FedNow® Service Update

September 2023
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?

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
- Settled in seconds
- Irrevocable
- Immediate funds availability
- Credit push only
- Network limits
- Data-rich messages
- Domestic transactions only

© 2023 Federal Reserve Banks. Materials are not to be used without consent.
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?

The financial services logo, “FedNow,” “Fedwire,” “FedLine” and “FRBservices.org” are service marks of the Federal Reserve Banks. A list of marks related to financial services products that are offered to financial institutions by the Federal Reserve Banks is available at FRBservices.org.

“ISO” is a registered service mark of the International Organization for Standardization.