

FedNow[®] Service Update

September 2023

What is the FedNow Service?

The FedNow Service is an instant payments infrastructure that enables financial institutions of every size and in every community across the country to provide safe and efficient instant payment services to their customers, around the clock, every day of the year.

Delivers gross settlement of funds, with integrated clearing functionality, 24x7x365

Enables full and immediate access to funds for recipients



Offered to all eligible financial institutions to enable businesses and individuals to send and receive instant payments conveniently

Supports a range of use cases and serves as a springboard for private-sector innovation

What makes the FedNow Service different?

Fast

Payments *appear* instant, however:

- Funds are provided to users **before** funds settle between banks
- There may be additional steps for transferring funds to a user's bank account, which could incur fees or delays in availability

Instant

Funds settle between financial institutions **instantaneously**:

- Users can access funds immediately in their bank account, 24x7x365

Characteristics of FedNow Service Instant Payments



Available 24x7x365



Credit push only



Settled in seconds



Network limits



Irrevocable



Data-rich messages



Immediate funds availability



Domestic transactions only

Moving forward with instant payments

- The FedNow Service **launched July 20, 2023**, with 35 live participants, the U.S. Department of the Treasury's Bureau of the Fiscal Service and 16 certified service providers
- Focus on **industry readiness and adoption** to build out the rapidly growing network of participating financial institutions
- Evolving the **post-launch roadmap**



Looking ahead to the future

The FedNow Service will be enhanced through incremental releases to continue supporting safety, resiliency and innovation in the industry as the FedNow network expands. Potential candidates for future enhancements will be explored to better understand participant needs and include:



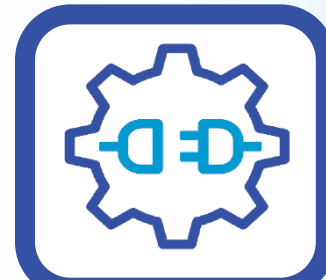
Anti-fraud
measures



Alias-based
payments



Correspondent
controls



APIs



Exception
management



Cross
border

Value across a variety of use cases

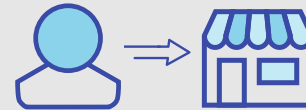
While the FedNow Service is use-case agnostic, the Federal Reserve plans to support financial institutions by enabling account-to-account and consumer-to-business bill pay options initially. The following use cases will also be supported with industry innovation:



Account to account (A2A)

Transfer of funds from one customer's account to another account typically owned by the same customer

- Transferring funds from a bank account to a brokerage account



Bill pay, consumer to business (C2B)

Individual to a business

- Groceries, haircuts, gym memberships, etc.



Consumer to government (C2G)

Individual to a government entity



Person to person (P2P)

Individuals to friends, family, other individuals

- Babysitting, rent, utilities, meals, gifts, etc.



Questions?

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