



Racing Ahead: Instant Payments with the FedNow Service

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Racing Ahead: Instant Payments with the FedNow Service discussed in this presentation is the current version with effective date of *March 19th, 2025*.

The comments today are my own and not necessarily those of MY CU Services or the MY CU Services membership.

Agenda



The Race to Instant Payments

Speed and Efficiency

Driving Innovation

Navigating the Track

Education and Compliance

Feedback and Ideas

Thank you and Questions

The Race to Instant Payments

The FedNow Service

Key Features



Instant Payment Rail

Introduced July 2023



Continuous Availability

24/7/365



Immediate Funds Availability

Posting in seconds



Real-Time Gross Settlement

Transaction by Transaction

The FedNow Service

Key Features Continued



Credit Push Payments

Irrevocable
“Good Funds”



FedNow Participant Profile

Accessed through Fedline
Reporting Tools
Risk and Fraud Mitigation Tools

Participant Connections



Receive Only



Receive and Send



Request for Payment Receive (Must be a Sending Participant)



Request for Payment Send (Must be a Receiving Participant)

Traditional vs. Instant Payments



Enhanced Security



Speed and Convenience



Real-Time Tracking and Notifications



Accessibility



Integration with Digital Platforms

Speed and Efficiency



The Need for Speed

Consumer Member Benefits

Satisfaction
and Loyalty

Speed and
Convenience

Revenue

Flexibility

Availability

Security

The Need for Speed

Business Member Benefits

Improved Cash
Flow

Lower
Transaction
Costs

Reduce Check
Fraud

Enhanced
Customer
Experience

RFP and
Scheduled
Payments

Staff Efficiencies and Considerations



Operational

Requests for Return
Tracking Trends
Transaction Reject Research
Policy and Procedures



Educational

Certifications and Accreditations
Webinars, Books and Articles
Conferences



Regulatory

Staff awareness and
comprehension



Risk and Fraud Mitigation

Mandatory Fraud Reporting



Certification and Accreditation

- Faster Payments Professional Certificate (FPPC)
 - First year offered, 2024
 - Payments Associations
- Accredited Faster Payments Professional (AFPP)
 - First year offered, 2025
 - Nacha
 - Prep Courses
 - Payments Associations

Driving Innovation



The FedNow Service

Technology and Connection



Strong Customer Authentication

MFA
Possession, Inherence, &
Knowledge



ISO 20022

International Standard for
Electronic Messages



APIs

Application Programming
Interface
Core Processor
Online Banking
Mobile Application



