financial services provider) – "third-party payment service providers" are increasingly involved in technological developments
- User identity, security and data protection
- Operability and availability
- Greater acceptance by providers and users
- Possible use cases



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