

# GAP FEO

## FedNow Strategy & Deployment

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Instant payments catalyzing the path to sustained payment innovation

April 2023

a **wipro** company



# FedNow is an **instant payments service** being developed by the United States Federal Reserve Bank

LAUNCHING JULY 2023    \$.5M TRANSACTION LIMIT    US ONLY

## WHAT ARE INSTANT PAYMENTS?

- Anytime**  
24/7/365 Processing
- Instant**  
Availability of Funds
- Fast-growing**  
form of digital payments
- 50 countries**  
have instant payment networks

## STRATEGIC RATIONALE

## PRODUCT HIGHLIGHTS

Accessibility	Make instant payments technology accessible to a wider audience of FIs and clients
Cost Reduction	Reduce payment processing costs for FIs
Standards	Promote industry standards for fraud disputes, messaging (ISO), and authentication
Cash Flow	Optimize liquidity and cashflow management for businesses and consumers
Data	Leverage higher volume of digital payments to drive customer and payment insight

Send & Receive	Ability to send, receive, receive only, request, return, credit transfers
24/7/365 Settlement	Real time 24x7x365 in a Fed master account with no prefunding required
Reporting & Reconciliation	Seven days a week, 7 p.m. to 7 p.m. ET the next day
Liquidity Management	High dollar limit credit transfer with other FI outside of Fedwire windows

# FedNow presents a significant opportunity for financial institutions to better serve their clients and strengthen their payment portfolio



## Expected Outcomes

- ✓ Reduced Processing Costs
- ✓ Increased Payment Volumes
- ✓ Higher Profitability Margins
- ✓ Greater Wallet Share & Retention
- ✓ Global & Modern Brand
- ✓ Strengthened Compliance
- ✓ Improved Client Experience
- ✓ Strategic Data Capture

# Instant payment experiences are expected to become ubiquitous across financial institutions

*Example Use Cases (Non-Exhaustive)*



Commercial Banking & Treasury Functions



**Vendors and suppliers** will be able to receive and make payments any day of the week – i.e., Saturday/Sunday - instantly. With funds received immediately, **supply chain and trade times will be shortened.**



Wealth Management & Capital Markets



**Retail and high net worth investors** will be able to transfer funds for trading anytime of day, any day of the week – with instant access to all funds for immediate trading. Allowing investors to take advantage of intra-day market conditions. Allowing brokerages to **eliminate differed settlement risk.**



Retail Banking



**Gig-economy workers**, among others, will have the option to **access their earnings on daily and instant basis** if their financial intuitions are FedNow enabled.

# Deploying FedNow is more than just technology change, it implies a multi-dimensional payment transformation



# The Federal Reserve has approved Capco to be listed on it's FedNow Solution Provider Showcase

“ There is no ‘one size fits all’ approach to instant payments, and **flexibility surrounding implementation and adoption** is a critical component of the FedNow Service

*Nick Stanescu, Senior VP of FedNow Service*

The Federal Reserve individually **vetted applications** and compiled a **registry of 120<sup>1</sup> services providers** with relevant value proposition to help financial institutions launch FedNow.

We are uniquely positioned to help FIs adopt and deploy FedNow

## Strategy & Design

Define the FedNow strategy, substantiate the business case, and design a compelling client experience that will drive instant payment adoption

## Vendor Selection & Integration

Assess, identify, and integrate the right mix of vendor solutions to build a compelling and cost effective FedNow offering with an accelerated time to market

## Execution & Deployment

Manage the end-to-end FedNow execution and deployment roadmap with an emphasis on rapid iterations, learning, project management, and cross-functional leadership engagement

