

FedNowSM Community Town Hall

September 1, 2020

Agenda

- ❑ Welcome and opening remarks
- ❑ Product overview
- ❑ Engagement opportunities
- ❑ Q&A

Welcome



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FedNow Service Overview

The FedNow Service is being developed to enable financial institutions of every size, and in every community across America, to **provide safe and efficient instant payment services in near real time, around the clock, 365 days a year**. The Service continues to be a high priority and the initial release is targeted for 2023 or 2024.

The FedNow Service design incorporates stakeholder input and reflects goals that align with our public mission:



Accessibility



Safety



Efficiency

FedNow Service Releases

The FedNow Service deployment will follow a phased approach to releasing features and functionality.

Initial Release

- Includes core clearing and settlement capabilities
- Supports a range of transaction types and use cases
- Includes additional value-added features (e.g., fraud prevention tools, request for payment)

Future Releases

- Additional features and functionality will be deployed in phases
- Will augment or add features in response to industry needs or changes in technology



FedNow Service: Product Overview

Accessibility

- ✓ The Service will be available to **depository institutions** eligible to hold accounts at the Federal Reserve Banks
- ✓ Participants will be able to designate a **service provider** or **agent** to submit or receive payment instructions on their behalf
- ✓ Participants will also be able to settle payments in the account of a **correspondent**, if they choose to do so
- ✓ **Merchants, consumers, or non-bank payment service providers** can access the Service through depository institutions as they do today with other payment systems
- ✓ Financial institutions will have the option of enrolling as a **“receive only” participant**

Use Cases

The FedNow Service will be use case agnostic, meaning that the Service will support additional use cases that may be enabled by the participants' own solutions (e.g., payments based on alias information).

Based on industry feedback, account-to-account and person-to-business bill pay are expected to gain traction initially with end users conducting the following activity:

- “Me to me” and “me to you” funds transfers between checking and savings accounts
- Funding and defunding stored value accounts
- Cash management across multiple accounts and institutions
- Last minute bill pay

Initial Launch: Core Features

Service Level

24x7x365

Instant
Payments

Reporting

High Availability
*Baseline
Resiliency*

Access via
FedLine

Transactions

Credit Push

ISO® 2022
Messaging

Maximum \$
Transaction
Limits

Remittance
Information

Settlement

Settles In
Master Account

Correspondent/
Respondent
Relationships

7 day
Accounting

Intraday Credit

Initial Launch: Value Added Features

Safety/ Security

Lower
Transaction
Limits
Supported

Positive/
Negative Lists

Reporting
Requirements

Message
Signing

Efficiency

Request for
Payment

Liquidity
Management
Tool

Routing
Interoperability

Experience

Depository
Institution User
Interface

Broadcast
Messages for
Sign on/ Sign
off

Final
Confirmation of
Posting

Weekend
Account
Balances

Future Releases: Features Under Consideration

Future releases are intended to improve the overall accessibility, safety, and efficiency of instant payments in the United States and further support additional use cases.

Releases may include:

- Support for alias-based payments through a directory
- Contemporary Interfaces, such as APIs
- Support for additional use cases, such as payroll
- Enhanced remittance information
- Additional fraud mitigation controls
- Enhanced reporting
- Resolution/ case management

FedNow Service: Implementation & Readiness



Implementation of the FedNow Service

We will continue to engage with the industry in a number of ways, to ease implementation efforts.



❑ Pilot Program – ****Coming Soon****

- ❑ We will provide participants with an opportunity for active engagement, and collaboration.

❑ Ecosystem Catalyzation

- ❑ Our focus is on delivering a service that meets market needs and is supported by a robust set of complementary products and services.

By engaging with vendors, application providers, and Fintechs in the broader payments ecosystem we aim to position the Service as a springboard for payments innovation by enabling new ideas, services and use cases leveraging FedNow capabilities.

How to prepare for the FedNow Service

As the Federal Reserve progresses, it is important that industry partners also take appropriate steps now to ensure they are prepared to begin using the Service when it becomes available.

- ✓ **Seek education on instant payments on [FedNow.org](https://www.fednow.org)**
- ✓ **Build awareness within your institution**
- ✓ **Review potential operational implications and technical considerations impact**
- ✓ **Consider ability to send and receive or receive only**
- ✓ **Support end-user education and awareness to encourage adoption**

A photograph of a woman in a red shirt smiling and interacting with a customer at a service counter in a bank branch. The image is overlaid with a blue gradient. The text 'FedNow Service: Engagement Opportunities' is written in yellow on the left side of the image.

FedNow Service: Engagement Opportunities

Engagement Opportunities

With the development of the FedNow Service, we continue to collaborate with industry stakeholders to gain input on priority features and functionality of the new service.

Engagement opportunities include:

- FedNow Community
- Pilot Program ***Coming Soon***
- FedNow Community Working Groups or Roundtables

Through these engagement opportunities, industry leaders with varied expertise can participate in the interactive payments community to help inform and evolve:

- Design of the Service and product development roadmap
- Readiness for onboarding, testing and go-live
- Technology and implementation plans

Working Groups Update



Working Groups & Roundtables

- ❑ ISO 20022 Working Group
 - ✓ Kicked off last month, held 3 of 6 planned meetings
 - ✓ 18 diverse organizations participating
- ❑ Reconciliation Working Group
 - ✓ Kicking off next week
 - ✓ Interest from over 20 institutions
- ❑ Bill Pay Roundtable
 - ✓ Hosted in late September
- ❑ Service Provider Roundtable
 - ✓ Hosted in late Fall



Tell us what you think

Have you had a chance to review the faster payments general education content we have begun to post on FedNow.org?

- a) Yes, these have been beneficial. I would like to see more
- b) I am aware it is out there but have not reviewed it yet
- c) I was not aware of it, but will go check it out

What topics would you find most beneficial for upcoming webinars?

- a) General education on instant payments in the U.S.
- b) Benefits and use cases of FedNow Service
- c) Determining ROI of instant payments
- d) Determining how to plan for FedNow Service adoption
- e) Specific capabilities and value-added services of the FedNow Service
- f) How can I prepare my customers for the FedNow Service
- g) Deep dive on ISO 20022 messaging
- h) Deep dive on reconciliation



Questions?

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Learn More



Visit the [FedNow Service](#) page on FRBservices.org



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Review the [Federal Register notice](#) for the full FedNow Service description