FedNow℠ Community Kickoff Webinar
June 24, 2020
Agenda

- Welcome & Opening Remarks – Ken Montgomery
- Community Overview & Objectives – Kassi Quimby
- Opportunities for Engagement – Dan Baum
- Audience Poll
- Q&A
- Next Steps – Kassi Quimby
Thank you for your Commitment

The Federal Reserve truly appreciates your commitment to making instant payments a reality through the FedNow Service. Today, we want to share our vision for the FedNow Community and how we will collaborate with you to build the payment system of the future.

Ken Montgomery
First Vice President and COO, Federal Reserve Bank of Boston
FedNow Program Executive
FedNow Service Development Progress

- Meeting with other central banks operating instant payment services and drawing on their experience to inform our approach
- Considering over 180 comments received from a wide range of industry stakeholders in response to the August 2019 Federal Register notice
- Evaluating other real-time gross settlement systems’ message specifications and rules
- Continuing “listening tours” to seek industry views about FedNow features and design with interviews, meetings and other engagements with a wide range of industry stakeholders (e.g., banks of all sizes, core providers and service providers)
FedNow Service Approach to Launch

- The initial release is targeted for 2023/24 and will include:
  - Mandatory features for a clearing and settlement service, and some value-added features that industry feedback has noted as desirable.
  - Post-initial launch, additional features/functionality will be released quickly on an iterative basis to further drive adoption and align with evolving industry needs.

- Design activities are underway
  - Finalize technology strategy, with plan to create a flexible infrastructure that can evolve to meet future needs.
  - Complete the assessment of the industry’s views on service features and design.

2023/2024: Reserve Banks expect to launch FedNow Service
Community Overview
Kassi Quimby
Community Objectives

- Engage key industry participants with varied expertise across various segments to inform FedNow Service development and evolution, technology implementation and readiness for onboarding.

- Foster industry innovation, transparency, advocacy and readiness across the ecosystem.

- Support engagement and interaction to drive adoption for the FedNow Service.

- Serve as a forum to identify information needs and disseminate FedNow communications and education to industry.
Engagement Opportunities

- Community will provide opportunities to engage on various FedNow issues based on your interests, expertise and ability to dedicate some of your time

- Engagements could include focus groups, surveys, 1:1 conversations, virtual webinars and more

- Workgroups on specific topics will vary in time, duration, and objectives

- With all engagements we seek diverse viewpoints and expertise across the entire ecosystem
Member Benefits and Expectations

- Invitations to members-only events
- “First to Know” member communications on FedNow progress and milestones
- Opportunities to join discussions and workgroups to:
  - Inform the design of the service
  - Influence the product development roadmap
  - Provide insights on readiness or barriers for onboarding and implementation
- Efforts to solicit insights will range in scope from all members to seeking particular perspectives or expertise.
Member Benefits and Expectations

- Time commitment will vary by engagement.
  - Some efforts may require a dedicated commitment over time while others may be much shorter in duration.

- Members are expected to engage as possible and in the spirit of contributing to FedNow success.

- By engaging in the FedNow Community, each participant acknowledges and agrees that
  - the participant will not provide confidential or proprietary information in the course of their participation,
  - the Federal Reserve may use the information it obtains from the participant for any purpose, including specifically in the design of the FedNow Service,
  - the participant will keep confidential any nonpublic information obtained in the course of the individual’s participation in the Community, and
  - the participant will use such nonpublic information solely in providing feedback to the Federal Reserve on its FedNow service.
Meet the FedNow Community Team

Nick Stanescu, Senior Vice President, FedNow Business Executive

Dan Baum, Senior Vice President, FedNow Product Development

Connie Theilen, Senior Vice President, Industry Relations

Kassi Quimby, Vice President, Industry Relations

Jessie Bitetti, Assistant Vice President, FedNow Industry Readiness
Opportunities for Engagement
Dan Baum
Announcing the First Workgroup: ISO® 20022

- **Objectives**
  - Validate the FedNow ISO 20022 message flows and individual message implementation guidelines for value and non-value message details
  - Confirm that messages enable the inclusion of information necessary to support any downstream and/or integrated processes

- **Timing**
  - The group will begin mid-July and continue into the fall
  - Targeting to broadly publish ISO message specifications no later than Q1 2021

- **Workgroup Members**
  - Currently 20 institutions including banks and credit unions, processors, aggregators and software providers
  - Plans to engage the broader community for review and feedback before finalization

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Future Engagement Opportunities

Stay tuned for more information as we finalize plans for engaging members to generate insights on potential needs such as:

- Operational topics
  - Reconciliation – Summer 2020
- Enabling use cases
- Industry segment considerations
  - Corporate credit unions
  - Bankers’ banks
  - Processors
Tell us what you think…
What are you hoping to gain from the FedNow Community?

a) General education and updates on instant payments in the U.S.
b) Greater understanding of FedNow capabilities
c) FedNow benefits for me and/or my customers
d) Understanding of adoption requirements and processes
e) Opportunities to provide input and insights to support and influence the development of FedNow
Which potential FedNow value-added services would interest your organization?

a) Risk management – fraud controls
b) Extended remittance data capabilities
c) Request for payment
d) Alias-based payments
For which use case types are instant payments most likely to be leveraged?

a) A2A (funding own accounts)
b) P2P (personal payments)
c) C2B (consumer expedited/regular bill pay)
d) B2C (expedited payroll)
e) B2B (invoicing)
f) Other
Which will influence your organization’s decision to offer FedNow?

1) Stay relevant and competitive
2) Earn additional fee revenue
3) Attract new customers
4) Add new products for existing customer relationships
5) Reduce operational costs
6) Digital transformation/modernization
What do you see as the biggest challenge for your organization to adopt the FedNow Service?

a) Cost and/or risks of updating systems to support service and 24x7 operations
b) Convincing senior management of the importance and ROI of instant payments
c) Already have an instant payments solution
d) Fraud concerns with instant payments
Q&A

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

- Resources email by mid-July
  - Attendees will receive the resources from the webinar including the presentation deck, recording and FAQ document

- Engagement effort will launch
  - ISO 20022 workgroup will begin in mid-July
  - Reconcilement workgroup recruitment to begin later this summer
  - More engagement opportunities coming this fall

- Product development updates to community members
To learn more about the planned service features, as outlined in the Federal Register notice

Review the Federal Register notice
  • For details of the Board’s analysis and the planned FedNow Service, view the Board’s press release

Visit FRBservices.org℠
  • Review the FedNow Service page and product sheet

Read our FAQs
  • Get the answers you need with the FedNow Service Frequently Asked Questions

Learn More