



INSTANT PAYMENTS AND THE FEDNOW SERVICE

Lance Wagner, AAP
Assistant Vice President
Customer & Industry Relations
Federal Reserve Financial Services

Get to know the FedNow Service

Enables
eligible U.S. financial
institutions to offer instant
payment services

Delivers
gross settlement of
funds 24x7x365



Provides
funds transfers and
immediate availability
of funds

Supports
a range of in-demand
use cases

Three years of the FedNow Service



1,900+
participants in all 50 states

**>80% VOLUME
GROWTH**
QUARTER OVER QUARTER



ACTIVE SENDERS
INCREASED **» 85%**
YEAR OVER YEAR

NEARLY
50%
of participants
EXCLUSIVELY
use the
FedNow
Service

>50%
of all U.S.
DEMAND
DEPOSIT
Accounts
Reachable

Consumers *expect* instant payments



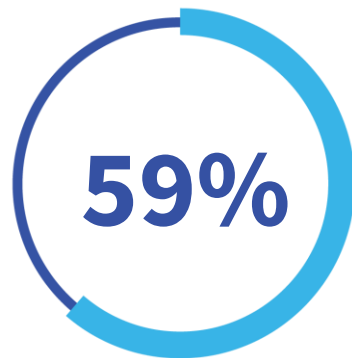
61%

state **convenience and ease of use** as most desirable payment qualities



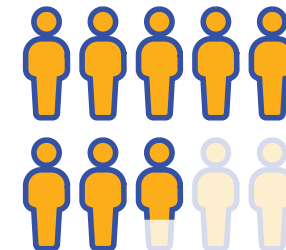
53%

of consumers use **digital wallets** more often than traditional payment methods¹



