JUMPSTARTING THE ONBOARDING PROCESS

FedNow Service Reserve Banks

FedNow Service Connectivity at a Glance

An overview of options and key considerations for participating financial institutions

The FedNow Service offers flexible and familiar options for connectivity, so your financial institution (FI) can connect to the instant payment service in a way that best suits your business objectives and customers' needs.

Connectivity to the FedNow Service allows your organization to perform key functions, including:

- **Sending and receiving messages,** including ISO® 20022 messages. This occurs using an application interfacing with an **IBM® MQ client**, which connecting parties need to install.
- **Exchanging data** with the FedNow Service via APIs (application programming interfaces).
- **Accessing the participant profiles** in the FedNow interface via FedLine® Solutions to manage configurations, view reports, run ad-hoc queries and more.

What are the connectivity options?

Your financial institution can choose to connect:

1. **Directly using a FedLine Solutions connection** (WAN or VPN) to send and receive FedNow ISO 20022 messages and perform FedNow Service profile administration.

2. **Through a third-party service provider(s)** such as a payment processor, bankers' bank or corporate credit union.



Connecting directly to the Federal Reserve to send/receive ISO messages via MQ, send API requests, and perform FedNow Service administration using a FedLine Solution connection

If your financial institution (FI) wishes to exchange FedNow ISO 20022 messages, access the FedNow interface via FedLine Solutions, and send API requests to exchange data with the FedNow Service, you'll need to connect directly to the Federal Reserve.

If your financial institution does not currently connect to the Federal Reserve, you'll need to:	If your financial institution has an existing connection to the Federal Reserve, you'll need to:
• Establish a new WAN (FedLine Direct®) or VPN (FedLine Advantage® or FedLine Command®) connection to support FedNow Service activity and other Federal Reserve services, if applicable	• Configure an existing WAN (FedLine Direct) or VPN (FedLine Advantage or FedLine Command) connection to support FedNow Service activity; OR • Install a new WAN (FedLine Direct) or VPN (FedLine Advantage or FedLine Command) connection exclusively for FedNow Service activities



Considerations

- To exchange FedNow ISO 20022 messages, IBM MQ client middleware and a FedNow Service server certificate must be installed on a local server.
- The WAN router (FedLine Direct) or VPN device (FedLine Advantage or FedLine Command) must be configured to send and receive FedNow Service traffic.
- To send API calls and receive responses from the FedNow Service, an API certificate will need to be issued by the Federal Reserve Banks and installed on the FedNow participant's API client. All system preparation requirements, as detailed within the Operating Procedures, must be implemented and integrated into participant applications before sending messages. FedNow APIs can be accessed using FedLine VPN or WAN devices.
- Your FI needs to buy or build a payment application that interfaces with an IBM MQ client and takes FedNow ISO messages all the way through to your core banking system. The Federal Reserve does not provide banking applications for the FedNow Service.
- To help you decide whether to leverage or upgrade an existing connection, install a new connection, or add an additional connection, think about your:
    - » Resiliency and contingency plans
    - » Anticipated volume and bandwidth needs
    - » Monitoring and alerting capabilities
    - » Whether you'd like to have a dedicated connection exclusively for FedNow Service traffic

View the **FedNow Service Guide to FedLine Connectivity** for detailed information on the various connectivity options and scenarios.





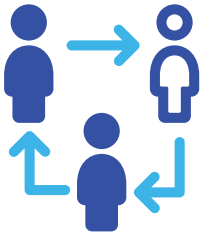
SERVICE PROVIDER CONNECTIVITY

Are you a service provider that will help financial institutions implement the FedNow Service?

Service providers may connect to the FedNow Service via a FedLine Solution on behalf of participating FIs. These service providers can process for multiple FIs through the same connection — either WAN (FedLine Direct) or VPN (FedLine Command or Advantage). Participating FIs authorize the service provider to send or receive FedNow Service messages.

Are you a fintech that will provide instant payment solutions to end customers?

If your organization is a fintech company or other provider that offers instant payment solutions to consumers and businesses only — such as payroll providers, payables and receivables vendors or treasury management platform enablers — you'll need to partner with a FedNow-participating FI. You cannot leverage the connection from another service provider to directly access the FedNow Service on behalf of your end customers. Download the **Readiness Roadmap for Payment Service Providers** for tips on preparing for the FedNow Service and sample questions to ask your FI partner. Have questions? Contact us at SYSFedNowCommunity@chi.frb.org.



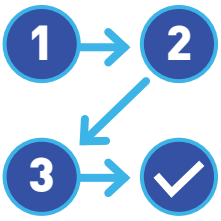
Participating through a third-party service provider

If your FI will have a third-party service provider(s) exchange FedNow ISO 20022 messages on your behalf, you may or may not need a direct connection to the Federal Reserve.

