

# FedNow could score top retailers' points-of-sale

## Article

**The news:** Walmart and Kroger are reportedly interested in using FedNow to give customers an alternative to card payments, according to Payments Dive, which cited comments from the retailers' representatives during a panel at the Faster Payments Council spring meeting.

The Federal Reserve's [instant payment service](#) will launch in July.

**Why this matters:** Real-time payments (RTP) and account-to-account (A2A) transfers have not yet taken off for consumer-to-business (C2B) transactions. The retail space is instead dominated by card payments.

But FedNow's instant payments can bring retailers three key benefits:

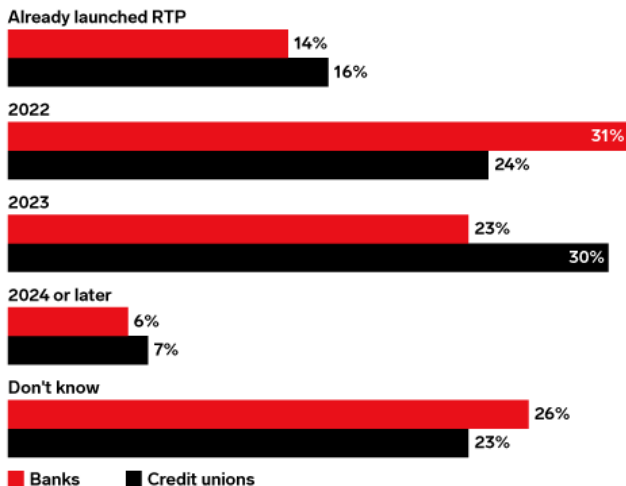
1. **Fee savings.** The average A2A payment could cost merchants **just one-fifth of a debit card transaction** because it avoids interchange and other transaction-based fees. And because FedNow will be operated by the government—which means it can't turn a profit—FedNow could offer even more competitive pricing than other products on the market.
2. **Time savings.** Card payments can take anywhere from one to three business days to process. But RTP payments give merchants immediate access to funds, improving their cash flows.
3. **Data insights.** RTP provides enhanced communication between the buyer and seller by including transaction-specific data. This helps lead to more transparency in the payment process and more efficient accounting and reconciliation.

And consumers are ready to take advantage of RTP payments as well: **Nearly 80% of consumers are interested in using faster payments to pay businesses, and 9 out of 10 businesses expect to use faster payments in the next three years, per Fed research.**

**Our take:** As part of our **2023 Payment Trends to Watch**, we predicted at least one top 50 retailer would begin accepting account-to-account (A2A) payments, and we called out Walmart as a likely frontrunner. If Walmart does tie up with FedNow, we would expect other major retailers to follow in its footsteps.

## 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

273080

[InsiderIntelligence.com](https://www.insiderintelligence.com)

*This article originally appeared in **Insider Intelligence's Payments Innovation Briefing**—a daily recap of top stories reshaping the payments industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

- Are you a client? [Click here to subscribe.](#)
- Want to learn more about how you can benefit from our expert analysis? [Click here.](#)