



What is FedNow?

The nation's payment infrastructure is safe and secure but needs to evolve with consumers' banking habits and needs. As we look to modernize the payment infrastructure in ways Americans expect, there will be new ways to facilitate payments. FedNow is one of the services that allows for a faster way to exchange money between financial institutions so consumers can receive payment faster.

Nothing changes for the bank customer. FedNow simply provides your bank and you with the opportunity to get your money faster.

This is possible through FedNow because the transactions will post quicker, so that over the long term you will see fewer "pending" transactions and more instantly completed transactions. To use an analogy, the payment system is moving from a dial-up modem to ethernet. The same information is still traveling from one place to another, it is just occurring at a higher rate of speed.

What is the difference between FedNow and a central bank digital currency (CBDC)?

FedNow is a new and faster way to move money from one place to another. It is a way to facilitate instant payments. Beginning in July 2023, banks will have the opportunity to leverage this new payment service through the Federal Reserve for a fee.

A CBDC, which is not currently in existence, would be a proposed new form of currency. CBDC also shouldn't be confused with crypto, a decentralized system using cryptography rather than by a centralized authority.

What is the Federal Reserve's role in FedNow?

Since its founding in 1913, the Federal Reserve has helped financial institutions execute transactions to ensure the overall security of America's financial system. FedNow is helpful for many reasons, and one of the biggest reasons is that it brings ubiquity to the market—allowing all banks, regardless of size and resources, to be part of it. This is a benefit to consumers nationwide because all banks will have access to this new tool, which helps their customers receive money faster.

What payment types could be covered by FedNow or other instant payment systems?

As financial institutions look to evolve with their customer's changing banking needs and requests for increased payment speed and convenience, we could see instant payment systems aiding in the following types of transactions in the future:

- Person/Consumer to Person/Consumer: Payments made from one person to another, such as an evening out or utilities for a shared property.

- Consumer to Business or Government: Payments to a business for a good or service, such as groceries or home repair. Payments to federal, state or local government, including taxes.
- Business to Person/Consumer: Payments made to issue customer refunds, complete payroll processing or insurance disbursements needed for immediate home or car repairs.
- Business to Business or Government: Payments to another business for a good or service, such as supplies or maintenance. Payments to federal, state or local governments, including taxes.

What are the benefits of instant payments to consumers and financial institutions?

Whether customers are businesses or individuals, the main benefits of instant payments are in their increased flexibility and speed.

Because payments are nearly instantaneous through a service such as FedNow, consumers are able to use them to avoid late fees or other negative impacts. Over the long term, this will provide consumers with better ability to manage their money day to day.

Because balances are updated faster, individuals and businesses will have a better understanding of their current cash flow. This will allow them to avoid payment reversals and manage their finances in real time.

Is the FedNow system vulnerable to fraud and hacking?

As with any payment system, there is a potential for fraud. However, our existing fraud detection system will still protect your funds at all times.

As a community bank, we take tremendous pride in being a steward of our customers' funds and take great care and responsibility to do everything possible to prevent fraud in the first place.

Is this bank planning to use the FedNow instant payments system?

As a community bank, we are constantly evaluating the best products and services based on our depositor's needs. Part of that journey will include evaluating and potentially leveraging FedNow and other instant payment systems.

Where can I learn more?

The Federal Reserve offers more information on [FedNow](#), [CBDCs](#), and [the difference](#) between the two.