If you will outsource all FedNow Service activities, including ISO message exchange and FedNow profile administration to a service provider(s), you:	If your financial institution will rely on a service provider(s) for some FedNow Service activities (e.g., exchanging ISO messages), but would like to retain responsibility for other FedNow activities (e.g., profile administration), you:
• Do not need to establish a direct connection with the Federal Reserve • Will need to authorize your service provider(s) to manage FedNow Service activities on your behalf during the onboarding process	• Will need to authorize your service provider(s) to send and receive FedNow ISO messages on your behalf during the onboarding process • Will need to configure an existing connection or install a new WAN (FedLine Direct) or VPN (FedLine Advantage or FedLine Command) connection to access the FedNow interface

Considerations

- Consider whether your organization would like to configure or install a backup WAN (FedLine Direct) or VPN (FedLine Advantage/FedLine Command) connection for additional resiliency.
- Have conversations early with service providers to understand their plans, requirements and timing. The **Readiness Roadmap: For Financial Institutions Working with Service Providers resource** can help you prepare for those discussions.
- If your FI is working with multiple service providers for connection, have discussions with those organizations to identify which party is responsible for certain activities. It may be useful to have a communication plan across parties connecting to the service so that all are aligned to any changes made to the participant profile.



Important steps as your organization begins to consider your connection options

As your organization thinks through how you'll connect to the FedNow Service and gets ready for FedNow Service onboarding, here are a few tips:

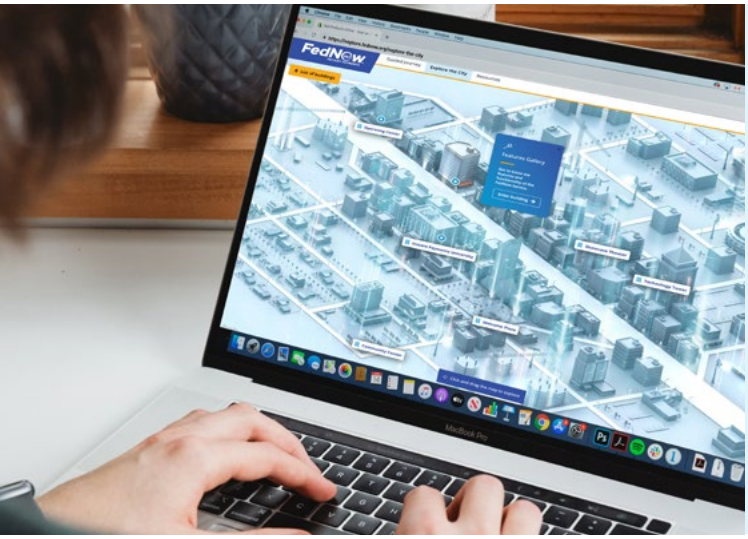
- Gather an internal team at your organization to consider and determine how you'll connect. Team members could include project managers, application owners, network or firewall staff, information security, End User Authorization Contact (EUAC) and an executive sponsor.
- Review your organization's current connection solutions and portfolio of Federal Reserve services, along with your instant payment plans, to help you determine if existing capabilities can support the FedNow Service.
- Contact your Federal Reserve relationship manager (account executive) to help you understand your options and next steps and assess your FedNow Service readiness. You can **find your relationship manager on FRBservices.org.**

A note about FedNow informational APIs

Once connected, participants with FedLine Direct or FedLine Advantage have the option to utilize FedNow APIs with the appropriate onboarding and setup. Currently, FedNow APIs are an optional messaging option, while FedNow ISO 20022 via MQ messaging is required.

FedNow APIs allow participants to programmatically exchange data via the FedNow Service with a seamless request and response. Participants may use an API to check their API connection to the FedNow Service, when setting up API connectivity or to confirm connectivity.

The message types supported by APIs are not inclusive of all messages needed to operate on the FedNow Service. See Operating Procedures section, FedNow Service Messaging – APIs, for a list of the messages supported by API.



Ready for more information?

For more details on connectivity, including a comparison chart of available options and additional considerations, download the **FedNow Service Guide to FedLine Connectivity**.

Learn more

Choosing your connection approach is just one step to enabling the FedNow Service. Get more details on instant payments and how to prepare for the FedNow Service at **FedNowExplorer.org**.

This guide may and is likely to change from time to time, including as the Federal Reserve Banks obtain feedback from various stakeholders. The Readiness Guide is not an agreement with the Federal Reserve Banks and is not necessarily reflective of the final terms, operating procedures or other documentation for the FedNow Service.

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