

Competitive Benchmarking for FedNow

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Scope of Report

FedNow, a real-time payment service developed by the US Federal Reserve, aims to provide faster, more efficient, and secure payment infrastructure for financial institutions. There is an opportunity for consulting firms to provide implementation support, compliance and regulation guidance, product development assistance, training and education, and security and risk management support for financial institutions.

The purpose of this analysis is to gain insight into the competitive landscape around consulting services for FedNow by looking at what other companies' knowledge on FedNow is. Capco is trying to ascertain how out in front it is against EY, KPMG, Deloitte, PwC, Accenture, and West Monroe.

*From the research done, it seems that West Monroe does not have anything relevant to FedNow

*The report is mostly looking at mentions of FedNow 2020 onwards

Future Considerations

Other topics that can be included in this report are other competitors, research on regional and community banks and their response to FedNow, any job postings related to FedNow, and recent M&A activity related to FedNow.

Ranking

Based on the information available, KPMG and PwC seem to be the most knowledgeable about FedNow, with Deloitte as the next most knowledgeable.

EY: EY's knowledge about FedNow appears somewhat limited

KPMG(2): KPMG's insights into FedNow seem like they are well knowledged

Deloitte(3): Deloitte seems like it has a comprehensive understanding but not as in depth as KPMG and PwC

PwC(1): PwC appears pretty informed about FedNow

Accenture: Accenture's knowledge about FedNow seems very broad but not as in depth as Deloitte

EY

EY's expertise in the payment landscape is evident, but their knowledge about FedNow appears to be somewhat limited. While they recognize FedNow's importance they don't go as in depth when examining FedNow.

Blog (1/17/23): Fraud: the not-so-clear but ever-present danger in payments

https://www.ey.com/en_us/banking-capital-markets/fraud-the-not-so-clear-but-ever-present-danger-in-payments

This article discusses the challenges and innovations in the real-time payments (RTP) landscape, with a particular focus on fraud prevention. FedNow is mentioned in the context of digital payment systems and its influence on consumer expectations regarding liability and security, the article does not go in depth about FedNow. EY emphasizes the need for cross-sector collaboration and a pragmatic approach to fraud detection in new payment technologies. The article's insights into FedNow itself appear to be more general and lacking depth.

Report (2019): The end of cash: Why, when and how to flick the switch

https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/banking-and-capital-markets/ey-end-of-cash-final.pdf?download

The report acknowledges the existence of FedNow and the concerns of large banks regarding its potential competition but it does not have a detailed understanding of the system. EY's insight into FedNow appears limited and it speaks more about a broader focus on the global shift away from cash rather than an in-depth examination of FedNow.

Report (2022): The rise of PayTech - seven forces shaping the future of payments

https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/payments/ey-the-rise-of-paytech-seven-forces-shaping-the-future-of-payments-dec2022.pdf

The report offers an extensive exploration of global trends in the payments industry, focusing on seven key forces that are shaping the future. These forces include open banking, real-time payments (RTP), cross-border payments, buy now pay later options, digital wallets, embedded payments, and digital currencies. While the report provides a comprehensive understanding of the RTP landscape, it does not specifically delve into FedNow, except for acknowledging its launch date.

Webinar (10/2/22): The US Payment Landscape: The Modernization Journey

<https://www.form3.tech/why-form3/insights/gated-content-us-payment-landscape-the-modernization-journey>

The webinar, featuring Mark Ranta, a Senior Manager for Payment Technology Transformation at EY, focuses on the modernization of the U.S. payment landscape, including the adoption of ISO20022 and the FedNow initiative. EY's participation in this event shows that they are engaged with current payment trends, possibly including FedNow, however it is not possible to see how in depth the webinar went as there is no transcript available.

KPMG

KPMG's knowledge about FedNow appears to be well-informed. Their insights cover various aspects of FedNow reflecting an understanding of this significant initiative in the U.S. payments landscape.

Article (8/2022): Real-Time Payments: FedNow Service to launch mid-2023

<https://advisory.kpmg.us/articles/2022/fednow-service-to-launch-mid-2023.html>

The article by KPMG is an alert regarding the anticipated launch of the Federal Reserve Board's (FRB) FedNow Service in mid-2023. It talks about the FRB's collaboration with private-sector RTP instant payment service for routing interoperability and outlines the necessary preparations for instant payments, including upgrading back-office processes, evaluating accounting procedures, arranging liquidity providers, deploying new customer-facing applications, and promoting instant payments. The article also mentions the FedNow Pilot Program, which will begin technical testing with over 100 participating organizations.