**CAPCO**

**1998**  
FOUNDED

**33** WORLDWIDE OFFICES  
ACROSS 4 CONTINENTS

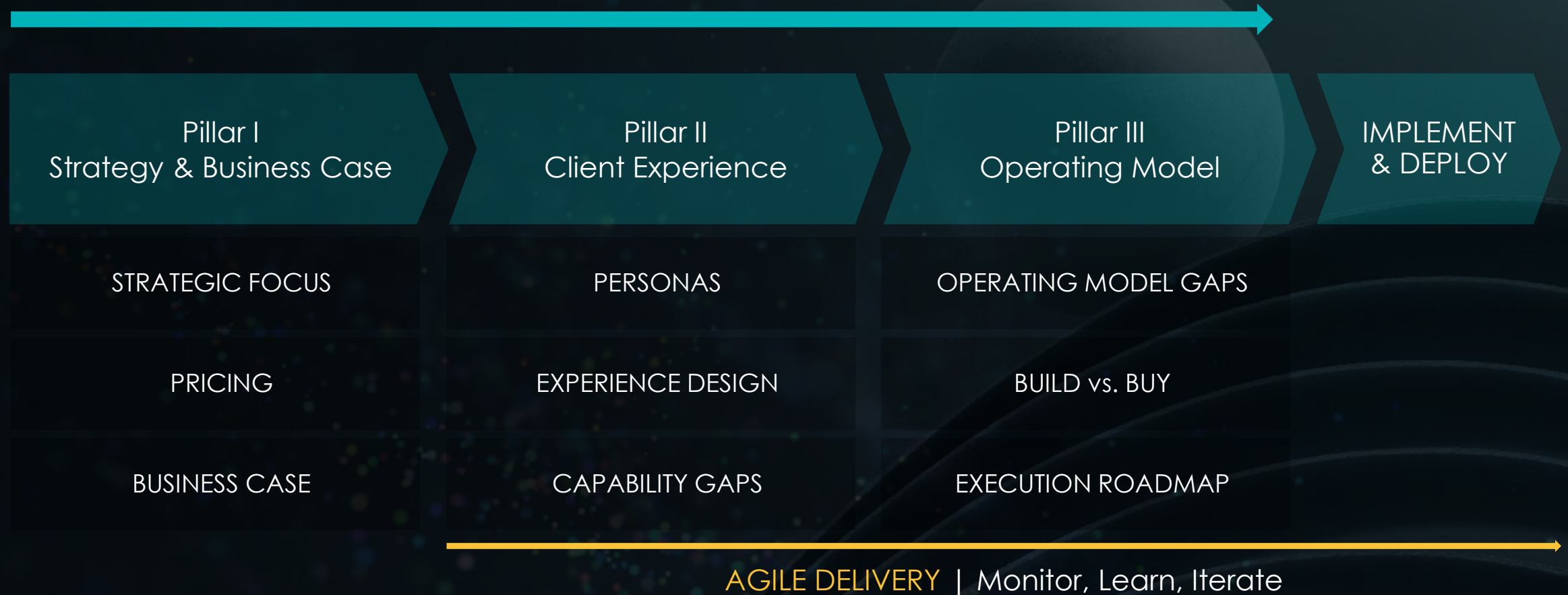
**100<sup>+</sup>** GLOBAL  
CLIENTS

**20** YEARS  
INDUSTRY  
EXPERIENCE

**~7000**  
EMPLOYEES

# Our approach focuses on FedNow strategy and deployment planning

**12- to 16-Weeks<sup>1</sup>** to reach a tailored FedNow strategy & deployment roadmap



1: Dependent on size and complexity of the scope

# We welcome the opportunity to support your journey towards FedNow



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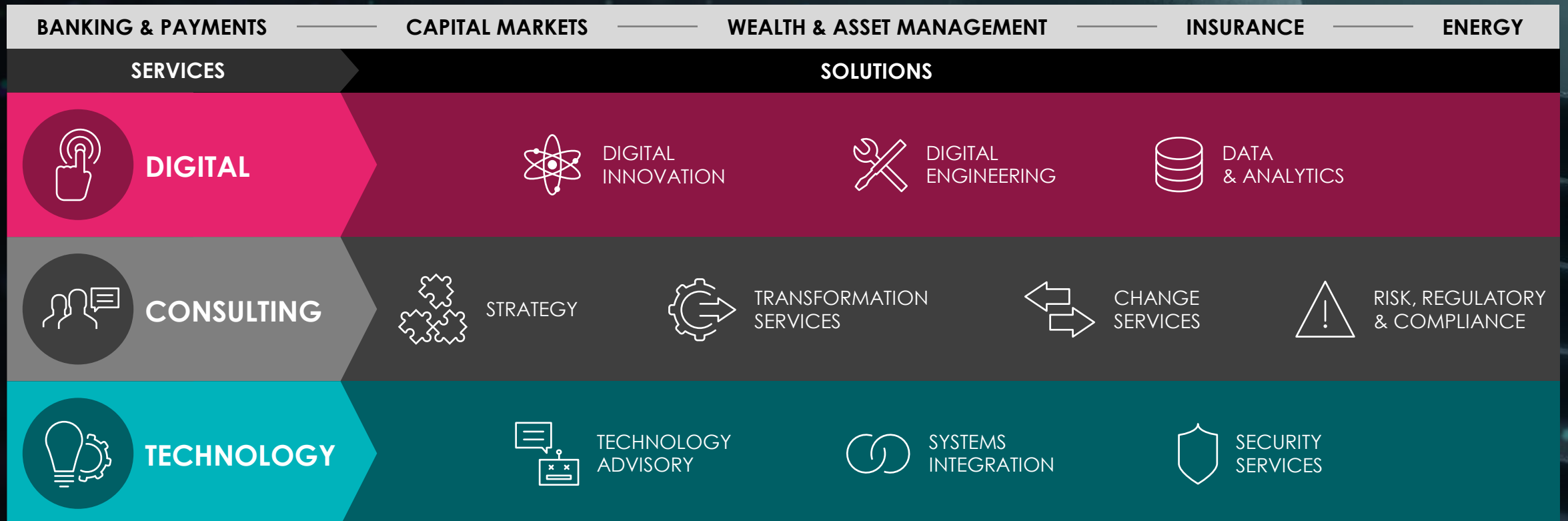


The background features a dark teal gradient with a large, semi-transparent sphere in the upper center. Below the sphere, several dark, wavy, layered lines curve across the frame. The lower portion of the image is filled with a dense field of small, multi-colored dots in shades of blue, green, and purple, creating a starry or particle-like effect.

# ABOUT CAPCO

# Capco services and solutions

Capco operates at the intersection of business and technology, by combining innovative thinking with unrivalled industry knowledge to fast-track Digital initiatives for Financial Services. Capco's cutting-edge ingenuity is brought to life through its relevant Services underpinned by distinct Solutions and Offerings and structured around market demand.



# Our industry domains



## BANKING & PAYMENTS

Innovation is fueling consumer expectations in banking and payments, requiring banks to implement huge changes to stay current. At Capco, we help our clients emerge as winners, achieving operational excellence whilst delivering transformed customer experiences.



## CAPITAL MARKETS

Capital markets is where Capco started – it is at the heart of what we do. We understand today's challenging regulatory landscape, the demand to stay competitive and the ever-present need to cut costs. We help banking clients optimize performance. Expertly.



