



Individuals and businesses want to send and receive money in an instant. And the Federal Reserve's FedNow Service can help financial institutions and others in the payments ecosystem make this happen.

By leveraging the FedNow Service to create and offer the innovative payment solutions their customers expect, banks and credit unions can retain and attract new customers, generate new revenue streams and remain competitive in an ever-changing financial services landscape.

It's time to start preparing for the FedNow Service, and we're here to help. Take the following key steps on your path to a 24x7x365 instant payments world.

GET TO KNOW THE FEDNOW SERVICE

If you're just starting your instant payments journey, you should first review what instant payments are, the opportunities they provide and how to prepare. View our [instant payments education](#) series for an introduction and visit [FedNowExplorer.org](#) for details about the FedNow Service.

UNDERSTAND THE DEMAND

Whether your customers are directly asking for instant payment services or not, the demand is there. In fact, three-quarters of businesses think it's important that their bank or credit union offer faster payments, including instant payments.¹ Respondents told us they are looking to make and receive bill payments, transfer funds between their accounts at different financial institutions (account-to-account transfers), and make payroll and disbursements, to name a few of the in-demand use cases for faster or instant payments.

If your customers aren't telling you what they want, their behavior might give you a clue. For example, do you know how much money your customers have transferred from their accounts at your financial institution to an online payment provider like a digital wallet? How much of your small business customers' account inflows are coming from these providers?

While there are many ways to get a sense of your customers' payment behavior, if your financial institution is a FedACH[®] Services customer, one place to start is to use the [ACH Originated Entries Detail Report](#) and the [ACH Received Entries Detail Report](#) in the FedPayments Reporter Service for FedACH. These reports can help you assess the destination and source of your customers' money. Knowing this information can help you understand the current and future demand for instant payments.



9 in 10
businesses

indicate they will be ready for 24/7 support of faster/instant payment services within three years.

¹ Source: 2022 Federal Reserve Survey

CONSIDER THE OPPORTUNITIES

Start thinking about the products you can build and offer using the FedNow Service to unlock new opportunities, deepen your customer relationships and grow revenue. Here's a short list to help you start thinking about the possibilities:

- **Internal to your financial institution:** reimbursing employee expenses, cash and liquidity management, disbursing 401(k) loans or investments and receiving customer loan payments
- **Consumer customers:** paying bills, reloading prepaid cards, transferring funds between accounts and paying friends or family
- **Business customers:** transferring cash between accounts, sending bills or invoices using request-for-payment capabilities, automating accounts payable/receivable reconciliation, streamlining supplier payments, legal settlements, insurance claims and employee wages

Review the FedNow Service's use case resources for more information on [general use cases](#), [account-to-account transfers](#) and [bill pay](#).

ASSESS THE NEEDS OF CUSTOMERS

As you consider what services and products to offer, think about your customers' pain points and how you might address their needs with the FedNow Service. For example:

- Would your business customers like to improve their bill pay processes, such as by delivering invoice and remittance details to their customers along with a request for payment?
- Will your small business customers benefit from being able to make just-in-time payments for a service or for an emergency supplies order?
- Are your business and retail customers seeking confidence that money from the payments they receive is available to them immediately without concerns about payment holds?
- Would your consumer customers prefer the convenience and immediacy that other payment channels may not support, such as being able to send funds immediately to a college student or getting immediate confirmation of a time-sensitive payment like rent?

Talk to your customers and conduct customer surveys to gain a better understanding of their needs and inform your product-planning process.

You should also consider how instant payments could improve your own internal processes and your employees' experience. Employee payroll and reimbursements are just two examples that could benefit from instant payments.

SHARE PLANS INTERNALLY

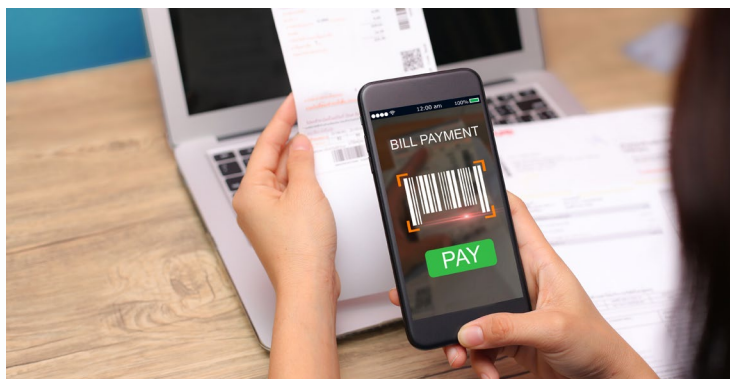
A successful implementation of the FedNow Service requires planning and partnerships with internal and external stakeholders and third-party vendors. Project planning, program management, budgeting and ongoing communication are essential for a successful implementation.

Consider talking to groups beyond the payment product team — such as brokerage arms, lending and deposit account opening and your own human resources — to see how they could benefit from and support instant payments.

Getting your full organization involved and on board — whether you're a large or small organization — will help you, your employees and your customers reap the benefits of instant payments. Resources are available on [FedNowExplorer.org](#).

TALK TO YOUR RELATIONSHIP MANAGER

Federal Reserve Banks' relationship managers are here to help answer questions and support you on your journey with the FedNow Service. To find your financial institution's relationship manager, go to the [Find Your Contacts](#) section of [FRBservices.org](#)[®] and enter your ABA number. You can also find a list of contacts in this section of the website.



LEARN MORE

The considerations listed above are not all-encompassing but are meant to start you on the path toward FedNow planning and adoption. For more information, visit [FedNowExplorer.org](#).