Upcoming Forum (6/20/23): U.S Payments Forum

<https://finance.yahoo.com/news/u-payments-forum-summer-virtual-130000851.html>

The U.S. Payments Forum's Summer Virtual Member Meeting, scheduled for July 18 and 19, 2023, will explore various topics in the payments industry, including the launch of FedNow. Robert Ruark of KPMG will deliver the keynote address, focusing on the impact of AI on payments. Ruark's insights seem like they will cover AI's implications in payments. The meeting's agenda, including a discussion on real-time payments and FedNow, demonstrating KPMG's engagement with current trends in the U.S. payments landscape.

Partnership (3/29/22): KPMG and Volante Technologies Launch Strategic Alliance

<https://www.prnewswire.com/news-releases/kpmg-and-volante-technologies-launch-strategic-alliance-for-real-time-payments-and-iso-20022-modernization-301512287.html>

KPMG and Volante Technologies have announced a strategic alliance to provide financial institutions with comprehensive readiness diagnostics for ISO 20022 and real-time payments (RTP). The collaboration aims to enable banks to modernize their payments processes and operations, including preparation for new instant payment schemes like the FedNow Service. Courtney Trimble, Principal at KPMG, emphasizes the need for a comprehensive payments modernization plan.

Deloitte

Deloitte appears to have a comprehensive understanding of the payments landscape. The documents reflect Deloitte's focus on the transformational nature of the financial services industry but lack depth.

Report (2020): Amidst the backdrop of growing concerns over financial inclusion in the US, the FRB provides new details on its plans for supporting real-time payments

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Advisory/us-advisory-frb-fednow.pdf>

Deloitte's document provides an insightful analysis of FedNow, emphasizing its transformational impact on the U.S. payment system. It details the core features such as real-time credit transfer, continuous processing, fraud prevention, and adherence to the ISO 20022 standard. The document also explores the relationship between FedNow and other initiatives like Central Bank Digital Currency (CBDC) and discusses the complexities of implementing FedNow.

Report (2020): Real-time payments and implications of the COVID-19 pandemic

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/financial-services/us-real-time-payments-and-implications-of-the-covid-19-pandemic.pdf>

Deloitte's report talks about the critical need for real-time payments, particularly in the wake of the COVID-19 pandemic. The report highlights the growth of real-time payments in 40 countries, including the U.S., and explores various solutions such as FedNow, TCH RTP, Visa Direct, Zelle, and others. The report also details the competitive landscape, the need for diverse real-time payment solutions, and strategic considerations for financial institutions to leverage this disruption.

Report (2019): Payments Trends 2020

<https://www.accc.gov.au/system/files/public-registers/documents/61.%20Deloitte%2C%20Payments%20Trends%202020%20%20%20%E2%80%93%20InFocus%20Strategies%20to%20prepare%20for%20the%20future%20of%20payments%2C%202019.pdf>

Deloitte's 2020 payments industry report identifies five key trends shaping the future of payments, including the competition between platforms, evolving economics, new standards, noncommercial entities' roles, and organizational implications. While the report does not specifically focus on FedNow, it talks about the importance of faster payments and central institutions' influence, hinting at the broader context in which FedNow operates. Deloitte

emphasizes strategic planning in areas such as customer experience, compliance, innovation, and collaboration, and highlights the need for standards like ISO 20022.

Event (2021): 2021 Chicago Payments Symposium

<https://fedpaymentsimprovement.org/news/blog/whats-new-next-2021-chicago-payments-symposium/>

The 2021 Chicago Payments Symposium webpage recaps an event focused on next-generation use cases in payments, including faster and instant payments, digital currencies, and financial inclusion. The symposium featured key figures from the Federal Reserve, emphasizing the importance of FedNow in facilitating instant payments. Mark Gould of Federal Reserve Financial Services highlighted the need for financial institutions to meet consumer demands for instant payments, acknowledging the evolving landscape that includes FedNow. A panel discussion explored the similarities between the Clearing House's RTP and FedNow, stressing the need for nationwide reach. The event also touched on financial inclusion, reflecting the broader context that FedNow aims to address. While Deloitte participated in a panel on innovation, the content does not specifically detail their insights on FedNow.

