

USE CASE SERIES:

## Account-to-account transfers

*Meeting customer expectations in the digital age*



Computers, smartphones and high-speed internet access have transformed how your customers expect to pay — and receive payment — for just about everything. Today, individuals and businesses want to make transactions at the click of a button.

Financial institutions like yours can meet the demand for convenience, speed and payment certainty with the FedNow<sup>SM</sup> Service, the Federal Reserve's new instant payments infrastructure that will support account-to-account (A2A) transfers when it debuts in 2023.

The FedNow Service will enable your financial institution to develop innovative new products that satisfy customers while also increasing automation, improving operational efficiencies and reducing interbank settlement risk.



### **FLEXIBLE, FAST AND EFFICIENT**

Using the FedNow Service, financial institutions can build A2A offerings that allow customers to consolidate funds or transfer money from any type of account to another. Businesses, consumers, investment entities and government institutions can all benefit from these services.

Funds will clear and settle in real time between financial institutions and end users will have access to their funds immediately. As long as both financial institutions are set up to send and receive credit transfers, customers only need a routing and account number to make an A2A transaction happen.



## Me-to-you payments

Your customers will also be able to transfer funds to a trusted friend or family member to easily split a dinner check or pay for services, such as house cleaning. All they need is the routing number for the payment recipient's financial institution and their account number.



**32%**

of corporate account holders

would use A2A instant payments for internal transfers

Source: 2020 Federal Reserve Survey

## A BROAD AND VERSATILE INSTANT PAYMENTS USE CASE

A2A transfers are a great way to introduce consumers and businesses to instant payments. That's because A2A transfers are the foundation for a broad range of instant payment products.

Here are some examples of how your business and consumer customers might use A2A transfers:



**Me-to-me transactions:** Transfer funds between accounts at two different financial institutions to meet a loan payment deadline or cover incoming charges to avoid an overdraft fee.



**Mobile wallet funding/defunding:** Move funds sitting in a digital wallet to an interest-bearing account or immediately fund the wallet to make an in-store purchase without a card.



**Investment account management:** Move funds to an online brokerage account to take advantage of a new investment opportunity.



**Prepaid cards:** Fund cards for employees to use for authorized purchases or business expenses.



**Corporate cash pooling:** Maximize liquidity and interest income by providing real-time transfers between accounts across subsidiaries.

## TAKE THE NEXT STEP IN THE A2A JOURNEY

The products your financial institution can develop using the FedNow infrastructure can help your organization attract and retain customers, generate new revenue streams and remain competitive in an increasingly fast-paced world.

To learn more about what instant A2A transfers could mean for your financial institution, contact your Federal Reserve account executive. Keep up to date on FedNow developments by joining the [FedNow Community](#) or subscribing to [FedNow emails](#).

### Resources

- [FedNow product sheet](#)
- [FedNow payment flow video](#)
- [Instant payments offer many benefits for A2A transactions](#)