## WEALTH & ASSET MANAGEMENT

Wealth and Asset Management is entering a revolution – the advisory space is now a hybrid of human and robotic interactions working together to deliver enhanced client services. We focus on digital trust, API and transformation strategy because we recognize that costs are on the rise, and regulatory pressures are adding to complexity. Our clients want to optimize operations while realizing digital opportunities – Capco helps to achieve this.



## INSURANCE

Adding value to our clients is our most important objective and thinking creatively is how we make it happen. Across the business areas of Property & Casualty, Life & Retirement, Reinsurance, Employee Benefits and Distribution (including brokers, MGAs, agents and wholesalers), Capco is innovating around the globe. Our services include a wide range of strategy and implementation offerings, from digital to core systems and data science.



## ENERGY

Competition is fierce in today's energy markets. Regulation is tight, technology is disruptive, data is intensive, and processes are complex. We understand and simplify the energy industry to empower our clients to stay at the front of the pack.

# Who we are

## INNOVATORS

We are innovators who combine a disruptive, design-thinking approach with unrivalled, first-hand industry knowledge and technology acumen.

## FACILITATORS

We facilitate the handshake between the business and technology organizations to deliver end-to-end consulting services and solutions.

## CHANGE AMBASSADORS

We embrace new ways of working and have a desire to work with our clients to pivot their capabilities and culture.

## TRANSFORMATION SPECIALISTS

We help our clients transform and advance their businesses, capitalize on digital opportunities, increase revenue, manage risk and regulatory change.

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DIGITAL  
TRANSFORMATION



INNOVATION AND  
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EXECUTION  
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UNIQUE  
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