Report (2023): Engineering Advantage in Financial Services in 2023

https://www2.deloitte.com/content/dam/Deloitte/us/Documents/engineering_advantage/FSI%20Engineering%20Advantage_010323_v4.3.pdf

Deloitte's "Engineering Advantage in Financial Services in 2023" report provides an overview of trends and challenges in the financial services sector, with a focus on digital payments and technological readiness. The document briefly mentions the expected launch of FedNow in 2023, emphasizing the need for preparedness for new payment systems. While the insights specific to FedNow are limited, the report discusses broader technological shifts that are indirectly related to the readiness required for implementing systems like FedNow.

Partnership (5/25/21): Volante Technologies and Deloitte Enter Into Strategic Alliance Agreement

<https://www.prnewswire.com/news-releases/volante-technologies-and-deloitte-enter-into-strategic-alliance-agreement-to-accelerate-payments-modernization-301298083.html>

The press release announces Deloitte's strategic alliance with Volante Technologies, focusing on real-time payments, ISO 20022 adoption, and payments modernization. Though FedNow is not explicitly mentioned, the collaboration aligns with broader trends that FedNow represents, such as innovation and regulatory compliance. Deloitte's commitment to payments transformation, as evidenced by this alliance, indicates a likely understanding of key aspects relevant to FedNow.

Press Release: Deloitte and Marqeta Announce Alliance to Accelerate Payment Modernization
<https://www2.deloitte.com/us/en/pages/about-deloitte/articles/press-releases/deloitte-marqeta-announce-alliance-payment-modernization.html>

The press release announces Deloitte's strategic alliance with Marqeta, emphasizing digital modernization, API-driven solutions, and consumer-centric payment experiences. Although FedNow is not specifically mentioned, the collaboration aligns with broader trends relevant to FedNow, such as real-time payments and technology-driven solutions.

PwC

PwC appears to be pretty knowledgeable about FedNow. Their insights reflect a solid understanding of the real-time payments landscape, including specific requirements and considerations related to FedNow.

Blog Post: Are you ready for FedNow?

<https://www.pwc.com/us/en/industries/financial-services/library/fednow-instant-payment-infrastructure.html>

The page highlights the benefits of FedNow for both financial institutions and customers, including reduced costs, efficient processing, and enhanced security. It details the service's functionality, phased deployment, and various use cases, such as immediate payroll and government tax payments. PwC also provides insights into the preparation needed for a 24/7 payments environment, including considerations for operational capabilities, technology options, and strategies for rollout and monetization. The page concludes with an outline of PwC's support services for FedNow implementation.

Blog Post: Payments Modernization in the age of Acceleration

<https://www.pwc.com/us/en/industries/financial-services/library/payments-technology-modernization.html>

The webpage provides a detailed guide for financial institutions on implementing real-time payment systems, including strategies such as internal development, API creation, partnerships, and Platform-as-a-Service outsourcing. The content specifically mentions FedNow, highlighting the role of APIs and the importance of collaboration with fintech partners for quick and secure processing. PwC emphasizes the complexity of upgrading legacy systems and proposes a hybrid approach that allows customization and control.

Blog Post: FedNow Real-Time Payment (RTP) System

<https://www.pwc.com/us/en/industries/financial-services/library/fednow-real-time-payment.html>

The webpage provides an in-depth analysis of the Federal Reserve's decision to develop the FedNow RTP system, recognizing the global trend towards faster payments and the challenges and opportunities it presents. The content outlines the functionality of FedNow as an interbank real-time gross settlement system (RTGS), emphasizing the complexity required for 24x7x365 operations. PwC highlights risk management challenges, including the need for real-time fraud

engines and fully integrated management capabilities. They explore the potential for new revenue opportunities and the benefits of payment hubs.

