

The Federal Reserve’s FedNow goes live in 2023, how will it be different?

The FedNow™ Service is a new real-time payment and settlement service with clearing functionality to support faster payments throughout the United States.

However there are other options available, so what are the differences?
This table shows a variety of options, and their positioning in the faster payments landscape

CATEGORY	PAYMENT RAIL	DESCRIPTION	PRIMARY USE CASES
Real-Time Gross Settlement Systems	FedWire	<ul style="list-style-type: none">• Weekdays 7:30 a.m. to 7:00 p.m. ET• Same-day cutoffs can vary by bank and location• Account to account• US\$50 million• Limits vary by bank	<ul style="list-style-type: none">• Payments among any combination of consumer, business, small business, or government entity• Large-dollar, low-volume, urgent payments
Real-Time Instant-Clearing and Settlement Rail	FedNow	<ul style="list-style-type: none">• 24/7• Account to account• US\$500,000 limit	<ul style="list-style-type: none">• Business to business (B2B), business to small business (B2SMB), business to consumer (B2C), and person to person (P2P)• Insurance, utilities, gig economy, payroll, and vendor/supplier disbursements
	RTP® Network	<ul style="list-style-type: none">• 24/7• Account to account• US\$1 million limit	<ul style="list-style-type: none">• B2B, B2SMB, and B2C• Insurance, utilities, gig economy, payroll, and vendor/supplier disbursements
P2P/crossover payment systems	Zelle and other Digital Wallets	<ul style="list-style-type: none">• 24/7 or batch via ACH or RTP• Limits determined by bank	<ul style="list-style-type: none">• P2P, B2C, B2SMB, and consumer to businesses (C2B)• Insurance, higher education, class-action payouts, gig economy, and payroll
Other faster payments	Same-day ACH	<ul style="list-style-type: none">• ACH batch• US\$1 million limit	<ul style="list-style-type: none">• B2B, B2SMB, business to government (B2G), and B2C• Urgent payments and general disbursements
	Push-to-card	<ul style="list-style-type: none">• 24/7• Debit push direct to account	<ul style="list-style-type: none">• B2B, B2SMB, B2G, and B2C• Online marketplaces, retail returns and rebates and lending

Source: Aite-Novarica - FedNow Is Almost Here, June 2022

As with the RTP® network, FedNow is based on ISO 20022 messaging and is expected to significantly advance instant payments throughout the U.S.

Want to learn more?
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