

Getting Familiar with the FedNowSM Service – FAQs

Is the FedNowSM Service part of another payments network or does FedNowSM replace any existing payments network?

Sometimes referenced as FedNowSM Instant Payments, the FedNowSM Service is an instant, credit push payment type that is completely new and independent from other payment networks. FedNowSM will not replace ACH, wire or check. Those legacy networks will continue to exist.

Is FedNowSM Service the same as The Clearing House's Real Time Payments (RTP) network?

Although RTP has some of the same features as FedNowSM, FedNowSM is a new and separate service from RTP. When FedNowSM is launched sometime between May and July 2023, it will not be interoperable with the RTP network. Like the RTP network, it will be optional for financial institutions to participate. That means not all U.S. bank accounts will be accessible through the network.

What governs the FedNowSM Service?

The FedNowSM Service Operating Procedures as well as [Operating Circular 8](#) published on September 21, 2022 set the terms and conditions governing the FedNowSM Service.

[Regulation J, subpart C](#) governs funds transfers over the FedNowSM Service and Uniform Commercial Code (UCC) 4-A provides the legal framework for acceptance of a payment order and funds availability.

Network participants and service providers that connect to the FedNowSM Service are also obligated to requirements of Operating Circular 5 (OC 5).

Where can I see a list of some of the technology providers that are preparing for the FedNowSM Service ?

Information regarding the Service Provider role is in appendix B of Operating Circular 8 and those that wanted it known of their participation and role are listed in the [Faster Payments Council web site](#).

Are there different levels of participation for financial institutions in the FedNowSM Service network?

Yes, financial institutions connecting to FedNowSM directly or through their technology partners setup a profile for their routing number(s) indicating their participation:

- Receive only
- Send and Receive
- Request for Payment
- Third-Party Payments Support

See page 11 of the [readiness guide](#) for a FedNowSM description of the available participation levels.

Note that financial institutions can participate as “receive only” and with that profile have the optional capability to send “Request for Payment” messages through the network.

How should my organization assess potential use cases for FedNowSM and other faster payment services?

Accountholders may have already asked through your sales and servicing channels about the availability of a faster or instant payment service and you may want to collect that on a more formal basis. Client surveys or focus groups in relation to other services or priorities may be useful. A few examples include:

- Gig Economy or Last Minute Payroll
- Request for Payment with Invoicing
- Just in Time Payments for Supply Chain Management

Wespay Advisors can help you here. Our experienced consultants can help you define your Instant Payments strategy.

Additionally, the Faster Payments Council has provided [use cases](#).

What are the expense categories to factor into a budget for FedNowSM and/or faster payments service enhancements?

The areas to consider for budgeting an expenditure are like other capital expenditures and most likely requires vendor due diligence.

- Technology outlay for connecting to a service
- Staff to support processing 24/7/365

Client interface for receiving information on inbound payments or if initiating, channel(s) for generating instructions and reporting.

- Back-office reconciliation and dispute resolution
- Front line sales and client onboarding processes
- Settlement and liquidity management (funding) of network payments