**WHAT IS THE FEDNOW SERVICE?**

The FedNow Service is being developed by the Federal Reserve Banks to enable financial institutions of every size, and in every community across the country, to provide safe and efficient instant payment services in real time, around the clock, 365 days a year. The FedNow Service will:

- Deliver real-time gross settlement of funds, with integrated clearing functionality, 24x7x365
- Enable funds transfers, settlement and confirmation of good funds in near-real time
- Be offered to financial institutions to enable businesses and individuals to send and receive instant payments conveniently, for example, using mobile devices
- Support a range of use cases

**USE CASE SERIES:**

**Account-to-Account (A2A)**

*Streamline account fund transfers with instant payments*

Whether your customers are individuals conducting “me to me” or “me to you” funds transfers or businesses managing their cash position across multiple accounts and institutions, moving money around from account to account today can be expensive and slow, leaving your customers unclear as to when the funds will be available.

The FedNow Service will support a range of use cases facilitating instant funds transfer and settlement in a matter of seconds – anytime, any day of the week – so your customers have greater flexibility, speed and efficiency when consolidating funds or transferring money from account to account.

FedNow will provide fast and certain money movement between accounts for businesses consolidating funds, investors making deposits into wealth management or brokerage accounts, and individuals transferring money between checking and savings accounts or funding stored value accounts.

**WHAT ARE THE BENEFITS?**

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<tr>
<th>Benefits</th>
<th>Financial Institutions</th>
<th>Consumers</th>
<th>Businesses</th>
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<td><strong>Immediate funds movement.</strong> Faster deposits increase ability to make time-sensitive investments and reduce the amount of time it takes for payments to settle, which reduces credit risk for financial institutions and increases customer satisfaction.</td>
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<td><strong>Real-time money management and cash flow.</strong> No more waiting for funds in transit or guessing about current account balances/cash positions.</td>
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<td><strong>Improved efficiency.</strong> Instant payment capabilities allow customers to consolidate and centralize excess cash from various subsidiary accounts.</td>
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WHY DO FINANCIAL INSTITUTIONS NEED FEDNOW?
Instant payments are gaining traction in the United States and around the globe.

The FedNow Service will help financial institutions meet the evolving needs of their customers, while keeping pace with the competition. Additional benefits for financial institutions include:

- Reduced interbank settlement risk
- Real-time settlement in central bank money
- Opportunity to grow revenue (e.g., transaction fees, fees for new service or product offerings)
- Reduced costs through increased efficiency (e.g., automation and operations)

Examples of other instant payments use cases
The first release of the FedNow Service will provide functionality that will support market needs for a range of use cases including those that are gaining in usage. In addition to account to account transfers, top use cases for instant payments include bill pay and person to person (P2P) payments. These use cases will allow customers to move money from consumer accounts to biller accounts in a matter of seconds and make everyday payments to family and friends (P2P) in near real-time.

- **P2P**
  - *Pay Family & Friends*
  - Family and friends can immediately request, send and receive money electronically.

- **P2B**
  - *Bill Pay*
  - Consumers can pay bills just-in-time. Billers can use remittance information to request a bill payment.

  - *Home Service Payment or COD (Cash on Delivery)*
  - Individuals can pay upon delivery of a good or service.

  - *Donations*
  - Individuals can donate to a charity with funds sent immediately and directly to the charity’s preferred account.

START TALKING!
- Reach out to your Federal Reserve account executive for more information
- Ask your third-party processor about their instant payment offerings
- Make the business case for instant payments to your management

Go to [FedNow.org](http://FedNow.org) for updates and to learn more about ways to stay involved with the development of the new service.