Report (10/2022): ISG Provider Lens Digital Banking Services

<https://www.infosys.com/industries/financial-services/documents/digital-banking-services.pdf>

PwC is mentioned in the provider positioning section of the report. It is classified as a "Market Challenger" in the Core Modernization and Integration Services and Technology Transformational Services for Digital Banking. Additionally, PwC is positioned as a "Leader" in Banking Governance, Risk, and Compliance Services. However, it is not included in the Payments and Card Processing Services segment. PwC's positioning as a Market Challenger and Leader in these segments indicate that the firm has a strong presence in the banking transformation space and seems like it could potentially extend to areas like FedNow. However, without specific information on FedNow, it's not possible to make a definitive assessment.

Summit (6/7/23): 10th Annual Middle Market 2023 B2B Payments Summit

<https://www.commercialpaymentsinternational.com/wp-content/uploads/2023/04/CPIMM23-Agenda.pdf>

The focus of the event is on the advancement of payment solutions, digitalization, and modernization of payment systems, especially in the context of the middle market in the US economy. The event covers a wide range of topics related to commercial payments, including virtual cards, supplier onboarding, AP/AR automation, open banking, and more. Specifically, there is a session titled "Instant payments and the launch of FedNow" scheduled on the second day of the summit. The session description indicates that it will share the latest updates and remaining barriers on the FedNow initiative and what the impact will be on the middle market sector. However, the document does not provide detailed insights or content related to PwC's knowledge or involvement with FedNow or with that specific session. PwC is mentioned as a moderator for a session on open banking and embedded finance payments innovation, but there is no specific information provided about PwC's expertise or stance on FedNow.

LinkedIn Post (1/13/23): New Era of Money Movement in 2023

<https://www.linkedin.com/pulse/new-era-money-movement-2023-sanjib-banerjee/>

Sanjib Banerjee, Director of Payments Advisory at PwC wrote an article providing a detailed overview of the FedNow Service, emphasizing its potential to transform the payments landscape. However, it does not specifically reflect KPMG's knowledge or insights on the subject.

Accenture

Accenture demonstrates a varying degree of knowledge about FedNow. The pieces seem to provide a more general perspective.

Blog Post (5/26/21): Five Reasons the Cloud is a Generational Opportunity for Payments Right Now

<https://bankingblog.accenture.com/five-reasons-cloud-is-generational-opportunity-for-payments>

The blog post by Accenture emphasizes the role of cloud technology in the payments industry, briefly mentioning the Federal Reserve's pending FedNow system. While the reference to FedNow aligns it with significant players in the payments industry, the post does not delve into specific details about FedNow. Accenture's mention of FedNow suggests an awareness of its relevance in the context of cloud application but does not provide specialized insight into the system.

Blog Post (9/13/19): Getting Real about Real-Time Payments in the United States

<https://bankingblog.accenture.com/getting-real-about-real-time-payments-united-states>

Accenture's blog post offers an insightful analysis of real-time payments in the U.S., with a specific focus on the Federal Reserve's FedNow Service. It emphasizes the growing demand for instant payments and outlines challenges and opportunities that financial institutions may face. The post recognizes FedNow's pivotal role in shaping the future of payments, detailing considerations for its implementation and adoption.

Webinar (2/16/23): Commercial Banking Top Trends 2023 - American Banker Webinar

<https://bankingblog.accenture.com/wp-content/uploads/2023/02/Accenture-Commercial-Banking-Top-Trends-2023-Webinar-Transcript.pdf>

A webinar led by Jared Rorrer, Managing Director - Global Commercial Banking Lead, Accenture and Chris Scislowicz, Managing Director - Global Credit Lead. Accenture's webinar transcript reveals a well-informed perspective on real-time payments (RTP), including the anticipated impact of FedNow's 2023 release. The discussion highlights the acceleration of RTP investment, pandemic-driven behavioral changes, and the necessity of aligning with customer expectations. Accenture seems to recognize FedNow's potential to enhance instant payments.

Webinar (4/2/23): Why now for FedNow?

<https://www.form3.tech/why-form3/insights/gated-content-why-now-for-fednow>

Accenture's North America Payments Lead, Margaret Weichert, is featured as a speaker in a webinar that centers on the trend of faster payments in the U.S., with a specific focus on the Federal Reserve's FedNow initiative. The webinar's agenda, emphasizing the growth in real-time payment volumes and the anticipated impact of FedNow's 2023 launch. The content underscores the urgency for banks to adapt to consumer expectations for faster services however it is not possible to make a definitive assessment as there is no transcript provided.