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The FedNow - NOW

It's Here!

By

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FedNow is **now** a reality. After years of researching and planning, and months of testing, FedNow is off and running. Here's some of the news coverage from the official July 20th launch —

Here's a quick refresher on what that is: FedNow is an instant payment infrastructure for transferring money that promises to be a faster payment rail for financial institutions, offering immediate access to funds no matter the day or time. As you know, this is huge because banks aren't traditionally open 24/7 or let you receive money and use it on the same day.

It's also something that the U.S. has been considered "behind" on in light of the fact that other countries have been live with similar services for some time, including Brazil, India, the United Kingdom and the European Union. [TechCrunch](#)

The Federal Reserve launched its FedNow instant-payments service Thursday, following several years of developing a system officials say will allow the faster flow of cash for businesses and individuals.

Whether it's providing instant access to paychecks, allowing for last-minute bill payments or sending government payments out to individuals, the system is expected to improve the flow of money through the U.S. economy. [CNBC.com](https://www.cnbc.com)

America now has two instant payment systems. FedNow — operated by the Federal Reserve — went live this morning. It runs in parallel to RTP, the 5-year-old real-time payments system operated by The Clearing House.

By the numbers: So far, 35 banks have signed up as early adopters of FedNow, including JPMorgan Chase and Wells Fargo, but notably *not* including Citigroup or Bank of America. That number is rather lower than the Fed led us to believe as recently as June.

The bottom line: It's still likely to be years before most people use instant payments on a daily basis, as they do in countries like the U.K., India and Brazil. The government isn't forcing banks to sign up for either of the two systems, and for the time being, there still isn't a strong business case for banks to do so. [Axios](#)

The U.S. Federal Reserve has launched a long-awaited service which will aim to modernize the country's payment system by eventually allowing everyday Americans to send and receive funds in seconds, 24 hours a day, seven days a week, the central bank announced on Thursday.

The "FedNow" service, which has been in the works since 2019, will seek to eliminate the several-day lag it commonly takes cash transfers to settle, bringing the U.S. in line with countries including the United Kingdom, India, Brazil, as well as the European Union, where similar services have existed for years. [NBC News](#)

On Thursday the Federal Reserve launched the first phase of an instant payment infrastructure called FedNow Service that promises to make the option of safe, real-time payments much more widely available, whether someone banks at a large or small US financial institution.

“The Federal Reserve built the FedNow Service to help make everyday payments over the coming years faster and more convenient,” said Fed Chair Jerome Powell. “Over time, as more banks choose to use this new tool, the benefits to individuals and businesses will include enabling a person to immediately receive a paycheck, or a company to instantly access funds when an invoice is paid.” [CNN.com](https://www.cnn.com)

Unlike peer-to-peer payments services like Venmo or PayPal, which act as intermediaries between banks, payments made via FedNow will settle directly in central bank accounts.

The Fed also operates a real-time payments system called FedWire, but that's reserved for large-scale, mostly corporate payments and is only operational during business hours. While the new FedNow system is for everyone, it's likely to benefit consumers and small businesses the most, analysts have said.

"We want our clients to benefit from these capabilities, and we want that to be a competitive edge for us," said Carl Slabicki, global co-head of payments for BNY Mellon's Treasury Services.

FedNow will not charge consumers, although it's unclear whether or how participating banks will pass on any costs associated with the service. [Reuters.com](https://www.reuters.com)

Consumer Concerns

Journalists — as you cover this story in your local community, please keep your audience (viewers, listeners, readers) in mind. Your coverage should go well beyond how FedNow will affect banks and financial institutions. Remember who uses banks and financial institutions — your audience.

While some people are receiving the news of the FedNow program with open arms, others are concerned — some seriously concerned about where it might lead. Be sure to include all of these sides in your FedNow coverage. This is a story that will continue for months and even years to come. Now is your opportunity to establish your station, newspaper, or online service as the place to go for the best ongoing financial coverage of the story.

If consumers you interview express concerns about FedNow and where it may lead, take their questions to bankers, economists, and others in your community who can respond with facts and objective perspective. You may also find it helpful to re-visit [my earlier coverage of FedNow](#) for background and story ideas.

Here are links to several financial news articles that may help you with your research into FedNow, how it works, and concerns that some consumers have with it —

[Board of Governors of the Federal Reserve System about FedNow](#)

[FedNow FAQs: What The Fed's New Instant Payments System Is—And Is Not](#)

[Will the FedNow payment system pave the way for digital social engineering?](#)

[What bankers need to know about FedNow](#)

Fresh Speculation Arises as US Federal Reserve Debuts FedNow Instant Payments Service

Federal Reserve's 'FedNow' Launch Triggers Fresh Speculation Over Digital Dollar

What to know about the Fed's real-time payment service



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