of consumers live **paycheck to paycheck**

(42% of whom earn more than \$100k per year)²



78%

of consumers are **highly satisfied** receiving disbursements instantly³

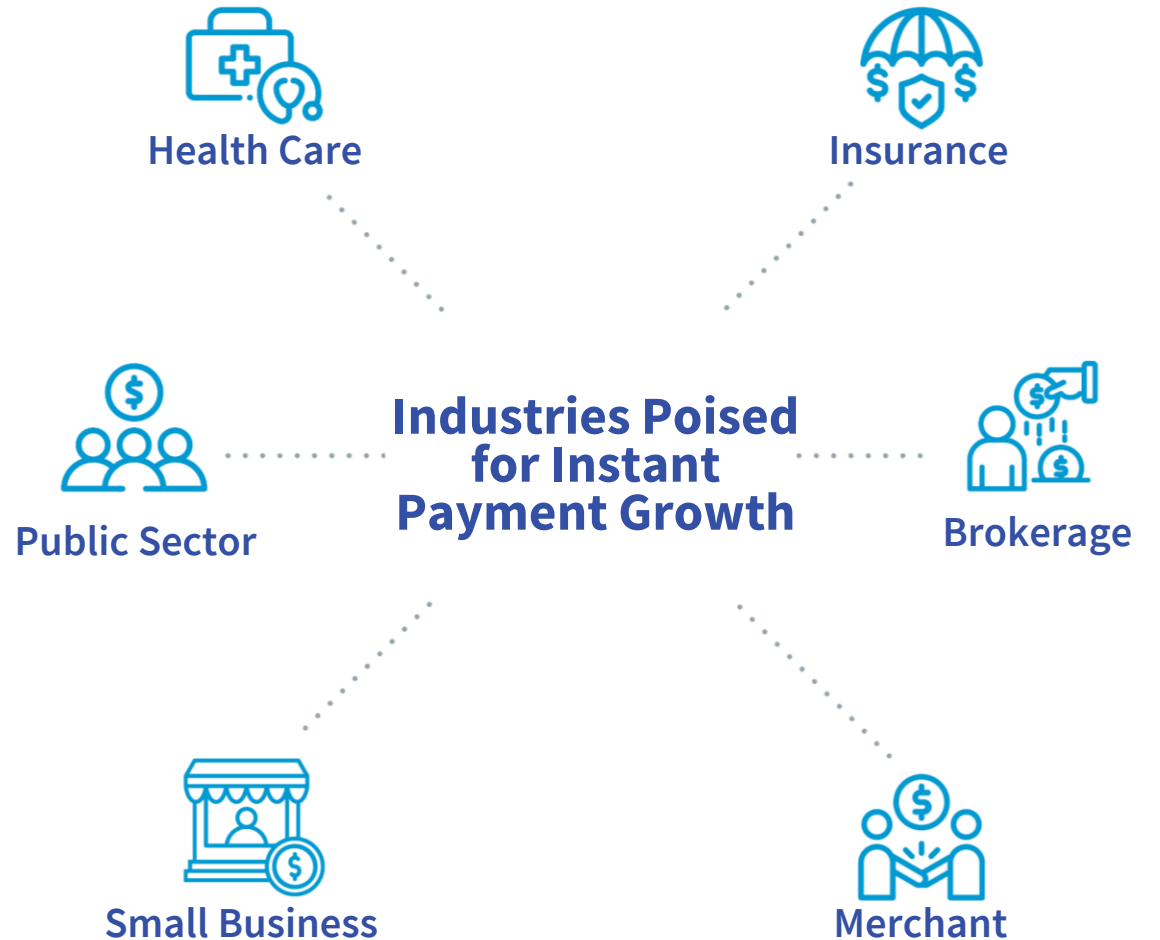
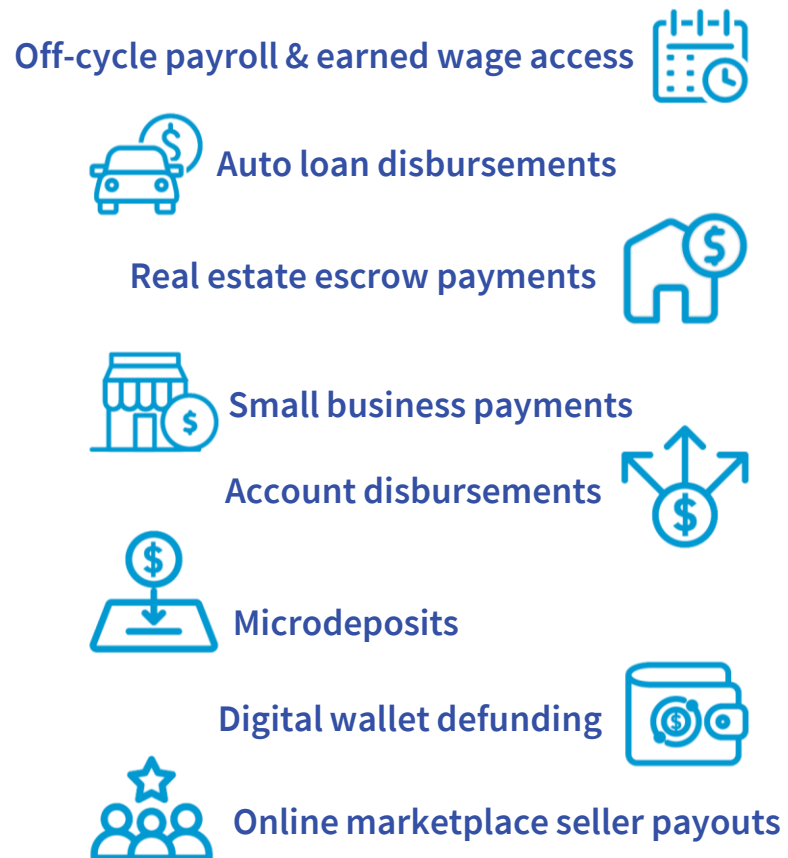
1. Digital Wallet Consumer Preferences: Trends and Statistics 2023 (Forbes Advisor)

2. Side Hustles Are Important, Even for High-Income Consumers (pymnts.com)

3. Measuring consumer satisfaction with instant payouts (pymnts.com)

Top use cases and industries

Transactions Being Made Over the Service



The benefits of sending



Ask me
about
incentives!

By allowing customers and members to send instant payments, financial institutions can:

- Gain faster, stronger **return on investment**
- Provide better **customer service**
- **Retain or gain customers** seeking send capabilities
- Discover more **revenue generation** opportunities than with receive-only
- **Reduce costs** associated with processing higher-touch transaction types (such as checks)

Faster return and better customer experience

Activate send at your own pace

-  Choose which **send use cases** your organization supports
-  Pick an initial **targeted customer segment** or **internally-initiated transactions**
-  **Review existing operations and technical capabilities** to determine what you can leverage, including risk mitigants and controls
-  **Collaborate with new or existing vendors** as needed on fraud management capabilities
-  **Set lower transaction limits** for payments sent by your organization as you ramp up





Thank you!

THE **FEDERAL RESERVE**
 *Financial Services*

FedNow[®]
INSTANT PAYMENTS