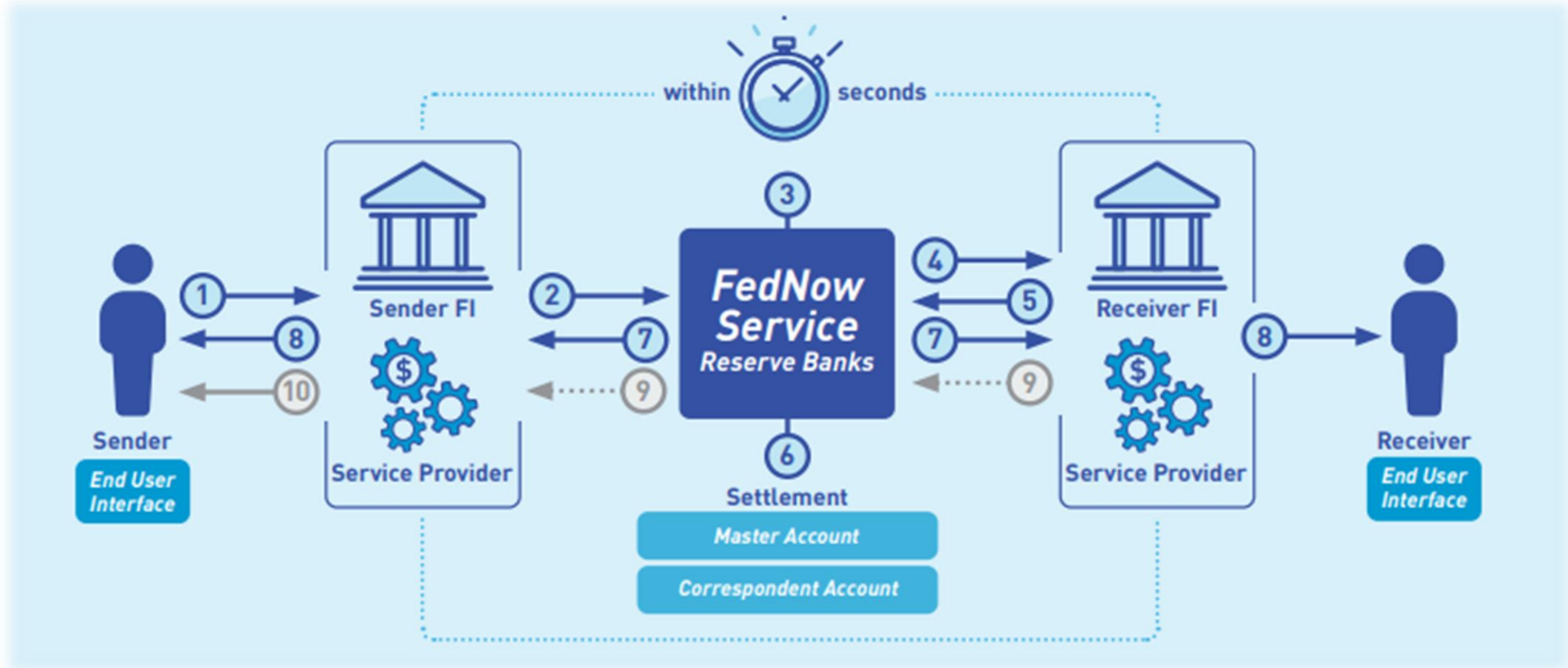
Encryption and Tokenization

Enhanced Security

Seamless Transactions

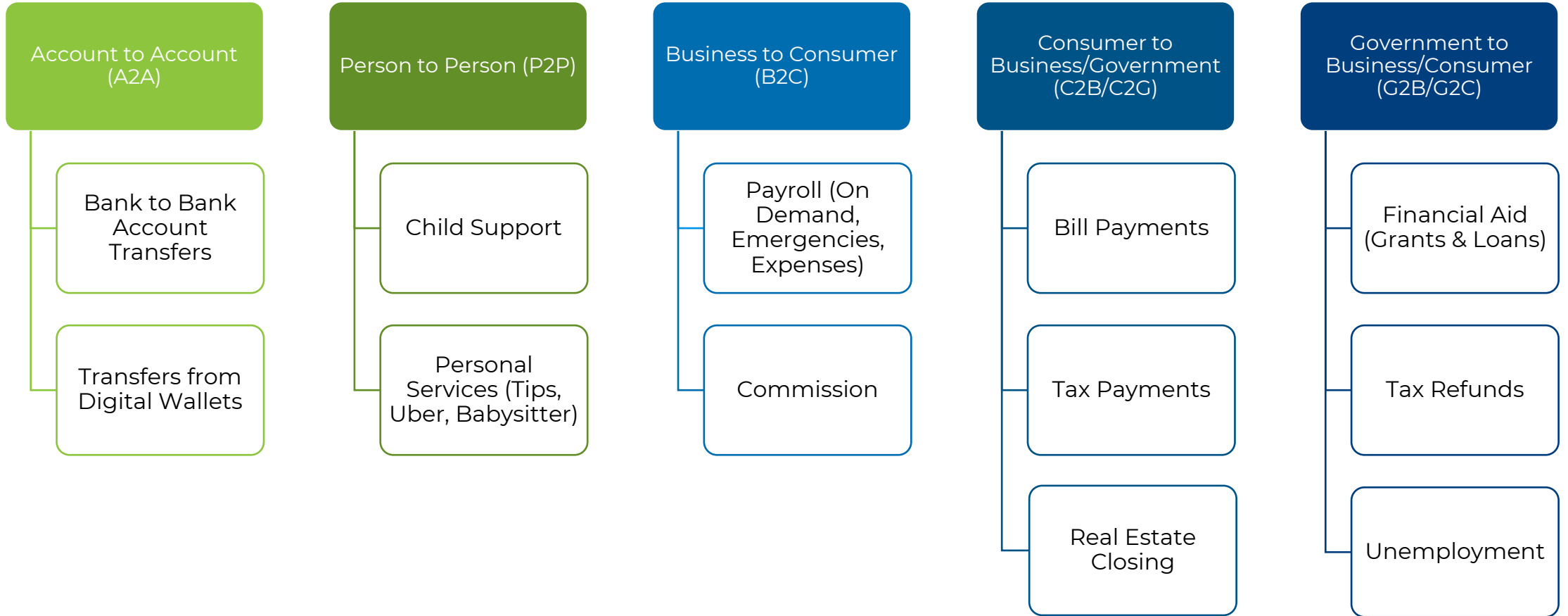
Payment Flow

Transaction flow graphic sourced from [FedNow Explorer](#)



Real World Applications

Use Cases



More on Use Cases!

