

FedNow kicks off pilot phase ahead of 2023 launch

Article

The news: The **Federal Reserve** onboarded participants to pilot test **FedNow**, the real-time settlement network it will launch in 2023, per a press release.

More than 120 organizations will participate in FedNow's pilot program, including **Block**. Some firms participating in the program have already connected and successfully sent payment messages over the network.

More on this: FedNow stands out from other faster payment systems.

- Because FedNow will be operated by the government, it cannot turn a profit—it can only break even. This may let it offer more competitive pricing than other faster payment systems.
- FedNow will **charge** financial institutions (FIs) a monthly \$25 participation fee. It'll also charge \$0.045 per credit transfer to be paid by the sender and a \$0.01 fee for request for payment (RfP) messages that requestors pay.
- The 24/7 real-time payment (RTP) system will have a default limit of \$100,000, but FIs can lower that amount or raise it to a maximum of \$500,000.

The Fed **launched** the FedNow Service Provider Showcase in March to connect firms looking to integrate FedNow with service providers offering real-time payment solutions. This may have helped educate FIs and businesses on FedNow's use cases and benefits—setting the foundation for adoption when the program launches.

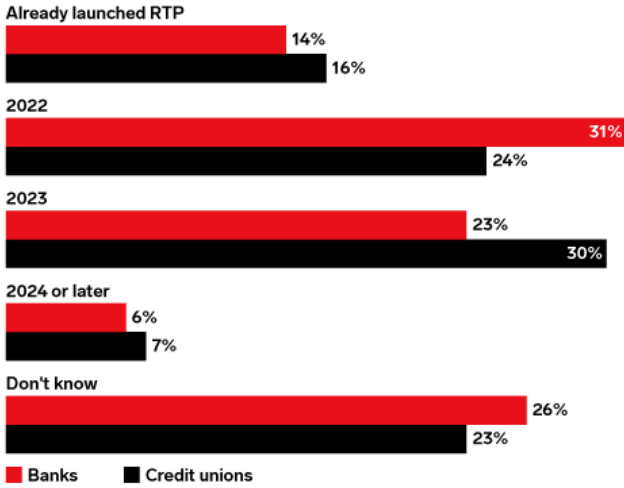
Why it matters: Faster payments are building momentum in the US. In 2021, adoption grew 10% year over year (YoY). **Eighty-six percent of organizations use or enable these transactions**, **per** the third edition of the Faster Payments Barometer.

But 63% of financial institutions said **high upfront costs and implementation complexity posed adoption challenges**. FedNow's cheaper pricing structure can help minimize cost concerns and also help it overcome the late entry to the faster payment space. Systems like the **Same Day Automated Clearing House** or **The Clearing House's Real-Time Payment** system have had years to integrate with FIs and build out their networks, but FedNow's pricing advantage, combined with its backing from the federal government, might help offset this and support strong adoption.

Related content: Check out "[The Rise of Real-Time Payments](#)" report to learn more about FedNow and how it stacks up against other faster payment systems.

When Do US Bank vs. Credit Union Executives Plan to Implement Real-Time Payments (RTP)?

% of respondents, Dec 2021



Note: n=300

Source: Cornerstone Advisors, "What's Going On in Banking 2022," Jan 25, 2022

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