

1. What is the FedNow Service?

The [FedNow Service](#) is an instant payment service created by the Federal Reserve (FRB). Account holders of financial institutions (FIs) will be able to send and receive instant payments 24-7, 365 days of the year. The funds will settle in the master account of the FI, or their correspondent if that's how the FI elected to settle the items.

2. How can I prepare my institution for the FedNow Service?

We recommend reading through the FRB's [Readiness Guide](#). In it, the FRB has outlined key components of how the platform works and steps every participating institution type needs to take to participate in the service.

3. What do I need to do to participate in the FedNow Service?

Of course, read the Readiness Guide referenced above, which goes into great detail on steps to prepare. At a minimum, we can tell you that FIs need to work through two primary components to participate:

1. The first component to consider is **the interface that your financial institution account holders will use to process payments**. This interface will need to have the ability to process payments on behalf of the account holders, including the posting the debits and credits necessary to have the accounts reflect the transaction, as well as communicate with the FedNow Service, all in real time. Due to the real time requirement, most financial institutions will leverage the infrastructure already in place with either their core or a third-party payment provider who has this integration, such as their mobile or online banking provider.
2. The second component to consider is **how to settle transactions**. Larger institutions will typically have the transactions settle through their master account at the FRB. Most CFIs will partner with a correspondent, such as PCBB, to have those items settle through the master account of the correspondent.

4. Does PCBB provide Correspondent Services through the FedNow Service?

Yes, in the FedNow Service system, PCBB is a **settlement agent and a source of liquidity**.

PCBB was also a [pilot participant](#) and [certified "ready"](#) for the service prior to the systems official launch. As a pilot bank, PCBB represented the interests of CFIs and assisted in the development of the instant payments strategy, roadmap, and adoption approaches for the industry.

5. How does the transaction process work with PCBB and this service?

- a) Payments settle in PCBB's master account at the FRB, and then PCBB posts the individual items to the customer accounts.

- b) The partnership between PCBB and the CFI eliminates the need for the CFI to monitor their account balance at the FRB 24x7x365. Since each transaction will post to the CFI's account at PCBB, it will be easy to reconcile the payments with our reporting system.
- c) In the instance that a CFI does not have sufficient funds at their PCBB account, a credit facility will be provided by PCBB to cover the transactions, insuring that all transactions are able to be settled on behalf of the CFI.

6. Does PCBB's services through FedNow need to integrate with my bank's core?

- a. No. As a provider of liquidity and settlement services, our products are core agnostic and do not require core integration. In the future, if there are use cases that require core integration, we will reevaluate that possibility.

7. What transaction types and use case(s) does PCBB support in the FedNow Service?

- a. Account-to-Account
- b. Business-to-Consumer (B2C)
- c. Consumer-to-FI
- d. Person-to-Person (P2P)
- e. Business-to-Business (B2B)
- f. Consumer-to-Business (C2B)
- g. FI-to-Consumer

8. PCBB is already my correspondent provider, how do I get started?

- a) We recommend reading through the FRB's [Readiness Guide](#).
- b) Speak with your PCBB representative to answer any questions you may have. PCBB can walk you through the specifics of the transaction flow between your institution, the FedNow Service and PCBB.
- c) You'll want to establish an anticipated timeline to begin using the payments service, and discuss that timeline with your PCBB representative.
- d) Depending on the services you already use at PCBB, you may need to complete additional paperwork to get started. This can be done in advance of your anticipated go-live date.

9. What are the main differences between FRB's FedNow Service and the Clearing House's RTP® systems/platforms?

Similarities

- a) Both RTP and FedNow have the same goal of providing the ability to quickly transfer funds 24x7x365. From the account holder's perspective, the two platforms are similar.
- b) Both use the widely accepted [ISO® 20022](#) standard for global messaging.

Differences

- c) Operationally, the two systems differ and have different settlement workflows.
- d) The FedNow Service is available to 100% of banks and credit unions since it's an FRB service and leverages the FedLine network. In contrast, RTP can only reach approximately 60%.

10. I'm not sure if my CFI should support the FedNow Service or RTP, how should I proceed?

The most important thing is to [educate the decision makers at your CFI](#) on the similarities and differences between the two platforms. You should also engage your core or online/mobile banking provider, as well as your correspondent service provider, to understand their integrations with each. You can also choose to support both platforms, but you should evaluate if that is the correct decision for your institution.

11. Who should I contact at PCBB to get started?

Your PCBB Regional Manager is standing by ready to assist. We welcome a conversation at any point that is convenient for you, to help you better understand the FedNow Service platform and how our liquidity and settlement solutions work.

Additional Resources:

FRB Resources:

- Read the [FedNow® Service Readiness Guide](#)
- Experience the [Guided Journey from the FRB](#)
- Join the [FedNow Community](#)
 - Find PCBB in the [FedNow Service Provider Showcase](#)

PCBB Resources:

- Website:
 - [FedNow Info](#)
 - [Settlement Info](#)
- Other FedNow Service Resources on [PCBB's website](#)

LEARN MORE: [pccb.com](https://www.pccb.com) | (888) 399-1930 | info@pccb.com