- FedNow Explorer
 - Use Case Arena
 - <https://explore.fednow.org/explore-the-city?id=1&building=use-case-arena>
- Use Case Repository
 - Collaborative development of use cases by the U.S. Faster Payments Council
 - <https://fasterpaymentscouncil.org/use-cases>

Navigating the Track

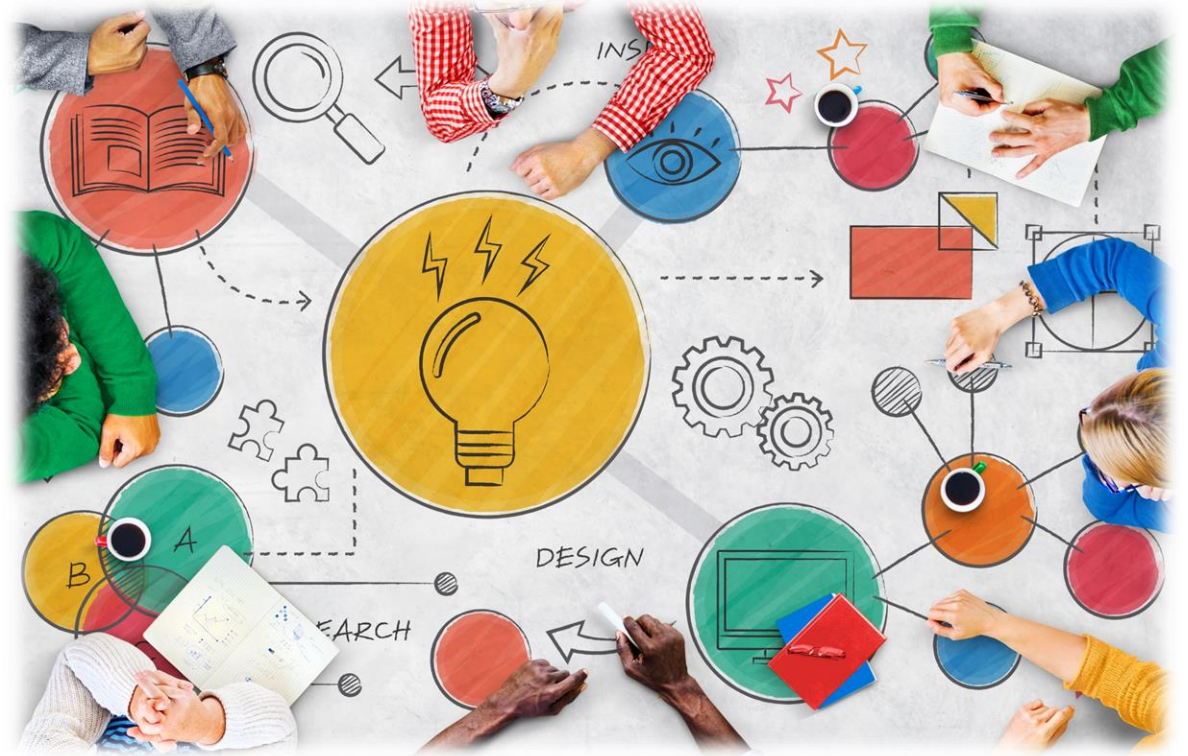


Instant Payment Project Flow



Discovery and Research

- Instant Payment and Payment Rail Education
 - What are instant payments?
 - How does the FedNow Service work?
 - What compliance or regulatory items apply?
- Budget and Staffing Resources
 - Do we have adequate staff to initiate a project?
 - Did we budget for instant payment services?
- Participant Connection
 - How do we plan to connect?



Education and Compliance

**FedNow
Operating
Procedures**

**FRB OC No.
8**

**FedNow
Explorer**

**Payments
Associations**

**U.S. Faster
Payments
Council**

**Regulation
J**

**Regulation
E**

UCC 4A

BSA/AML

Project Preparation

Federal Reserve Relationship Manager

- Fedline Access
- FedNow Participant Profile

Service Providers and Correspondents

- Meetings, Discussions, and Demo(s)

Executive Team and Board of Directors

- Propose Project
- Obtain Project Approval

Onboarding

- Contracting and Agreements
 - Service Provider Agreements
 - Federal Reserve Forms
- Technical Data Collection and Setup
 - Core API Connection Data Collection
 - Establish Connection
- Onboard with Federal Reserve as a Participant
 - Service Provider
- Risk and Fraud Mitigation Considerations
- Process and Procedures (Internal)
 - Refer to the FedNow Operating Procedures

Risk and Fraud Mitigation Considerations

- BSA/AML
 - OFAC Screening
- Risk and Fraud Tools
 - Participant Negative List
 - Account Activity Thresholds
 - Credit Transfer Limit (Overall)
 - Correspondent Net Send Limits
- Risk Assessments
- Value Added Services (VAS)



Testing and Training

- API Connection Testing
 - Test, DR, Production, etc.
- End to End Testing
 - Test Environment
- Training Efforts (applicable User Interface or Platform)



Go Live!



VALIDATE
FUNCTIONALITY



MARKET SERVICE



TRACK TRENDS

Feedback and Ideas!

We always want to hear from our members about how we can help, what we are doing that works, what can be improved, and what could make things easier for our members.

Have Feedback or Ideas?
[Contact Us!](#)



Thank you! Questions?

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