

Cabinet News and Views

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July Launch of FedNow Service



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This week the Federal Reserve [reported](#) that its instant payment service, FedNow, will be available for all participating financial institutions to use starting in July 2023.

Access to the service will be provided through the Federal Reserve's FedLine network, which presently serves more than 10,000 financial institutions. Instant payment services, until now, have been offered mainly by fintechs and, to the extent those services have been adopted by depository institutions, there have been significant limitations on dollar amounts that can be transferred and the number of transactions that are permitted.

The FedNow service will allow depository institutions to have greater confidence regarding how the instant payment system works, which means that the average dollar amount and overall number of instant payments will most likely increase. This can be very good news for businesses in particular, but also presents opportunities for consumers to be able to instantly pay important bills, instead of having to schedule payments a few days in advance. As Tom Barkin, president of the Federal Reserve Bank of Richmond and FedNow Program executive sponsor, observed, "With the FedNow Service, the Federal Reserve is creating a leading-edge payments system that is resilient, adaptive, and accessible. The launch reflects an important milestone in the journey to help financial institutions serve customer needs for instant payments to better support nearly every aspect of our economy."
